



fauji foods

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Condensed Interim Financial Statements
Nine months period ended 30 September **2023**





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 **fauji foods Ltd**

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CORPORATE INFORMATION

Board of Directors

Mr. Waqar Ahmed Malik
Chairman

Mr. Sarfaraz Ahmed Rehman

Mr. Arif ur Rehman

Dr. Nadeem Inayat

Syed Bakhtiyar Kazmi

Ms. Tania Shahid Aidrus

Mr. Ali Asrar Hossain Aga

Mr. Basharat Ahmad Bhatti

Mr. Javed Kureishi

Audit Committee

Mr. Javed Kureishi
Chairman

Syed Bakhtiyar Kazmi

Mr. Basharat Ahmad Bhatti

Dr. Nadeem Inayat

HR&R Committee

Mr. Ali Asrar Hossain Aga
Chairman

Dr. Nadeem Inayat

Ms. Tania Shahid Aidrus

Mr. Arif ur Rehman

Operation and Business Committee

Mr. Sarfaraz Ahmed Rehman
Chairman

Mr. Basharat Ahmad Bhatti

Mr. Ali Asrar Hossain Aga

Shares Registrar

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Tel: +92-42-35916714,
35916719, 35839182
Fax: +92-42-35869037
E-mail: shares@corplink.com.pk

Registered Office

42 CCA, Ex-Park View,
DHA Phase – VIII, Lahore.
Tel: +92-42-37136315-17
E-mail: info@faujifoods.com

Chief Executive Officer

Mr. Usman Zaheer Ahmad

Chief Financial Officer

Mr. Waseem Haider

Company Secretary

Brig Hamid Mahmood Dar
SI(M), (Retd)

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Mr. Khurram Raza
Advocate Supreme Court

Plant

Bhalwal, District Sargodha.

Website

www.faujifoods.com

Bankers

Habib Bank Limited
United Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
MCB Bank Limited
Askari Bank Limited
Allied Bank Limited
Bank AL Habib Limited
Dubai Islamic Bank Pakistan Limited
Soneri Bank Limited
JS Bank Limited
Al Baraka Bank (Pakistan) Limited
HBL Microfinance Bank Limited

FAUJI FOODS LIMITED – DIRECTORS’ REPORT TO THE SHAREHOLDERS

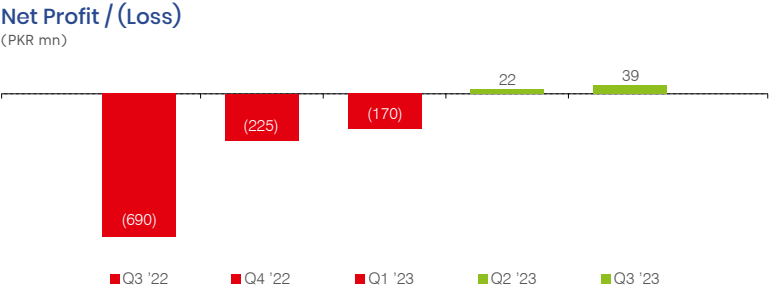
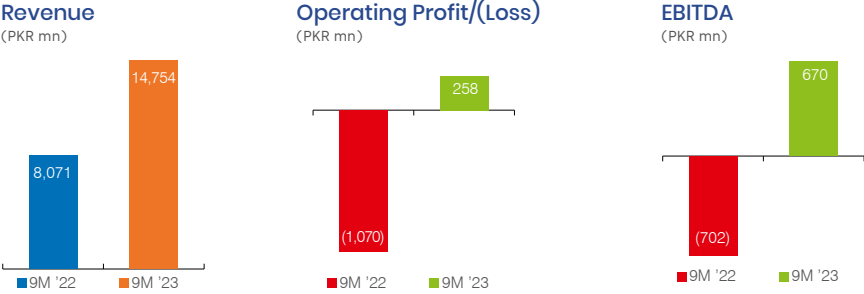
The Board of Directors of Fauji Foods Limited is pleased to present the directors’ report along with the condensed unaudited interim financial information of the Company for 9 months period ended September 30, 2023.

Pakistan with its large population base is an attractive market for consumer business with an annual consumption expenditure of circa \$ 329 bn. Food and dairy are amongst the largest consumer segments. FFL, with its growth trajectory, complete portfolio and strong capability is emerging as a significant player in Pakistan’s large and growing consumer market.

Uncertainty in local and global economic environment continues to pose challenges for all businesses. Persistent High inflation led to cost increases, recent arresting of the PKR devaluation provides hope going forward however international oil price spikes coupled with high interest rates, continuous increase in electricity costs and a high inflationary environment are a cause for concern. As a consequence, input costs for raw milk, packaging, utilities etc. continued their meteoric rise in the first 9 months of 2023. Re-application of Sales Tax on an already declining Tea Creamer category in Q2’23 also impacted category volumes.

Despite these challenges, FFL achieved its highest ever PAT positive quarter by posting Pkr 38.5 million as profit after tax (PAT) in Q3 2023. In fact, it was the 7th consecutive month in green by the company. With the 9 month revenue hitting PKR 14.8 bn (+83% over SPLY) and (+20% over FY 2022). The business is well on its way on the turnaround journey.

The commercial sustainability is reflected through improved structure of the P&L as Gross Margins increased from 3.5% 9 months 2022 to 12.3% 9 months 2023, a GP margin improvement of 8.8% driven by improved internal efficiencies. During the 9 months 2023 FFL achieved operating profit of PKR 258 mn vs PKR (1.07) billion loss in SPLY, an increase of PKR 1.33 billion. With a solid turnaround strategy delivering results, the EBITDA which has been on a growth path since Q4`22 surged to PKR 670 Mn in 9 months of 2023 vs an EBITDA loss of Pkr (702) million SPLY, an increase of Pkr 1.37billion.



FFL's persistence with the strategy of Margin Accretive growth and focus on cost efficiencies has brought sustainability to business results. The impact of progress on each of these strategic pillars is captured below:

a) Margin Accretive Growth:

FFL achieved growth of 83% in Net Revenue during 9 months of 2023 over same period last year (SPLY). This was driven by continued volume growth in UHT Milk (45% vs SPLY), increase in distribution (additional 14,000 outlets) and strong growth of Institutional sales (+147% vs SPLY).

b) Reducing The COGS:

The topline growth was complimented by improvement in Gross margins which grew by 3.5 times, from 3.5% 9 months 2022 to a double-digit Gross Margin of 12.3% 9 months 2023. Twin sustainability projects of 1 MW solar and bio mass went into production in Q1 and will continue to positively impact energy cost from here onwards.

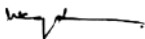
c) Elimination of Legacy Debt and Interest Cost:

Q1'23 interest cost of PKR 299.78 mn is essentially what resulted in the loss after tax of PKR (170) mn for Q1'23. On March 8th 2023, the entire debt of PKR 8.0 bn was paid off after completing the other than right equity injection process. The repayment of legacy debt, which was a serious drag on the business performance, now provides a platform to grow the business in a sustainable manner.

Future Outlook:

Looking ahead, the investment in brands and distribution infrastructure should continue to fuel growth. With the legacy debt burden now removed & margin led focus growth will help improve FFL's financial performance even faster whilst introducing new products. The economic uncertainty coupled with high inflationary environment continues to be a challenge & is unlikely to go away in the near future, however the strategy of pivoting to value added portfolio will enable the business to cover the expected inflation through pricing & margin management. We are confident that FFL driven by its vision of "Unleashing Pakistan's promise in everything we touch" will not only build a successful business but leave a mark on the broader national landscape for times to come.

The Board is thankful to the valuable stakeholders and shareholders for their trust and continued support to the company.



Waqar Ahmed Malik
Chairman



Usman Zaheer Ahmad
Chief Executive Officer

Dated: October 23, 2023

مارجن ایکریڈیٹو نموار لاگت کو کم کرنے کی حکمت عملی کے ساتھ FFL کی استقامت نے کاروباری نتائج میں استحکام پیدا کیا ہے۔ ان میں سے ہر ایک اسٹریٹجک پلرز پر پیشرفت کے اثرات ذیل میں دکھائے گئے ہیں:

(a) مارجن ایکریڈیٹو نموار:

FFL نے گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 2023 کی نو ماہی میں خالص آمدنی میں 83 فیصد کی نمو حاصل کی۔ یہ UHT دودھ (45% vs SPLY) کے حجم میں مسلسل اضافے، تقسیم میں اضافہ (اضافی 14,000 آؤٹ لیٹس) اور ادارہ جاتی فروخت کی مضبوط نمو (147% vs SPLY) کی وجہ سے ہوا۔

(b) COGS کی کمی:

ٹاپ لائن نمونو مجموعی مارجن میں بہتری سے سراہا گیا جو سال 2022 کی نو ماہی کے 3.5% سے 3.5 گنا بڑھ کر سال 2023 کی نو ماہی میں 12.3% ہو گیا ہے۔ 1 میگا واٹ سلاوا اور بائینو ماس کے جڑواں پائیدار منصوبے Q1 میں پیداوار میں آئے اور یہاں سے آگے اٹانائی کی لاگت پر مثبت اثر ڈالتے رہیں گے۔


(c) وراثتی قرض اور سود کی لاگت کا خاتمہ:

بنیادی طور پر Q1'23 کی سود کی لاگت 299.78 ملین روپے ہے جس کے نتیجے میں Q1'23 کے لئے (170) ملین روپے بعد از ٹیکس نقصان ہوا۔ 8 مارچ 2023 کو 8.0 بلین روپے کا پورا قرض رانسٹ ایکویٹی پنکشن پرائس کے علاوہ دیگر کو مکمل کرنے کے بعد ادا کر دیا گیا۔ وراثتی قرض کی واپسی، جو کاروباری کارکردگی پر ایک سنگین رکاوٹ تھی، اب کاروبار کو پائیدار طریقے سے وسعت دینے کے لیے ایک پلیٹ فارم فراہم کر رہی ہے۔

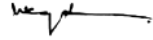
مستقبل کا نقطہ نظر:

آگے دیکھتے ہوئے، براٹرز اور ڈسٹری بیوٹن انفراسٹرکچر میں سرمایہ کاری نمو کو تیز کرنے کے لئے جاری رکھنی چاہیے۔ وراثتی قرضوں کے بوجھ کو اب چھوڑ دیا گیا ہے اور نمو پر مرکوز توجہ کے باعث مارجن میں مصنوعات متعارف کرانے کے دوران FFL کی مالی کارکردگی گومزید تیزی سے بہتر بنانے میں مدد کرے گا۔ زیادہ ہونگائی کے ماحول کے ساتھ اقتصادی غیر یقینی ایک مشکل رہی ہے اور مستقبل قریب میں بہتر ہونے کا امکان نہیں ہے، تاہم ویلیو ایڈڈ فورٹ فولیو کو محرک کرنے کی حکمت عملی کاروبار کو قیمتوں اور مارجن منجمنٹ کے ذریعے متوقع افراط زر کا احاطہ کرنے کے قابل بنائے گی۔ ہمیں یقین ہے کہ FFL اپنے "Unleashing Pakistan's promise in everything we touch" کے وژن پر کارفرما ہے، نہ صرف ایک کامیاب کاروبار بنائے گا بلکہ آنے والے وقتوں کے لیے وسیع تر قومی منظر نامے پر بھی نشان چھوڑے گا۔

بورڈ قابل قدر اسٹیٹ ہولڈرز اور شیئرز ہولڈرز کا ان کے اعتماد اور کمپنی کے ساتھ مسلسل تعاون کا شکریہ ادا کرتا ہے۔



نoman ظہیر احمد
چیف ایگزیکٹو آفیسر



وقار احمد ملک
چیف مین

لاہور: 23 اکتوبر، 2023

ڈائریکٹرز کی تحصص داران کورپورٹ

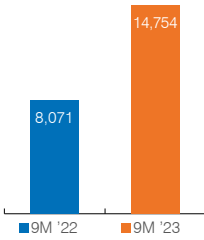
فوجی فوڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی نو ماہی کے لیے کمپنی کی مجموعی غیر آڈٹ شدہ بورڈ بائاتی معلومات کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

پاکستان اپنی بڑی آبادی کے ساتھ کمزیر کاروبار کے لیے ایک پُرکشش مارکیٹ ہے جس کے سالانہ کمیشن اخراجات تقریباً 329 بلین ڈالر ہیں، خوردہ اور دوڑھ کا شمار کمزیر کے سب سے بڑے شعبوں میں ہوتا ہے۔ FFL اپنے منفرد پورٹ فولیو اور متعدد قوتوں کے ساتھ پاکستان کی بڑی اور خوش چلتی ہوئی کمزیر مارکیٹ میں اپنا درست مقام حاصل کرنے کے لیے بالکل تیار ہے۔ مقامی اور عالمی اقتصادی ماحول میں غیر یقینی صورتحال مسلسل تمام کاروباروں کے لیے چیلنجز کا باعث بنی ہوئی ہے۔ مسلسل بلند مہنگائی لاگت میں اضافے کا باعث بنی، پاکستان روپیہ کی قدر میں کمی کا حامل کنٹرول آگے بڑھنے کی امید فراہم کرتا ہے تاہم بین الاقوامی سطح پر تیل کی قیمتوں میں اضافے کے ساتھ ساتھ سوڈی زیادہ شرحیں، بجلی کی قیمتوں میں مسلسل اضافہ اور زیادہ مہنگائی کا ماحول تشویش کا باعث ہے۔ نتیجتاً، 2023 کے پہلے 9 مہینوں میں کچے دوڑھ، پیکیجنگ، پمپلیٹیز وغیرہ کی پیداواری لاگت میں تیزی سے اضافہ جاری رہا۔ مالی سال 23 کی دوسری سہ ماہی میں نی کریری کی پہلے ہی کم ٹیکس پریسیڈنٹس کے دوبارہ اطلاق نے بھی ٹیکس کے حجم کو متاثر کیا۔

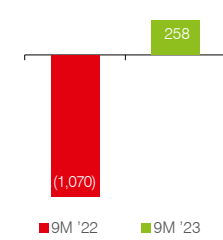
ان مشکلات کے باوجود، FFL نے 2023 کی تیسری سہ ماہی میں 38.5 بلین پاکستانی روپے بعد از ٹیکس منافع (PAT) درج کر کے اب تک سب سے زیادہ PAT مثبت سہ ماہی حاصل کی۔ درحقیقت، یہ کمپنی کی طرف سے گریں میں مسلسل 7 واں مہینہ تھا۔ 9 ماہ کی آمدنی 14.8 بلین پاکستانی روپے (SPLY سے +8%) اور (مالی سال 2022 سے +20%) بڑھ چکی۔ ٹرن اراؤنڈ سرفر کاروبار اپنی راہ پر گامزن ہے۔

تجارتی پائیداری P&L کے ذریعے ظاہر ہوتی ہے کیونکہ مجموعی مارجن 2022 کی نو ماہی کے 3.5% سے بڑھ کر 2023 کی نو ماہی میں 12.3% ہو گیا، بہتر انٹرنل ایفی شینس کی وجہ سے جی پی مارجن میں 8.8% کی بہتری ہوئی۔ 2023 کی نو ماہی کے دوران FFL نے گزشتہ سال کی اسی نو ماہی میں (1.07) بلین پاکستانی روپے نقصان کے برعکس 258 ملین روپے کا آپریٹنگ منافع حاصل کیا لہذا 1.33 بلین روپے کا اضافہ ہوا۔ نتائج فراہم کرنے والی ٹھوس تبدیلی کی حکمت عملی کے ساتھ، EBITDA جو Q4 '22 سے عمومی راہ پر گامزن ہے 2023 کی نو ماہی میں گزشتہ سال کی اسی نو ماہی کے (702) ملین پاکستانی روپے کے برعکس EBITDA نقصان کے برعکس 670 ملین پاکستانی روپے ہو گیا جو 1.37 بلین پاکستانی روپے کا اضافہ ہے۔

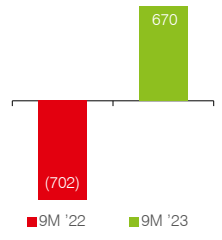
Revenue
(PKR mn)



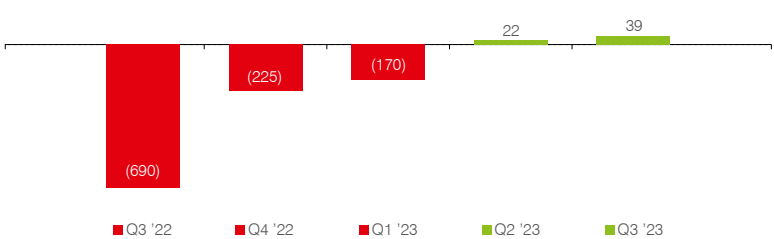
Operating Profit/(Loss)
(PKR mn)



EBITDA
(PKR mn)



Net Profit / (Loss)
(PKR mn)

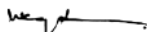


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

| | Note | Un-audited 30 September 2023 | Audited 31 December 2022 |
|---|------|------------------------------------|--------------------------------|
| | | Rupees | Rupees |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorized capital | | | |
| 2,800,000,000 (31 December 2022: 2,800,000,000) | | | |
| ordinary shares of Rs 10 each | | 28,000,000,000 | 28,000,000,000 |
| Issued, subscribed and paid up share capital | 4 | 25,199,631,390 | 15,840,881,590 |
| Capital reserves | | | |
| Share deposit money | 5 | 2,350,000,001 | 2,708,749,801 |
| Share premium | | 1,801,082,303 | 1,835,148,153 |
| Surplus on revaluation of property, plant and equipment - net of tax | | 2,042,018,340 | 2,131,898,795 |
| Revenue reserve | | | |
| Accumulated loss | | (18,488,100,037) | (18,469,229,527) |
| | | 12,904,631,997 | 4,047,448,812 |
| Non-current liabilities | | | |
| Long term loans | 6 | – | 5,482,593,723 |
| Lease liabilities | | 4,292,588 | 53,570,131 |
| Deferred liabilities | | 40,023,473 | 30,795,946 |
| | | 44,316,061 | 5,566,959,800 |
| Current liabilities | | | |
| Short term borrowings | 7 | – | 1,705,540,931 |
| Current portion of long term liabilities | | 68,281,638 | 579,001,285 |
| Trade and other payables | 8 | 2,047,773,888 | 1,576,465,618 |
| Contract liabilities | | 85,624,067 | 178,556,370 |
| Unclaimed dividend | | 965,752 | 965,752 |
| Accrued finance cost | 9 | 36,712,332 | 402,289,522 |
| Provision for taxation | | 190,190,412 | 159,052,640 |
| | | 2,429,548,089 | 4,601,872,118 |
| Contingencies and commitments | | | |
| | 10 | 15,378,496,147 | 14,216,280,730 |

The annexed notes form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Director



Chief Financial Officer

| | | Un-audited 30 September 2023 | Audited 31 December 2022 |
|---|------|------------------------------------|--------------------------------|
| | Note | Rupees | Rupees |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 8,297,760,777 | 8,138,695,696 |
| Intangible assets | | 10,382,949 | 5,929,326 |
| Security deposits | | 10,241,078 | 9,539,947 |
| | | 8,318,384,804 | 8,154,164,969 |
| Current assets | | | |
| Stores, spares and loose tools | | 283,023,358 | 185,095,995 |
| Stock-in-trade | | 1,969,328,592 | 1,239,691,594 |
| Trade debts | | 857,314,375 | 557,499,467 |
| Loans and advances | | 168,337,281 | 149,550,153 |
| Deposits, prepayments and other receivables | 12 | 280,791,212 | 198,461,867 |
| Accrued interest | 13 | 18,213,700 | 40,973,562 |
| Sales tax refundable - net | | 1,530,755,869 | 1,275,508,594 |
| Income tax recoverable | | 1,108,711,904 | 1,269,852,300 |
| Cash and bank balances | 14 | 843,635,052 | 1,145,482,229 |
| | | 7,060,111,343 | 6,062,115,761 |
| | | 15,378,496,147 | 14,216,280,730 |



Chairman



Chief Executive



Director



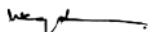
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For the nine months period ended 30 September 2023

| Note | Nine months ended 30 September | | Quarter Ended 30 September | |
|--|-----------------------------------|------------------------|-------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rupees | Rupees | Rupees | Rupees |
| Revenue from contracts with customers - Net | 14,754,446,231 | 8,071,196,397 | 4,916,710,088 | 3,274,595,818 |
| Cost of revenue | (12,936,763,259) | (7,788,972,077) | (4,329,627,196) | (3,171,141,282) |
| Gross profit | 1,817,682,972 | 282,224,320 | 587,082,892 | 103,454,536 |
| Marketing & distribution expenses | (1,027,532,892) | (1,029,149,635) | (331,570,997) | (351,306,878) |
| Administrative expenses | (531,843,845) | (322,644,977) | (187,678,361) | (113,271,781) |
| Profit / (Loss) from operations | 258,306,235 | (1,069,570,292) | 67,833,534 | (361,124,123) |
| Other income | 189,299,517 | 137,766,655 | 62,612,891 | 56,103,123 |
| Other operating expenses | (24,765,614) | - | (22,603,374) | - |
| Finance costs | (341,400,691) | (909,279,822) | (6,030,962) | (343,916,767) |
| Profit / (Loss) before taxation | 81,439,447 | (1,841,083,459) | 101,812,089 | (648,937,767) |
| Income tax expense | (190,190,412) | (102,816,281) | (63,251,225) | (41,488,888) |
| Profit / (Loss) after taxation for the period | (108,750,965) | (1,943,899,740) | 38,560,864 | (690,426,655) |
| Earnings/(Loss) per share - basic and diluted | (0.05) | (1.23) | 0.02 | (0.44) |

The annexed notes form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the nine months period ended 30 September 2023

| Note | Nine months ended 30 September | | Quarter Ended 30 September | |
|---|-----------------------------------|-----------------|-------------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rupees | Rupees | Rupees | Rupees |
| Profit/(Loss) for the period | (108,750,965) | (1,943,899,740) | 38,560,864 | (690,426,655) |
| Other comprehensive income for the period | | | | |
| Items that will not be reclassified to profit and loss account: | | | | |
| Total comprehensive Income/(loss) for the period | (108,750,965) | (1,943,899,740) | 38,560,864 | (690,426,655) |

The annexed notes form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Director




Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended 30 September 2023


| | Share capital | Capital Reserve | | | Revenue reserves | Total |
|--|----------------|-----------------|---------------------|--|------------------|-----------------|
| | | Share premium | Share deposit money | Surplus on revaluation of property, plant and equipment - net of tax | Accumulated loss | |
| Rupees | | | | | | |
| Balance as at 01 January 2022 (audited) | 15,840,881,590 | 1,854,498,097 | - | 2,225,644,056 | (16,395,504,505) | 3,525,519,238 |
| Loss after taxation for the period | - | - | - | - | (1,943,899,740) | (1,943,899,740) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | - | (1,943,899,740) | (1,943,899,740) |
| Share issuance cost | - | (19,349,943) | - | - | - | (19,349,943) |
| Incremental depreciation relating to surplus | | | | | | |
| on revaluation - net of tax | - | - | - | (70,306,946) | 70,308,946 | - |
| Balance as at 30 September | | | | | | |
| 2022 (un-audited) | 15,840,881,590 | 1,835,148,154 | - | 2,155,335,110 | (18,269,095,299) | 1,562,269,555 |
| Balance as at 01 January | | | | | | |
| 2023 (audited) | 15,840,881,590 | 1,835,148,153 | 2,708,749,801 | 2,131,898,795 | (18,469,229,527) | 4,047,448,812 |
| Loss after taxation for the period | - | - | - | - | (108,750,965) | (108,750,965) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | - | - | (108,750,965) | (108,750,965) |
| - against accrued markup | 708,749,800 | - | (708,749,800) | - | - | - |
| - against cash | 8,650,000,000 | - | - | - | - | 8,650,000,000 |
| Issue of share capital | 9,358,749,800 | - | (708,749,800) | - | - | 8,650,000,000 |
| Share issuance cost | - | (34,065,850) | - | - | - | (34,065,850) |
| Share deposit money received | - | - | 350,000,000 | - | - | 350,000,000 |
| Revaluation surplus realized through disposal | | | | | | |
| of operating fixed assets | - | - | - | (22,479,082) | 22,479,082 | - |
| Incremental depreciation relating to surplus | | | | | | |
| on revaluation - net of tax | - | - | - | (67,401,373) | 67,401,373 | - |
| Balance as at 30 September | | | | | | |
| 2023 (un-audited) | 25,199,631,390 | 1,801,082,303 | 2,350,000,001 | 2,042,018,340 | (18,488,100,037) | 12,904,631,997 |

The annexed notes form an integral part of these condensed interim financial statements.


Chairman


Chief Executive


Director

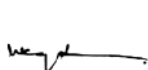

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine months period ended 30 September 2023

| Note | Nine months ended 30 September | |
|---|-----------------------------------|----------------------|
| | 2023 | 2022 |
| | Rupees | Rupees |
| Cash flows from operating activities | | |
| Profit/(Loss) before taxation | 81,439,447 | (1,841,083,459) |
| Adjustments for non-cash items: | | |
| Depreciation on property, plant and equipment | 410,584,169 | 367,516,770 |
| Amortization of intangible assets | 938,827 | 402,418 |
| Gain on disposal of property, plant and equipment | (4,852,551) | (1,355,311) |
| Profit on bank deposits | (176,965,307) | (120,267,610) |
| Write off of stocks | 18,916,936 | 15,622,666 |
| Provision for employee retirement benefits | 19,828,170 | 21,158,323 |
| Finance cost | 341,400,691 | 909,279,822 |
| Profit/(Loss) before working capital changes | 691,290,382 | (648,726,381) |
| Effect on cash flow due to working capital changes | | |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (97,927,363) | (23,167,871) |
| Stock-in-trade | (748,553,934) | (22,776,545) |
| Trade debts | (299,814,908) | (45,462,029) |
| Loans and advances | (18,787,128) | (9,309,255) |
| Deposits, prepayments and other receivables | (83,030,476) | (202,938,121) |
| Sales tax refundable | (255,247,275) | (74,375,721) |
| Decrease/ (increase) in current liabilities: | | |
| Trade and other payables | 378,375,973 | 633,427,921 |
| | (1,124,985,111) | 255,398,379 |
| Cash used in operations | (433,694,729) | (393,328,002) |
| Income tax paid | 2,087,756 | (31,339,943) |
| Employee retirement benefits paid | (10,600,643) | (66,059,499) |
| Net cash used in operating activities | (442,207,616) | (490,727,444) |
| Cash flow from investing activities | | |
| Fixed capital expenditure | (651,326,341) | (41,622,554) |
| Income on bank deposits received | 179,688,990 | 120,267,610 |
| Sale proceeds from disposal of property, plant and equipment | 81,137,191 | 4,154,577 |
| Net cash used in investing activities | (390,500,160) | 82,799,633 |
| Cash flow from financing activities | | |
| Short term borrowings - net | - | (228,993,610) |
| Share deposit money received from Fauji Foundation | 350,000,000 | - |
| Proceeds received against issuance of shares | 8,650,000,000 | - |
| Repayment of long term loans | (5,988,149,277) | (37,843,368) |
| Finance cost paid | (686,941,702) | (1,004,389,682) |
| Subordinated Loan | - | 2,000,000,000 |
| Share issuance cost | (34,065,849) | (19,349,943) |
| Repayment of principal portion of lease liabilities | (54,441,642) | (47,407,257) |
| Net cash generated from financing activities | 2,236,401,530 | 662,016,140 |
| Net increase / (decrease) in cash and cash equivalents | 1,403,693,754 | 254,088,329 |
| Cash and cash equivalents - at beginning of the period | (560,058,702) | 169,082,593 |
| Cash and cash equivalents - at end of the period | 843,635,052 | 423,170,922 |
| Cash and cash equivalents comprise of the following: | | |
| - Cash and bank balances | 843,635,052 | 2,127,015,199 |
| - Running finances | - | (1,703,844,277) |
| | 843,635,052 | 423,170,922 |

The annexed notes form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 September 2023

1 LEGAL STATUS AND OPERATIONS

Fauji Foods Limited (the Company) was incorporated in Pakistan on 26 September 1966 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The Company is a subsidiary of Fauji Fertilizer Bin Qasim Limited (the Parent Company). The Company is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. Following are the business units of the Company along with their respective locations:

| BUSINESS UNIT | LOCATION |
|--|--|
| Production Plant | Bhalwal, District Sargodha |
| Registered Office and Head Office | 42 CCA, Ex Park View, DHA Phase-VIII, Lahore |

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2022. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of 31 December 2022, whereas comparatives for condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from condensed interim financial statements of the Company for the nine months period ended 30 September 2022.

2.3 The condensed interim financial statements have been prepared under the historical cost convention except for recognition of certain employees' retirement benefits at present value. These condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest Pak rupee unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2022.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of condensed interim financial statements are consistent with those followed in the preparation of annual financial statements for the year ended 31 December 2022, except for as mentioned in note 3.2.

3.2 New standards and amendments adopted by the Company

The Company has adopted the certain amendments and improvements to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period as disclosed below. The said amendments did not have any material impact on these condensed interim unaudited financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's interim condensed financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Company's interim condensed financial statements.

4 SHARE CAPITAL

4.1 Issued, subscribed and paid up share capital

| | (Un-audited) 30 September 2023 | (Audited) 31 December 2022 | (Un-audited) 30 September 2023 | (Audited) 31 December 2022 |
|--|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
| | Number of share | | Rupees | |
| Ordinary share capital | | | | |
| Ordinary shares of Rs.10 each fully paid in cash | 1,557,228,762 | 692,228,762 | 15,572,287,620 | 6,922,287,620 |
| Ordinary shares of Rs 10 each issued as fully paid bonus shares | 2,639,200 | 2,639,200 | 26,392,000 | 26,392,000 |
| Ordinary shares of Rs 10 each issued on conversion of loans | 882,020,197 | 882,020,197 | 8,820,201,970 | 8,820,201,970 |
| Ordinary shares of Rs 10 each issued on conversion of accrued mark-up | 70,874,980 | - | 708,749,800 | - |
| Voting ordinary shares of Rs.10 each issued on conversion of 12% cumulative convertible preference shares | 7,200,000 | 7,200,000 | 72,000,000 | 72,000,000 |
| | 2,519,963,139 | 1,584,088,159 | 25,199,631,390 | 15,840,881,590 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 September 2023

| | Un-audited 30 September 2023 | Audited 31 December 2022 |
|---|------------------------------------|--------------------------------|
| Note | Number of shares | |
| 4.1.1 Movement during the period is as follows: | | |
| Opening balance | 1,584,088,159 | 1,584,088,159 |
| Shares issued against: | | |
| - Cash received during the period | 865,000,000 | - |
| - Accrued mark-up, transferred from share deposit money | 70,874,980 | - |
| | 935,874,980 | - |
| Closing balance | 2,519,963,139 | 1,584,088,159 |
| 4.1.2 These shares have been issued at par (i.e. Rs. 10) to the following allottees: | | |
| FFBL Power Company Limited - subsidiary of FFBL | 400,000,000 | - |
| FFC Energy Limited - an associated undertaking | 465,000,000 | - |
| | 865,000,000 | - |

These shares have been issued to the Fauji Fertilizer Bin Qasim Limited (i.e. the parent company) at par (i.e. Rs.10).

5 SHARE DEPOSIT MONEY

The Company, in its Extraordinary General Meeting held on October 18, 2022, had approved further share issue, with face value of Rs. 11,708 million, by way of other than right issue. This included an amount of Rs. 2,350 million, received from Fauji Foundation (FF), the Ultimate Parent of the Company, as share deposit money, in the current and prior periods. During the period, prior to share allotment, a request was received from FF to defer its' share allotment, under agreement dated August 29, 2022. Based on the above request, the Company has deferred the allotment / issuance of Ordinary Shares at par value to FF, till further communication. The Ordinary Shares with a face value of Rs. 9,358 million have been issued to remaining parties.

6 LONG TERM FINANCES - SECURED

During the period ended, Company paid all long term secured financing facilities as on March 09, 2023 and charge on facilities has been vacated in full.

7 SHORT TERM BORROWINGS

During the period ended, Company paid all short term financing facilities as on March 09, 2023 and charge on facilities has been vacated in full. These includes balance of Nil (December 2022: Rs. 271.80 million) payable to Askari Bank Limited, an associated undertaking.

| | Un-audited 30 September 2023 | Audited 31 December 2022 |
|--|------------------------------------|--------------------------------|
| Note | Rupees | Rupees |
| 8 TRADE AND OTHER PAYABLES | | |
| This includes amount due to the following related parties: | | |
| Fauji Foundation | 15,433,867 | 4,614,655 |
| Fauji Fertilizer Bin Qasim Limited | 1,000,000 | - |
| | 16,433,867 | 4,614,655 |

9 ACCRUED FINANCE COST

These include balances of Nil (31 December 2022: 7.6 million) , Rs. 32.7 (31 December 2022: 30 million) and Rs. 3.1 million (31 December 2022: Nil) payable to Askari Bank Limited, Fauji Fertilizer Bin Qasim Limited and Fauji Foundation, respectively.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There have been no significant changes in contingencies as reported in the annual audited financial statements of the Company for the year ended 31 December 2022 except following:

- Assistant Commissioner (ACIR) issued order u/s 161 of Income Tax Ordinance, 2001 for Tax year 2021 by creating a demand of Rs.338 million on account of various heads such as Raw milk, advertisement & sales promotion and salaries & wages. FFL being aggrieved filed appeal before CIR(A). CIR(A) annulled ACIR's order to the extent of Rs.179 million, upheld Rs.33 million and for the remaining demand remanded back the case for reverification. FFL has filed an appeal before ATIR on 04th October, 2023.

10.2 Commitments

The Company has the following commitments:

- Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the period end were Rs. 22.94 million (31 December 2022: Rs. 26.85 million).
- Commitments, for purchase of raw/ packing material, outstanding at the period end were Rs. 37.98 million (31 December 2022: Rs. 14.42 million).
- Guarantees aggregating to Rs. 21.89 million (31 December 2022: Rs.161.61 million) have been issued by banks of the Company to Sui Northern Gas Pipeline Ltd, Pakistan State Oil, Controller Naval Account and Remount veterinary and farms corps (RV&FC).

| | Note | Un-audited 30 September 2023 | Audited 31 December 2022 |
|---|------|------------------------------------|--------------------------------|
| | | Rupees | Rupees |
| 11 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 11.1 | | |
| - Owned assets | | 7,690,486,610 | 7,636,519,111 |
| - Right of Use Assets | | 190,515,224 | 211,337,002 |
| | | 7,881,001,834 | 7,847,856,113 |
| Capital work in process | 11.2 | 416,758,943 | 290,839,583 |
| | | 8,297,760,777 | 8,138,695,696 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the nine months period ended 30 September 2023

| | Un-audited 30 September 2023 | Audited 31 December 2022 |
|--|------------------------------------|--------------------------------|
| Note | Rupees | Rupees |
| 11.1 Operating fixed assets | | |
| Net book value at beginning of the period / year | 7,847,856,113 | 8,282,128,337 |
| Revaluation of assets during the period / year | – | – |
| Additions / transfers from capital work in progress during the period / year | 504,839,439 | 64,676,109 |
| Transferred from capital work in progress | 15,175,092 | – |
| Disposals during the period / year | (76,284,640) | (3,460,555) |
| Depreciation charged during the period / year | (410,584,169) | (495,487,778) |
| Net book value at end of the period/ year | 7,881,001,834 | 7,847,856,113 |
| 11.2 Capital work in progress | | |
| Plant and machinery | 397,310,442 | 228,617,127 |
| Advances against capital expenditure | 19,448,501 | 62,222,456 |
| | 416,758,943 | 290,839,583 |

12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes amount of Rs. 5.83 million (2022: 5.83 million) receivable from Fauji Cereals, an associated undertaking.

13 ACCRUED INTEREST

This includes amount of Rs. 18.21 million (2022: Rs. 40.98 million) receivable against markup accrued on Term deposit receipts from Askari Bank Limited, an associated undertaking.

14 CASH AND BANK BALANCES

- This includes amount of Rs. 182.58 million (2022: Rs. 108 million) at Askari Bank Limited, an associated undertaking.
- This includes Term deposit receipts with Askari Bank Limited, an associated undertaking, amounting to Rs. 600 million (December 2022: Rs. 970 million) These carry mark-up at the rates ranging from 14.5% to 22.5% (31 December 2022: 15.8%) per annum and have one year maturity with premature encashment option without any surcharge.

15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of Parent Company, associated companies, directors, entities with common directorship, post employment plans and key management personnel. Balances are disclosed elsewhere in these condensed interim financial statements. The Company in the normal course of business carries out transactions with related parties. Significant transactions with related parties are as follows:

| Name of the Company | Relationship | Nature of transactions | (Un-audited) | (Un-audited) |
|---|--|--|-------------------|-------------------|
| | | | 30 September 2023 | 30 September 2022 |
| | | | Rupees | Rupees |
| Associated Undertakings | | | | |
| Fauji Fertilizer Bin Qasim Limited (FFBL) | Parent Company (Shareholding and common directorship) | Finance cost charged TA/DA, building rent and other expense charged by related party | 2,712,329 | - |
| | | Expense of IT facilities charged by related party | 112,000 | 11,274 |
| | | Share issuance against debt and accrued markup | 8,501,200 | 8,968,680 |
| | | Expense charged to related party | - | 8,200 |
| | | | 47,334 | - |
| Fauji Foundation | Ultimate Parent Company (Shareholding and common directorship) | Management shared services charged by related party | 4,721,962 | 2,351,205 |
| | | Subordinated loan received | - | 2,000,000,000 |
| | | TA/DA and boarding expenses charged by related party | - | 1,019,520 |
| | | Consultancy expense charge by related party | 6,094,250 | - |
| | | Finance cost charged | 4,000,000 | - |
| | | Expenses charged to related party by Company | 308,550 | - |
| Askari Bank Limited | Associated Undertaking (Common directorship) | Finance cost charged by related party | 23,528,808 | 70,454,711 |
| | | Interest income on saving accounts | 60,033,235 | 19,350,631 |
| | | Interest income on TDR | 93,331,782 | 90,810,138 |
| FFBL Power Company Limited | Associated Undertaking (Common directorship) | Purchase of Coal | - | 5,294,322 |
| | | Shares issuance | 4,000,000,000 | - |
| FFC Energy Limited | Associated Undertaking (Common directorship) | Shares issuance | 4,650,000,000 | - |
| Foundation Solar Energy (Private) Limited | Associated Undertaking (Common directorship) | Purchase of solar panel | 125,714,295 | - |
| Employee's Provident Fund Trust | Post employee benefit plan | Contribution for the year | 50,932,590 | 44,964,965 |
| Employee's Gratuity Fund Trust | Post employee benefit plan | Contribution for the period | 7,924,431 | - |
| Directors | | Meeting fee | 7,560,000 | 11,725,000 |
| Key Management Personnel | | Remuneration and benefits | 164,458,227 | 109,980,505 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

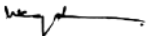
For the nine months period ended 30 September 2023

16 DATE OF AUTHORIZATION

These condensed interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 23, 2023.

17 GENERAL

Corresponding figures have been re-arranged and re-classified, where necessary, for the purpose of comparison and better presentation as per reporting framework.



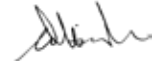
Chairman



Chief Executive



Director



Chief Financial Officer



HEAD OFFICE

42 CCA, Ex Park View, DHA Phase - VIII, Lahore.

+92-42-37136310, 37136315-17

www.faujifoods.com

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