



ANNUAL  
REPORT  
2017



fauji foods

*Dostea*  
چائے وکس

ایک کپ اور!



   /DosteaGhar  
www.faujifoods.com



fauji foods

· SINCE ·  
FROM THE HOUSE *of* NURPUR  
1966

# nurpur

We are a tradition that started in the small village of Nurpur over 50 years ago. Like it has been forever, we still go out every morning to collect fresh farm milk - so that we continue to bring you Nurpur's home grown promise of natural freshness & purity.

Some Traditions  
are Forever



fauji foods



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VISION



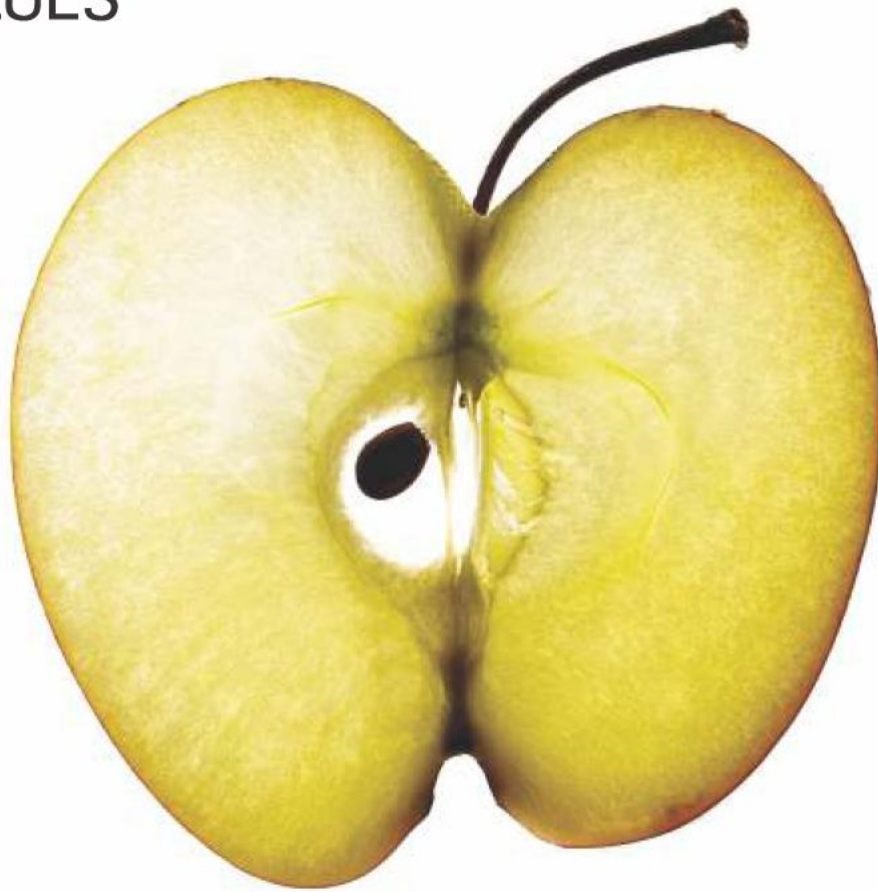
**TRANSFORMING LIVES  
THROUGH NOURISHMENT**



fauji foods



CORE  
VALUES



WHAT SETS US  
APART



WE ARE AGILE



WE CARE



WE INNOVATE



WE SPREAD HAPPINESS



WE SYNERGIZE



# CORPORATE INFORMATION

## Board of Directors

**Lt Gen Khalid Nawaz Khan** - Chairman  
*HI(M), Sitara-i-Esar, (Retd)*

**Lt Gen Javed Iqbal** - CE & MD  
*HI(M), (Retd)*

**Lt Gen Shafqaat Ahmed**  
*HI(M), (Retd)*

**Malik Adnan Hayat Noon**

**Mr. Qaiser Javed**

**Dr. Nadeem Inayat**

**Dr. Rashid Bajwa**

**Mr. Salman Hayat Noon**

**Brig Raashid Wali Janjua** *SI(M), (Retd)*

**Lt Col Abdul Khaliq Khan** *(Retd)*

**Mr. Iltifat Rasul Khan**

**Mr. Par Soderlund**

## Chief Financial Officer

**Syed Aamir Ahsan**

## Company Secretary

**Brig Rizwan Rafi**  
*SI(M), T.Bt, (Retd)*

## Auditors

**KPMG Taseer Hadi & Co.**  
*Chartered Accountants*

### Legal Advisers

Hamid Law Associates

### Audit Committee

Mr. Iltifat Rasul Khan

Mr. Qaiser Javed

Dr. Nadeem Inayat

Malik Adnan Hayat Noon

### HR & R Committee

Dr. Nadeem Inayat

Dr. Rashid Bajwa

Brig Raashid Wali Janjua *SI(M), (Retd)*

Lt Col Abdul Khaliq Khan *(Retd)*

### Technical Committee

Brig Raashid Wali Janjua *SI(M), (Retd)*

Lt Col Abdul Khaliq Khan *(Retd)*

Dr. Rashid Bajwa

### Business Review Committee

Dr. Rashid Bajwa

Dr. Nadeem Inayat

Mr. Salman Hayat Noon

Mr. Par Soderlund

### Registered Office

3rd Floor, Bahria Complex, 103 A/B,  
Shahrah-e-Quaid-e-Azam, Lahore.

Tel: +92-42-99205933-34

E-mail: [info@faujifoods.com](mailto:info@faujifoods.com)

### 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](mailto:shares@corplink.com.pk)

### Website

[www.faujifoods.com](http://www.faujifoods.com)

### Plant

Bhalwal, District Sargodha.

### 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 Islami Pakistan

Bank AL Habib Limited

Dubai Islamic Bank  
Pakistan Limited

Soneri Bank Limited

BOARD OF  
DIRECTORS

LEADING THROUGH  
EXAMPLE





**Lt Gen Khalid Nawaz Khan**  
*HI(M), Sitara-i-Esar, (Retd) Chairman*

Lt Gen Khalid Nawaz Khan HI(M), Sitara-i-Esar, (Retd) was commissioned in the Pakistan Army on the 20th of April, 1975, with the coveted Sword of Honour. The General Officer has vast and varied experience in various capacities on Command, Staff and Instructional assignments which include command of an Infantry Division and a Corps deployed along the Line of Control. The General has also remained as Commandant of the prestigious Command and Staff College, Quetta, in addition to having served on the faculties of School of Infantry, Command and Staff College, and National Defence University. He is a graduate of the Armed Forces War College (National Defence University) and Command and General Staff College, Fort Leavenworth, USA. The General Officer holds Masters Degrees in War Studies, Art and Science of Warfare and General Studies.

In recognition of his meritorious services, he has been awarded the Hilal-e-Imtiaz (Military). The General Officer was also conferred upon the award of Sitara-i-Esar for his leadership role in the aftermath of the devastating 2005 Earthquake in Azad Kashmir.

He is an avid golfer.

Besides being the Managing Director of Fauji Foundation, the General Officer is the Chairman of the Boards of Directors of Fauji Fertilizer Bin Qasim Limited, Fauji Fertilizer Company Limited, Mari Petroleum Company Limited, Fauji Cement Company Limited, Askari Cement Limited, Askari Bank Limited, Fauji Kabirwala Power Company Limited, Dharki Power Holdings Limited, Foundation Power Company (Daharki) Limited, FFC Energy Limited, Foundation Wind Energy-I & II, Fauji Oil Terminal and Distribution Company Limited, Fauji Akbar Portia Marine Terminals, Fauji Meat Limited, FFBL Foods Limited, Fauji Foods Limited and Fauji Fresh n Freeze Limited.



**Lt Gen Javed Iqbal**  
*HI(M), (Retd) CE & MD*

Lt Gen Javed Iqbal, HI(M), (Retd), is the Chief Executive and Managing Director of Fauji Fertilizer Bin Qasim Limited, FFBL Foods Limited, FFBL Power Company Limited, Fauji Foods Limited and Fauji Meat Limited. Lt Gen Javed Iqbal, HI(M), (Retd) joined the Pakistan Army on the 24th of October, 1980. The General Officer has a varied experience of Command, Staff and Instructional appointments. The General Officer is a graduate of the Command and Staff College, Quetta, Defence Services Command and Staff College, Dhaka (Bangladesh), the erstwhile National Defence College, (Pakistan), and Royal College of Defence Studies, United Kingdom. He also holds masters degrees in War Studies and International Studies from NDU, Islamabad, and Kings College, London, respectively. He has served as Military Advisor, to Permanent Representative of Pakistan to United Nations, Headquarters, New York. The General has commanded two Infantry Battalions and two Infantry Brigades. He has commanded an Infantry Division employed in Law Enforcement Operations in Swat. While commanding the division in Swat, he was wounded as his helicopter came under fire. He has the honour of commanding a deployed Corps of Pakistan Army. He also has the honour of being the president of NDU, an internationally renowned institution of Pakistan.

He has been a frequent guest speaker on numerous international seminars and conferences on counter insurgency, disaster response, humanitarian assistance and civil-military coordination aspects. Besides being Director and Chairman of Management Committee of Pakistan, Maroc Phosphore (PMP), Morocco, he is also on the Board of following entities:-

- Foundation Wind Energy-I
- Foundation Wind Energy-II
- Askari Bank Limited



**Lt Gen Shafqaat Ahmed**  
*HI(M), (Retd) Director*

Lt Gen Shafqaat Ahmed, HI(M), (Retd) is Chief Executive & Managing Director of Fauji Fertilizer Company, Limited, FFC Energy, Limited, and Fauji Fresh n Freeze, Limited, and also holds directorship on the Boards of following:-

- Fauji Fertilizer Bin Qasim Limited
- Askari Bank Limited
- FFBL Foods Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- Pakistan Maroc Phosphore S.A.

He is Chairman of Sona Welfare Foundation (SWF) and a member of the Board of Governors of Foundation University, Islamabad, as well.

The General was commissioned in Pakistan Army in October, 1975. During his service in the Army he had been employed on various prestigious command, staff, and instructional assignments. The climax of his nearly four decades of military career was command of a strike corps.

He is a graduate of Command and Staff College, Quetta, National Defence University, Islamabad, Ecole' Etat Major Compiegne, France, and Ecole Militaire, Paris, France. He also holds a Masters Degree in War Studies and Class A Interpretship in the French language from the National University of Modern Languages, Islamabad, and speaks French fluently.

He has the honour of serving as Pakistan's Defence and Military Attaché to USA from 2002 to 2005 with concurrent accreditation to Canada and Argentina. He also served as Military Secretary to the President of Pakistan from 2005 to 2008. During this period he participated in number of international forums notably, UN General Assembly Inaugural Session of 2006, NAM Summit in Cuba, OIC Summit in Saudi Arabia, World Economic Forum, Davos, Switzerland, ECO Summit at Shanghai, China. The General has participated in bilateral meetings along with the President of Pakistan with a number of Heads of State.

He served on the faculty of Command and Staff College, Quetta, and National Defence University, Islamabad. Since his retirement, he is on the honorary faculty of the National Defence University as a senior mentor. He also participated in the US-Pakistan Senior Military Leadership Seminar. He has been awarded Hilal-e-Imtiaz (Military) and also conferred upon the award of 'Legion of Merit' by the US Government in promoting bilateral US-Pakistan military relations.



**Malik Adnan Hayat Noon**  
*Director*

Malik Adnan Hayat Noon is an elected member of the Company Board since 2004. Malik Adnan Hayat Noon studied at Aitchison College, Lahore, Pakistan from where he went on to finish his schooling at Millfield School, England. His later education took place at Buckingham University in England. In 1997, Malik Adnan Hayat Noon became one of the youngest members of the National Assembly of Pakistan. He has also served on the Industries Committee of the National Assembly. Malik Adnan Hayat Noon was appointed as Chairman/CEO of Noon Sugar Mills Limited by the board of directors after the sad demise of his father during May, 2011. He is also a member of the board of directors of seven other companies.



**Mr. Qaiser Javed**  
*Director*

Mr. Qaiser Javed is a Fellow Member of the Institute of Chartered Accountants of Pakistan and Institute of Taxation Management of Pakistan. He joined Fauji Foundation in 1976. Presently he is holding the position of Director Finance. He is also a member of the Board of Directors of all subsidiary and associated companies of Fauji Foundation, the Hub Power Company Limited and Pakistan Maroc Phosphore S.A (PMP). In addition to being a Director on the FFBL Board, he is also the Chairman of the Audit Committee.



**Dr. Nadeem Inayat**  
*Director*

Dr. Nadeem Inayat is an outstanding professional having rich experience in managing, operating, and advising investment portfolio to top tier Banks and organizations of the country at a senior level. Presently he is holding the position of Corporate Advisor and Head of Investment Division in Fauji Foundation. He is a member of the FFBL Board of Directors since July, 2006. He is also a member of the Board of Directors of all subsidiaries and associated companies of Fauji Foundation and Pakistan Maroc Phosphore S.A.



**Dr. Rashid Bajwa**  
*Director*

Dr. Rashid Bajwa is MBBS, Gold Medalist, and College-Color holder of King Edward Medical College as well as Distinction with HM Queen's commendation in MPH Nuffield Institute for Health, University of Leeds, UK. He is also MD, ECFMG, USA. He has professional experience of Development Specialist with experience of Non-Profit corporate sector and government. He is the founding member of the organization, NRSP Micro-Finance Bank. He is also a Non-profit Corporate Sector Chief Executive Officer, National Rural Support Programme (NRSP) since 1996 to date. He has worked as Senior Advisor of Khushaali Bank, Pakistan, from 2000 to 2003. He is also working as a Director with different Non-Profit Organizations. He is an Ex-Member of the Civil Services of Pakistan (DMG) 1986-1993 and has worked at all levels of the Government viz Deputy Chief, Planning & Development, Northern Areas and Assistant Commissioner/Deputy Commissioner from 1988 to 1993.

Joined as a Director with Fauji Fertilizer Bin Qasim Limited with effect from 26th Aug 2010. He also attended the following International Trainings:-

- Micro Finance Training, University of Denver, Boulder, 1998.
- Enterprise skills development, ILO training centre, Turin, Italy, 2004.
- Financial management for non-profits F I P E D, Kennedy School of Government, Harvard University, USA, 2007.



**Brig Raashid Wali Janjua**  
*SI(M), (Retd) Director*

Brig Rashid Wali Janjua SI(M), (Retd) joined the Board of Fauji Foods, Limited, on April 26, 2016. He is the Director Planning and Development, Fauji Foundation, and is on the Board of following Fauji Group's associated companies:-

- Fauji Foods Limited.
- Fauji Fertilizer Co Limited.
- Fauji Fertilizer Co Energy Limited.
- Fauji Fertilizer Bin Qasim Power Co Limited.
- Fauji Cement Co Limited.
- Fauji Akbar Portia Marine Terminal Limited.
- Mari Petroleum Co Limited.
- Foundation Power Co Daharki Limited.
- Foundation Wind Energy-I Limited.
- Foundation Wind Energy-II (Pvt) Limited.
- Fauji Infraavest Food Limited.

He has a diversified civil engineer, project management, experience spanned over 25 years as Commander Corps Engineers and Director Works and Chief Engineer Navy. He has planned and executed major civil engineering projects at Karachi, Lahore, Islamabad, and the coastal belt in close coordination with the Engineer-in-chief's branch. He also has extensive experience of working with diverse national and international aid agencies on reconstruction and rehabilitation projects in an Earthquake stricken area after 2005.

He holds Civil Engineering degree from Military College of Engineering and Masters degree in Security and Defence Management from the Royal Military College Kingston Canada. He is also a graduate of the Command and Staff College Quetta and National Defence University Islamabad.



**Mr. Salman Hayat Noon**  
*Director*

Mr. Salman Hayat Noon after completing his education at Aitchison College Lahore and U.K. Salman Hayat Noon joined the Board of Directors of Noon Pakistan Limited as an Executive Director in 2001 to oversee the day to day activities of the company. He was elected by the Board as Chairman and CEO in 2011 after the sad demise of Malik Manzoor Hayat Noon. Salman Hayat is also a Director of Noon Sugar Mills since 2005 and is heading its Audit Committee. In addition he holds the Directorship of seven other companies of Noon Group.



**Lt Col Abdul Khaliq Khan (Retd)**  
*Director*

Lt Col Abdul Khaliq Khan (Retd) joined the company in 2009 and working as Executive Director and became member of the Board on 30th May, 2011. He also worked for 9 years in Pioneer Cement as GM, Administration.

Abdul Khaliq graduated from the Pakistan Military Academy, Kakul, and holds a Masters Degree in International Relations. He was commissioned in Pakistan Army in 1975 and after serving for 25 years in Pakistan Army at various Command and Staff appointments got retired from Army in 2000. During military service, he had a vast and diversified experience in operational, administration, human resource management, assessment, and evaluation systems.

Abdul Khaliq has attended several courses, seminars, training programs, and workshops on various subjects.



**Mr Iltifat Rasul Khan**  
*Director*

Mr Iltifat Rasul Khan (IRK) is a UK qualified Chartered Accountant with over 49 years of work experience. He earned his Bachelor of Commerce with Honors from the University of Punjab, Lahore (1962), and did his Chartered Accountancy from the Institute of Chartered Accountants in England and Wales (ICAEW) in 1968. He is a Fellow Member of both the ICAEW and the Institute of Chartered Accountants of Pakistan (1972). His professional experience includes nine years in UK working with the firms of Chartered Accountants (B Holley & Co; and Peat, Marwich Mitchell & Co, presently KPMG); thirty years with Fauji Foundation Pakistan holding senior positions, including eight years as Director, Finance, of the Group; and ten years with Pakistan Poverty Alleviation Fund (PPAF) as Chief Financial Officer / Corporate Secretary. IRK has extensive experience of dealing with local and international banks; multilateral financing institutions, and export credit agencies. He has successfully negotiated numerous project financing arrangements. IRK is a former member of the Board of Directors of the following companies:

- Fauji Fertilizer Company Limited.
- Mari Gas Company Limited.
- Fauji Fertilizer Bin Qasim Limited.
- Fauji Cement Company Limited.
- Life Line Limited.
- Fauji Oil Terminal and Distribution Company Limited.
- Fauji Kabirwala Power Company Limited.
- Fauji Software Company Limited.

He is also a former Government Nominee Director on the Islamabad Stock Exchange Board. The first four companies are listed on the Stock Exchanges in Pakistan.



**Mr Par Soderlund**  
*Director*

Mr Par Soderlund is the Founder and CEO of Peritus Farm DMCC, based in Dubai, UAE. He leads a team of farming specialists as an investor-centric consultancy for dairy farming, meat fattening, and forage production.

Mr. Söderlund has spent 28 years along the value-chain of milk –Sales, processing & packaging, raw milk production and fodder production. He worked 20 years with Tetra Pak as a Managing Director in countries like Iran, Estonia, Latvia, Lithuania, Switzerland and Pakistan. During his years 2004-2007 as Managing Director for Tetra Pak Pakistan the business increased three times and Tetra Pak Pakistan was awarded Market Company of the year 2006. During this period, he was also responsible for Commercial Operations for the 27 Tetra Pak market companies in the Middle East.

Before moving to Dubai in 2004, Mr. Söderlund was Vice President-Commercial Operations, Tetra Pak Europe & Africa, 1999-2004, reporting to Group COO, overlooking USD 4 billion in sales and 52 market companies responsible for sales, global commercial compliance and revenue management. In 2008, he joined Al Faisaliah Group, Riyadh, and became Managing Director for Al Safi, the world's largest integrated dairy farm, as well as board member for Al Safi, Danone for GCC. In 2011, he started Peritus Farm, DMCC, with main activities in Turkey and Pakistan. Peritus Farm, DMCC, has a company for forage production based in Lahore and the Peritus advisory team is working with a number of the large dairy farms in Pakistan.



**Syed Aamir Ahsan**  
*Chief Financial Officer*

Syed Aamir Ahsan, is currently serving as Chief Financial Officer/General Manager Finance in FFBL. He is a graduate from the University of South Florida and a Certified Public Accountant (CPA) from the University of Illinois, USA. He has a rich professional experience over 30 years with 23 years in fertilizer business in Pakistan. After returning from USA, he joined Engro Chemical Pakistan Limited and served with them in various capacities from 1993 to 2002. He joined FFBL in 2002 and in his role as Chief Financial Officer, he successfully managed financial restructuring of FFBL with GoP in his early days with the Company and all financial feasibilities and project phase of Pakistan Maroc Phosphore, S.A (PMP). He has extensive experience of managing finances, budget, tax planning, investor relations and audits. He also plays a leading role in the information technology (IT) operations and HR teams. He is on the Board of following entities:-

- Fauji Meat Limited.
- FFBL Foods Limited.
- FFBL Power Company Limited.



**Brig Rizwan Rafi**  
*SI(M), T.Bt, (Retd)*  
*Company Secretary*

Brig Rizwan Rafi SI(M), T.Bt, (Retd) is the Company Secretary and Resident Manager of Fauji Foods Limited. The Officer joined the Company as Company Secretary in August, 2016. The Officer has 31 years of a meritorious military career to his credit. He is highly professional with varied experience of Command staff and instructional assignment throughout his career. He is a graduate of the Command and Staff College Quetta and National Defense University Islamabad.

In recognition of his meritorious services, he has been awarded with Sitar-e-Imtiaz (Military) and Tamgha-e-Bisalat. The Officer also holds a Masters degree in Defense and War Studies.



## CHAIRMAN'S REVIEW

I am delighted to present the annual report of Fauji Foods Limited for the period ended December 31, 2017. On behalf of the Board of Directors' of Fauji Foods Limited, I am pleased to inform that BMR and capacity expansion activities have been completed and with state-of-the-art equipment installed, the Company is set on its path to delivering un-compromised quality standards in its products. This commitment is reflected in FFL's corporate vision, "Transforming Lives through Nourishment" and its aggressively growing portfolio of brands.

During the year 2017, the Board continued to focus on the key strategic issues and challenges faced by the Company. Overall, the balance between informal and formal governance at Board level remained appropriate and it was recognized that the existing Board composition resulted in a highly effective Board. Within the context of current laws and regulations, the diversity of the Board might be further enhanced with greater representation through more independent directors and female representation.

I would like to thank our employees, as without their dedication, it is impossible to excel as a company. I also thank our customers, government, shareholders and other stakeholders for their continuous faith in us to provide them with the very best. We hope that the future brings further accomplishments for us Insha Allah.



A handwritten signature in black ink, appearing to read 'Khan' with a stylized flourish above it.

**Lt Gen Khalid Nawaz Khan**  
*HI(M), Sitara-i-Esar, (Retd)*  
Chairman



## A WORD FROM THE CHIEF EXECUTIVE



The year 2017 experienced an aggressive business growth along with the launch of various products. The Company's flagship brand, The House of Nurpur's product portfolio comprises of some of the most well-known dairy products in Pakistan including the iconic Nurpur Butter. These included the launch of Nurpur Low Fat UHT milk for the health conscious consumer, Nurpur Lassi and Nurpur Junior Flavored milk in three flavors, respectively. Additionally, 2017 saw the successful launch of the Company's innovative and refreshing line of Fruit Drinks, Must. With a deep understanding of local taste palates, Must Fruit Drinks were launched in a range of six exciting flavors. Despite aggressive competition in the Tea Creamer category, the Company's brand Dostea performed exceptionally well and continued on an impressive growth trend during the year.

Successful commissioning of the latest UHT Plant at Bhawal has enabled us to enhance our production capacities to meet increasing national demand for packaged dairy products. Fast growing market coupled with the Government of Punjab's recent campaign to introduce minimum pasteurization laws is likely to make the future of the dairy industry excellent. Pakistan's dairy sector is ready to take a major leap, provided it is given the right incentives and support by the federal and provincial governments. With adequate technological resources and expertise at our disposal, we intend to develop strategic synergies and deliver in the most efficient and effective manner.

For the year 2018, FFL will continue to break barriers and make positive strides in its segments of operation by improving and expanding its portfolio of offerings.

I am very confident as I assure our stakeholders of our commitment to go even further in 2018 and the years after. Through sheer dedication and tireless hard work, we hope to come up to your expectations, Insha Allah.

**Lt Gen Javed Iqbal**  
*HI(M), (Retd)*  
CE & MD

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 51<sup>st</sup> Annual General Meeting of shareholders of Fauji Foods Limited will be held on Monday, March 26, 2018 at 11:00 a.m. at Pearl Continental Hotel, Lahore to transact the following business:

### **ORDINARY BUSINESS**

1. To confirm the minutes of the Extraordinary General Meeting held on September 18, 2017.
2. To receive, consider and adopt the audited accounts for the year ended December 31, 2017 and the reports of the Directors and the Auditors thereon.
3. To appoint auditors for ensuing period till next AGM and to fix their remuneration.
4. To transact any other business as may be placed before the meeting with permission of the Chairman.

### **SPECIAL BUSINESS**

To consider and if thought fit, to approve the following resolutions as Special Resolutions (with or without any amendments, modifications or alterations) by each class or members, namely, the members holding Ordinary Shares and the members holding Non-Voting Ordinary Shares, in each case, by the requisite majority required under the proviso to Section 38(1) of the Companies Act, 2017:

#### **1. CHANGE IN CAPITAL STRUCTURE**

RESOLVED that the authorized capital of the Voting class of shares of the Company be increased from 596,130,104 Ordinary Shares of Rs.10/- each to 700,000,000 Ordinary Shares of Rs.10/- each by addition of 103,869,896 Ordinary Shares of Rs.10/- each and deletion of 103,869,896 Non-Voting Ordinary Shares of Rs.10/- each.

#### **2. ALTERATIONS IN CLAUSE V OF THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE COMPANY**

##### **RESOLVED THAT:**

- i. Clause V of Memorandum of Association of the Company be and is hereby substituted with the following:

The Authorized Capital of the Company is Rs.7,000,000,000 (Rupees seven billion) divided into 700,000,000 (seven hundred million) Ordinary Shares of Rs.10/- each, with attached thereto such preferential, deferred, qualified or special rights, privileges or conditions as provided in the Articles of Association of the Company, or in accordance with the Companies Act, 2017, and to vary, modify or abrogate such rights, privileges or conditions, in such manner as may be permitted by the Companies Act, 2017 and to increase and / or reduce the capital and to divide shares in the capital into several kinds and classes and to consolidate or subdivide the shares and to issue shares for higher or lower denominations.

- ii. Article 2(e1) of the Articles of Association of the Company, setting out the definition of "Non-Voting Ordinary Shares" be and is hereby deleted.

### **3. CONVERSION OF NON-VOTING ORDINARY SHARES INTO ORDINARY SHARES**

#### **RESOLVED THAT:**

- i. 78,408,000 (seventy eight million four hundred eight thousand) fully paid Non-Voting Ordinary Shares be and are hereby converted into 78,408,000 (seventy eight million four hundred eight thousand) Ordinary Shares having par value of Rs. 10/- per share, ranking pari passu with, and having the same rights as, the existing Ordinary Shares of the Company in all respects.
- ii. The Chief Executive and the Company Secretary are authorized jointly and severally to apply for listing of the 78,408,000 (seventy eight million four hundred eight thousand) Ordinary Shares with Pakistan Stock Exchange and also to request Central Depository Company of Pakistan Limited to add and record 78,408,000 (seventy eight million four hundred eight thousand) Ordinary Shares (being the shares converted from Non-Voting Ordinary Shares) in the Central Depository System, sign agreements, give undertakings under common seal of the Company or otherwise and to do all such acts and things as may be required in this connection.
- iii. The Company be and is hereby authorized to do all such other acts, deeds and things as may be necessary and/or expedient for the aforesaid purposes.
- iv. The Chief Executive and Company Secretary be and are hereby jointly and severally authorized to take any and all actions necessary or conducive for the implementation of the foregoing resolutions and do all such acts, deeds and things as they may deem necessary and/or expedient, provided that the Chief Executive and Company Secretary shall jointly sign every instrument to which the common seal is affixed.

### **4. CIRCULATION OF ANNUAL REPORTS THROUGH CD / DVD / USB**

**RESOLVED** that annual reports containing financial statements, directors' report, auditor' report, balance sheet, profit and loss accounts and notices of annual general meetings be circulated to the members through CD/DVD/USB at their registered addresses instead of hard copies unless the member requests the company in writing for hard copy of the same.

**FURTHER RESOLVED** that the Company shall be bound to provide hard copies of all the future annual audited accounts to those members only who request the Company in writing to receive hard copies.

### **5. CHANGES IN THE MEMORANDUM AND ARTICLES DUE TO ENACTMENT OF THE COMPANIES ACT, 2017 IN PLACE OF THE COMPANIES ORDINANCE, 1984**

#### **5.1. Alteration in the Memorandum of Association of the Company**

**RESOLVED** that the words "The Companies Ordinance, 1984" appearing in the beginning of the Memorandum of Association be replaced with "The Companies Act, 2017".

#### **5.2. Alteration in the Articles of Association of the Company**

**RESOLVED** that:

- a. After Article 26, the following new **Article 26 A** be inserted:

**26 A. VIDEO CONFERENCE FACILITY TO MEMBERS**

"The Company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members. For the purpose of providing video conference facility to members the Company shall follow the procedure laid down in the SECP Circular No. 10 of 2014 dated May 21, 2014 (including any modification thereof) or any other law/ regulations for the time being in force, as amended from time to time.

- b. After Article 35, the following new **Article 35 A** be inserted:

**35 A. E-VOTING AND VOTING THROUGH POST IN A GENERAL MEETING**

"A member may opt right of vote through postal ballot or e-voting in a general meeting of the Company. For the purpose of e-voting and/or voting through post and related matters the Company shall follow the provisions/ procedure laid down in the Companies (Postal Ballot) Regulations, 2018 (including any modification thereof) or any other law/ regulations for the time being in force, as amended from time to time."

- c. After Article 59, the following new **Article 59 A** be inserted:

**59 A. PARTICIPATION OF A DIRECTOR THROUGH TELEPHONE / VIDEO CONFERENCE IN MEETING OF DIRECTORS**

"The Directors of the Company may participate in the Board of Directors' meetings, whether in Pakistan or abroad, through telephone/ video conferencing. The draft minutes of meeting shall be sent to those Director(s) who had participated in the proceedings of the meeting through telephone/ video conference, for his/her confirmation. Thereafter, the minutes shall be signed by the Chairman of the meeting".

- d. After Article 81 the following new **Article 81 A** be inserted:

**81 A. DIVIDEND PAYMENT THROUGH ELECTRONIC MODE**

- i. The Company shall pay any dividend payable in cash through electronic mode directly into the bank accounts designated by the entitled shareholders.
- ii. Any dividend declared by the Company shall be paid to its registered shareholders within such period as may be specified.
- iii. Intimate the Pakistan Stock Exchange Limited immediately as soon as the entire dividend is paid through electronic mode directly into the bank account of the member/ shareholders.
- iv. Dividend shall be deemed to have been declared on the date of the general meeting in case of a dividend declared or approved in the general meeting and on the date of commencement of closing of share transfer for purposes of determination of entitlement of dividend in the case of an interim dividend and where register of members is not closed for such purpose, on the date on which such dividend is approved by the Board.

- e. **Article 83** be replaced with the following:

**83. UNCLAIMED SHARES AND DIVIDEND TO VEST WITH THE FEDERAL GOVERNMENT**

Where shares of the Company have been issued or where dividend has been declared by the Company which remain unclaimed or unpaid for a period of three years from the date it is due and payable the same shall vest with the Federal Government and the Company shall follow the procedure laid down in S.R.O. 1013(I)/2017 dated 06 October, 2017 or any modification thereof.

- f. After Article 89, the following new **Article 89 A** be inserted:

**89 A. TRANSMISSION OF ACCOUNTS ELECTRONICALLY**

“The Company may, after obtaining prior written consent from members, circulate notices of general meeting and the annual balance sheet and profit and loss account, auditors' report and directors' report (annual audited accounts) to its members through e-mail. Further, subject to the consent of the members in general meeting, circulate the annual balance sheet and profit and loss account, auditors' report and directors' report (annual audited accounts) to its member through CD/DVD/USB at their registered addresses. However, if a member prefers to receive hard copies for all the future annual audited accounts than such preference of the member shall be given to the Company in writing and thereafter the Company shall provide hard copies of all the future annual audited accounts to such members”.

**6. CHANGES IN THE ARTICLES DUE TO ENACTMENT OF THE COMPANIES ACT, 2017 IN PLACE OF THE COMPANIES ORDINANCE, 1984**

1. The words “The Companies Ordinance, 1984” appearing in the beginning of the articles be replaced with “The Companies Act, 2017”.
2. The words “The Companies Ordinance, 1984” appearing in article 1 be replaced with “The Companies Act, 2017”.
3. Article 2(b1) be replaced with the following: “(b1)“central depository” shall have the same meaning as assigned to it under the Securities Act, 2015 (III of 2015)”.
4. The words “Ordinance” and “Companies Ordinance, 1984” appearing in article 2(g) be replaced with “Act” and “Companies Act, 2017” respectively.
5. The words “Section 147 of the Ordinance” appearing in article 2(h) be replaced with “Section 119 of the Act”.
6. The word “Ordinance” appearing in article 2(j) be replaced with “Act”.
7. The words “Section 2(1)(36)” and “Ordinance” appearing in article 2(k) be replaced with “Section 2(1)(66)” and “Act” respectively.
8. The word “Ordinance” appearing in article 2(q) be replaced with “Act”.
9. The word “Ordinance” appearing in article 3 be replaced with “Act”.
10. The words “section 90 of the Ordinance” and the word “Ordinance” appearing in article 3(ii) be replaced with “section 58 of the Act” and “Act” respectively.
11. The words “including redemption in accordance with the provisions of these Articles subject to section 85 of the Ordinance, including but not intended to,” appearing in article 3(ii)(d) are hereby deleted.
12. The words “section nos. 85 and 94(4)(a) of the Ordinance” and the words “Ordinance” appearing in article 3(iii) be replaced with “the provisions of the Companies Act, 2017” and “Act” respectively.

13. The word "Ordinance" and the words "section 84 of the Ordinance" appearing in article 4 be replaced with "Act" and "section 82 of the Act" respectively.
14. The word "Ordinance" appearing in article 6 be replaced with "Act" and the figures "68 to 73" appearing in article 6 be replaced with "67 to 70".
15. The figure "95" appearing in article 12 be replaced with "86".
16. The word "Ordinance" appearing in article 16 be replaced with "Act".
17. The figure "86" appearing in article 21 be replaced with "83".
18. The words and figures "clause (d) of sub-section (1) of section 92" appearing in article 23(b) be replaced with "clause (d) of sub-section(1) of section 85".
19. The words and figures "section 108 of the Ordinance" appearing in article 23a be replaced with "section 59 of the Act".
20. The words and figure "section 159" appearing in article 28 be replaced with "section 133".
21. The words "Ordinance" appearing in article 29 be replaced with "Act".
22. The words and figure "section 167" appearing in article 36 be replaced with "section 143".
23. The figure "168" appearing in article 37 be replaced with "145".
24. The figures "178" and "160" appearing in article 40 be replaced with "159" and "134" respectively.
25. The figure "162" appearing in article 43 be replaced with "138".
26. The figure "187" appearing in article 49 be replaced with "153".
27. The figure "192" appearing in article 53 be replaced with "174".
28. The words "Ordinance" appearing in article 54 be replaced with "Act".
29. The word "Ordinance" appearing in article 56 be replaced with "Act".
30. The figure "187" appearing in article 58 be replaced with "153".
31. The figure "178" appearing in article 66 be replaced with "159".
32. The words and figures "174 to 178 and section 180 and 184" appearing in article 68 be replaced with "154 to 159 and section 161 and 167".
33. The words "Ordinance" appearing in article 70 be replaced with "Act".
34. The figure "213" appearing in article 72 be replaced with "203".
35. The word "Ordinance" appearing in article 77 be replaced with "Act".
36. The figure "251" appearing in article 82 be replaced with "243".
37. The figure "230" appearing in article 84 be replaced with "220".
38. The word "Ordinance" appearing in article 87 be replaced with "Act".

39. The words and figures "section 233 and 245 of the Ordinance" appearing in article 89 be replaced with "section 223 and 237 of the Act".
40. The word "ORDINANCE" and words and figures "section 230 to 236" appearing in article 90 be replaced with "ACT" and "section 220 to 227" respectively.
41. The words and figures "section 252 to 255" appearing in article 92 be replaced with "section 246 to 249".
42. The words and figure "section 488" appearing in article 98 be replaced with "section 492".

FURTHER RESOLVED that the Company Secretary be and is hereby authorised to do all acts, deeds and things that may be required to carry out the purpose aforesaid and to give full effect to the above resolutions.

FURTHER RESOLVED that the Company Secretary is authorized to make any corrections/ modifications/ alterations as may be pointed out or directed by the Securities and Exchange Commission of Pakistan/ Registrar of Companies.

#### **CLOSURE OF SHARE TRANSFER BOOKS**

The Share Transfer Books of the Company for both classes of shares, i.e. Ordinary Shares and Non-Voting Ordinary Shares will be closed from March 20, 2018 to March 26, 2018 (both days inclusive) for the purpose of holding the AGM and to determine the entitlement of conversion of Non-Voting Ordinary Shares into Ordinary Shares. Transfers of Non-Voting Ordinary Shares received at the Share Registrar of the Company, i.e. M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on March 19, 2018 will be treated in time for the purpose of conversion of Non-Voting Ordinary Shares into Ordinary Shares to the transferees.

By Order of the Board



**Brig Rizwan Rafi (Retd)**  
Company Secretary

Lahore : January 25, 2018

#### **NOTES:**

1. A member of the Company entitled to attend and vote at the General Meeting may appoint a person/ representative as proxy to attend and vote in place of member at the meeting. Proxies in order to be effective must be received at Company's registered office duly stamped and signed not later than 48 hours before the time of holding meeting. A member cannot appoint more than one proxy. Attested copy of shareholder's CNIC must be attached with the proxy form.
2. The CDC/sub account holders are required to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan contained in Circular No. 1 of 2000 dated 26 January, 2000:-
  - (a) For attending the meeting
    - i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his / her original national identity card or original passport at the time of attending the meeting.



ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

(b) For appointing proxies

- i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted to the Company along with proxy form.

3. Members are requested to promptly notify any change in their addresses to the Share Registrar of the Company, i.e. M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.

**Consent for Video Conference Facility**

Members can also avail video conference facility in Karachi and Islamabad. In this regard please fill the following and submit to registered address of the Company 10 days before holding the general meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting alongwith complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Fauji Foods Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio / CDC Account No \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_

\_\_\_\_\_  
Signature of member

\_\_\_\_\_  
(Signatures and names of the Chief Executive and Directors)

## **STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017.**

The following statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of Fauji Foods Limited (the "Company") at 11:00 a.m. on Monday, March 26, 2018 at PC Hotel, Lahore:

### **1. CONVERSION OF NON-VOTING SHARES INTO VOTING SHARES / CHANGE IN CAPITAL STRUCTURE**

The Board of Directors in their meeting held on January 25, 2018 has decided to convert 78,408,000 Non-Voting Ordinary Shares into Ordinary Shares at par value of Rs. 10/- per share after required amendments in the Memorandum and Articles of Association of the Company subject to the approval by the members as Special Resolutions in AGM with or without modification, addition or deletion.

Modification in classes of the authorized share capital is necessary to cater for the conversion of Non-Voting Ordinary Shares into Ordinary Shares. The proposed changes in the Memorandum of Association of the Company are being made to accommodate above modification in the structure of authorized capital of Voting class of shares as approved by the Board subject to approval by the holders of voting shares and the holders of non-voting shares.

### **2. CHANGES IN THE MEMORANDUM AND ARTICLES DUE TO ENACTMENT OF THE COMPANIES ACT, 2017 IN PLACE OF THE COMPANIES ORDINANCE, 1984**

The alterations in the Memorandum and Articles of Association of the Company are being proposed to bring in line with the requirements of various S.R.Os/ Regulations/ Directions issued by the SECP and enactment of the Companies Act, 2017 to replace the Companies Ordinance, 1984.

None of the Directors of the Company have any personal interest in the aforesaid Special Resolutions except in their capacity as Shareholders or Directors of the Company.

Lahore.  
January 25, 2018

## DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors' of Fauji Foods Limited, we are pleased to present the directors' report along with the audited financial statements for the year ended December 31, 2017.

### **Principal activities:**

Fauji Foods Limited, a majority owned Company of Fauji Fertilizer Bin Qasim Limited (50.59% shareholding) and Fauji Foundation (12.75 % shareholding) is engaged in processing and marketing of dairy products, juices and jams. The Company's brand 'Nurpur' is one of the oldest and highly recognized brands in Pakistan.

### **Operations during the year:**

As part of our growth strategy and commitment towards excellence, the current year witnessed an achievement of numerous milestones which were planned at the time of acquisition of the Company by Fauji Group.

Commissioning of Ultra Heat Treatment (UHT) plant was done in the early part of the year which was part of the over all BMR planned investment at the time of acquisition. This resulted in increased production capacity coupled with enhanced reliability and efficiency.

Product portfolio expansions were also undertaken. A series of successful brand launches and rebranding of some existing products were undertaken. New brands included "MUST" Fruit Juices, "Nurpur Low Fat UHT Milk" for the health conscious consumers, "Nurpur Flavored Milk" and "Nurpur Lassi". These new launches were added to the already existing product portfolio of Dostea (Liquid Tea Whitener), Nurpur Original Full Cream (UHT Milk), Nurpur Butter and Nurpur Cheese. These new brands are delivering on the Company's promise and commitment to the consumers of providing a broad and diverse range of premium quality products and have also complimented the sales growth.

The overall business environment was challenging for the organization in the past year because the Dairy sector witnessed an overall decline. This was due to the negative perception created in the media about packaged milk and certain labelling requirements levied by the Punjab Food Authority on Tea Whiteners. Despite these tough conditions the Company has continued to improve its market share and the net turnover during the year 2017 saw a growth of 108% compared to 2016.

### **Right issue of shares:**

The Board of Directors in its meeting held on July 25, 2017 approved issuance of right shares at par value; for funding business expansion and fulfilling the working capital requirements. In an Extraordinary General Meeting of Shareholders, held on September 18, 2017 the necessary approval was given, enabling the Company to issue 300% right shares to both classes of shareholders as per their respective class. This right issue has significantly increased the financial liquidity, improved the leverage ratios and enhanced the Company's ability and access to cost effective financing in future.

### **Consolidation of classes of shares:**

The Board of Directors has decided to convert 78,408,000 Non-Voting Ordinary Shares into Ordinary Shares at par value of Rs.10/- per share after required amendments in the Memorandum and Articles of Association of the Company subject to the approval by the members as Special Resolutions in AGM with or without modification, addition or deletion.

### **Financial performance:**

The Company achieved a turnover of Rs. 7,001 million compared to Rs. 3,370 million in the comparative year. Loss after taxation in the reported year was Rs. 2,288 million as compared to Rs. 967 million in the previous year. The Loss per Share thereby is Rs. 9.22 as compared with Rs. 5.94 in the comparative year.

The increase in net losses are due to higher fixed cost incurred due to investment in developing milk procurement and sales infrastructure for future increased sale volumes, marketing cost and higher trade offers. The current sales volume, albeit higher in comparison to previous year, is still not sufficient to fully absorb the fixed cost. These fixed costs are expected to normalize once sales volumes increases in relation to the capacity increase.

Moreover, inability of the Industry and Company to increase prices of certain products despite increase in processing cost, including impact of change in Tax regime & additional Regulatory Duty and high availability of low priced loose milk through informal sector also contributed to the losses.

Management has undertaken various initiatives like curtailment of input costs, increasing production scales to optimum levels, injection of equity through right issue and securing new working capital lines. We expect that these steps coupled with increased sales will contribute significantly towards the profitability of the Company in the future.

**Future outlook:**

Pakistan's economy continues to grow positively, led by growth in the manufacturing and services sectors and recovery in the agricultural sector. Higher domestic demand and improvement in China Pakistan Economic Corridor backed infrastructural development is expected to provide further impetus to the growth momentum. In the coming period, expected rebounds in the commodity prices, weakening of the local currency and heightened political activity may exert momentary pressure, however, the general outlook of Pakistan's economy remains positive.

Board confidence remains high in the growth potential of Pakistan's Dairy market. The Dairy industry is expected to recover from negative campaigns and it is expected to show growth in the future and regain the market share lost to the loose milk segment.

The Board is also confident about the future growth of the Company to deliver quality products while keeping a strong focus on innovation and operational excellence. Current capacity enhancement will enable it to contribute as a key market player of the Dairy industry. The company will continue to focus on improving shareholders' value through innovation, product and process optimization, effective cost controls and will continue to grow its market share In Sha ALLAH.

**Principle risks and uncertainties facing company:**

Risks faced by the Company are not significantly different from risks posed to other companies working in the Dairy sector. There are no significant risk and certainties posed to the business and operations of the Company, except as disclosed in the Contingencies and Commitment notes to the financial statements.

**Impact on Environment/ Corporate Social Responsibility (CSR):**

Fauji Foods Limited is committed to support Dairy farming sector of Pakistan and making significant contributions towards upgrading the standard of living and overall economy of communities that it operates in. A major source of the Company's fresh milk collection is carried out from small community farmers thereby adding to their income. The Company has established its Milk Collection Centres over four districts thereby creating multiple employment opportunities in these areas. Since the takeover by the Fauji group, the Company has expanded its operations and has added significant number of jobs for skilled, semi-skilled and unskilled workers in the Bhalwal area where its milk processing factory is located.

Fauji Foods Limited Management strides for procurement of quality raw materials and services from local vendors and suppliers in an effort to reduce the carbon footprint associated with its supply chain.

Fauji Foods Limited consciously uses environmentally friendly packaging for many of its products, composed of biodegradable materials. Such packaging formats significantly reduce their impact on the environment. To mitigate the impact of untreated water on the environment, the Company has installed a water treatment plant for effluents treatment at the factory site. Management and all employees are dedicated towards practicing efficient and environment friendly processes for prevention of pollution and further strive to exceed local and international standards on Quality, Health, Safety and Environment.

Fauji Foods Limited core values include contribution towards society for development of the country. The Company's Human Resource Department spearheaded a Zakat/Donations drive amongst employees to support the Institute of Struggle against Disability and the Rising Sun Institute; both organizations are actively working for individuals with disabilities and learning difficulties. Employees of the Company contributed generously and donated various appliance and items for everyday usage as well as Eid gifts for these institutes and deserving individuals. This initiative was appreciated and lauded by the students of these institutes.

The Fauji Foods Limited Sales and Marketing team in conjunction with World Wildlife Fund (WWF) initiated WWF-Pakistan's National Spellathon Championship. The championship reached out to 100 schools and 15,000 students across Lahore, Karachi and Islamabad in an effort to trigger change in the thinking processes of the future generation, increasing knowledge about environmental conservation and development of a self-inspired and an environmentally conscious generation. Additionally, the company acted as a catalyst by arranging various other initiatives such as encouraging sports and educational activities at the youth level in different educational institutions.

**Transaction with related parties:**

The Company carries out transactions with related parties and amounts, due from and to, related parties as shown under respective heads are carried out at arms' length. Except as disclosed in financial statements, no other transactions were executed with related parties.

**Corporate and financial reporting framework:**

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a 'going concern'.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2017 except for those disclosed in the financial statements.
- The value of investments of staff provident fund, based on un-audited accounts, was Rs.187 million as at December 31, 2017.
- The pattern of shareholding and additional information regarding pattern of shareholding is included in this annual report.
- Details of trade in the shares of the Company carried-out by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year ended December 31, 2017 is as follows:

**Right Shares Subscribed by the Directors :**

<b>Name of Directors</b>	<b>Voting</b>	<b>Non-Voting</b>
Lt Gen Khalid Nawaz Khan (Retd)	12	-
Lt Gen Javed Iqbal (Retd)	3	-
Lt Gen Shafqaat Ahmed (Retd)	12	-
Malik Adnan Hayat Noon	27,740,316	3,902,613
Mr Qaiser Javed	12	-
Dr Nadeem Inayat	12	-
Dr Rashid Bajwa	12	-
Mr Salman Hayat Noon	21,200,292	-
Brig Raashid Wali Janjua (Retd)	3	-
Lt Col Abdul Khaliq Khan (Retd)	36	-
Mr Iltifat Rasul Khan	12	-
Mr Par Soderlund	12	-

### Board of Directors / Committees Meetings During the Year 2017 :

**Seven meetings of the Board of Directors were held. Attendance by each director is as follows:**

<b>Name of Directors</b>	<b>No. of Meeting(s) Attended</b>
Lt Gen Khalid Nawaz Khan (Retd)	6
Lt Gen Muhammad Haroon Aslam (Retd) - resigned on February 07, 2017	1
Lt Gen Javed Iqbal (Retd) – appointed on February 07, 2017	6
Lt Gen Shafqaat Ahmed (Retd)	5
Malik Adnan Hayat Noon	1
Mr Qaiser Javed	6
Dr Nadeem Inayat	7
Dr Rashid Bajwa	4
Mr Salman Hayat Noon	4
Brig Raashid Wali Janjua (Retd)	7
Lt Col Abdul Khaliq Khan (Retd)	7
Mr Iltifat Rasul Khan	6
Mr Par Soderlund	6

**Five meetings of the Audit Committee were held. Attendance by each director is as follows:**

<b>Name of Directors</b>	<b>No. of Meeting(s) Attended</b>
Mr Iltifat Rasul Khan	5
Mr Qaiser Javed	5
Dr Nadeem Inayat	1
Malik Adnan Hayat Noon	1
Lt Col Abdul Khaliq Khan (Retd)(Alternate Director for Malik Adnan Hayat Noon)	2

**Five meetings of the HR&R Committee were held. Attendance by each director is as follows:**

<b>Name of Directors</b>	<b>No. of Meeting(s) Attended</b>
Dr Nadeem Inayat	5
Dr Rashid Bajwa	3
Brig Raashid Wali Janjua (Retd)	4
Lt Col Abdul Khaliq Khan (Retd)	5

**Four meetings of the Technical Committee were held. Attendance by each director is as follows:**

<b>Name of Directors</b>	<b>No. of Meeting(s) Attended</b>
Brig Raashid Wali Janjua (Retd)	4
Dr Rashid Bajwa	3
Lt Col Abdul Khaliq Khan (Retd)	4

**Four meetings of the Business Review Committee were held. Attendance by each director is as follows:**

<b>Name of Directors</b>	<b>No. of Meeting(s) Attended</b>
Dr Rashid Bajwa	4
Dr Nadeem Inayat	3
Mr Salman Hayat Noon	-
Mr Par Soderlund	2

**Auditors:**

The present auditors, M/s KPMG Taseer Hadi & Co., Chartered Accountants will retire and being eligible, offer themselves for re-appointment as the statutory auditors of the Company. The Audit Committee and the Board of Directors of the Company have endorsed the recommendation for their appointment.

**Compliance with the Code of Corporate Governance:**

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their listing rules, relevant for the year ended December 31, 2017, have been duly complied with. A statement to this effect is annexed with the report.

**Dividend:**

The Board has not recommended any dividend due to loss to the Company during the year.

**Annual General Meeting:**

The 51st Annual General Meeting will be held on March 26, 2018 at 1100 hours at Lahore to approve annual financial statements of the Company for the year ended December 31, 2017.

**Acknowledgement:**

The Board is thankful to the valuable shareholders and financial institutions for their trust and continued support to the Company. The Board would also like to place on record its appreciation to all Employees of the Company for their dedication, diligence and hard work.

For and on behalf of the Board



**Lt Gen Syed Tariq Nadeem Gilani**  
HI(M), (Retd)  
Chairman



**Lt Gen Javed Iqbal**  
HI(M), (Retd)  
Chief Executive and Managing Director

Dated : January 25, 2018

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of company: Fauji Foods Limited  
Year ended: 31 December, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in clause 5.19.24 of listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

- The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Mr Iltifat Rasul Khan Mr Par Soderlund
Executive Director	Lt Gen Javed Iqbal (Retd)
Non-Executive Directors	Lt Gen Khalid Nawaz Khan (Retd) Lt Gen Shafqaat Ahmed (Retd) Malik Adnan Hayat Noon Mr Qaiser Javed Dr Nadeem Inayat Mr Salman Hayat Noon Brig Raashid Wali Janjua (Retd) Lt Col Abdul Khaliq Khan (Retd) Dr Rashid Bajwa

The independent directors meet the criteria of independence under clauses 5.19.1(b) of the CCG.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- A casual vacancy occurring on the Board on February 07, 2017 was filled up by the directors on the same day when Lt Gen Javed Iqbal (Retd) was appointed as Director / CE&MD of the Company in place of Lt Gen Muhammad Haroon Aslam (Retd).
- The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and non-executive directors, have been taken by the Board / shareholders.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the Board meetings were appropriately recorded and circulated.



9. Six directors have attended the training program. The Board has not arranged training program this year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including the remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises four members, of whom three are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises four members, all of whom are non-executive directors including the Chairman of the Committee.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



**Lt Gen Syed Tariq Nadeem Gilani**  
HI(M), (Retd)  
Chairman



**Lt Gen Javed Iqbal**  
HI(M), (Retd)  
CE & MD

Place: Islamabad  
Date: January 25, 2018



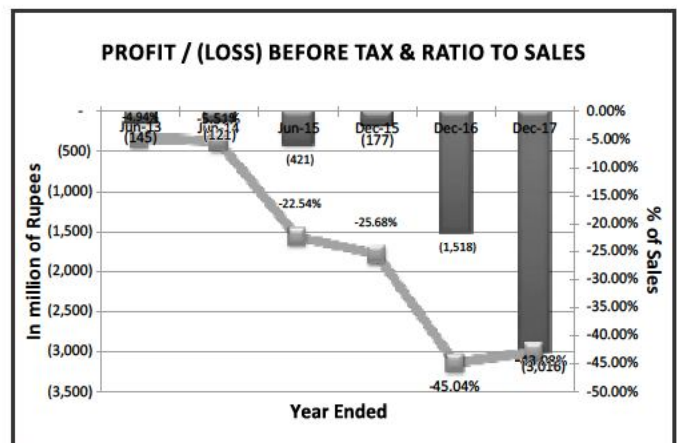
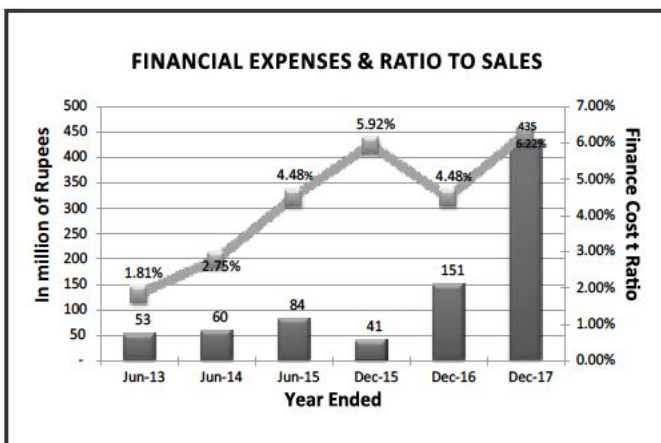
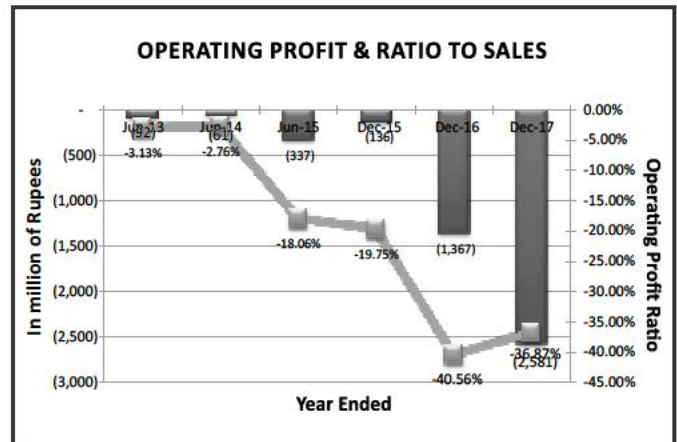
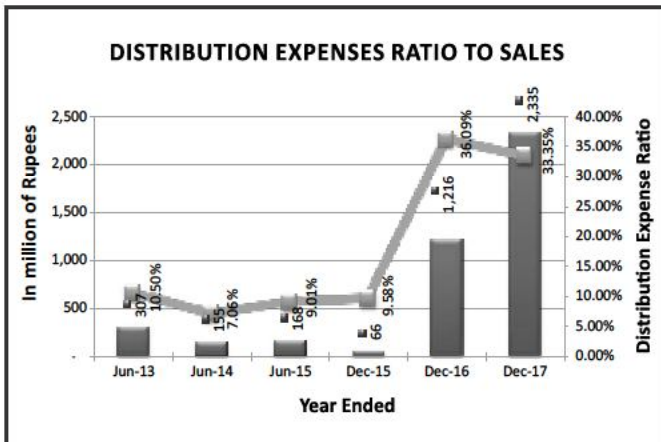
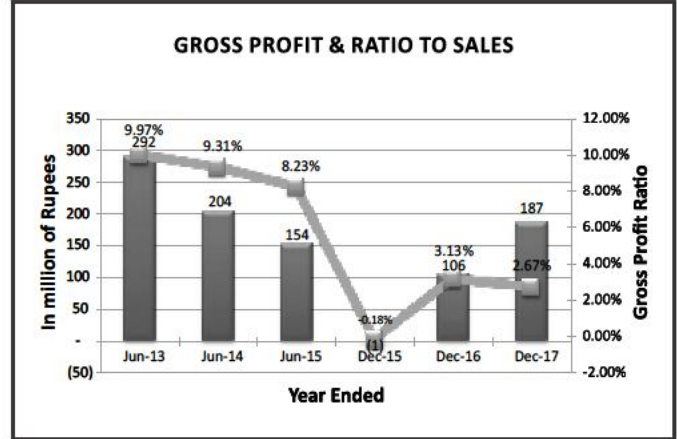
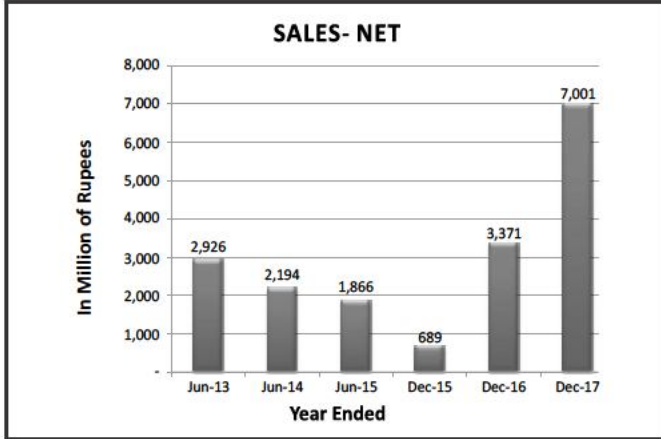
## FINANCIAL HIGHLIGHTS

	December 2017	December 2016	December 2015	June 2015	June 2014	June 2013	
<b>Production</b>							
Liquid Products - Ltrs.	86,699,115	37,252,653	8,737,421	20,458,745	23,648,085	33,088,023	
Non - Liquid Products - Kgs	673,244	5,415,745	245,568	992,377	1,339,371	1,997,633	
<b>Financial Performance - Profitability</b>							
Gross profit margin	%	2.67	3.13	(0.18)	8.23	9.31	9.97
EBITDA margin to sales	%	(29.67)	(34.82)	(14.04)	(14.67)	(0.10)	(0.95)
Pre tax margin	%	(43.08)	(45.04)	(25.68)	(22.54)	(5.51)	(4.94)
Net profit margin	%	(32.68)	(28.69)	(15.39)	(18.74)	(6.47)	(4.37)
Return on equity	%	(65.63)	(53.68)	(47.26)	(273.32)	(338.18)	(72.86)
Return on capital employed	%	(28.46)	(50.07)	(64.43)	(279.42)	(34.68)	(33.01)
<b>Operating Performance / Liquidity</b>							
Total assets turnover	Times	0.59	0.44	0.36	1.18	1.55	2.13
Fixed assets turnover	Times	1.03	0.68	0.54	17.98	3.77	4.52
Trade Debtors	Rs. (000)	129,705	77,969	37,730	38,626	221,612	176,824
Debtors turnover	Times	67	58	18	14	11	20
Debtors turnover	Days	5	6	10	25	33	18
Inventory	Rs. (000)	1,021,156	684,806	174,626	158,126	62,365	73,860
Inventory turnover	Times	8	8	4	16	29	19
Inventory turnover	Days	46	48	44	23	12	19
Purchases	Rs. (000)	5,403,562	2,717,812	546,844	1,403,509	1,804,615	2,261,248
Accounts Payables	Rs. (000)	438,319	1,008,155	310,130	293,433	437,996	505,659
Creditors turnover	Times	7	4	2	4	4	5
Creditors turnover	Days	49	89	102	95	95	78
Operating cycle	Days	2	(34)	(47)	(46)	(50)	(42)
Return on assets	%	(19.22)	(12.59)	(5.56)	(22.09)	(10.01)	(9.30)
Current ratio		1.70	0.40	0.34	0.44	0.87	0.78
Quick / Acid test ratio		1.22	0.25	0.21	0.35	0.67	0.52

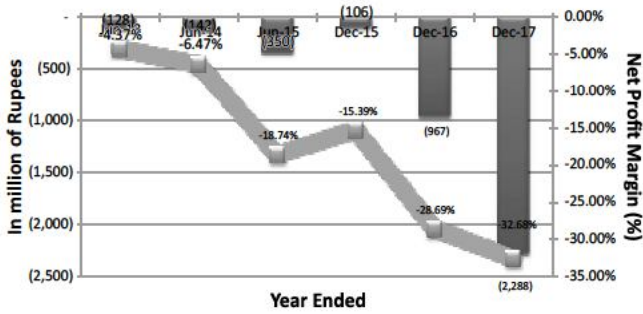
		December 2017	December 2016	December 2015	June 2015	June 2014	June 2013
<b>Capital Market / Capital Structure Analysis</b>							
Market value per share							
- Year end	Rs.	16.46	88.67	242.21	79.99	35.58	52.87
- High during the year	Rs.	124.4	314.00	366.62	87.99	35.69	63.55
- Low during the year	Rs.	14.75	71.51	71.84	27.19	34.91	35.61
Breakup value - (Net assets / share)	Rs.	6.60	13.63	(7.16)	(4.08)	3.01	12.60
- excluding revaluation surplus	Rs. (000)	3,486,422	1,801,184	(224,450)	(127,970)	42,006	175,582
- including revaluation surplus	Rs. (000)	4,945,390	2,241,540	233,165	335,309	89,610	230,398
Earning per share (pre tax)	Rs.	(12.15)	(13.74)	(1.78)	(14.13)	(8.67)	(10.38)
Earning per share (after tax)	Rs.	(9.22)	(8.75)	(1.07)	(11.75)	(10.19)	(9.18)
Earnings growth	%	(5.33)	(718.22)	90.90	(15.26)	11.01	(455.81)
Price earning ratio		(1.79)	(10.13)	(226.48)	(6.81)	(3.49)	(5.76)
Market price to breakup value		2.49	6.50	(33.84)	(19.60)	11.81	4.20
Debt : Equity		1.73	2.26	(5.34)	(6.26)	18.15	2.95
Interest cover		(5.93)	(9.06)	(3.34)	(4.03)	(1.01)	(1.73)
<b>Statement of affairs</b>							
Share capital	Rs. (000)	5,284,072	1,321,017	313,632	313,632	139,392	139,392
Reserves	Rs. (000)	(1,797,650)	480,166	(538,082)	(441,602)	(97,386)	36,190
Share holder's fund / Equity	Rs. (000)	3,486,422	1,801,184	(224,450)	(127,970)	42,006	175,582
Revaluation surplus	Rs. (000)	1,458,968	440,356	457,615	463,279	47,604	54,816
Long term borrowings	Rs. (000)	4,583,054	129,919	59,828	2,796	367,648	211,967
Capital employed	Rs. (000)	8,039,476	1,931,103	(164,622)	(125,174)	409,654	387,549
Deferred liabilities/(assets)	Rs. (000)	(1,061,248)	(628,542)	(76,385)	(1,598)	-	-
Property, plant & equipment	Rs. (000)	6,822,274	4,937,751	1,277,998	1,037,778	576,928	645,047
Long term assets	Rs. (000)	7,901,844	5,571,678	1,356,031	1,041,410	581,217	647,767
Net current assets / Working capital	Rs. (000)	1,652,214	(3,167,397)	(1,052,409)	(703,304)	(123,958)	(204,217)
Liquid funds - net	Rs. (000)	1,195,302	333,540	52,960	141,057	218,123	80,390
<b>Financial Performance</b>							
Sales - net	Rs. (000)	7,000,955	3,370,507	689,044	1,866,019	2,194,025	2,926,229
Gross profit	Rs. (000)	187,220	105,506	(1,259)	153,529	204,246	291,788
Operating Loss	Rs. (000)	(2,581,146)	(1,367,004)	(136,121)	(336,916)	(60,605)	(91,624)
Loss before tax	Rs. (000)	(3,016,286)	(1,517,940)	(176,931)	(420,600)	(120,857)	(144,684)
Loss after tax	Rs. (000)	(2,288,262)	(966,920)	(106,073)	(349,763)	(142,055)	(127,936)
EBITDA	Rs. (000)	(2,077,150)	(1,173,689)	(96,723)	(273,733)	(2,168)	(27,918)
<b>Summary of Cash Flows</b>							
Net cash flow from operating activities	Rs. (000)	(3,597,667)	(1,573,454)	(185,336)	(201,730)	(56,340)	(14,753)
Net cash flow from investing activities	Rs. (000)	(1,050,585)	(3,862,420)	(281,007)	(9,486)	15,750	(71,655)
Net cash flow from financing activities	Rs. (000)	6,159,323	4,205,063	292,139	134,148	178,322	130,234
Changes in cash & cash equivalents	Rs. (000)	1,511,072	(1,230,810)	(174,204)	(77,067)	137,733	43,827
Cash & cash equivalents - Year end	Rs. (000)	(254,200)	(1,765,272)	(534,461)	141,057	218,124	80,391



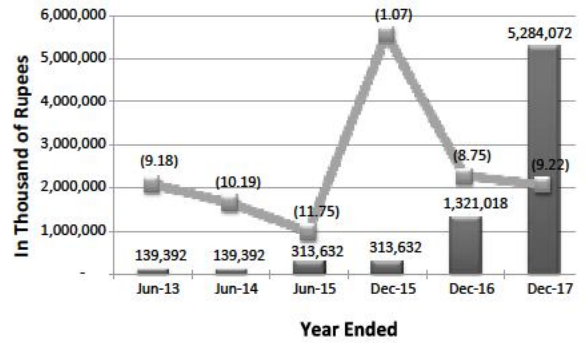
# PERFORMANCE OVERVIEW



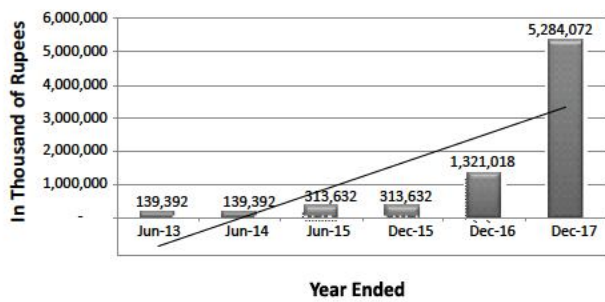
**PROFIT AFTER TAX & NET PROFIT MARGIN**



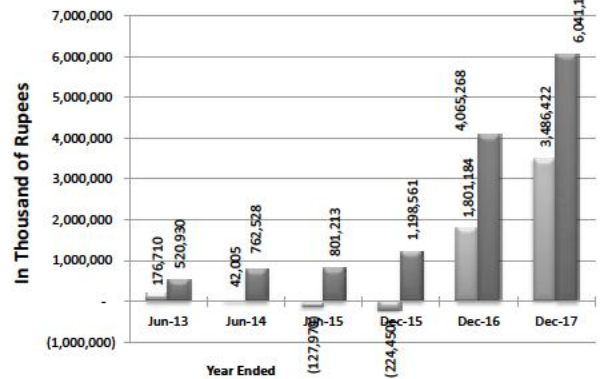
**ORDINARY SHARE CAPITAL & BASIC EARNING / (LOSS) PER SHARE**



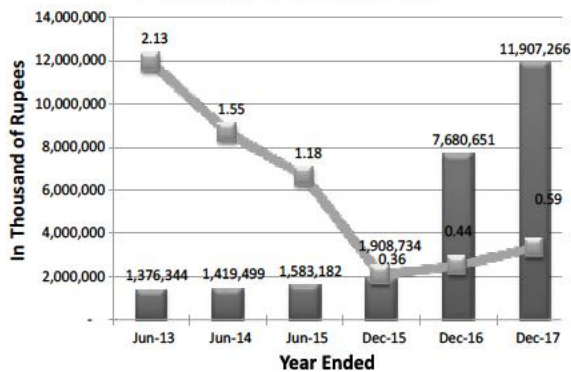
**PAID-UP SHARE CAPITAL**



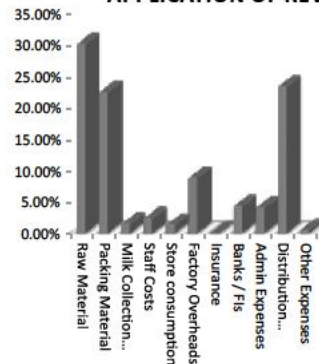
**SHAREHOLDERS' EQUITY AND TOTAL DEBTS**



**TOTAL ASSETS & TURNOVER**



**APPLICATION OF REVENUE**





# FORM 34

## PATTERN OF SHAREHOLDING

As at December 31, 2017

### ORDINARY SHARES

1. Incorporation Number	0002355
2. Name of the Company	FAUJI FOODS LIMITED
3. Pattern of holding of the shares held by the shareholders as at	31-12-2017

4. Number of Shareholders	SHAREHOLDING		Total Shares
	From	To	
756	1	100	39,315
797	101	500	333,930
685	501	1,000	645,361
1858	1,001	5,000	5,437,707
615	5,001	10,000	4,871,678
222	10,001	15,000	2,845,123
200	15,001	20,000	3,722,844
90	20,001	25,000	2,124,891
69	25,001	30,000	1,971,867
40	30,001	35,000	1,314,974
58	35,001	40,000	2,256,800
31	40,001	45,000	1,349,396
39	45,001	50,000	1,911,966
11	50,001	55,000	583,500
25	55,001	60,000	1,457,444
11	60,001	65,000	702,968
10	65,001	70,000	680,663
16	70,001	75,000	1,182,800
22	75,001	80,000	1,736,356
8	80,001	85,000	668,500
4	85,001	90,000	353,500
1	90,001	95,000	95,000
29	95,001	100,000	2,888,400
4	100,001	105,000	415,034
6	105,001	110,000	660,000
3	110,001	115,000	340,400
8	115,001	120,000	951,180
5	120,001	125,000	620,500
3	125,001	130,000	384,500
4	130,001	135,000	537,500
4	135,001	140,000	556,000
1	140,001	145,000	145,000
7	145,001	150,000	1,048,000
3	150,001	155,000	457,240
6	155,001	160,000	951,500
1	165,001	170,000	167,000
3	170,001	175,000	524,000
2	175,001	180,000	360,000
2	180,001	185,000	369,172
2	185,001	190,000	378,000
1	190,001	195,000	191,000
5	195,001	200,000	1,000,000
2	200,001	205,000	406,000

Number of Shareholders	SHAREHOLDING		Total Shares
	From	To	
1	210,001	215,000	212,000
2	215,001	220,000	435,400
1	220,001	225,000	225,000
1	225,001	230,000	230,000
1	235,001	240,000	240,000
1	245,001	250,000	250,000
1	255,001	260,000	260,000
1	265,001	270,000	270,000
1	270,001	275,000	275,000
7	295,001	300,000	2,100,000
1	300,001	305,000	302,000
1	310,001	315,000	311,000
2	315,001	320,000	640,000
1	325,001	330,000	328,000
1	335,001	340,000	340,000
3	345,001	350,000	1,046,284
1	390,001	395,000	395,000
2	395,001	400,000	800,000
1	440,001	445,000	444,000
3	445,001	450,000	1,343,000
3	495,001	500,000	1,496,360
2	520,001	525,000	1,045,050
1	605,001	610,000	608,000
1	625,001	630,000	630,000
1	630,001	635,000	634,000
1	730,001	735,000	734,000
1	760,001	765,000	763,000
1	785,001	790,000	788,000
1	935,001	940,000	936,000
1	1,045,001	1,050,000	1,050,000
1	1,120,001	1,125,000	1,122,400
1	1,380,001	1,385,000	1,382,000
2	1,995,001	2,000,000	4,000,000
1	2,050,001	2,055,000	2,055,000
1	2,905,001	2,910,000	2,906,412
1	4,995,001	5,000,000	5,000,000
1	6,715,001	6,720,000	6,720,000
1	8,495,001	8,500,000	8,500,000
1	9,655,001	9,660,000	9,659,580
1	23,265,001	23,270,000	23,267,056
1	36,965,001	36,970,000	36,969,468
1	57,370,001	57,375,000	57,374,896
1	222,270,001	222,275,000	222,274,277
<b>5,729</b>			<b>449,999,192</b>

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	67,249,907	14.9445%
5.2 Associated Companies, undertakings and related parties. (Parent Company)	279,652,173	62.1450%

5.3 NIT and ICP	10,249	0.0023%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,032,000	0.2293%
5.5 Insurance Companies	1,778,072	0.3951%
5.6 Modarabas and Mutual Funds	209,000	0.0464%
5.7 Share holders holding 10% or more	279,652,173	62.1450%
5.8 <b>General Public</b>		
a. Local	65,818,849	14.6264%
b. Foreign	65,500	0.0146%
5.9 <b>Others</b> (to be specified)		
1- Joint Stock Companies	13,039,605	2.8977%
2- Foreign Companies	9,622,400	2.1383%
3- Other Companies	11,521,437	2.5603%

6. Signature of Secretary



7. Name of Signatory

Brig Rizwan Rafi (Retd)

8. Designation

Company Secretary

9. CNIC Number

42000-0566702-9

10. Date

31	12	2017
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# FORM 34

## PATTERN OF SHAREHOLDING As at December 31, 2017 NON-VOTING ORDINARY SHARES

1. Incorporation Number	0002355
2. Name of the Company	FAUJI FOODS LIMITED
3. Pattern of holding of the shares held by the shareholders as at	31-12-2017

4. Number of Shareholders	SHAREHOLDING		Total Shares
	From	To	
57	1	100	1,691
122	101	500	56,276
142	501	1,000	133,495
367	1,001	5,000	1,039,952
116	5,001	10,000	930,182
48	10,001	15,000	616,199
37	15,001	20,000	711,200
23	20,001	25,000	536,420
13	25,001	30,000	371,500
7	30,001	35,000	228,544
10	35,001	40,000	383,500
6	40,001	45,000	261,228
9	45,001	50,000	434,716
6	50,001	55,000	319,784
5	55,001	60,000	298,000
1	60,001	65,000	62,000
2	65,001	70,000	137,000
4	70,001	75,000	291,000
2	75,001	80,000	156,000
2	80,001	85,000	167,400
2	85,001	90,000	178,000
3	90,001	95,000	276,116
1	95,001	100,000	100,000
1	100,001	105,000	104,000
1	105,001	110,000	108,900
1	110,001	115,000	115,000
1	115,001	120,000	120,000
1	120,001	125,000	123,000
2	125,001	130,000	257,600
1	130,001	135,000	133,500
2	135,001	140,000	279,500
1	140,001	145,000	145,000
1	145,001	150,000	150,000
1	160,001	165,000	160,132
2	170,001	175,000	349,000
2	195,001	200,000	395,700
1	205,001	210,000	210,000
2	215,001	220,000	437,000
1	220,001	225,000	225,000
2	255,001	260,000	519,500
1	295,001	300,000	300,000
1	300,001	305,000	301,000
1	345,001	350,000	350,000
1	375,001	380,000	379,000

Number of Shareholders	SHAREHOLDING		Total Shares
	From	To	
1	395,001	400,000	400,000
1	660,001	665,000	664,000
1	725,001	730,000	725,500
1	760,001	765,000	762,000
1	805,001	810,000	808,836
1	955,001	960,000	960,000
1	995,001	1,000,000	1,000,000
1	5,195,001	5,200,000	5,200,000
1	9,995,001	10,000,000	9,997,020
1	45,035,001	45,040,000	45,037,609
<b>1,022</b>			<b>78,408,000</b>

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	5,202,613	6.6353%
5.2 Associated Companies, undertakings and related parties. (Parent Company)	55,034,629	70.1901%
5.3 NIT and ICP	0	0.0000%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
5.5 Insurance Companies	79,000	0.1008%
5.6 Modarabas and Mutual Funds	310,000	0.3954%
5.7 Share holders holding 10% or more	55,034,629	70.1901%
5.8 <b>General Public</b>		
a. Local	13,808,605	17.6112%
b. Foreign	8,000	0.0102%
5.9 <b>Others</b> (to be specified)		
1- Joint Stock Companies	2,706,777	3.4522%
2- Foreign Companies	260,000	0.3316%
3- Other Companies	998,376	1.2733%

6. Signature of Secretary



7. Name of Signatory

Brig Rizwan Rafi (Retd)

8. Designation

Company Secretary

9. CNIC Number

42000-0566702-9

10 Date

31 12 2017

## REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Fauji Foods Limited ("the Company")** for the year ended 31 December 2017 to comply with the requirements of Listing Regulation No. 5.19 of the Listing Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

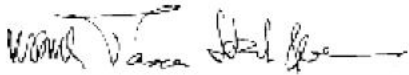
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2017.

Lahore

Date: January 25, 2018



**KPMG Taseer Hadi & Co.**

Chartered Accountants  
(M. Rehan Chughtai)

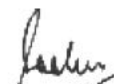
## Balance Sheet

As at 31 December 2017

EQUITY AND LIABILITIES	Note	2017 Rupees	2016 Rupees
<b><u>Share capital and reserves</u></b>			
Authorized capital			
700,000,000 (2016: 700,000,000)			
ordinary shares of Rs 10 each	5	<b>7,000,000,000</b>	7,000,000,000
Issued, subscribed and paid up capital			
528,407,192 (2016: 132,101,798)			
ordinary shares of Rs 10 each	5	<b>5,284,071,920</b>	1,321,017,980
Share premium	6	<b>1,925,340,907</b>	1,966,772,143
Accumulated loss		<b>(3,722,990,539)</b>	(1,486,605,671)
		<b>3,486,422,288</b>	1,801,184,452
Surplus on revaluation of property, plant and equipment - net of tax	7	<b>1,458,968,052</b>	440,355,621
<b><u>Non-current liabilities</u></b>			
Long term finances	8	<b>4,450,000,000</b>	-
Liabilities against assets subject to finance lease	9	<b>103,054,926</b>	129,919,028
Employee retirement benefits	10	<b>55,612,612</b>	32,822,224
		<b>4,608,667,538</b>	162,741,252
<b><u>Current liabilities</u></b>			
Short term borrowings	11	<b>1,449,501,368</b>	3,899,251,334
Current portion of liabilities against assets subject to finance lease	9	<b>38,582,834</b>	36,097,751
Trade and other payables	12	<b>791,751,290</b>	1,291,303,709
Accrued finance cost	13	<b>73,373,064</b>	49,716,962
		<b>2,353,208,556</b>	5,276,369,756
		<b>11,907,266,434</b>	7,680,651,081
<b>Contingencies and commitments</b>	14		

The annexed notes 1 to 42 form an integral part of these financial statements.



**Balance Sheet**

As at 31 December 2017

<b>ASSETS</b>	<i>Note</i>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	15	<b>6,822,273,698</b>	4,937,750,901
Intangible assets	16	<b>17,378,388</b>	4,441,250
Security deposits		<b>944,306</b>	944,306
Deferred taxation - net	17	<b>1,061,247,592</b>	628,541,639
		<b>7,901,843,984</b>	5,571,678,096
<b><u>Current assets</u></b>			
Stores, spares and loose tools	18	<b>107,134,205</b>	93,931,361
Stock-in-trade	19	<b>1,021,155,966</b>	684,805,793
Trade debts	20	<b>129,704,758</b>	77,969,418
Loans and advances	21	<b>75,943,368</b>	48,480,455
Deposits, prepayments and other receivables	22	<b>489,877,664</b>	141,347,588
Due from associated companies	23	<b>1,093,586</b>	39,247
Sales tax refundable - net		<b>484,343,381</b>	475,950,146
Income tax - net		<b>500,867,832</b>	252,909,058
Cash and bank balances	24	<b>1,195,301,690</b>	333,539,919
		<b>4,005,422,450</b>	2,108,972,985
		<b>11,907,266,434</b>	7,680,651,081

The annexed notes 1 to 42 form an integral part of these financial statements.

Lahore

Chairman

Chief Executive

Director

Chief Financial Officer

## Profit and Loss Account

For the year ended 31 December 2017

	Note	2017 Rupees	2016 Rupees
Sales - net	25	7,000,955,306	3,370,506,772
Cost of sales	26	(6,813,735,099)	(3,265,001,110)
<b>Gross profit</b>		<b>187,220,207</b>	<b>105,505,662</b>
Marketing and distribution expenses	27	(2,335,148,674)	(1,216,258,245)
Administrative expenses	28	(410,907,504)	(257,212,245)
Other income	29	37,157,677	28,917,826
Other expenses	30	(59,467,972)	(27,956,611)
<b>Loss from operations</b>		<b>(2,581,146,266)</b>	<b>(1,367,003,613)</b>
Finance cost	31	(435,139,468)	(150,936,517)
<b>Loss before taxation</b>		<b>(3,016,285,734)</b>	<b>(1,517,940,130)</b>
Taxation	32	728,023,875	551,020,316
<b>Loss after taxation</b>		<b>(2,288,261,859)</b>	<b>(966,919,814)</b>
<b>Loss per share - basic and diluted (Restated)</b>	33	<b>(9.22)</b>	<b>(5.94)</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

Lahore




Chairman



Chief Executive



Director



Chief Financial Officer



fauji foods

## Statement of Other Comprehensive Income

For the year ended 31 December 2017

	2017 Rupees	2016 Rupees
Loss after taxation for the year	(2,288,261,859)	(966,919,814)
<b><u>Other comprehensive income</u></b>		
<i>Items that will not be reclassified to profit and loss account</i>		
Remeasurement of defined benefit obligation	626,647	-
Surplus on revaluation of property, plant and equipment - net of tax (i)	-	-
<b>Total comprehensive income for the year</b>	<b><u>(2,287,635,212)</u></b>	<b><u>(966,919,814)</u></b>

- (i) Surplus on revaluation of property, plant and equipment - net of tax is presented under separate head under section 235 of repealed Companies Ordinance, 1984.

The annexed notes 1 to 42 form an integral part of these financial statements.

Lahore

Chairman

Chief Executive

Director


Chief Financial Officer

## Statement of Changes In Equity

For the year ended 31 December 2017

	Issued, subscribed and paid-up capital	Capital Reserve	Revenue Reserve	Total
		Share premium	Accumulated loss	
----- Rupees -----				
<b>Balance as at 31 December 2015</b>	313,632,000	-	(538,082,120)	(224,450,120)
<b><u>Total comprehensive income for the year</u></b>				
Loss after taxation	-	-	(966,919,814)	(966,919,814)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(966,919,814)</b>	<b>(966,919,814)</b>
<b><u>Surplus transferred to accumulated losses</u></b>				
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	18,396,263	18,396,263
<b><u>Transactions with owners of the Company</u></b>				
Ordinary shares issued during the year 100,738,598 shares of Rs. 10 each	1,007,385,980	-	-	1,007,385,980
Share premium	-	1,992,609,468	-	1,992,609,468
Expenses incurred on issuance of shares	-	(25,837,325)	-	(25,837,325)
	<b>1,007,385,980</b>	<b>1,966,772,143</b>	<b>-</b>	<b>2,974,158,123</b>
<b>Balance as at 31 December 2016</b>	<b>1,321,017,980</b>	<b>1,966,772,143</b>	<b>(1,486,605,671)</b>	<b>1,801,184,452</b>
<b><u>Total comprehensive income for the year</u></b>				
Loss after taxation	-	-	(2,288,261,859)	(2,288,261,859)
Other comprehensive income	-	-	626,647	626,647
<b>Total comprehensive income</b>	-	-	<b>(2,287,635,212)</b>	<b>(2,287,635,212)</b>
<b><u>Surplus transferred to accumulated losses</u></b>				
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	51,250,344	51,250,344
<b><u>Transactions with owners of the Company</u></b>				
Ordinary shares issued during the year 396,305,394 shares of Rs. 10 each	3,963,053,940	-	-	3,963,053,940
Expenses incurred on issuance of shares	-	(41,431,236)	-	(41,431,236)
	<b>3,963,053,940</b>	<b>(41,431,236)</b>	<b>-</b>	<b>3,921,622,704</b>
<b>Balance as at 31 December 2017</b>	<b>5,284,071,920</b>	<b>1,925,340,907</b>	<b>(3,722,990,539)</b>	<b>3,486,422,288</b>

The annexed notes 1 to 42 form an integral part of these financial statements.







# Cash Flow Statement

For the year ended 31 December 2017

<b><u>Cash flows from operating activities</u></b>	<i>Note</i>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Loss before taxation		<b>(3,016,285,734)</b>	(1,517,940,130)
<i>Adjustments for non-cash items:</i>			
Depreciation on property, plant and equipment	15.1.3	<b>538,749,313</b>	192,698,513
Amortization of intangible assets	16.1.1	<b>2,040,639</b>	616,216
Gain on disposal of property, plant and equipment	29	<b>(1,875,883)</b>	(4,927,092)
Provision for doubtful debts	30	<b>3,777,210</b>	9,000,000
Provision for obsolete stock	30	-	18,568,979
Profit on bank deposits	29	<b>(7,820,518)</b>	(7,657,883)
Liabilities no longer payable written back	29	<b>(4,666,100)</b>	-
Exchange loss / (gain) - net	31	<b>28,992,565</b>	-
Employee retirement benefits		<b>28,370,511</b>	22,952,570
Finance cost - net	31	<b>398,345,529</b>	150,936,517
<b>Loss before working capital changes</b>		<b>(2,030,372,468)</b>	(1,135,752,310)
<b><u>Effect on cash flow due to working capital changes</u></b>			
<i>(Increase) / decrease in current assets:</i>			
Stores, spares and loose tools		<b>(13,202,844)</b>	(73,784,042)
Stock-in-trade		<b>(336,350,173)</b>	(510,180,149)
Trade debts		<b>(55,512,550)</b>	(49,239,451)
Loans and advances		<b>(27,462,913)</b>	(26,952,147)
Deposits, prepayments and other receivables		<b>(348,530,076)</b>	(118,555,498)
Due from Associated Companies		<b>(1,054,339)</b>	1,986,172
Sales tax refundable		<b>(8,393,235)</b>	(320,089,589)
<i>(Decrease) / increase in trade and other payables</i>		<b>(523,875,959)</b>	853,897,834
		<b>(1,314,382,089)</b>	(242,916,870)
<b>Cash used in operations</b>		<b>(3,344,754,557)</b>	(1,378,669,180)
Income tax paid		<b>(247,958,774)</b>	(194,113,239)
Employee benefits paid		<b>(4,953,476)</b>	(759,765)
Security deposits - net		-	88,380
<b>Net cash used in operating activities</b>		<b>(3,597,666,807)</b>	(1,573,453,804)
<b><u>Cash flow from investing activities</u></b>			
Fixed capital expenditure		<b>(1,064,111,202)</b>	(3,915,799,209)
Sale proceeds from disposal of property, plant and equipment		<b>5,705,995</b>	81,944,747
Income on bank deposits received		<b>7,820,518</b>	7,657,883
<b>Net cash used in investing activities</b>		<b>(1,050,584,689)</b>	(3,826,196,579)
<b><u>Cash flow from financing activities</u></b>			
Share capital issued - net of expenses		<b>3,921,622,704</b>	2,974,158,123
Proceeds from long term finances during the year		<b>4,450,000,000</b>	-
Short term borrowings - net		<b>(1,800,439,755)</b>	1,250,439,755
Liabilities against assets subject to finance lease - net		<b>(37,167,119)</b>	92,545,124
Finance cost paid		<b>(374,689,427)</b>	(148,302,851)
Dividends paid		<b>(2,925)</b>	-
<b>Net cash generated from financing activities</b>	40	<b>6,159,323,478</b>	4,168,840,151
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,511,071,982</b>	(1,230,810,232)
<b>Cash and cash equivalents - at beginning of the year</b>		<b>(1,765,271,660)</b>	(534,461,428)
<b>Cash and cash equivalents - at end of the year</b>	34	<b>(254,199,678)</b>	(1,765,271,660)

The annexed notes 1 to 42 form an integral part of these financial statements.

Lahore

Chairman

Chief Executive

Director

Chief Financial Officer

## Notes to the Financial Statements

For the year ended 31 December 2017

### 1. The Company and its operations

- 1.1 Fauji Foods Limited ("the Company") was incorporated in Pakistan on 26 September 1966 as a Public Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. The registered office of the Company is situated at FFBL Complex, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore and the manufacturing facility is located at Bhalwal, District Sargodha.

During the year ended 31 December 2017, the Company has incurred a net loss of Rs 2,288.26 million. The new management has taken various operational measures towards transformation of the Company that includes curtailment of higher input costs, increasing production scales to optimum levels by BMR - balancing, modernization and replacement of production facility, strengthening of milk collection and sales and distribution structures, ensuring quality at every stage from milk collection to production to distribution. Further, the management has undertaken the following financial initiatives during the year:

- Injection of equity through right issue during the year as referred to in note 5.4;
- Obtained new long term finance facilities of Rs 4.45 billion; and
- Obtained new working capital lines amounting to Rs 1,450 million and enhancement of old working capital lines from existing lenders to the tune of Rs 500 million.

During the year, the Company has successfully installed and commissioned different packing machines and water treatment plant etc. In addition to this, the management has started installation of HFO power plant to meet additional electricity requirement. The management anticipates that above steps will not only improve the liquidity of the Company but also contribute significantly towards the profitability of the Company in the foreseeable future. Accordingly these financial statements have been prepared on a going concern basis.

### 2. Basis of accounting

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

During the year on 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984. However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 23 of 2017 dated 04 October 2017 has advised the Companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

#### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment as referred to in note 7 at revalued amounts and recognition of other long term benefits as referred to in note 10 at present value.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional currency and all financial information presented has been rounded off to the nearest rupees, except otherwise stated.

### 3 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented except that pursuant to the requirements of IAS 7 "Statement of cashflows" a disclosure of reconciliation of movements of liabilities to cash flows arising from financing activities has been given in note 40 to the financial statements. This change does not have any impact on the figures reported in the financial statements.

#### 3.1 Taxation

##### Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

##### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime are also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

#### 3.2 Leases

The Company is a lessee:

##### Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at lower of present value of minimum lease payments under the lease arrangements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Each minimum lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and non-current depending upon the timing of the payment.

### **Operating leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the Company's benefits.

## **3.3 Employees' retirement benefits**

### **3.3.1 Defined contribution plan**

#### **Provident fund**

The Company is operating an approved provident fund scheme for all its employees since 01 May 1986. Equal monthly contributions are made by the employer and the employee to the fund in accordance with the fund rules at the rate of 10% of basic salary.

### **3.3.2 Other long term benefits - accumulated compensated absences**

The Company also provides for compensated absences for all eligible employees in accordance with the rules of the Company. The Company accounts for these benefits in the year in which the absences are earned. Employees are entitled to earned leaves of 30 days per annum. The unutilized leaves are accumulated subject to a maximum of 60 days. The unutilized accumulated leaves can be encashed at the time the employee leaves Company service. The accumulated leave balance in excess of 60 days of an employee is ignored while determining benefit obligations.

The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The amount recognized in the balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the profit and loss account immediately in the period when these occur.

### **3.3.3 Defined benefit plan**

The Company operates an unfunded defined benefit gratuity plan for all permanent employees, having a service period of more than three years for retired army officers and more than five years for other employees. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit and loss account.

## **3.4 Trade and other payables**

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

### 3.5 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable, will result in an outflow of resources embodying economic benefits, to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

### 3.6 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### 3.7 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the balance sheet date.

Finance cost are accounted for on an accrual basis and are included in accrued finance cost to the extent of the remaining amount unpaid.

### 3.8 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the respective property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to profit and loss account.

### 3.9 Property, plant and equipment

Property, plant and equipment except for freehold land, buildings on freehold land, plant and machinery, electric and gas installations, milk churns and other work equipment are stated at cost less accumulated depreciation and identified impairment loss. Freehold land is stated at revalued amount carried out with sufficient regularity by independent valuers by reference to its current market price less any identified impairment loss. Buildings on freehold land, plant and machinery, electric and gas installations, milk churns and other work equipment are stated at revalued amount carried out with sufficient regularity by independent valuers by reference to current market price less accumulated depreciation and any identified impairment loss.

Surplus on revaluation of property, plant and equipment - net of tax is presented under separate head below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of items.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

Depreciation on all property, plant and equipment, except freehold land, is charged to profit on the reducing balance method so as to write-off the depreciable amount of an asset over its remaining estimated useful life after taking into account the impact of their residual value, if considered significant. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

### **3.10 Intangible assets**

Intangible assets represents the cost of computer software and is stated at cost less accumulated amortization and any identified impairment loss. Software cost is only capitalized when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortized applying the straight-line method. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the profit and loss account as incurred.

### **3.11 Stores, spares and loose tools**

Usable stores, spares and loose tools are valued principally at moving average cost, while items considered obsolete are impaired. Items in transit are stated at cost comprising invoice value plus other charges paid thereon up to the balance sheet date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores.

### 3.12 Stock-in-trade

Stock of raw and packing materials, work-in-process and finished goods, except for those in transit, are valued principally at the lower of average cost and net realizable value. Cost in relation to raw and packing materials is measured at moving average cost. Cost of work-in-process and finished goods comprises direct materials, labour and appropriate manufacturing overheads.

Stock in transit is stated at invoice value plus other charges paid thereon up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and cost necessary to be incurred to make such sale.

### 3.13 Trade debts

Trade receivables are amount due from customers for merchandise sold in the normal course of business.

Trade debts and other receivables are initially recognized at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts when collection of the amount is no longer probable. The provision for doubtful debt is recognized in the profit and loss account. Debts considered irrecoverable are written-off as and when identified. Subsequent recoveries of amount previously written off are credited to profit and loss account.

### 3.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balances at banks and short term running finances.

### 3.15 Impairment

#### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit and loss; otherwise it is reversed through other comprehensive income.

**Non-financial assets**

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

**3.16 Foreign currency transactions and translation****Transactions and balances**

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income currently. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences are generally included in profit and loss account.

**3.17 Financial assets and liabilities**

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets include trade debts, loans and deposits and other receivables and cash and bank balances.

Financial liabilities include long term finances, liabilities against assets subject to finance lease, short term borrowings, accrued finance cost and trade and other payables.

**3.18 Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

**3.19 Revenue recognition**

Revenue represents the fair value of consideration received or receivable for goods sold, net of discount and sales tax. Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably.



- revenue from sale of goods is recognized when significant risk and rewards of ownership of goods are transferred to the buyer.
- return on deposits / saving accounts is accounted for on 'accrual basis'.

### **3.20 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment.

### **3.21 Dividends and appropriations to reserves**

Dividends and appropriations to reserves are recognized in the financial statements in the period in which these are approved.

### **3.22 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

### **3.23 Standards, amendments or interpretations which became effective during the year**

During the year certain amendments to standards or new interpretations became effective. However, the amendments or interpretation did not have any material effect on the financial statements of the Company.

### **3.24 New Companies Act, 2017 and new / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective.**

- The Companies Act, 2017 applicable for period beginning on 1 January 2018 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of land to bring it in line with the requirements of IAS 16 – Property, plant and equipment. The effect of the change is disclosed in note 7 to these financial statements.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- IFRS 15 'Revenue from contracts with customers' (effective from annual period beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is assessing the potential impact on its financial statements resulting from the adoption of IFRS 15.
- IFRS 9 'Financial Instrument' (effective from annual period beginning on or after 1 July 2018). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is assessing the potential impact on its financial statements resulting from the adoption of IFRS 9.
- Amendment to IFRS 9 'Financial Instrument' - prepayment Features with Negative Compensation and modifications of financial liabilities (effective for annual period beginning on or after 1 January 2019). The amendment allow debt instruments with negative compensation prepayment features to be measured at amortised cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.
- Amendment to IFRS 4 'Insurance Contract' - Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual period beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new insurance contract standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long term investment in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). An amendment to IAS 28 Investments in Associates and Joint Ventures will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

Annual Improvements to IFRS Standards 2015-2017 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements. The amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes. The amendment clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs. The amendment clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

#### **4 Use of estimates and judgements**

The preparation of these financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

##### **Property, plant and equipment**

The management of the Company reassesses useful lives and residual value for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in the estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

##### **Revaluation of property, plant and equipment**

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three to five years

**Stores and spare parts**

The Company reviews the stores and spare parts for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of respective items of stores and spares with a corresponding effect on provision.

**Stock in trade**

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net Realizable Value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**Impairment**

The management of the Company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

**Provision against trade debts, advances and other receivables**

The Company reviews the recoverability of its trade debts, loans, advances and other receivables at each reporting date to assess amount of bad debts and provision required there against on annual basis.

**Provisions and Contingencies**

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date.

**Taxation**

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

**Staff retirement benefits**

The Company operates an unfunded defined benefit gratuity plan and accumulated compensated absences as explained in note 3.3.2 and 3.3.3 to these financial statements. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary.

Cost primarily represents actuarial present value of the obligation for benefits earned on employee service during the year and employee service in previous years. Calculations are sensitive to changes in the underlying assumptions.

## 5 Share capital

### 5.1 Authorized share capital

2017 ----- (Number of shares) -----	2016	2017 Rupees	2016 Rupees
<u>700,000,000</u>	<u>700,000,000</u>	<u>7,000,000,000</u>	<u>7,000,000,000</u>

### 5.2 Issued, subscribed and paid up capital

2017 ----- (Number of shares) -----	2016	Ordinary share capital	2017 Rupees	2016 Rupees
<b>443,388,989</b>	105,889,595	Ordinary shares of Rs.10 each fully paid in cash	<b>4,433,889,890</b>	1,058,895,950
<b>1,127,200</b>	1,127,200	Ordinary shares of Rs 10 each issued as fully paid bonus shares	<b>11,272,000</b>	11,272,000
<b>5,483,003</b>	5,483,003	Ordinary shares of Rs 10 each issued as fully paid on conversion of loans	<b>54,830,030</b>	54,830,030
<b>7,200,000</b>	7,200,000	Non-voting ordinary shares of Rs.10 each issued on conversion of 12% cumulative convertible preference shares	<b>72,000,000</b>	72,000,000
<b>60,545,177</b>	1,739,177	Non-voting ordinary shares of Rs.10 each fully paid in cash	<b>605,451,770</b>	17,391,770
<b>1,512,000</b>	1,512,000	Non-voting ordinary shares of Rs.10 each issued as fully paid bonus shares	<b>15,120,000</b>	15,120,000
<b>9,150,823</b>	9,150,823	Non-voting ordinary shares of Rs.10 each issued as fully paid on conversion of loans	<b>91,508,230</b>	91,508,230
<u><b>528,407,192</b></u>	<u>132,101,798</u>		<u><b>5,284,071,920</b></u>	<u>1,321,017,980</u>

### 5.3 Reconciliation of ordinary shares

2017		2016			
----- Number of shares -----				2017	2016
				Rupees	Rupees
132,101,798	31,363,200	Balance at 01 January		1,321,017,980	313,632,000
396,305,394	100,738,598	Ordinary shares issued during the year as right issue		3,963,053,940	1,007,385,980
<u>528,407,192</u>	<u>132,101,798</u>	Balance at 31 December		<u>5,284,071,920</u>	<u>1,321,017,980</u>

5.4 During the year, pursuant to Board of Directors meeting held on 25 July 2017, the Company has issued 396,305,394 ordinary shares of Rs. 10 at par with voting and non-voting rights.

5.5 Ordinary shares of the Company held by associated undertakings and directors at year end are as follows:

2017		2016			
--- Percentage held ---		Ordinary share capital		--- Number of shares ---	
		Fauji Fertilizer Bin Qasim Limited			
49.40%	49.12%	- voting ordinary shares		222,277,277	55,255,584
57.44%	56.94%	- non-voting ordinary shares		45,037,609	11,161,523
		Fauji Foundation			
12.75%	12.75%	- voting ordinary shares		57,374,896	14,343,724
12.75%	12.75%	- non-voting ordinary shares		9,997,020	2,499,255
		Directors			
14.94%	16.27%	- voting ordinary shares		67,249,907	18,309,176
6.64%	6.63%	- non-voting ordinary shares		5,202,613	1,300,000
		Employees' provident fund			
2.15%	3.01%	- voting ordinary shares		9,661,700	3,388,520
		FFBL provident fund			
0.12%	0.00%	- voting ordinary shares		556,000	-
0.11%	0.00%	- non-voting ordinary shares		478,000	-
		FFBL gratuity fund			
0.07%	0.00%	- voting ordinary shares		305,000	-
0.05%	0.00%	- non-voting ordinary shares		211,000	-
				<u>418,351,022</u>	<u>106,257,782</u>

### 6 Share premium

This reserve can only be utilized by the Company for the purpose specified in Section 83 of the Companies Act, 2017.

	Note	2017 Rupees	2016 Rupees
<b>7 Surplus on revaluation of property, plant and equipment - net of tax</b>			
Revaluation surplus as at 01 January		<b>512,340,994</b>	539,002,243
Surplus arisen during the year	7.1	<b>1,365,180,697</b>	-
<i>Surplus transferred to accumulated losses on account of:</i>			
- incremental depreciation charged during the year			
- net of deferred tax		<b>(51,250,344)</b>	(18,396,263)
- related deferred tax liability		<b>(21,964,435)</b>	(8,264,986)
		<b>(73,214,779)</b>	(26,661,249)
Revaluation surplus as at 31 December		<b>1,804,306,912</b>	512,340,994
Less: Related deferred tax liability on revaluation surplus at 01 January		<b>71,985,373</b>	81,386,917
Deferred tax on incremental depreciation		<b>(21,964,435)</b>	(8,264,986)
Deferred tax on surplus arisen during the year		<b>295,317,922</b>	-
Adjustment resulting from change of tax		-	(1,136,558)
		<b>345,338,860</b>	71,985,373
Revaluation surplus as at 31 December - net of tax		<b>1,458,968,052</b>	440,355,621

7.1 The Company revalued its freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other works equipment during the financial years 1999, 2011, 2015 and 2017. The latest revaluation was conducted by K.G Traders (independent valuers and consultants). Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery and other assets. The surplus arisen on revaluation during the year aggregating to Rs. 1,365 million is credited to this account to comply with the requirements of section 235 of the repealed Companies Ordinance, 1984.

7.2 Except and to the extent actually realized on disposal of the assets which are revalued, the surplus on revaluation of fixed assets shall not be applied to set off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Company, or utilized directly or indirectly by way of dividend or bonus, provided that the surplus on revaluation of fixed assets may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed asset of the Company.

7.3 As discussed in note 3.24 to these financial statements, the Companies Act, 2017 is applicable for period beginning on 1 January 2018. This would result in reclassification of surplus on revaluation of property, plant and equipment – net of tax to equity by restating the corresponding figures which would result in increase in equity by Rs. 457.61 million, Rs. 440.35 million and Rs. 1,458.96 million as at 31 December 2015, 31 December 2016 and 31 December 2017 respectively.

	Note	2017 Rupees	2016 Rupees
<b>8 Long term finances</b>			
<i>Secured - markup bearing finances from conventional banks:</i>			
- Allied Bank Limited	8.1	800,000,000	-
- National Bank of Pakistan	8.2	750,000,000	-
- MCB Bank Limited	8.3	1,000,000,000	-
- Faysal Bank Limited	8.4	1,900,000,000	-
		<b>4,450,000,000</b>	<b>-</b>

**8.1** This represents utilized amount of term finance facility of Rs. 1,000 million obtained during the year. The outstanding principal is repayable in twelve equal quarterly installments starting from 01 June 2019. This facility carries markup at the rate of 3 months KIBOR plus 85 bps per annum, payable quarterly in arrears. This facility is secured by way of first parri passu charge of Rs. 1,334 million on present and future current and fixed assets of the Company and equitable mortgage of property / land measuring 112.25 kanals and building thereon situated in Mauza Purana Bhalwal, Tehsil Bhalwal, District Sargodha, together with structures of all sorts, amenities, easements, etc. constructed or to be constructed thereon, plant and machinery, air conditioning / air conditioning plant, equipments, fittings and fixtures, appurtenances whatsoever, installed or to be installed therein / thereon etc.

**8.2** This represents utilized amount of term finance facility of Rs. 750 million obtained during the year. The outstanding principal is repayable in six semi - annual installments starting from 30 June 2019. This facility carries markup at the rate of 3 Months KIBOR plus 60 bps per annum, payable quarterly in arrears. This facility is secured by way of first parri passu charge over current and fixed assets (excluding land and building) of the Company.

**8.3** This represents utilized amount of term finance facility of Rs. 1,000 million obtained during the year. The outstanding principal is repayable in twelve quarterly installments starting from 01 November 2019. This facility carries markup at the rate of 3 Months KIBOR plus 80 bps per annum, payable quarterly in arrears. This facility is secured by way of first parri passu charge of Rs. 1,333.33 million over all present and future current and fixed assets (including land and building) of the Company.

**8.4** This represents utilized amount of term finance facility of Rs. 1,900 million obtained during the year. The outstanding principal is repayable in six semi annual installments starting from 01 January 2020. This facility carries markup at the rate of 3 Months KIBOR plus 100 bps per annum, payable quarterly in arrears. This facility is secured by way of first parri passu charge of Rs. 2,534 million (25% margin) on all present and future current and fixed assets (excluding land and building) of the Company.

## 9 Liabilities against assets subject to finance lease - secured

The Company has entered into lease agreements with different commercial banks. The rentals under these agreements are repayable in 60 monthly installments. The minimum lease payments have been discounted at an implicit interest rate of 6.05% to 9.46% (31 December 2016: 5.80% to 9.90% ) per annum to arrive at their present value. At the end of the respective lease term, the assets shall be transferred in the name of the Company. Taxes, repairs and insurance costs are to be borne by the Company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.



<b>Particulars</b>	<b>2017</b>			<b>2016</b>		
	<b>Upto one year</b>	<b>From one to five years</b>	<b>Total</b>	<b>Upto one year</b>	<b>From one to five years</b>	<b>Total</b>
	-----Rupees-----			-----Rupees-----		
Minimum lease payments	<b>48,384,453</b>	<b>134,187,481</b>	<b>182,571,934</b>	46,075,571	168,941,761	215,017,332
Less: Finance costs allocated to future periods	<b>8,395,419</b>	<b>8,815,605</b>	<b>17,211,024</b>	9,977,820	16,710,131	26,687,951
	<b>39,989,034</b>	<b>125,371,876</b>	<b>165,360,910</b>	36,097,751	152,231,630	188,329,381
Less: Security deposits adjustable on expiry of lease terms	<b>(1,406,200)</b>	<b>(22,316,950)</b>	<b>(23,723,150)</b>	-	(22,312,602)	(22,312,602)
Present value of minimum lease payments	<b>38,582,834</b>	<b>103,054,926</b>	<b>141,637,760</b>	36,097,751	129,919,028	166,016,779

<b>10 Employee retirement benefits</b>	<i>Note</i>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Accumulated compensated absences	10.1	<b>23,243,262</b>	16,828,230
Defined benefit plan	10.2	<b>32,369,350</b>	15,993,994
		<b>55,612,612</b>	<b>32,822,224</b>
<b>10.1 Movement in accumulated compensated absences</b>			
Balance as at 01 January		<b>16,828,230</b>	10,629,419
Provision during the year	10.1.2	<b>11,368,508</b>	6,958,576
Payments made during the year		<b>(4,953,476)</b>	(759,765)
Balance as at 31 December		<b>23,243,262</b>	16,828,230
<b>10.1.1 Reconciliation of present value of liability</b>			
Present value of liability as at 01 January		<b>16,828,230</b>	10,629,419
Current service cost		<b>8,077,810</b>	5,809,458
Interest on defined benefit liability		<b>520,242</b>	474,041
Benefits paid during the year		<b>(4,953,476)</b>	(759,765)
Remeasurement loss		<b>2,770,456</b>	675,077
		<b>23,243,262</b>	16,828,230
<b>10.1.2 Charge to profit and loss account for the year</b>			
Current service cost		<b>8,077,810</b>	5,809,458
Interest on defined benefit liability		<b>520,242</b>	474,041
Remeasurement loss		<b>2,770,456</b>	675,077
		<b>11,368,508</b>	6,958,576

**10.1.3 The principal actuarial assumptions at the reporting date were as follows:**

	<u>2017</u>	<u>2016</u>
Discount rate	<b>8.00%</b>	7.25%
Expected per annum growth rate in salaries	<b>8.00%</b>	7.25%
Expected mortality rate	<b>SLIC (2001-2005)</b>	SLIC (2001-2005)

As at 31 December 2017, average accumulation of leaves is 13 days per annum (2016: 7 days per annum), subject to a maximum accumulation of 60 days (2016: 60 days).

**10.1.4 Sensitivity analysis**

If the significant actuarial assumptions used to estimate the present value of liability at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the liability as at 31 December 2017 would have been as follows:

	<u>Present value of liability at the year end</u>	
	<u>Due to increase in assumptions</u>	<u>Due to decrease in assumptions</u>
	----- Rupees -----	
Discount rate 100 bps	<b>20,033,555</b>	27,150,379
Salary increase 100 bps	<b>27,110,879</b>	20,006,395

	<u>2017</u>	<u>2016</u>
	<u>Rupees</u>	<u>Rupees</u>
<b>10.2 Movement in defined gratuity plan</b>		
Balance as at 01 January	<b>15,993,994</b>	-
Provision during the year	<b>17,002,003</b>	15,993,994
Remeasurement gain	<b>(626,647)</b>	-
Balance as at 31 December	<b><u>32,369,350</u></b>	<u>15,993,994</u>

**10.2.1 Reconciliation of present value of defined benefit obligation**

Present value of liability as at 01 January	<b>15,993,994</b>	-
Current service cost	<b>15,842,438</b>	15,993,994
Interest on defined benefit liability	<b>1,159,565</b>	-
Remeasurement gain	<b>(626,647)</b>	-
	<b><u>32,369,350</u></b>	<u>15,993,994</u>

**10.2.2 Charge to profit and loss account for the year**

Current service cost	15,842,438	15,993,994
Interest on defined benefit liability	1,159,565	-
	<u>17,002,003</u>	<u>15,993,994</u>

**10.2.3 Estimated expense to be charged to profit and loss account in next year**

Current service cost	18,784,538	18,999,386
Interest cost	2,273,749	938,496
	<u>21,058,287</u>	<u>19,937,882</u>

**10.2.4 The principal actuarial assumptions at the reporting date were as follows:**

	<u>2017</u>	<u>2016</u>
Discount rate	8.00%	7.25%
Expected per annum growth rate in salaries	8.00%	7.25%
Expected mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

As at 31 December 2017, the weighted average duration of the defined benefit obligation was 8 years (2016: 9 years).

**10.2.5 Sensitivity analysis**

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 31 December 2017 would have been as follows:

	<u>Present value of defined benefit obligation at year end</u>	
	<u>Due to increase in assumptions</u>	<u>Due to decrease in assumptions</u>
	----- Rupees -----	
Discount rate 100 bps	28,237,390	37,411,148
Salary increase 100 bps	37,360,078	28,202,439

11 Short term borrowings	Note	2017 Rupees	2016 Rupees
Interest / mark-up based loans - secured	11.1	1,449,501,368	2,109,251,334
Islamic mode of financing	11.2	-	1,790,000,000
		<u>1,449,501,368</u>	<u>3,899,251,334</u>

#### 11.1 Interest / mark-up based loans - secured

Short term running finance - secured	11.1.1 & 11.4	1,449,501,368	2,098,811,579
Finance against trust receipt - secured		-	10,439,755
		<u>1,449,501,368</u>	<u>2,109,251,334</u>

##### 11.1.1 Short term financing - secured

This represents utilized amount of short term running finance facilities under markup arrangements availed from various commercial banks aggregating to Rs. 4,342.30 million (31 December 2016: Rs. 2,362 million). These facilities are secured against charge over all current assets and fixed assets (excluding land and building) of the Company and carry markup ranging from 6.43% to 6.80% (31 December 2016: 6.54% to 6.99%) per annum, payable quarterly. The facilities are expiring on various dates by July 2018.

#### 11.2 Islamic mode of financing - secured

This represents utilized amount of short term finance facility (Istisna and Wakala Istithmar) availed from various commercial banks aggregating to Rs 2,000 million (31 December 2016: Rs 2,193 million). These facilities are secured against present and future current and fixed assets of the Company and carries markup ranging from 6.65% to 6.67% (31 December 2016 : 6.65% to 7.12% ) per annum. The facility expires latest by May 2018.

#### 11.3 Unavailed credit facilities

The facilities for opening of letter of credits and guarantees as at 31 December 2017 amounted to Rs. 789.77 million (31 December 2016: Rs. 1,402.88 million) of which remaining unutilized amount was Rs. 593.17 million (31 December 2016: Rs. 173.53 million).

#### 11.4 Related party

This includes amount of Rs. Nil (31 December 2016: Rs. 933.63 million) borrowed from Askari Bank Limited, a related party. The borrowing limits against this facility stand at Rs. 967.30 million (31 December 2016: Rs. 1,000 million).

	<i>Note</i>	<b>2017</b> <b>Rupees</b>	2016 Rupees
<b>12 Trade and other payables</b>			
Creditors		<b>438,319,119</b>	1,008,155,495
Advances from customers		<b>66,318,847</b>	63,459,201
Accrued expenses		<b>215,689,928</b>	126,114,796
Retention money payable		<b>39,168,736</b>	44,043,704
Due to employees		<b>609,428</b>	270,090
Due to associated undertaking - unsecured	12.1	<b>1,227,887</b>	1,227,887
Withholding income tax payable		<b>11,977,261</b>	25,731,344
Withholding sales tax payable		<b>10,299,601</b>	15,556,960
Payable to provident fund	12.2	<b>4,549,220</b>	3,356,686
Workers' profit participation fund		<b>347,385</b>	347,385
Unclaimed dividend:			
- ordinary shares		<b>854,689</b>	857,614
- preference shares		<b>115,490</b>	115,490
Others		<b>2,273,699</b>	2,067,057
		<b><u>791,751,290</u></b>	<b><u>1,291,303,709</u></b>

**12.1 Due to associated undertakings- unsecured**

Noon Sugar Mills Limited	<b>521,947</b>	521,947
FFBL Power Company Limited	<b>705,940</b>	705,940
	<b><u>1,227,887</u></b>	<b><u>1,227,887</u></b>

**12.2 Employees' provident fund**

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the unaudited financial statements of the provident fund for the year ended 31 December 2017:

	<i>Note</i>	<b>2017</b> <b>Rupees</b>	2016 Rupees
Size of the fund		<b>226,189,990</b>	387,366,168
Cost of investments made	12.2.1	<b>158,686,336</b>	155,324,271
Fair value of investments		<b>187,336,582</b>	354,902,448
Percentage of investments made		<b>83%</b>	92%

**12.2.1 The breakup value of cost of investment is as follows:**

Defence saving certificate	<b>18,305,000</b>	20,805,000
Special saving certificate	<b>10,000,000</b>	10,000,000
PLS accounts	<b>167,017</b>	23,590,384
Equity securities	<b>130,214,319</b>	100,928,887
	<b><u>158,686,336</u></b>	<b><u>155,324,271</u></b>

12.2.2 The Company will comply with the limits for investment in listed securities as required under section 3 of Employees' Provident Fund (Investment in Listed Securities) Rules, 2016 (Rules) dated 17 August 2016, within two years from the date of commencement of these Rules.

13	Accrued finance cost	Note	2017 Rupees	2016 Rupees
	<i>Mark-up based borrowings from conventional banks</i>			
	- Long term borrowings - secured		24,578,219	-
	- Short term borrowings - secured	13.1	45,998,310	31,006,211
	- Liabilities against assets subject to finance leases - secured		532,075	462,905
	<i>Islamic mode of financing</i>			
	- Short term financing - secured		2,264,460	18,247,846
			<b>73,373,064</b>	<b>49,716,962</b>

13.1 This includes amount of Rs. 0.024 million (31 December 2016: 12.95) payable to Askari Bank Limited, an associated undertaking.

#### 14 Contingencies and commitments

##### 14.1 Contingencies

(i) The Company has issued following guarantees:

Guarantees aggregating Rs. 70.84 million (31 December 2016: Rs. 18.42 million) have been issued by banks on behalf of the Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Controller Naval Account.

(ii) The Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for Tax Year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.99 million alleging that the Company suppressed its sales. The Commissioner Inland Revenue-Appeals (CIR-A) annulled this assessment order whereas the Appellate Tribunal Inland Revenue (the Tribunal) had set aside the order of CIR-A and remanded the case back to CIR-A for denovo proceedings. The CIR-A, vide his order dated 03 September 2012, has allowed partial relief of Rs. 11.32 million to the Company. The remaining disputed amount after rectification order under section 221 of the Income Tax Ordinance 2001 dated May 16, 2013 out of Rs. 34.99 million now stands at Rs. 18.28 million. Both the Company and the Department have filed appeals before the ATR against the order of CIR-A, which are pending adjudications.

(iii) The Company, during the financial year ended 30 June 2011, received a notice under section 177 of the Ordinance for Tax Year 2009 for selection of its case for detailed scrutiny. The Company filed a writ petition before the Honorable Lahore High Court which was dismissed vide order dated 27 May 2015.

The Company filed an appeal before the Honorable Supreme Court of Pakistan which directed that the Company should seek remedy in this respect before the intra court appeal of the Honourable Lahore High Court. The matter is now pending in intra court appeal.

(iv) The Additional Commissioner Inland Revenue raised income tax demand under section 122(5A) of the Ordinance for the tax year 2011 amounting Rs. 21.8 million. The Company, through its external legal counsel, filed an appeal before CIR (A) which was decided in favour of the Company with the exception of Rs. 2.97 million addition by CIR (Appeals). The Company has subsequently filed an appeal before the ATIR against confirmation of the said addition and the Department is contesting the relief allowed by CIR (Appeals). Further, second amendment order has also been framed under section 122(5A) determining additional tax demand at Rs. 10.09 million. Appeal in this respect is pending before the CIR (Appeals).

- (v) The Company, during the financial year 2015, received a notice under section 177 of the Ordinance for the Tax Year 2012 for selection of its case for tax audit by the Commissioner Inland Revenue, Regional Tax Office, Sargodha (CIR). The Company filed a writ petition before the Honorable Lahore High Court against the selection of case by CIR under the aforementioned section.
- (vi) The Additional Commissioner Inland Revenue raised income tax demand under section 122(5A) of the Ordinance for the tax year 2010 amounting Rs. 5.63 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals), which was decided in the favour of the Company, however the Department is contesting the order before the ATIR.
- (vii) During the year ended 31 December 2016, the Additional Commissioner Inland Revenue raised income tax demand under section 122(5A) of the Income Tax Ordinance for the tax year 2014 amounting to Rs. 32.63 million by treating differences in sales tax returns as compared to audited accounts. Evidence to reconcile differences has been prepared and will be provided at the rebuttal.
- (viii) During the year ended 31 December 2016, the Company has been selected for audit for the tax year 2014 under section 214C of the Income Tax Ordinance 2001. Proceedings in this respect are still to be initiated.
- (ix) During the year ended 31 December 2016, Additional Commissioner Inland Revenue (Sargodha) has raised sales tax demand under section 10 and 11(2) of the Sales Tax Act 1990 against non realization of sales tax amounting to Rs. 6.53 million on sale of fixed assets and scrap. The Company has filed an appeal before CIR (Appeals) which is pending adjudication.
- (x) During the period, Assistant Commissioner Inland Revenue (ACIR) issued sales tax order, dated 26 May 2017 for payment of sales tax of Rs. 974 million for sales tax along with default surcharge and penalty of Rs. 225 million due to alleged non-payment of sales tax of Rs. 974 million on "Chai Mix, Dairy Rozana and Dostea (tea whitener)". The order is based on the grounds that zero rating / exemption is available to the Company only to the extent of dairy products and tea whitener is not milk / dairy product. The Company being aggrieved has filed an appeal before Commissioner Inland Revenue (CIR) which is pending adjudication.

Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these financial statements.

## 14.2 Commitments

The Company has the following commitments in respect of:

- (i) Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the year end were for Rs. 201.46 million (31 December 2016: Rs. 625.15 million).
- (ii) Commitments, for purchase of raw / packing material, outstanding at the year end were for Rs. 883.10 million (31 December 2016: Rs. 575.1 million).

	<i>Note</i>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
<b>15 Property, plant and equipment</b>			
Operating assets	15.1	<b>6,637,495,791</b>	3,821,427,382
Capital work-in-progress	15.2	<b>184,777,907</b>	1,116,323,519
		<b><u>6,822,273,698</u></b>	<b><u>4,937,750,901</u></b>

15.1 Operating assets

	2017									
	Cost / revalued amount 01 January 2017	Additions / (deletions)	Revaluation during the year	Cost / revalued amount 31 December 2017	Accumulated depreciation as at 01 January 2017	Depreciation charge / (deletions) for the year	Revaluation during the year	Accumulated depreciation as at 31 December 2017	Book value as at 31 December 2017	Rate of depreciation %
----- (Rupees) -----										
<b>Owned assets</b>										
Freehold land	316,986,376	24,005,000	380,787,624	721,779,000	-	-	-	-	721,779,000	-
Buildings on freehold land	157,792,126	772,377,694	972,389	931,142,209	25,904,263	51,996,750	45,668	77,946,681	853,195,528	10
Plant and machinery	3,535,267,502	1,124,756,055 (45,000)	1,152,218,784	5,812,197,341	445,343,956	427,253,127 (4,762)	168,752,432	1,041,344,753	4,770,852,588	10
Milk churns	143,740	-	-	143,740	143,458	42	-	143,500	240	15
Electric and gas installation	21,550,962	1,002,150	-	22,553,112	9,185,165	1,244,931	-	10,430,096	12,123,016	10
Other works equipment	15,703,448	202,740	-	15,906,188	4,744,418	1,097,592	-	5,842,010	10,064,178	10
Office equipment	59,834,440	21,408,682	-	81,243,122	15,850,839	6,298,145	-	22,148,984	59,094,138	10
Furniture and fixtures	21,172,315	10,964,843	-	32,137,158	9,772,568	1,929,307	-	11,701,875	20,435,283	10
Pallets	15,900,000	5,710,012	-	21,610,012	437,250	6,372,412	-	6,809,662	14,800,350	33.33
Vehicles	52,751,047	1,204,296 (8,458,975)	-	45,496,368	29,382,194	4,214,965 (4,669,101)	-	28,928,058	16,568,310	20
	4,197,101,956	1,961,631,472 (8,503,975)	1,533,978,797	7,684,208,250	540,764,111	500,407,271 (4,673,863)	168,798,100	1,205,295,619	6,478,912,631	
<b>Leased assets</b>										
Vehicles	193,028,545	31,835,665	-	224,864,210	27,939,008	38,342,042	-	66,281,050	158,583,160	20
	193,028,545	31,835,665	-	224,864,210	27,939,008	38,342,042	-	66,281,050	158,583,160	
<b>31 December 2017</b>	4,390,130,501	1,993,467,137 (8,503,975)	1,533,978,797	7,909,072,460	568,703,119	538,749,313 (4,673,863)	168,798,100	1,271,576,669	6,637,495,791	



2016										
	Cost / revalued amount 01 January 2016	Cost / revalued amount 31 December 2016	Accumulated depreciation as at 01 January 2016	Accumulated depreciation as at 31 December 2016	Revaluation during the year	Revaluation during the year	Depreciation charge / (deletions) for the year	Revaluation during the year	Book value as at 31 December 2016	Rate of depreciation %
<b>(Rupees)</b>										
<b>Owned assets</b>										
Freehold land	272,805,000	44,181,376	-	-	-	-	-	-	316,986,376	-
Buildings on freehold land	155,396,126	2,396,000	11,460,759	14,443,504	-	14,443,504	-	25,904,263	131,887,863	10
Plant and machinery	848,200,466	2,767,463,036 (80,396,000)	306,833,482	144,754,416 (6,243,942)	-	144,754,416 (6,243,942)	-	445,343,956	3,089,923,546	10
Milk churns	143,740	-	143,408	50	-	50	-	143,458	282	15
Electric and gas installation	20,300,962	1,250,000	7,880,632	1,304,533	-	1,304,533	-	9,185,165	12,365,797	10
Other works equipment	8,641,618	7,061,830	3,989,219	755,199	-	755,199	-	4,744,418	10,959,030	10
Office equipment	29,106,694	30,727,746	59,834,440	2,892,548	-	2,892,548	-	15,850,839	43,983,601	10
Furniture and fixtures	13,422,412	7,749,903	21,172,315	529,855	-	529,855	-	9,772,568	11,399,747	10
Pallets	-	15,900,000	-	437,250	-	437,250	-	437,250	15,462,750	33.33
Vehicles	39,398,471	19,184,845 (5,832,269)	31,275,756	3,309,171 (5,202,733)	-	3,309,171 (5,202,733)	-	29,382,194	23,368,853	20
	1,387,415,489	2,895,914,736 (86,228,269)	383,784,260	168,426,526 (11,446,675)	-	168,426,526 (11,446,675)	-	540,764,111	3,656,337,845	
<b>Leased assets</b>										
Vehicles	8,857,615	186,751,000 (2,580,070)	4,011,030	24,271,987 (344,009)	-	24,271,987 (344,009)	-	27,939,008	165,089,537	20
	8,857,615	186,751,000 (2,580,070)	4,011,030	24,271,987 (344,009)	-	24,271,987 (344,009)	-	27,939,008	165,089,537	
31 December 2016	1,396,273,104	3,082,665,736 (88,808,339)	387,795,290	192,698,513 (11,790,684)	-	192,698,513 (11,790,684)	-	568,703,119	3,821,427,382	

### 15.1.1 Disposal of operating assets

Particulars of assets	Sold to	Cost / Revalued Amount	Accumul- ated depreciation	Book value	Sale proceeds	Mode of disposal
----- Rupees -----						
<b>Vehicles</b>	<b>Outside party</b>					
Suzuki Mehran RIA - 2260	Abdul Qayyum	396,780	338,866	57,914	236,134	Negotiation
Suzuki Alto AGS - 138	Abdul Ghafoor	565,375	530,409	34,966	219,328	Negotiation
Suzuki Cultus LE - 7137	Muhammad Ali	894,880	670,373	224,507	432,773	Negotiation
Suzuki Cultus LEA - 9739	Zahid Maalik	939,370	735,751	203,619	445,378	Negotiation
Suzuki Mehran LZO - 2578	Attique-Ur-Rehman	430,570	397,838	32,732	228,571	Negotiation
Suzuki Alto U - 1321	Ashfaq Ahmed	590,000	344,636	245,364	273,109	Negotiation
Suzuki Alto APM - 228	Abrar Ahmed	495,000	434,646	60,354	168,067	Negotiation
Chevrolet LEC - 08 - 5092	Muhammad Shehroz	565,000	490,708	74,292	260,504	Negotiation
Baleno LRO -147	Muhammad Idrees Bhutta	582,000	479,208	102,792	261,345	Negotiation
Toyota Corolla JV - 349	Muhammad Bilal Khan	700,000	57,556	642,444	930,786	Negotiation
Toyota Corolla JX - 219	Malik A. Jabbar	800,000	65,777	734,223	806,000	Negotiation
Honda City KC - 724	Abrar Hussain	700,000	57,556	642,444	712,000	Negotiation
Honda Civic MB - 553	Abrar Hussain	800,000	65,777	734,223	687,000	Negotiation
<b>Plant and machinery</b>						
Milk loading pump	Abbas Naqvi	45,000	4,762	40,238	45,000	Negotiation
<b>2017</b>		<b>8,503,975</b>	<b>4,673,863</b>	<b>3,830,112</b>	<b>5,705,995</b>	
<b>2016</b>		<b>88,808,339</b>	<b>11,790,684</b>	<b>77,017,655</b>	<b>81,944,747</b>	

15.1.2 Had these revaluations not been carried out, the carrying amount of freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other works equipment would have been as follows:

	Note	2017 Rupees	2016 Rupees
Freehold land		68,601,624	44,596,624
Buildings on freehold land		758,555,076	27,710,011
Plant and machinery including milk churns		3,718,303,171	2,957,827,881
Electric and gas Installations		9,652,226	9,620,474
Other works equipment		9,225,269	10,026,910
		<b>4,564,337,366</b>	<b>3,049,781,900</b>



15.1.3 The depreciation charge has been allocated as follows:	Note	2017 Rupees	2016 Rupees
Milk collection centers	26	51,107,123	19,991,674
Cost of sales	26	450,005,700	150,083,597
Marketing and distribution expenses	27	17,016,137	11,032,463
Administrative expenses	28	20,620,353	11,590,779
		<b>538,749,313</b>	<b>192,698,513</b>

### 15.2 Capital work-in-progress

Plant and machinery	83,640,338	671,408,371
Building	87,534,569	412,976,413
Leased vehicles	13,603,000	28,333,815
Office equipment	-	2,983,337
Owned vehicles	-	621,583
	<b>184,777,907</b>	<b>1,116,323,519</b>

15.3 Property, plant and equipment includes borrowing cost of Rs. 25.8 million (2016: Rs. 18.11 million) capitalized during the year calculated at the markup rate of 6.67% (2016: 6.99%) per annum.

16 Intangible assets	Note	2017 Rupees	2016 Rupees
Intangible assets	16.1	4,256,277	-
Capital work-in-progress	16.2	13,122,111	4,441,250
		<b>17,378,388</b>	<b>4,441,250</b>

### 16.1 Intangible assets

	2017							
	Cost as at 01 January 2017	Additions	Cost as at 31 December 2017	Accumulated amortization 01 January 2017	Amortization charge for the year	Accumulated amortization 31 December 2017	Book value as at 31 December 2017	Rate of amortization %
Secondary sale system	1,983,860	-	1,983,860	1,983,860	-	1,983,860	-	
Anti-virus	432,032	-	432,032	432,032	-	432,032	-	
Secondary sale system (Tally)	-	5,996,916	5,996,916	-	1,998,972	1,998,972	3,997,944	33.33
SAP - HCM Module	-	300,000	300,000	-	41,667	41,667	258,333	33.33
	<b>2,415,892</b>	<b>6,296,916</b>	<b>8,712,808</b>	<b>2,415,892</b>	<b>2,040,639</b>	<b>4,456,531</b>	<b>4,256,277</b>	

	2016							
	Cost as at 01 Jan 2016	Additions	Cost as at 31 December 2016	Accumulated amortization 01 Jan 2016	Amortization charge for the year	Accumulated amortization 31 December 2016	Book value as at 31 December 2016	Rate of amortization %
Secondary sale system	1,983,860	-	1,983,860	1,367,644	616,216	1,983,860	-	33.33
Anti-virus	432,032	-	432,032	432,032	-	432,032	-	33.33
	<b>2,415,892</b>	<b>-</b>	<b>2,415,892</b>	<b>1,799,676</b>	<b>616,216</b>	<b>2,415,892</b>	<b>-</b>	

		2017	2016
16.1.1	The amortization charge has been allocated as follows: <i>Note</i>	Rupees	Rupees
	Marketing and distribution expenses	27 <b>1,998,972</b>	-
	Administrative expenses	28 <b>41,667</b>	616,216
		<b><u>2,040,639</u></b>	<b><u>616,216</u></b>

16.2 This represent advance paid for installation of SAP ERP software.

17	Deferred taxation - net	<i>Note</i>	2017	2016
			Rupees	Rupees
	The deferred tax asset comprises of the following			
	<i>Deductible temporary differences:</i>			
	- unused tax losses	17.1	<b>1,610,535,850</b>	845,806,955
	- provisions		<b>21,116,947</b>	26,597,902
	- unused tax credit		<b>258,340,976</b>	120,000,000
			<b><u>1,889,993,773</u></b>	<u>992,404,857</u>
	<i>Less: Taxable temporary differences:</i>			
	- accelerated tax depreciation allowances net of lease liability		<b>483,407,321</b>	291,877,845
	- surplus on revaluation of property, plant and equipment		<b>345,338,860</b>	71,985,373
			<b>828,746,181</b>	363,863,218
	Deferred taxation - net		<b><u>1,061,247,592</u></b>	<b><u>628,541,639</u></b>

17.1 Deferred tax asset on unused tax losses and other deductible temporary differences are recognized on the basis that sufficient future taxable profits will be available against which they can be utilized.

18	Stores, spares and loose tools	<i>Note</i>	2017	2016
			Rupees	Rupees
	Stores		<b>43,853,061</b>	51,923,334
	Spares		<b>62,917,094</b>	41,790,640
	Loose tools		<b>364,050</b>	217,387
			<b><u>107,134,205</u></b>	<b><u>93,931,361</u></b>
19	Stock-in-trade			
	<i>Raw and packing material</i>			
	- In hand		<b>550,250,497</b>	335,483,439
	- In transit		<b>321,313,518</b>	101,275,581
			<b>871,564,015</b>	436,759,020
	Work-in-process	19.1	<b>26,134,645</b>	72,762,966
	Finished goods	19.1	<b>123,457,306</b>	175,283,807
			<b><u>1,021,155,966</u></b>	<b><u>684,805,793</u></b>

19.1 The amount charged to profit and loss account on account of write down of finished goods and work-in-process to net realizable value amounts to Rs. 31.1 million (31 December 2016: Rs. 86.77 million).

<b>20 Trade debts</b>	<i>Note</i>	<b>2017</b> <b>Rupees</b>	<b>2016</b> <b>Rupees</b>
<i>Unsecured</i>			
- Considered good		<b>129,704,758</b>	77,969,418
- Considered doubtful		<b>14,777,210</b>	11,000,000
		<b>144,481,968</b>	88,969,418
Less: Provision for doubtful debts	20.1	<b>(14,777,210)</b>	<b>(11,000,000)</b>
		<b>129,704,758</b>	<b>77,969,418</b>
<b>20.1 Provision for doubtful debts</b>			
Balance as at 01 January		<b>11,000,000</b>	181,468,616
Provision for the year	30	<b>3,777,210</b>	9,000,000
Written off during the year		-	(179,468,616)
Balance as at 31 December		<b>14,777,210</b>	11,000,000
		<b>2017</b> <b>Rupees</b>	<b>2016</b> <b>Rupees</b>
<b>21 Loan and advances - unsecured</b>			
Due from employees - Considered good		<b>3,575,796</b>	4,197,291
Advances to suppliers - Considered good		<b>72,367,572</b>	44,283,164
		<b>75,943,368</b>	48,480,455
<b>22 Deposits, prepayments and other receivables</b>			
Security deposits		<b>98,327,063</b>	32,981,154
Prepayments		<b>3,062,612</b>	5,008,928
Other receivables		<b>388,487,989</b>	103,357,506
		<b>489,877,664</b>	141,347,588
<b>23 Due from associated undertakings - unsecured</b>			
Noon International (Private) Limited		<b>39,247</b>	39,247
Askari Bank Limited		<b>1,054,339</b>	-
		<b>1,093,586</b>	39,247

23.1 Maximum aggregate amount due from associated undertaking at the end of any month during the current financial year was Rs. 1.05 million (31 December 2016: Rs. 0.4 million).

	2017 Rupees	2016 Rupees
<b>23.2 Aging of receivables of related party is as follows:</b>		
1 to 90 days	330,013	-
91 to 180 days	724,326	-
181 to 365 days	-	-
Above 365 days	39,247	39,247
	<u>1,093,586</u>	<u>39,247</u>

	Note	2017 Rupees	2016 Rupees
<b>24 Cash and bank balances</b>			
Cash-in-hand		545,731	729,162
Cash at banks on:			
- Current accounts		91,281,117	714,695
- Saving accounts	24.1	1,103,253,352	331,874,572
- Dividend accounts		221,490	221,490
	24.2	1,194,755,959	332,810,757
		<u>1,195,301,690</u>	<u>333,539,919</u>

24.1 This carries profit at the rates ranging from 3.75% to 5% (31 December 2016: 3.75% to 4%) per annum.

24.2 This includes amount of Rs. 347.41 million (31 December 2016: Rs. 252.27 million) at Askari Bank Limited, a related party.

	2017 Rupees	2016 Rupees
<b>25 Sales - net</b>		
Gross sales	7,111,439,606	3,453,401,423
Less: Sales tax	(63,451,017)	(62,733,421)
Leakages / discounts allowed	(47,033,283)	(20,161,230)
	(110,484,300)	(82,894,651)
	<u>7,000,955,306</u>	<u>3,370,506,772</u>

26	Cost of Sales	Note	2017 Rupees	2016 Rupees
	Raw materials consumed		<b>3,011,268,056</b>	1,701,883,161
	Milk collection expenses	26.1	<b>158,682,541</b>	144,556,470
	Salaries, wages and other benefits	26.2	<b>246,551,227</b>	200,583,391
	Power and fuel		<b>275,743,435</b>	142,906,982
	Packing materials consumed		<b>2,249,180,485</b>	943,214,634
	Stores and spares consumed		<b>143,113,304</b>	72,714,220
	Toll Manufacturing Charges		-	21,825,193
	Repair and maintenance		<b>116,786,212</b>	32,726,551
	Depreciation on property, plant and equipment			
	- Milk collection centers	15.1.3	<b>51,107,123</b>	19,991,674
	- Production facility	15.1.3	<b>450,005,700</b>	150,083,597
	Insurance		<b>12,842,194</b>	11,349,647
			<b>6,715,280,277</b>	3,441,835,520
	Adjustment of work-in-process			
	Opening stock		<b>72,762,966</b>	37,241,000
	Closing stock	19	<b>(26,134,645)</b>	(72,762,966)
			<b>46,628,321</b>	(35,521,966)
	Cost of goods manufactured		<b>6,761,908,598</b>	3,406,313,554
	Adjustment of finished goods			
	Opening stock		<b>175,283,807</b>	33,971,363
	Closing stock	19	<b>(123,457,306)</b>	(175,283,807)
			<b>51,826,501</b>	(141,312,444)
			<b>6,813,735,099</b>	3,265,001,110
	<b>26.1 Milk collection expenses:</b>			
	Salaries, wages and other benefits		<b>67,357,654</b>	55,143,559
	Provident fund		<b>1,609,440</b>	1,294,887
	Store consumed		<b>12,035,773</b>	20,933,431
	Chilling expenses		<b>1,849,656</b>	1,258,711
	Fuel and oil expenses		<b>32,090,238</b>	23,894,482
	Others		<b>43,739,780</b>	42,031,400
			<b>158,682,541</b>	144,556,470

**26.2 Salaries, wages and other benefits include following in respect of employee benefits:**

	<b>2017</b>	2016
	<b>Rupees</b>	Rupees
Provident fund	<b>6,941,551</b>	4,651,408
Long term accumulated compensated absences	<b>3,978,978</b>	2,287,402
Gratuity	<b>5,950,701</b>	5,257,498
	<b><u>16,871,230</u></b>	<u>12,196,308</u>

<b>27 Marketing and distribution expenses</b>	<i>Note</i>	<b>2017</b>	2016
		<b>Rupees</b>	Rupees
Freight and forwarding		<b>330,282,201</b>	120,162,996
Salaries, wages and other benefits	27.1	<b>240,470,989</b>	202,695,806
Rent		<b>66,558,970</b>	10,260,905
Entertainment		<b>2,274,159</b>	2,064,989
Communication		<b>5,685,798</b>	3,577,317
Travelling and conveyance		<b>8,489,106</b>	8,225,715
Vehicles' running and maintenance		<b>22,228,763</b>	9,852,541
Advertisement and sales promotion		<b>1,616,165,375</b>	830,987,047
Insurance		<b>3,098,758</b>	2,035,532
Depreciation on property, plant and equipment	15.1.3	<b>17,016,137</b>	11,032,463
Amortization	16.1.1	<b>1,998,972</b>	-
Samples		<b>17,691,544</b>	11,485,614
Others		<b>3,187,902</b>	3,877,320
		<b><u>2,335,148,674</u></b>	<u>1,216,258,245</u>

**27.1 Salaries, wages and other benefits include following in respect of employee benefits:**

	<i>Note</i>	<b>2017</b>	2016
		<b>Rupees</b>	Rupees
Provident fund		<b>9,643,211</b>	9,794,685
Long term accumulated compensated absences		<b>3,978,978</b>	2,668,648
Gratuity		<b>5,950,701</b>	6,133,774
		<b><u>19,572,890</u></b>	<u>18,597,107</u>



		2017	2016
		Rupees	Rupees
<b>28</b>	<b>Administrative expenses</b>		
	Salaries, wages and other benefits	236,678,083	152,100,858
	Travelling and conveyance:		
	- directors	9,168,909	1,636,877
	- others	15,749,992	7,983,735
	Directors' meeting fee	1,449,500	1,781,780
	Rent, rates and taxes	41,806,649	20,052,325
	Entertainment	3,399,561	2,315,068
	Communication	7,374,964	4,214,425
	Printing and stationery	9,104,674	3,921,253
	Electricity, gas and water	7,413,812	7,036,201
	Insurance	940,343	575,309
	Repair and maintenance	7,295,413	3,491,303
	Vehicles' running and maintenance	10,494,953	4,187,434
	Subscription	4,386,065	4,745,331
	Legal and professional charges	18,393,132	23,380,149
	Cash security charges	5,700,938	1,998,955
	Depreciation on property, plant and equipment	20,620,353	11,590,779
	Amortization of intangible assets	41,667	616,216
	Others	10,888,496	5,584,247
		<b>410,907,504</b>	<b>257,212,245</b>

**28.1 Salaries, wages and other benefits include following in respect of employee benefits:**

	2017	2016
	Rupees	Rupees
Provident fund	5,284,742	2,672,355
Long term accumulated compensated absences	3,410,552	2,002,526
Gratuity	5,100,601	4,602,722
	<b>13,795,895</b>	<b>9,277,603</b>

**28.2 Legal and professional charges**

*The charges for professional services include the following in respect of auditors' services for:*

- Statutory audit fee	750,000	750,000
- Half yearly review	125,000	125,000
- Certification charges	210,000	150,000
- Out-of-pocket expenses	150,000	250,000
	<b>1,235,000</b>	<b>1,275,000</b>

		2017 Rupees	2016 Rupees
<b>29</b>	<b>Other income</b>		
	<i>Note</i>		
	<b><u>Income from financial assets</u></b>		
	Profit on saving accounts	7,820,518	7,657,883
	<b><u>Income from non-financial assets</u></b>		
	Sale of scrap	14,879,550	9,743,587
	Gain on disposal of property, plant and equipment	1,875,883	4,927,092
	Liabilities no longer payable written back	4,666,100	-
	Exchange gain	7,801,374	6,589,264
	Other	114,252	-
		<b>37,157,677</b>	<b>28,917,826</b>
<b>30</b>	<b>Other expenses</b>		
	Prior years' sales tax	-	387,632
	Provision for doubtful debts	3,777,210	9,000,000
	Provision for obsolete stores	-	18,568,979
	Voluntary separation scheme	15,148,181	-
	Staff training	27,427,219	-
	Research and development	13,115,362	-
		<b>59,467,972</b>	<b>27,956,611</b>
<b>31</b>	<b>Finance cost</b>		
	<i>Islamic mode of financing</i>		
	- Short term financing	145,104,870	47,506,566
	<i>Interest / mark-up on interest / mark-up based loans</i>		
	- Long term finance	55,020,666	-
	- Short term borrowings	183,944,440	93,336,860
	- Finance lease	10,796,414	8,868,833
	Bank charges and commission	3,479,139	1,224,258
	Exchange loss	36,793,939	-
		<b>435,139,468</b>	<b>150,936,517</b>
<b>32</b>	<b>Taxation</b>		
	<i>Current:</i>		
	- For the year	-	-
		-	-
	<i>Deferred:</i>		
	Origination and reversal of temporary differences	<b>(728,023,875)</b>	<b>(551,020,316)</b>
		<b>(728,023,875)</b>	<b>(551,020,316)</b>
		<b>(728,023,875)</b>	<b>(551,020,316)</b>

**32.1** Current tax charge for the year determined under "Minimum Tax" scheme u/s 113, of Income Tax Ordinance, 2001 has been restricted to zero because of the tax credit related to balancing, modernization and replacement of plant and machinery already installed, as available u/s 65B of the Income Tax Ordinance, 2001.

<b>32.2 Tax charge reconciliation</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
Reconciliation between the average effective tax charge and the applicable tax		
Loss before tax	<b>(3,016,285,734)</b>	(1,517,940,130)
Applicable tax @ 30% / 31%	<b>904,885,720</b>	470,561,440
Effect of tax credit	<b>138,340,976</b>	120,000,000
Effect of change in tax rate	-	(15,179,401)
Effect of deferred tax asset not recognized on unused tax losses	<b>(315,202,821)</b>	(27,399,900)
Others	-	3,038,177
	<b>(176,861,845)</b>	80,458,876
Effective tax credit for the year	<b>728,023,875</b>	551,020,316

	<b>2017</b>	<b>2016</b>
<b>33 Loss per share</b>		
<b>Loss per share - basic and diluted</b>		
Loss for the year	<b>Rupees (2,288,261,859)</b>	(966,919,814)
Weighted average number of ordinary shares in issue during the year	<b>Number 248,263,942</b>	162,832,129
Loss per share - basic and diluted (restated)	<b>Rupees (9.22)</b>	(5.94)

	<i>Note</i>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
<b>34 Cash and cash equivalents</b>			
Cash and bank balances	24	<b>1,195,301,690</b>	333,539,919
Running finance balances	11.1	<b>(1,449,501,368)</b>	(2,098,811,579)
		<b>(254,199,678)</b>	(1,765,271,660)

### 35 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to Chief Executive, directors and executives of the Company is as follows:

	Chief Executive		Non Executive Directors		Executives	
	2017	2016	2017	2016	2017	2016
	-----Rupees-----					
Managerial remuneration	-	-	-	-	169,314,255	137,125,854
Meeting fee	-	-	1,449,500	1,781,780	-	-
Consultancy fee	-	-	7,873,308	7,949,790	-	-
Provident fund	-	-	-	-	14,574,804	10,251,233
House rent	-	-	-	-	131,173,236	83,883,335
Utilities	-	-	-	-	14,574,804	9,307,041
Relocation allowance	-	-	-	-	1,102,940	901,425
Others	-	-	-	-	4,314,825	2,505,000
	-	-	9,322,808	9,731,570	335,054,864	243,973,888
<b>Number of persons</b>	1	1	11	11	139	116

35.1 The Company also provides one of its Directors and some Executives with company maintained cars.

### 36 Number of employees

2017  
2016  
(Number of persons)

The Company has employed following number of persons:

- As at 31 December	1,508	1,279
- Average number of employees	1,397	1,029

37 Capacity and production	Capacity		Production	
	2017	2016	2017	2016
Liquid products - litres	227,760,000	116,840,000	86,699,115	37,252,653
Non - Liquid products - Kgs	48,141,000	51,061,000	673,244	5,415,745

### 38 Related party transactions and balances

Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel. Amounts due from and to related parties are shown under respective heads and remuneration of Chief Executive and Directors as key management personnel is disclosed in note 35. Significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	2017 Rupees	2016 Rupees
<b>i. Associated Undertakings</b>			
Noon Sugar Mills Limited	Expense paid to others on behalf of the related party	-	23,314
	Expense paid by related party on behalf of the Company	-	11,356
Fauji Fertilizer Bin Qasim Limited	Salaries of seconded employees charged by related party	<b>32,044,602</b>	37,110,935
	Repair & maintenance and building rent expense charged by related party	<b>44,352,898</b>	22,086,492
	Purchase of fixed assets from related party	<b>1,918,500</b>	11,915,426
	Equity contribution	<b>2,008,977,790</b>	1,511,541,227
Fauji Foundation	Equity contribution	<b>505,289,370</b>	382,499,412
Askari Bank Limited	Finance cost charged by related party	<b>51,791,298</b>	26,708,815
	Interest income on saving accounts	<b>4,904,667</b>	-
	Utilities expense paid on behalf of the related party	<b>1,054,339</b>	-
Fauji Security Services Private Limited	Expenses paid against security services	<b>628,106</b>	-
FFBL Power Company Limited	Coal purchased during the year	-	975,930
	Expense paid to others on behalf of the related party	-	269,930
FFBL Gratuity Fund	Equity contribution	<b>5,160,000</b>	-
FFBL Provident Fund Trust	Equity contribution	<b>10,340,000</b>	-
Employee's Provident Fund Trust	Contribution for the year	<b>21,869,504</b>	18,413,335
	Equity contribution	<b>79,631,500</b>	100,910,126
<b>ii. Associated persons</b>			
Mr. Salman Hayat Noon (Non-Executive Director)	Purchase of land	-	16,500,000
	Equity contribution	<b>212,002,920</b>	160,484,241
Mr. Malik Adnan Hayat Noon (Non-Executive Director)	Purchase of land	-	16,500,000
	Equity contribution	<b>316,429,290</b>	284,833,699
Directors	Equity contribution	<b>1,260</b>	983

### 39 Financial risk management

#### 39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company's exposure to financial risk, the way these risks affects the financial position and performance and the manner in which such risks are managed is as follows:

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

**(i) Foreign exchange risk**

Foreign exchange risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The Company, where considered necessary, uses money market borrowing contracts against receivables exposed to foreign exchange risks.

The Company is exposed to exchange risk arising from currency exposures mainly with respect to the Euro and US Dollar. Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities. The Company's exposure to foreign exchange risk is as follows:

	2017	2016
Bills payable - Euro	<u>297,327</u>	1,839,519
Net exposure - Euro	<u>297,327</u>	<u>1,839,519</u>
Bills payable - US Dollar	<u>-</u>	4,973,883
Net Exposure - US Dollar	<u>-</u>	<u>4,973,883</u>

The following significant exchange rates were applied during the year:

**Rupees per Euro**

- Average rate	121.28	115.19
- Reporting date rate	132.44	110.11

**Rupees per USD**

- Average rate	107.62	104.49
- Reporting date rate	110.63	104.60

#### Foreign currency sensitivity analysis

At 31 December 2017, if the Rupee had weakened / strengthened by 10% against the Euro and US Dollar with all other variables held constant, loss before tax for the year would have been higher / lower as under, mainly as a result of foreign exchange gains/losses on translation of foreign exchange denominated financial instrument. The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate:

	<b>Change in Exchange rate</b>	<b>Effect on loss before tax</b>
	<b>%</b>	<b>Rupees</b>
<b>31 December 2017 - Euro</b>	10%	<b>(3,937,799)</b>
	-10%	<b>3,937,799</b>
<b>31 December 2017 - US Dollar</b>	10%	-
	-10%	-
31 December 2016 - Euro	10%	(20,254,944)
	-10%	20,254,944
31 December 2016 - US Dollar	10%	(52,026,816)
	-10%	52,026,816

#### (ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

#### (iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature on reprice in a given period.

The Company's interest rate risk arises from long term finances and short term finances. Borrowings obtained at variable rates exposes the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>Effective rate</b>		<b>Rupees</b>	<b>Rupees</b>
<b>Financial assets</b>				
<b><u>Fixed rate instruments</u></b>				
Saving accounts	<b>3.75% to 5%</b>	3.75% to 4%	<b><u>1,103,253,352</u></b>	<u>331,874,572</u>
Total exposure			<b><u>1,103,253,352</u></b>	<u>331,874,572</u>

<b>Financial liabilities</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b><u>Variable rate instruments</u></b>	<b>Effective rate</b>		<b>Rupees</b>	<b>Rupees</b>
Liabilities against assets				
subject to finance lease	<b>6.05% to 9.46%</b>	5.8% to 9%	<b>141,637,760</b>	166,016,779
Long term finances	<b>6.73% to 7.01%</b>	0%	<b>4,450,000,000</b>	-
Short term borrowings	<b>6.43% to 6.80%</b>	6.54% to 7.12%	<b>1,449,501,368</b>	3,899,251,334
<b>Total exposure</b>			<b><u>6,041,139,128</u></b>	<b><u>4,065,268,113</u></b>

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

At 31 December 2017, if interest rate on variable rate financial liabilities has been 1% higher / lower with all other variables held constant, loss before tax for the year would have been Rs. 60.41 million (31 December 2016: Rs. 40.65 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

**(b) Credit risk**

Credit risk represents the risk of a financial loss if a customer or counter party to a financial instrument fails to discharge its contractual obligation. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Credit risk primarily arises from credit exposure to customers and deposit with banks and financial institutions. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Individual risk limits are set based on internal or external ratings in accordance with criteria developed for managing risk by board. The utilization of credit limits is regularly monitored and major sales to customers are on advance terms, thus limiting credit exposure. For banks and financial institutions credit quality is determined with respect to external credit ratings performed by independent parties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

<b><u>Loans and receivables</u></b>	<b>2017</b>	<b>2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Security deposits	<b>99,271,369</b>	33,925,460
Trade debts	<b>129,704,758</b>	77,969,418
Due from employees	<b>3,575,796</b>	4,197,291
Due from related parties	<b>1,093,586</b>	39,247
Other receivables	<b>388,487,989</b>	103,357,506
Cash and bank balances	<b>1,194,755,959</b>	332,810,757
	<b><u>1,816,889,457</u></b>	<b><u>552,299,679</u></b>



The credit risk on liquid funds is limited because the counter parties are banks with reasonable high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as it's exposure is spread over a large number of counter parties.

All the trade debts at the balance sheet date represent domestic parties. The ageing of trade debts at the year-end was as follows:

	<b>2017</b>	2016
	<b>Rupees</b>	Rupees
1 to 90 days	<b>127,212,107</b>	60,750,555
91 to 180 days	<b>2,492,651</b>	721,221
181 to 365 days	-	1,658,228
Above 365 days	-	14,839,414
	<b><u>129,704,758</u></b>	<b><u>77,969,418</u></b>

The management estimates the recoverability of trade debts on basis of financial position and past history of its customers. Based on the objective evidence that it will not receive the amount due from the particular customers, provision is made in the financial statements.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

<b>Bank</b>	<b>Rating</b>		<b>Rating Agency</b>	<b>2017 Rupees</b>	<b>2016 Rupees</b>
	<b>Short term</b>	<b>Long term</b>			
National Bank Of Pakistan	A1+	AAA	PACRA	<b>621,132,315</b>	8,499,450
United Bank Limited	A-1+	AAA	JCR-VIS	<b>296,823</b>	328,876
Askari Bank Limited	A1+	AA+	PACRA	<b>352,121,302</b>	252,265,071
Bank Alfalah Limited	A1+	AA	PACRA	<b>33,460,338</b>	24,634
MCB Bank Limited	A1+	AAA	PACRA	<b>(33,958)</b>	164,539
Habib Bank Limited	A-1+	AAA	JCR-VIS	<b>72,907,612</b>	51,774,634
Allied Bank Limited	A1+	AA+	PACRA	<b>6,342</b>	19,193,980
Faysal Bank Limited	A1+	AA	PACRA	<b>22,496,797</b>	46,864
Bank Islami Pakistan	A1	A+	PACRA	<b>15,343,905</b>	375,517
Bank Al-Habib Limited	A1+	AA	PACRA	<b>115,118</b>	135,192
NIB Bank Limited	A1+	AA-	PACRA	<b>7,784,947</b>	-
Soneri Bank	A1+	AA-	PACRA	<b>31,090,891</b>	-
Dubai Islamic Bank	A-1	AA-	JCR-VIS	<b>38,033,527</b>	2,000
				<b><u>1,194,755,959</u></b>	<b><u>332,810,757</u></b>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, that are settled by delivering cash or other financial asset as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company's finance department aims at maintaining flexibility in funding by keeping regular committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
----- Rupees -----				
<b>At 31 December 2017</b>				
<b><u>Non derivative financial liabilities</u></b>				
Liabilities against assets				
subject to finance lease	141,637,760	158,848,784	46,978,253	111,870,531
Long term finances	4,450,000,000	5,473,270,429	309,765,000	5,163,505,429
Trade and other payables	698,258,976	698,258,976	698,258,976	-
Accrued finance cost	73,373,064	73,373,064	73,373,064	-
Short term borrowings	1,449,501,368	1,449,501,368	1,449,501,368	-
	<b>6,812,771,168</b>	<b>7,853,252,621</b>	<b>2,577,876,661</b>	<b>5,275,375,960</b>
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years
----- Rupees -----				
<b>At 31 December 2016</b>				
<b><u>Non derivative financial liabilities</u></b>				
Liabilities against assets				
subject to finance lease	166,016,779	192,704,730	46,075,571	146,629,159
Trade and other payables	1,182,852,133	1,182,852,133	1,182,852,133	-
Accrued finance cost	49,716,962	49,716,962	49,716,962	-
Short term borrowings	3,899,251,334	3,899,251,334	3,899,251,334	-
	<b>5,297,837,208</b>	<b>5,324,525,159</b>	<b>5,177,896,000</b>	<b>146,629,159</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

### 39.2 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2)
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

#### Fair value measurement of financial instruments

		2017					
		Carrying amount			Fair value		
		Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
<b>On-Balance sheet financial instruments</b>	<i>Note</i>	----- Rupees -----					
<b>31 December 2017</b>							
<b><u>Financial assets not measured at fair value</u></b>							
Security deposits	39.2.1	99,271,369	-	99,271,369	-	-	-
Trade debts	39.2.1	129,704,758	-	129,704,758	-	-	-
Due from employees	39.2.1	3,575,796	-	3,575,796	-	-	-
Due from related parties	39.2.1	1,093,586	-	1,093,586	-	-	-
Other receivables	39.2.1	388,487,989	-	388,487,989	-	-	-
Cash and bank balances	39.2.1	1,195,301,690	-	1,195,301,690	-	-	-
		<b>1,817,435,188</b>	<b>-</b>	<b>1,817,435,188</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Fair value measurement of financial instruments**

		2017					
		Carrying amount			Fair value		
		Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
<b><u>Financial liabilities not measured at fair value</u></b>							
Liabilities against assets subject to finance lease	39.2.1	-	141,637,760	141,637,760	-	-	-
Long term finances	39.2.1	-	4,450,000,000	4,450,000,000	-	-	-
Trade and other payables	39.2.1	-	698,258,976	698,258,976	-	-	-
Short term borrowing	39.2.1	-	1,449,501,368	1,449,501,368	-	-	-
Accrued profit / interest / mark-up	39.2.1	-	73,373,064	73,373,064	-	-	-
		-	<b>6,812,771,168</b>	<b>6,812,771,168</b>	-	-	-

		2016					
		Carrying amount			Fair value		
		Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments	Note	----- Rupees -----					
<b><u>31 December 2016</u></b>							
<b><u>Financial assets not measured at fair value</u></b>							
Security deposits	39.2.1	33,925,460	-	33,925,460	-	-	-
Trade debts	39.2.1	77,969,418	-	77,969,418	-	-	-
Due from employees	39.2.1	4,197,291	-	4,197,291	-	-	-
Due from related parties	39.2.1	39,247	-	39,247	-	-	-
Other receivables	39.2.1	103,357,506	-	103,357,506	-	-	-
Cash and bank balances	39.2.1	333,539,919	-	333,539,919	-	-	-
		<b>553,028,841</b>	-	<b>553,028,841</b>	-	-	-

**Financial liabilities not measured at fair value**

Liabilities against assets subject to finance lease	39.2.1	-	166,016,779	166,016,779	-	-	-
Trade and other payables	39.2.1	-	1,182,852,133	1,182,852,133	-	-	-
Short term borrowing	39.2.1	-	3,899,251,334	3,899,251,334	-	-	-
Accrued profit / interest / mark-up	39.2.1	-	49,716,962	49,716,962	-	-	-
		-	<b>5,297,837,208</b>	<b>5,297,837,208</b>	-	-	-

**39.2.1 Fair value versus carrying amounts**

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

**39.2.2 Fair value of property, plant and equipment**

Freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other work equipment have been carried at revalued amounts determined by professional valuers (level 3) based on their assessment of market value as disclosed in note 7. The valuations are conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. This revaluation was carried out by K.G traders (Independent valuers and consultants). Freehold land was revalued on the basis of current market value whereas other assets were

revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery and other assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

### 39.3 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

### 40 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	2017						Total
	Liabilities				Equity		
	Long term finances	Liabilities against assets subject to finance lease	Short term borrowings	Accrued finance cost	Unclaimed dividend	Share capital / share premium	
	----- Rupees -----						
Balance as at 01 January 2017	-	166,016,779	3,899,251,334	49,716,962	973,104	3,287,790,123	7,403,748,302
<b>Changes from financing activities</b>							
Share capital issued - net of expenses	-	-	-	-	-	3,921,622,704	3,921,622,704
Receipts from long term finances	4,450,000,000	-	-	-	-	-	4,450,000,000
Short term borrowings repaid net of receipts	-	-	(1,800,439,755)	-	-	-	(1,800,439,755)
Repayment of finance lease liabilities	-	(37,167,119)	-	-	-	-	(37,167,119)
Finance cost paid	-	-	-	(374,689,427)	-	-	(374,689,427)
Dividends paid	-	-	-	-	(2,925)	-	(2,925)
<b>Total changes from financing cash flows</b>	<b>4,450,000,000</b>	<b>(37,167,119)</b>	<b>(1,800,439,755)</b>	<b>(374,689,427)</b>	<b>(2,925)</b>	<b>3,921,622,704</b>	<b>6,159,323,478</b>
<b>Other changes</b>							
Change in running finance	-	-	(649,310,211)	-	-	-	(649,310,211)
New finance leases	-	12,788,100	-	-	-	-	12,788,100
Interest expense	-	-	-	398,345,529	-	-	398,345,529
<b>Total liability related other changes</b>	<b>-</b>	<b>12,788,100</b>	<b>(649,310,211)</b>	<b>398,345,529</b>	<b>-</b>	<b>-</b>	<b>(238,176,582)</b>
<b>Closing as at 31 December 2017</b>	<b>4,450,000,000</b>	<b>141,637,760</b>	<b>1,449,501,368</b>	<b>73,373,064</b>	<b>970,179</b>	<b>7,209,412,827</b>	<b>13,324,895,198</b>


### 41 Date of authorization of issue

These financial statements were authorized for issue on **January 25, 2018** by the board of directors of the Company.

### 42 Events after the balance sheet date

There are no subsequent events occurring after balance sheet date.

Lahore



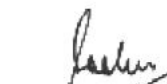
Chairman



Chief Executive



Director



Chief Financial Officer

GOVERNMENT OF PAKISTAN  
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 9<sup>th</sup> September, 2015

S.R.O. 924 (I)/2015:- In exercise of the powers conferred by Section 506B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct that a company listed on a stock exchange in Pakistan shall, while issuing annual accounts and balance sheet, incorporate the following informational message on 'JamaPunji', with immediate effect:



[www.jamapunji.pk](http://www.jamapunji.pk)

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\*Mobile apps are also available for download for android and ios devices.

[No. EMD/website-regulation/74/2011]

*Bushra*  
*9/9/15*

(Bushra Aslam)  
Secretary to the Commission



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
State Life Building 7, Blue Area, Islamabad

January 26, 2000

**Circular No. 1 of 2000**

**Sub: GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES**

The shares of a number of listed companies are now being maintained as "book entry Security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issue has been examined and pending the further instruction to be issued in this regard, the following guideline for the convenience of the listed companies and the beneficial owners are laid down:

**A. Attending of meeting in person by account holders and / or sub-account holders and persons whose securities are in group account and their registration details are uploaded to CDS:**

- (1) The Company shall obtain list of beneficial owners from the CDC as per Regulation # 12.3.5 of the CDC Regulations.
- (2) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (3) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

**B. Appointment of Proxies**

- (1) In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the Company.
- (2) The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (3) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (4) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- (5) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.





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# فوجی فوڈز لیمیٹڈ

## پراکسی فارم

رجسٹرڈ فوئیو نمبر/-----

سی ڈی سی اکاؤنٹ نمبر-----

میں/ہم-----

(نام)

-----

(پتہ)

بحیثیت ممبر/ممبران فوجی فوڈز لیمیٹڈ، یہاں پر تقرر کرتا ہوں/کرتے ہیں۔

-----

(نام)

-----

(پتہ)

یا اسکی غیر حاضری کی صورت میں-----

(نام)

-----

(پتہ)

(کمپنی کا/کی رکن ہونے کے ناطے) ہمارے ایما پر کمپنی کے برونز سوموار مورخہ 26 مارچ 2018 کو بوقت 11:00 بجے صبح پرل کانٹینیٹل ہوٹل، لاہور میں منعقد یا ملتوی ہونے والے ایکٹوئس سالانہ اجلاس عام میں شرکت کرنے، حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ مقرر کرتا ہوں/کرتے ہیں۔

بطور گواہ آج بتاریخ 2018-----

پانچ روپے کارسیدی  
ٹکٹ یہاں چپاں  
کریں

شیر ہولڈر کے دستخط-----

گواہ 2

دستخط-----

نام-----

پتہ-----

قومی شناختی کارڈ نمبر-----

گواہ 1

دستخط-----

نام-----

پتہ-----

قومی شناختی کارڈ نمبر-----

نوٹ: پراکسی اسی صورت میں قابل قبول ہوگی کہ اس پر دستخط، رسیدی ٹکٹ، گواہان کے دستخط ہوئے ہوں اور اس کو اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ پتہ پر بھیج دیا جائے۔ سی ڈی سی کے ممبران کو اپنی پراکسی تصدیق شدہ قومی شناختی کارڈ کے ہمراہ بھیجنا ہوگی۔

SECP کا سرکلر نمبر 1 مورخہ 26 جنوری 2000 اس فارم کی پشت پر چھپا ہوا ہے۔

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
State Life Building 7, Blue Area, Islamabad

January 26, 2000

**Circular No. 1 of 2000**

**Sub: GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES**

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- (3) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

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- (4) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- (5) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the Company.



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## اعتراف

بورڈ کمپنی پر اعتماد اور انمول تعاون کے لیے تمام حصص یافتگان اور مالیاتی اداروں کا شکر گزار ہے۔ بورڈ کمپنی کے تمام ملازمین کی جانب سے لگن، توجہ اور محنت سے کی گئی ان کی تمام کاوشوں کے لیے اپنی ستائش کو بھی ریکارڈ پر لانا پسند کرتا ہے۔

لیفٹیننٹ جنرل جاویداقبال  
ہلال امتیاز (ملٹری) (ریٹائرڈ)  
چیف ایگزیکٹو/میجنگ ڈائریکٹر

لیفٹیننٹ جنرل سید طارق ندیم گیلانی  
ہلال امتیاز (ملٹری) (ریٹائرڈ)  
چیرمین

مورخہ 25 جنوری 2018

## حصص کی اقسام کا انضمام

بورڈ آف ڈائریکٹران نے کمپنی کے سالانہ اجلاس عام میں ممبران کی جانب سے کسی تبدیلی، اضافہ یا تحریف کے بعد قراردادِ خصوصی کے طور پر منظوری کے تابع کمپنی کے میمورینڈم اور آرٹیکلز آف ایسوسی ایشن میں ضروری تبدیلیوں کے بعد 78,408,000 نان دوونگ عام حصص کو-10 روپے فی حصہ مالیت کی مساواتی قیمت پر عام حصص میں منتقل کرنے کا فیصلہ کیا ہے۔

## مالیاتی کارکردگی

کمپنی نے سابقہ تقابلی عرصہ میں حاصل کردہ 3,370 ملین روپے کے مقابلے میں اس سال 7,001 ملین روپے کا کاروبار کیا۔ سابقہ سال کے دوران ہونے والے 967 ملین روپے نقصان کے تقابل میں اس سال بعد از ٹیکس نقصان 2,288 ملین روپے رہا۔ سابقہ سال میں ہونے والے 5.94 روپے فی حصہ نقصان کے مقابلے میں اس سال فی حصہ نقصان 9.22 روپے رہا۔

خالص نقصان میں اضافہ کا سبب مستقبل میں دودھ کی اضافی مقدار کی تحصیل، فروخت کے حجم میں اضافے کے لیے وسعت پزیر بنیادی ڈھانچے اور کاروباری پیشکشوں میں اضافہ کرنا تھا۔ اس سال فروخت سے حاصل شدہ رقم اگرچہ سابقہ سال کے مقابلے میں زیادہ رہی تاہم یہ مستقل اخراجات کو جذب کرنے کے لیے کافی نہیں۔ اضافی پیداواری گنجائش کے مطابق فروخت میں اضافہ کے بعد یہ مستقل اخراجات معمول پر آ جائیں گے۔

اس کے علاوہ، ٹیکس نظام میں تبدیلیوں کے اثرات، اضافی ریگولیٹری ڈیوٹی اور بازار میں کھلے دودھ کی کم قیمت میں وافر مقدار میں دستیابی کی وجوہات سمیت مصنوعات تیار کرنے کی لاگت میں اضافے کے باوجود صنعت اور کمپنی کی جانب سے مخصوص مصنوعات کی قیمتوں میں اضافہ کرنے میں ناکامی نقصانات میں اضافے کا سبب بنی۔

انتظامیہ نے داخلی لاگتوں میں کٹوتی، فروخت میں حتی الامکان اضافہ، رائٹ حصص کے اجراء کے ذریعے سرمائے کی فراہمی اور کام چلانے کے لیے سرمایہ فراہم کرنے والے نئے ذرائع سمیت متعدد اقدامات اٹھائے ہیں۔ ہمیں توقع ہے کہ یہ اقدامات اور فروخت میں اضافہ مستقبل میں کمپنی کے لیے منافع بخش رہیں گے۔

## مستقبل کی پیش گوئی

مینو فیکچرنگ اور سروسز سیکٹروں کی افزائش اور زراعتی سیکٹر کی بحالی کے ساتھ پاکستان کی معیشت ترقی کی جانب گامزن ہے۔ مقامی طلب میں اضافہ اور پاک چین اقتصادی راہداری کے سبب بنیادی ڈھانچے میں ہونے والی افزائش سے توقع ہے کہ اس سے ترقی کی رفتار مزید تیز ہو جائے گی۔ آنے والے وقت میں اشیاء صرف کی قیمتوں میں اتار چڑھاؤ، مقامی کرنسی کی کمزوری اور سیاسی سرگرمیوں میں اضافہ وقتی دباؤ کا سبب بن سکتا ہے تاہم پاکستان کی معیشت کے عمومی اشاریے مثبت نظر آتے ہیں۔

پاکستان کی ڈیری مارکیٹ میں ترقی کے دم ختم پر ڈائریکٹران کا اعتماد برقرار ہے۔ توقع ہے کہ ڈیری انڈسٹری منفی پراپینڈے کے اثرات سے نکل آئے گی اور امید ہے کہ مستقبل میں یہ کھلے دودھ سے اپنا کھویا ہوا حصہ واپس حاصل کرے گی۔

بورڈ مستقبل میں نئی اختراعات اور بہترین کارکردگی پر توجہ مرکوز رکھتے ہوئے اعلیٰ معیار کی مصنوعات کی فراہمی کے ذریعے کمپنی کی ترقی کے لیے بھی پر اعتماد ہے۔ موجودہ پیداواری استعداد میں اضافہ سے ڈیری کی صنعت میں راہنما کردار ادا کرنے کے قابل بنادے گا۔ کمپنی جدت، مصنوعات کی تیاری کے مراحل میں اصلاحات اور قیمتوں پر موثر کنٹرول کے ذریعے اپنے حصص یافتگان کی قدر میں اضافے پر اپنی توجہ مرکوز رکھے گی اور انشا اللہ مارکیٹ شیئر میں اپنے اضافے کی شرح کو برقرار رکھے گی۔



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## ڈائریکٹران رپورٹ برائے ممبران

معزز ممبران،

فوجی فوڈز لیمیٹڈ کے ڈائریکٹران کی جانب سے 31 دسمبر 2017 کو اختتام پزیر ہونے والے سال کے لیے آڈٹ شدہ مالیاتی حسابات پر ڈائریکٹران کی رپورٹ پیش کرتے ہوئے میں خوشی محسوس کر رہا ہوں۔

### بنیادی سرگرمیاں

فوجی فوڈز لیمیٹڈ فوجی فریڈلائزر بن قاسم لیمیٹڈ (50.59 فیصد شیئر ہولڈنگ) اور فوجی فاؤنڈیشن (12.75 فیصد شیئر ہولڈنگ) کے اکثریتی حصص کی ملکیت پر مبنی دودھ اور اس سے بنی ہوئی غذائی اشیاء، جوس اور جام تیار کرنے والی کمپنی ہے۔ کمپنی کا ”نور پور“ برانڈ پاکستان میں طویل عرصہ سے سب سے زیادہ جانا پہچانا نام ہے۔

### دوران سال سرگرمیاں

اپنی ترقی کے ایک جزو کے طور پر اور اعلیٰ ترین معیار کے وعدے کے مطابق رواں سال کے دوران متعدد سنگ میل عبور کیے گئے جن کا فوجی گروپ کی جانب سے کمپنی کے حصول کے وقت تعین کیا گیا تھا۔

سال کے ابتدائی حصے میں UHT پلانٹ کی تنصیب مکمل کر لی گئی جو کہ کمپنی کے حصول کے وقت مجموعی طور پر BMR کے لیے سرمایہ کاری کا حصہ تھا۔ اس کے نتیجے میں اضافی پیداواری گنجائش، اضافی خود انحصاری اور استعداد کا حصول ہوا۔

مصنوعات کی تعداد میں بھی اضافہ کیا گیا۔ نئی کامیاب مصنوعات کا ایک سلسلہ متعارف کروایا گیا جبکہ موجودہ مصنوعات کو دوبارہ متعارف کروایا گیا۔ نئی مصنوعات میں MUST فروٹ جوس، اپنی صحت کا خیال رکھنے والے افراد کے لیے "Nurpur Low Fat UHT" دودھ، نور پور ڈائریکٹور ڈار دودھ اور نور پور لکسی شامل ہیں۔ یہ تمام نئی مصنوعات پہلے سے موجود Dostea (چائے کے لیے مائع) نور پور اور بیجبل فل کریم (UHT) دودھ، نور پور مکھن اور نور پور پنیر مصنوعات کی فہرست میں شامل ہوئیں۔ یہ تمام مصنوعات کمپنی کی جانب سے اپنے گاہکوں سے کئے گئے وعدوں اور عزم کے مطابق ہیں جو اعلیٰ ترین معیار کی حامل وسیع اور متنوع اشیاء کی فراہمی کے سلسلے میں ان سے کئے گئے تھے اور جن کی وجہ سے فروخت کے حجم میں بھی اضافہ ہوا۔

کمپنی کے لیے گزشتہ سال کے مجموعی کاروباری حالات ایک آزمائش کے حامل تھے کیونکہ دودھ کی صنعت مجموعی طور پر تنزلی کا شکار رہی۔ اس کا سبب میڈیا کی جانب سے پیک شدہ دودھ سے متعلق منفی تاثر اور پنجاب فوڈ اتھارٹی کی جانب سے چائے کے لیے تیار کردہ مائع کی پیکنگ پر مخصوص لیبل چسپاں کرنے کی فرمائش تھا۔ ان تمام مشکلات کے باوجود کمپنی نے بازار میں اپنے کاروباری حصے کو مستحکم کیا اور سال 2016 کے مقابلے میں سال 2017 میں کمپنی کے کاروبار میں 108 فیصد اضافہ ہوا۔

### رائٹ حصص کا اجراء

بورڈ آف ڈائریکٹران نے کاروبار میں وسعت اور کام چلانے کے لیے سرمائے کی ضروریات کو پورا کرنے کے لیے 25 جولائی 2017 کو منعقدہ اپنی میٹنگ میں مساواتی مالیت پر رائٹ حصص کے اجراء کی منظوری دی۔ 18 ستمبر 2017 کو منعقد ہونے والے حصص یافتگان کے ایک غیر معمولی اجلاس عام میں اس کی منظوری دی گئی جس کی وجہ سے کمپنی دونوں اقسام کے حصص یافتگان کو ان کے تناسبی حصص کے مطابق 300 فیصد کی شرح سے رائٹ حصص کے اجراء کے قابل ہوئی۔ رائٹ حصص کے اس اجراء نے کمپنی کی مالی لیکویڈٹی میں نمایاں اضافہ کیا، لیوریج ریشوز کو بہتر کیا اور مستقبل میں کیے جانے والی مالی لاگت میں موثر کمی کرنے کے قابل بنایا۔

- iv - میٹنگ میں شرکت کے وقت پر کسی ہولڈر اپنا اصل قومی شناختی کارڈ یا پاسپورٹ برائے شناخت پیش کرے گا۔  
v - کارپوریٹ باڈیز بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ اور پر کسی کے نمونہ دستخط پر کسی فارم کے ہمراہ مہیا کریں۔

3 - ممبران سے التماس ہے کہ اگر ان کے ڈاک کے پتوں میں اگر کوئی تبدیلی ہو تو اس سے فوراً کمپنی رجسٹرار یعنی کارپ لنک (پرائیویٹ) لمیٹڈ کو ان کے پتے واقع ونگز آرکیڈ، 1-K، کمرشل، ماڈل ٹاؤن لاہور پر مطلع کریں۔

### کمپنیز ایکٹ، 2017 کے سیکشن (3) 134 کی تعمیل میں کیفیت نامہ

مندرجہ ذیل کیفیت نامہ فوجی نوڈز لمیٹڈ کے بمقام پرل کانٹیننٹل ہوٹل لاہور میں مورخہ 26 مارچ 2018 کو بوقت گیارہ بجے صبح ہونے والے سالانہ اجلاس عام میں منظوری کے لیے پیش کیے جانے والے خصوصی امور سے متعلق تمام اہم تھاق کا احاطہ کرتا ہے:

#### 1- نان ووٹنگ عمومی حصص کی عمومی حصص میں تبدیلی / مجاز سرمائے کے ڈھانچے میں تبدیلی

بورڈ آف ڈائریکٹران نے اپنے اجلاس منعقدہ 25 جنوری، 2018 میں کمپنی کے سالانہ اجلاس عام میں، جو کہ مورخہ 26 مارچ، 2018 کو بمقام لاہور ہونا ہے ممبران کی جانب سے کسی تبدیلی، اضافہ یا تحریف کے بعد قرارداد خصوصی کے طور پر منظوری کے تابع کمپنی کے میمورینڈم اور آرٹیکلز آف ایسوسی ایشن میں ضروری تبدیلیوں کے بعد 78,408,000 نان ووٹنگ عام حصص کو 10 روپے فی حصہ مالیت کی مساواتی قیمت پر عام حصص میں منتقل کرنے کا فیصلہ کیا ہے۔

نان ووٹنگ عمومی حصص کو عمومی حصص میں تبدیل کرنے کے لیے مجاز سرمائے کے ڈھانچے میں ترمیم ضروری ہے۔ کمپنی کے میمورینڈم آف ایسوسی ایشن میں مجوزہ تبدیلیاں، بورڈ آف ڈائریکٹران کی منظوری کے مطابق اور ووٹنگ اور نان ووٹنگ اقسام کے مالک ممبران کی منظوری کے تابع، ووٹنگ کلاس حصص سے متعلق مجاز سرمائے کے ڈھانچے میں ترمیم کے لیے جاری ہیں۔

#### 2- کمپنیز آرڈیننس، 1984 کی جگہ کمپنیز ایکٹ، 2017 کے نفاذ کی وجہ سے میمورینڈم اور آرٹیکلز میں تبدیلی:

کمپنی کے میمورینڈم اور آرٹیکلز آف ایسوسی ایشن میں مجوزہ تبدیلیاں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ متعدد SRO / ضوابط / ہدایات اور کمپنیز آرڈیننس، 1984 کی جگہ کمپنیز ایکٹ، 2017 کے نفاذ کے تناظر میں ان سے مطابقت کے لیے جاری ہیں۔

قرارداد خاص میں ڈائریکٹران کی، ماسوا بحیثیت حصص یافتگان یا کمپنی ڈائریکٹر، ایسی کوئی دلچسپی نہیں ہے جس کا اظہار مقصود ہوتا۔

لاہور۔

25 جنوری 2018



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مزید قرار پایا کہ کمپنی سیکریٹری کو اختیار ہے کہ وہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور رجسٹرار آف کمپنیز کی جانب سے کسی امر کی نشاندہی یا ان کی ہدایات کے مطابق تصحیح، ترمیم یا تبدیلی کر دے۔

## منتقلی حصص کی کتابوں کی بندش

کمپنی حصص کی منتقلی کی کتابیں 20 مارچ، 2018ء تا 26 مارچ، 2018ء (بشمول دونوں ایام) بغرض انعقاد سالانہ اجلاس عام اور نان ووننگ عمومی حصص کو عمومی حصص میں تبدیل کرنے کے استحقاق کا تعین کرنے کے لیے بند رہیں گی۔ 19 مارچ 2018ء کے دفتری اوقات کے خاتمہ تک کمپنی کے شیئر رجسٹرار، کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن لاہور کو منتقلی کے لیے موصول ہونے والے حصص کے یافتگان مذکورہ بالا استحقاق کے حقدار ہوں گے۔

حسب الحکم بورڈ

R.R.

بریگیڈیئر رضوان رفیع (ریٹائرڈ)

کمپنی سیکریٹری

لاہور۔

25 جنوری، 2018

نوٹس :

1 - کوئی بھی ممبر جو اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا مجاز ہے وہ اپنی جگہ کسی اور ممبر کو اجلاس میں شرکت کرنے کے لیے اپنا پراکسی مقرر کرنے کا حقدار ہے۔ پراکسیوں کے لیے ضروری ہے کہ وہ اجلاس کے انعقاد کے لیے مقرر کردہ وقت سے کم از کم اڑتالیس گھنٹے قبل کمپنی کے رجسٹرار آفس میں موصول ہو جائیں۔ کوئی ممبر ایک سے زائد پراکسی مقرر نہیں کر سکتا۔ پراکسی فارم کے ہمراہ شیئر ہولڈر کے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل لگائی جائے۔

2 - CDC کے اکاؤنٹ ہولڈروں کو ہدایت کی جاتی ہے کہ وہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکلر نمبر 1 of 2000 مورخہ 26 جنوری 2000 میں وضع کردہ مندرجہ ذیل ہدایات پر عمل کریں:

### a. اجلاس میں شرکت کے لیے:

- i افراد کی صورت میں اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کی غرض سے اپنا اصل قومی شناختی کارڈ/ پاسپورٹ مع CDC اکاؤنٹ نمبر ساتھ لائیں۔
- ii کارپوریٹ باڈیز کے نمائندے اجلاس میں شرکت کے لیے بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ مع نامزد افراد کے نمونہ دستخط اپنے ہمراہ لائیں۔

### b. پراکسیوں کے تقرر کے لیے:

- i افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر مندرجہ بالا ہدایات کے مطابق پراکسی فارم مہیا کریں۔
- ii پراکسی فارم دو گواہان سے تصدیق شدہ ہوگا جن کے نام، پتے اور CNIC نمبر فارم پر درج کیے جائیں گے۔
- iii پراکسی فارم دینے والے ممبر اور پراکسی ہولڈر کے CNIC یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ مہیا کی جائیں گی۔

28. آرٹیکل 54 میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
29. آرٹیکل 56 میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
30. آرٹیکل 58 میں ظاہر ہونے والے عدد "187" کو "153" سے تبدیل کر دیا جائے۔
31. آرٹیکل 66 میں ظاہر ہونے والے عدد "178" کو "159" سے تبدیل کر دیا جائے۔
32. آرٹیکل 68 میں ظاہر ہونے والے الفاظ اور اعداد "174 to 178 and section 180 and 184" کو "154 to 159 and section 161 and 167" سے تبدیل کر دیا جائے۔
33. آرٹیکل 70 میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
34. آرٹیکل 72 میں ظاہر ہونے والے عدد "213" کو "203" سے تبدیل کر دیا جائے۔
35. آرٹیکل 77 میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
36. آرٹیکل 82 میں ظاہر ہونے والے عدد "251" کو "243" سے تبدیل کر دیا جائے۔
37. آرٹیکل 84 میں ظاہر ہونے والے عدد "230" کو "220" سے تبدیل کر دیا جائے۔
38. آرٹیکل 87 میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
39. آرٹیکل 89 میں ظاہر ہونے والے الفاظ اور اعداد "section 233 and 245 of the Ordinance" کو "section 223 and 237 of the Act" سے تبدیل کر دیا جائے۔
40. آرٹیکل 90 میں ظاہر ہونے والے لفظ "ORDINANCE" اور الفاظ اور اعداد "section 230 to 236" کو بالترتیب "ACT" اور "section 220 to 227" سے تبدیل کر دیا جائے۔
41. آرٹیکل 92 میں ظاہر ہونے والے الفاظ اور اعداد "section 252 to 255" کو "section 246 to 249" سے تبدیل کر دیا جائے۔
42. آرٹیکل 98 میں ظاہر ہونے والے الفاظ اور عدد "section 488" کو "section 492" سے تبدیل کر دیا جائے۔
- مزید قرار پایا کہ کمپنی سیکریٹری کو ان تمام افعال، اعمال اور امور کی انجام دہی کے لیے اختیار دیا جاتا ہے جو مذکورہ بالا مقاصد کی تکمیل اور انہیں بھرپور نتائج کا حامل بنانے کے لیے ضروری ہوں۔





13. آرٹیکل 4 میں ظاہر ہونے والے لفظ "Ordinance" اور الفاظ "section 84 of the Ordinance" کو بالترتیب "Act" اور "section 82 of the Act" سے تبدیل کر دیا جائے۔
14. آرٹیکل 6 میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" اور اعداد "68 to 73" کو "67 to 70" سے تبدیل کر دیا جائے۔
15. آرٹیکل 12 میں ظاہر ہونے والے اعداد "95" کو "86" سے بدل دیا جائے۔
16. آرٹیکل 16 میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
17. آرٹیکل 21 میں ظاہر ہونے والے اعداد "86" کو "83" سے بدل دیا جائے۔
18. آرٹیکل 23(b) میں ظاہر ہونے والے الفاظ اور اعداد "Ordinance" اور الفاظ "clause (d) of sub-section (1) of section 92" کو "Act" اور "clause (d) of sub-section(1) of section 85" سے تبدیل کر دیا جائے۔
19. آرٹیکل 23 a میں ظاہر ہونے والے الفاظ اور اعداد "section 108 of the Ordinance" کو "section 59 of the Act" سے تبدیل کر دیا جائے۔
20. آرٹیکل 28 میں ظاہر ہونے والے الفاظ اور عدد "section 159" کو "section 133" سے تبدیل کر دیا جائے۔
21. آرٹیکل 29 میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
22. آرٹیکل 36 میں ظاہر ہونے والے الفاظ اور عدد "section 167" کو "section 143" سے تبدیل کر دیا جائے۔
23. آرٹیکل 37 میں ظاہر ہونے والے عدد "168" کو "145" سے تبدیل کر دیا جائے۔
24. آرٹیکل 40 میں ظاہر ہونے والے اعداد "178" اور "160" کو بالترتیب "159" اور "134" سے تبدیل کر دیا جائے۔
25. آرٹیکل 43 میں ظاہر ہونے والے عدد "162" کو "138" سے تبدیل کر دیا جائے۔
26. آرٹیکل 49 میں ظاہر ہونے والے عدد "187" کو "153" سے تبدیل کر دیا جائے۔
27. آرٹیکل 53 میں ظاہر ہونے والے عدد "192" کو "174" سے تبدیل کر دیا جائے۔

6 - کمپنیز آرڈیننس، 1984 کی جگہ کمپنیز ایکٹ، 2017 کے نفاذ کی وجہ سے آرٹیکلز میں تبدیلی:

1. آرٹیکلز کے آغاز میں ظاہر ہونے والے "Companies Ordinance, 1984" کو "Companies Act, 2017" سے تبدیل کر دیا جائے۔
2. آرٹیکل 1 میں ظاہر ہونے والے الفاظ "Companies Ordinance, 1984" کو "Companies Act, 2017" سے تبدیل کر دیا جائے۔
3. آرٹیکل 2(b1) کو درج ذیل سے بدل دیا جائے:  
"(b1) central depository" shall have the same meaning as assigned to it under the Securities Act, 2015 (III of 2015)".
4. آرٹیکل 2(g) میں ظاہر ہونے والے الفاظ "Ordinance" اور "Companies Ordinance, 1984" کو بالترتیب "Act" اور "Companies Act, 2017" سے تبدیل کر دیا جائے۔
5. آرٹیکل 2(h) میں ظاہر ہونے والے الفاظ "Section 147 of the Ordinance" کو "Section 119 of the Act" سے تبدیل کر دیا جائے۔
6. آرٹیکل 2(j) میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
7. آرٹیکل 2(k) میں ظاہر ہونے والے الفاظ "Section 2(1)(36)" اور لفظ "Ordinance" کو بالترتیب "Section 2(1)(66)" اور "Act" سے تبدیل کر دیا جائے۔
8. آرٹیکل 2(q) میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
9. آرٹیکل 3 میں ظاہر ہونے والے لفظ "Ordinance" کو "Act" سے تبدیل کر دیا جائے۔
10. آرٹیکل 3(ii) میں ظاہر ہونے والے الفاظ "Section 90 of the Ordinance" اور لفظ "Ordinance" کو بالترتیب "Section 58 of the Act" اور "Act" سے تبدیل کر دیا جائے۔
11. آرٹیکل 3(ii)(d) میں ظاہر ہونے والے الفاظ "including redemption in accordance with the provisions of these Articles subject to section 85 of the Ordinance, including but not intended" to،
12. آرٹیکل 3(iii) میں ظاہر ہونے والے الفاظ "section nos. 85 and 94(4)(a) of the Ordinance" اور لفظ "Ordinance" کو بالترتیب "the provisions of the Companies Act, 2017" اور "Act" سے تبدیل کر دیا جائے۔

.d آرٹیکل 81 کے بعد مندرجہ ذیل آرٹیکل A 81 شامل کیا جائے:

**81 A. DIVIDEND PAYMENT THROUGH ELECTRONIC MODE**

- i. The Company shall pay any dividend payable in cash through electronic mode directly into the bank accounts designated by the entitled shareholders.
- ii. Any dividend declared by the Company shall be paid to its registered shareholders within such period as may be specified.
- iii. Intimate the Pakistan Stock Exchange Limited immediately as soon as the entire dividend is paid through electronic mode directly into the bank account of the member/ shareholders.
- iv. Dividend shall be deemed to have been declared on the date of the general meeting in case of a dividend declared or approved in the general meeting and on the date of commencement of closing of share transfer for purposes of determination of entitlement of dividend in the case of an interim dividend and where register of members is not closed for such purpose, on the date on which such dividend is approved by the Board.

.e آرٹیکل 83 کے متن کو مندرجہ ذیل متن سے تبدیل کیا جائے:

**83. UNCLAIMED SHARES AND DIVIDEND TO VEST WITH THE FEDERAL GOVERNMENT**

Where shares of the Company have been issued or where dividend has been declared by the Company which remain unclaimed or unpaid for a period of three years from the date it is due and payable the same shall vest with the Federal Government and the Company shall follow the procedure laid down in S.R.O. 1013(I)/2017 dated 06 October, 2017 or any modification thereof.

.f آرٹیکل 89 کے بعد مندرجہ ذیل آرٹیکل A 89 شامل کیا جائے:

**89 A. TRANSMISSION OF ACCOUNTS ELECTRONICALLY**

The Company may, after obtaining prior written consent from members, circulate notices of general meeting and the annual balance sheet and profit and loss account, auditors' report and directors' report (annual audited accounts) to its members through e-mail. Further, subject to the consent of the members in general meeting, circulate the annual balance sheet and profit and loss account, auditors' report and directors' report (annual audited accounts) to its member through CD/DVD/USB at their registered addresses. However, if a member prefers to receive hard copies for all the future annual audited accounts than such preference of the member shall be given to the Company in writing and thereafter the Company shall provide hard copies of all the future annual audited accounts to such members.

قرار پایا کہ میمورینڈم آف ایسوسی ایشن کے آغاز کے الفاظ "The Companies Ordinance, 1984" کو "The Companies Act, 2017" سے بدل دیا جائے۔

## 5.2 - کمپنی کے آرٹیکلز آف ایسوسی ایشن میں تبدیلی قرار پایا کہ:

a. آرٹیکل 26 کے بعد مندرجہ ذیل آرٹیکل A 26 شامل کیا جائے:

### 26 A. VIDEO CONFERENCE FACILITY TO MEMBERS

"The Company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members. For the purpose of providing video conference facility to members the Company shall follow the procedure laid down in the SECP Circular No. 10 of 2014 dated May 21, 2014 (including any modification thereof) or any other law/ regulations for the time being in force, as amended from time to time."

b. آرٹیکل 35 کے بعد مندرجہ ذیل آرٹیکل A 35 شامل کیا جائے:

### 35 A. E-VOTING AND VOTING THROUGH POST IN A GENERAL MEETING

"A member may opt right of vote through postal ballot or e-voting in a general meeting of the Company. For the purpose of e-voting and/or voting through post and related matters the Company shall follow the provisions/ procedure laid down in the Companies (Postal Ballot) Regulations, 2018 (including any modification thereof) or any other law/ regulations for the time being in force, as amended from time to time."

c. آرٹیکل 59 کے بعد مندرجہ ذیل آرٹیکل A 59 شامل کیا جائے:

### 59 A. PARTICIPATION OF A DIRECTOR THROUGH TELEPHONE / VIDEO CONFERENCE IN MEETING OF DIRECTORS

"The Directors of the Company may participate in the Board of Directors' meetings, whether in Pakistan or abroad, through telephone/ video conferencing. The draft minutes of meeting shall be sent to those Director(s) who had participated in the proceedings of the meeting through telephone/ video conference, for his/her confirmation. Thereafter, the minutes shall be signed by the Chairman of the meeting".



ii - کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکل (e1) 2 کو، جو کہ "Non-Voting Ordinary Shares" کی تشریح کرتا ہے، ختم کر دیا جائے۔

### 3 - نان ووٹنگ عمومی حصص کی عمومی حصص میں تبدیلی

قرار پایا کہ:

i - کمپنی کے دونوں درجات کے ممبران کی منظوری کے تابع، بہر صورت، کمپنیز ایکٹ، 2017 کے سیکشن (1) 38 کے مطابق مطلوبہ اکثریت کے ذریعے، کمپنی کے اکیانوئیں سالانہ اجلاس عام میں، کمپنی مکمل طور پر ادا شدہ 78,408,000 (اٹھتر ملین چار سو آٹھ ہزار) نان ووٹنگ عمومی حصص کو -10 روپے فی حصہ مالیت کی مساواتی قیمت پر، تمام درجات اور استحقاقات میں بہر طور موجودہ عمومی حصص کے ہم پلہ، 78,408,000 (اٹھتر ملین چار سو آٹھ ہزار) عمومی حصص میں تبدیل کرتی ہے۔

ii - چیف ایگزیکٹو اور کمپنی سیکریٹری کو اختیار دیا جاتا ہے کہ وہ باہم مل کر یا علیحدہ 78,408,000 (اٹھتر ملین چار سو آٹھ ہزار) عمومی حصص کو پاکستان اسٹاک ایکسچینج میں درج کروانے کے لیے درخواست دیں اور سینٹرل ڈپوزٹری کمپنی آف پاکستان کو بھی درخواست دیں کہ وہ 78,408,000 (اٹھتر ملین چار سو آٹھ ہزار) عمومی حصص کو (وہ حصص جنہیں نان ووٹنگ عمومی حصص سے تبدیل کیا گیا ہے) سینٹرل ڈپوزٹری سسٹم میں شامل کریں، عہد ناموں پر دستخط کریں، کمپنی سیل کے ساتھ اقرار نامہ کریں اور وہ تمام کام اور افعال کریں جو اس سلسلے میں ضروری ہوں۔

iii - کمپنی کو ان تمام افعال، دستاویزات اور امور کا اختیار دیا جاتا ہے جو مذکورہ بالا مقاصد کے حصول کے لیے ضروری اور مناسب ہوں۔

iv - چیف ایگزیکٹو اور کمپنی سیکریٹری کو اختیار دیا جاتا ہے کہ وہ باہم مل کر یا علیحدہ ایسے تمام اقدامات کریں جو مذکورہ بالا قراردادوں کے نفاذ کے لیے ضروری اور سازگار ہوں اور وہ تمام کام، دستاویزات اور افعال کریں جو اس سلسلے میں ضروری اور مناسب ہوں بشرطیکہ چیف ایگزیکٹو اور کمپنی سیکریٹری ان تمام دستاویزات پر اکٹھے دستخط کریں گے جن پر کمپنی سیل لگائی گئی ہو۔

### 4 - سالانہ رپورٹ کی بذریعہ CD / DVD / USB ترسیل

قرار پایا کہ کمپنی کی سالانہ رپورٹیں جو کہ مالیاتی تفصیلات، ڈائریکٹران کی رپورٹ، آڈیٹران کی رپورٹ، بیلینس شیٹ، نفع و نقصان کے حسابات اور اجلاس عام کے نوٹس پر مبنی ہوں ماسوائے ممبران کے جو کہ کمپنی سے کتابی صورت میں رپورٹ بھیجنے کے لیے تحریراً فرمائش کریں، کمپنی کے ممبران کو کتابوں کی صورت میں بھیجنے کے بجائے بذریعہ سی ڈی، ڈی وی ڈی اور یو ایس بی (CD/DVD/USB) ان کے رجسٹرڈ پتوں پر بھجوائی جائیں۔

مزید قرار پایا کہ کمپنی مستقبل میں ان تمام ممبران کو سالانہ آڈٹ شدہ رپورٹیں بصورت کتاب بھیجنے کی پابند ہوگی جو کمپنی سے انہیں کتابی صورت میں وصول کرنے کی تحریراً فرمائش کریں۔

5 - کمپنیز آرڈیننس، 1984 کی جگہ کمپنیز ایکٹ، 2017 کے نفاذ کی وجہ سے کمپنی کے میمورینڈم اور آرٹیکلز آف ایسوسی ایشن میں تبدیلی

5.1 - کمپنی کے میمورینڈم آف ایسوسی ایشن میں تبدیلی

# فوجی فوڈز لمیٹڈ

## اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ فوجی فوڈز لمیٹڈ کے ممبران کا اکیا دنواں سالانہ اجلاس عام بروز سوموار مورخہ 26 مارچ، 2018 صبح گیارہ بجے مندرجہ ذیل امور کی انجام دہی کے لیے بمقام پرل کانٹی نینٹل ہوٹل، لاہور میں منعقد ہوگا:

### عمومی کارروائی:

- 1 - غیر معمولی اجلاس عام منعقدہ 18 ستمبر، 2017 کی کارروائی کی توثیق۔
- 2 - 31 دسمبر، 2017 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ حسابات اور ان پر آڈیٹران اور ڈائریکٹران کی رپورٹوں پر غور کرنا اور انہیں منظور کرنا۔
- 3 - آئینہ سال کے لیے کمپنی کے آڈیٹران کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔
- 4 - صدر اجلاس کی اجازت سے اجلاس میں پیش کیے جانے والے دیگر امور انجام دینا۔

### خصوصی کارروائی:

درج ذیل قراردادوں کو ممبران کی ہر قسم، یعنی وہ ممبران جن کے پاس عمومی حصص موجود ہیں اور وہ ممبران جن کے پاس نان ووٹنگ عمومی حصص موجود ہیں، ہر صورت میں کمپنیز ایکٹ، 2017 کے سیکشن (1) 38 کے مطابق مطلوبہ اکثریت کے ذریعے کسی ترمیم، تبدیلی یا اس کے بغیر بطور قرارداد دہائے خاص منظوری کے لیے پیش کرنا:

### 1 - مجاز سرمائے کے ڈھانچے میں تبدیلی

قرار پایا کہ کمپنی کے ووٹنگ کلاس مجاز سرمائے کو دس روپے فی حصہ مالیت کے 103,869,896 عدد نان ووٹنگ عمومی حصص کے خاتمے اور دس روپے فی حصہ مالیت کے 103,869,896 عدد عمومی حصص کے اضافے سے دس روپے فی حصہ مالیت کے 596,130,104 عدد عمومی حصص سے بڑھا کر دس روپے فی حصہ مالیت کے 700,000,000 عدد عمومی حصص کر دیا جائے۔

### 2 - کمپنی کے میمورینڈم آف ایسوسی ایشن کی کلاز V اور آرٹیکلز آف ایسوسی ایشن میں تبدیلی

قرار پایا کہ:

i - کمپنی کے میمورینڈم آف ایسوسی ایشن کی کلاز V میں درج ذیل تبدیلی کر دی جائے:

The Authorized Capital of the Company is Rs.7,000,000,000 (Rupees seven billion) divided into 700,000,000 (seven hundred million) Ordinary Shares of Rs.10/- each, with attached thereto such preferential, deferred, qualified or special rights, privileges or conditions as provided in the Articles of Association of the Company, or in accordance with the Companies Act, 2017, and to vary, modify or abrogate such rights, privileges or conditions, in such manner as may be permitted by the Companies Act, 2017 and to increase and / or reduce the capital and to divide shares in the capital into several kinds and classes and to consolidate or subdivide the shares and to issue shares for higher or lower denominations.



**fauji foods**

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