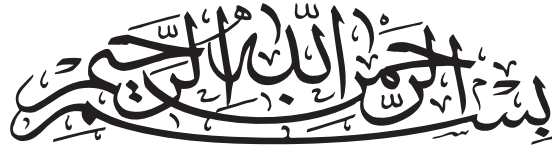




For the year ended December 31, 2019



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Company Information

Board of Directors

Chairman

Pierre Perez y Landazuri Non-Executive

Chief Executive & Managing Director

Usman Qayyum Executive

Members:

James D. Gray Non-Executive

Janet M. Bawcom Non-Executive

Marcel Hergett Non-Executive

Zulfikar Mannoo Non-Executive

Mian M. Adil Mannoo Non-Executive

Wisal A. Mannoo Non-Executive

Muhammad Asdaf Executive

Tabish Gauhar Independent &

Non-Executive

Tahir Jawaid Independent &

Non-Executive

Chief Financial Officer

Muhammad Asdaf

Secretary

M. Yasin Anwar

Audit Committee

Tabish Gauhar Chairman

James D. Gray Member

Janet M. Bawcom Member

Marcel Hergett Member

Zulfikar Mannoo Member

Human Resource & Remuneration Committee

Tahir Jawaid Chairman

Pierre Perez y Landazuri Member

Janet M. Bawcom Member

Usman Qayyum Member

Zulfikar Mannoo Member

Shares Transfer Committee

Usman Qayyum Chairman

Muhammad Asdaf Member

Bankers

Citibank, N.A.

Habib Bank Ltd.

Meezan Bank Ltd.

MCB Bank Ltd.

MCB Islamic Bank Ltd.

National Bank of Pakistan

Standard Chartered Bank (Pakistan) Ltd.

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Lahore – Karachi

Legal Advisor

M. Ali Seena

C/o Surridge & Beecheno,

Karachi-74000

Shares Registrar

FAMCO Associates (Pvt.) Ltd.

8-F, Next to Hotel Faran, Nursery,

Block-6, P.E.C.H.S., Shahrah-e-Faisal,

Karachi-75400

Tel: (92-21) 34380101-5

Fax: (92-21) 34380106

E-mail: info.shares@famco.com.pk

Registered Office & Shares Department

Rakh Canal East Road, Faisalabad,

Ph: (92-41) 8540121-22-23

Fax: (92-41) 8711016 - 8502197

Website: www.rafhanmaize.com

E-mail: corporate@rafhanmaize.com

Plants:

Rakh Canal Plant:

Rakh Canal East Road,

Faisalabad-38860.

Ph: (92-41) 8540121-22-23

Fax: (92-41) 8711016 - 8502197

Cornwala Plant:

5-KM Jaranwala-Khurrianwala Road,

Jaranwala - 37250.

Ph: (92-41) 4710121 & 23-27

Mehran Plant:

K.B. Feeder Road, Kotri,

Jamshoro-76090.

Ph: (92-223) 870894 - 98

Notice of Meeting

Notice is hereby given that the 130th General Meeting (Annual Ordinary) of the shareholders of Rafhan Maize Products Co. Limited will be held on Friday, May 29, 2020 at 11:00 a.m. at the Company's Head Office, Rakh Canal East Road, Faisalabad to transact the following business:

1. To confirm minutes of the last General Meeting (Ordinary) of the shareholders of the Company held on Monday, April 15, 2019 at Faisalabad.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2019 together with the Directors' and Auditors' Reports thereon.
3. To approve final cash dividend @ 2,000% for the year ended December 31, 2019 as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration. The present auditors Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, has proposed appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants for the year 2020.

By order of the Board

Faisalabad.
May 8, 2020

M. Yasin Anwar
Company Secretary &
Sr. Manager Corporate Affairs

Notes:

1. The Shares Transfer Books of the Company will remain closed from 22nd May to 29th May, 2020 (both days inclusive) and no transfer will be accepted for registration during this period.
2. A member entitled to attend, speak and vote at the meeting shall be entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights with respect to attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company. Form of proxy is attached.
3. Physical shareholders are requested to notify change of address, if any, to the Company's Shares Registrar immediately.
4. CDC shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Cards, Account and Participant's ID numbers, for identification purpose, and in case of proxy, to enclose an attested copy of his/her CNIC.

Due to current COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 of 2020 issued on March 17, 2020 has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large. Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the Members to consolidate their attendance at the AGM through proxies.

The Company, furthermore, has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceeding via video-link. For this, Members are required to email their Name, Folio Number and Number of Shares held in their names with subject "Registration for RAFHAN AGM" at corporate@rafhanmaize.com. Video-link and login credentials will be shared with only those Members whose emails, containing all the required particulars, are received at the given email address by or before 3:30 p.m. on May 21, 2020. The Shareholders can also provide their comments and questions for the agenda items of the AGM on WhatsApp Number +92300-8664824 and Email at corporate@rafhanmaize.com. Members are, therefore, encouraged to attend the AGM through video-link or by consolidating their attendance through proxies.

IMPORTANT NOTES TO SHAREHOLDERS

Please go through the following notes. It will be appreciated if you please respond to your relevant portion at the earliest -

CNIC Copy

Members are requested to submit a copy of their valid CNIC (only physical shareholders), if not already provided to the Shares Registrar of the Company. Corporate account holders should submit National Tax Number, if not yet submitted. In case of non-submission of CNIC/NTN Certificate (copy), all future dividends will be withheld.

Dividend Mandate/E-Dividend

In accordance with the provisions of Section 242 of the Companies Act, 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Request Form available at the Company's website www.rafhanmaize.com and send it duly signed along with copy of CNIC to the Company's Shares Registrar in case of physical shares. In case the shares are held in CDC, then the Form must be submitted directly to shareholder's broker/participant/CDC Account Services.

In case of non-receipt of the above information, the Company will be constrained to withhold payment of dividend to such shareholders.

Circulation of Annual Audited Financial Statements via CD/USB/DVD

Annual Financial Statements of the Company for the financial year ended December 31, 2019 have been placed on the Company's website-

Securities and Exchange Commission of Pakistan (SECP) vide its SRO No.470(1)/2016 dated May 31, 2016 has allowed companies to circulate their Annual Audited Financial Statements along with notice of general meeting to its members through CD/DVD/USB at their registered addresses.

However, shareholders who wish to receive the hard copy of Annual Audited Financial Statements along with notice of general meeting shall have to fill the request form which is available at the Company's website www.rafhanmaize.com and send it to our Shares Registrar or Company Secretary at their respective mailing addresses given at the end of this notice.

Unclaimed Shares/Unpaid Dividend

In compliance of Section 244 of the Companies Act 2017, a Final Notice was given by the Company on March 27, 2018 that the shares of Rafhan Maize Products Co. Limited/dividend declared by the Company, details whereof are appearing on the Company's website www.rafhanmaize.com have remained unclaimed or unpaid for a period of three years from the date these have become due and payable. In case of non-receipt of any claim by the respective shareholders to above referred Final Notice, the Company shall proceed to deposit the unclaimed/unpaid amount with the Federal Government pursuant to the provisions of sub-section 2 of section 244 of the Companies Act, 2017.

Deduction of Income Tax from Dividend under Section 150

Pursuant to the provisions of the Finance Act, 2019, effective July 1, 2019, the rates of deduction of withholding tax from dividend payments under the Income Tax Ordinance have been revised as under:

For filers of income tax returns	15%
For non-filers of income tax returns	30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of any future cash dividend otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them, if not provided yet, to our Shares Registrar at the earliest, in writing as follow, otherwise it will be assumed that shares are equally held:

Company Name	Folio/CDS A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC #	Shareholding Proportion (No. of Shares)	Name & CNIC #	Shareholding Proportion (No. of Shares)

In another clarification by Federal Board of Revenue, valid tax exemption certificate for claim of exemption U/S 150, 151 and 233 of the Income Tax Ordinance, 2001 is required where statutory exemption under Clause 47B of Part-IV of the Second Schedule is available. Such certificate U/S 159(1) of the Income Tax Ordinance, 2001 issued by concerned Commissioner of Inland Revenue is to be produced to avail tax exemption.

For any query/problem/information, the investors may contact the Company and/or the Shares Registrar at the phone numbers/e-mail addresses given at the end of this notice.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Shares Registrar M/s FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

Centralized Cash Dividend Register (CCDR)

Central Depository Company (CDC) has developed Centralized Cash Dividend Register (CCDR), an eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholders by listed companies and access of all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from the centralized register and using the same for their record purposes.

You may access CCDR via <https://eservices.cdcaccess.com.pk>. In addition, the Dividend/Zakat & Tax Deduction Report can also be obtained directly from your Participant (stock broker) which has been provided to them on their CDS terminals. Moreover, you will also receive a copy of this report on your provided/registered e-mail addresses.

Consent for Video Conference Facility

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

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to 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 along with complete information necessary to enable them to access such facility.

I/We, _____ of _____ being a member of Rafhan Maize Products Co. Limited holder of _____ Ordinary Shares as per Registered Folio No. _____ hereby opt for video conference facility at _____.

Signature of Member

Company Contact:

Mr. M. Yasin Anwar
Company Secretary & Sr. Manager Corporate Affairs,
Rafhan Maize Products Co. Limited,
Rakh Canal East Road, Faisalabad.
Tel. No. 041-8540121-23 Ext. 206 & 348
E-mail: corporate@rafhanmaize.com

Shares Registrar:

Mr. Fakhar Abbasi
M/s FAMCO Associates (Pvt.) Ltd.,
8-F, Next to Hotel Faran, Nursery,
Block-6, PECHS, Shahrah-e-Faisal, Karachi.
Tel. No. 021-34380101-05 Ext. 118
E-mail: info.shares@famco.com.pk



Our Purpose

We bring the potential of people, nature, and technology together to create ingredient solutions that **make life better.**

Vision

To be the Premier Provider of Refined Agriculturally based Products and Ingredients in the Region.

Mission Statement

To grow business consistently through positive relationship with customers to attain full customer satisfaction and to bring continual improvement by adopting only those business practices which add value to our customers, employees and shareholders.

Our Values



We actively work to safeguard and enable the wellbeing of our people, the quality of our products, and our reputation for trust and integrity.



We earn the right to be customer-preferred by delivering mutual enduring value at every touchpoint of the customer experience.



We embrace diversity and proactively foster an inclusive work environment where each person is valued and feels inspired to contribute their best.



We courageously strive for breakthrough innovations driven by our relentless curiosity, bold thinking, speed of decision-making, and agile execution.



We think and act like owners-where everyone takes personal responsibility to anticipate challenges, proactively search for opportunities, and make decisions that are in the best interest of the company.

Chairman's Review

It is my privilege to serve as the Chairman of Board of Directors of Rafhan Maize Products Co. Limited and I am pleased to present the review of the company and the role played by the Board in achieving the Company's objectives.

The Board is fully committed to meet growth objectives and our efforts are reflected through the results that indicate yet another year of high performance and growth for the Company. Your Company achieved net sales of PKR 35.2 billion and net profit after tax of PKR 5.6 billion, which is 19% and 18% higher than prior year respectively.

2019 remained a challenging year. The business faced number of external headwinds throughout the year. The Rupee depreciated by another 10%, the economic and political environment remained uncertain with rising inflation leading to higher energy, raw materials, and other input costs. The challenging business environment had a negative impact on overall business of our company. However, the business through a proactive approach mitigated this adverse environment and delivered another record year against an environment of declining trends and softening consumer demand. These outstanding results are a reminder of Rafhan Maize's transformation over the last few years and its enormous potential.

Our values are important in deriving the direction and culture of the Company. During the year your Company introduced a new set of values and worked on increasing awareness of these values among employees. We remain steadfast towards our corporate social responsibility and focused towards building strategic relationship with our stakeholders with ultimate objective to enhance shareholders wealth.

Your Company is fully committed to a very solid Corporate Governance. The performance of the Board during these times has been par excellence, effectively steering the Company during the year. The Board continues to review the Company's business and provides the management advise on key areas such as strategic planning, financial performance, effective use of capital, resource utilization, matters related to human and operational efficiency and related capabilities. The Board acknowledges its responsibility towards Corporate and Financial Reporting Framework. It is also conscious of its strategic role in attaining the Company's objectives with focus on improving returns to shareholders and other stakeholders and a commitment to pursue the delivery of these objectives.

I would like to thank all the members of the Board for their continuing guidance and support and acknowledge the contribution of the management for delivering yet another strong performance year of 2019.



Pierre Perez y Landazuri
Chairman

February 21, 2020

Directors' Profile

PIERRE PEREZ y LANDAZURI

Chairman
Non-Executive Director

He joined the Board of Rafhan Maize as Chairman on August 12, 2016. He is also a member of the Board's Human Resource and Remuneration Committee and represents Ingredion Incorporated, the parent company, on the Board. At Ingredion Incorporated, he is Senior Vice President and President, EMEA since January 1, 2018. He is also a member of Ingredion Incorporated Executive Leadership Team.

He holds Master's Degree in Chemical Engineering from the Chimie Paris Tech, Paris, France.

Office Address

Ingredion Germany GmbH,
Gruner Deich-110,
Hamburg-20097,
Germany.

JAMES D. GRAY

Non-Executive Director

He joined the Board of Rafhan Maize on July 4, 2017. He is also a member of the Board's Audit Committee. He represents Ingredion Incorporated, the parent company, on the Board. At Ingredion Incorporated, he is Executive Vice President and Chief Financial Officer since March 1, 2017. Prior to that, he served as Vice President, Corporate Finance and Planning, North America from Jan. 2014 to March 1, 2017. He is also a member of Ingredion Incorporated Executive Leadership Team. Prior to joining Ingredion Incorporated, he worked for PepsiCo in several positions, including Chief Financial Officer, Gatorade and Propel Business; Vice President, Franchise Business; and Vice President, Merger Transformation.

Mr. Gray holds a Bachelor's Degree in Business Administration from the University of California, Berkeley and graduated with distinction with a Master's Degree in Business Administration from the Kellogg School of Management, Northwestern University in Evanston, Illinois.

Office Address

Ingredion Incorporated, 5 Westbrook Corporate Center,
Westchester, IL 60154, U.S.A.

JANET M. BAWCOM

Non-Executive Director

Ms. Janet joined Board of Rafhan Maize on May 23, 2019. She represents Ingredion Incorporated, the parent company, on the Board. She is also a member of the Board's Audit Committee and Human Resource & Remuneration Committee. At Ingredion, she is Senior Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer. She is also a member of Ingredion Incorporated Executive Leadership Team.

Prior to joining Ingredion Incorporated, she has been working with Dell Technologies Inc., for the last 20 years and most recently served as Senior Vice President, Corporate, Securities & Finance Counsel and Assistant Secretary with a global team having responsibility for Board Governance, Corporate Securities, Capital Markets & Global Facilities and managed Corporate Affairs of Dell and its more than 500 global entities.

She holds a Juris Doctor Degree from Southern Methodist University and a Bachelor's Degree in Business Administration from the University of Oklahoma.

Office Address

Ingredion Incorporated, 5 Westbrook Corporate Center,
Westchester, IL 60154, U.S.A.

MARCEL HERGETT

Non-Executive Director

He joined the Board of Rafhan Maize on August 12, 2016 and represents Ingredion Incorporated, the parent company. He is also a member of the Board's Audit Committee. At Ingredion Incorporated, he is Senior Finance Director, EMEA since April 01, 2019.

He holds a University Degree of Accountancy and Tax from University of Cologne, Albertus-Magnus-Platz, Koln, Germany.

Office Address

Ingredion Germany GmbH,
Gruner Deich-110,
Hamburg-20097,
Germany.

Directors' Profile

USMAN QAYYUM

Chief Executive & Managing Director
Executive Director

He joined the Board of Rafhan Maize on March 31, 2016. In Rafhan Maize, he started his career as Director, Business Development and Specialty on January 01, 2015 and promoted as Chief Operating Officer on December 01, 2015.

He is also a member of the Board's Human Resource & Remuneration Committee and Chairman Shares Transfer Committee.

He holds a Master's Degree in Business Administration from the Institute of Business Administration at the University of the Punjab, Lahore. He also holds a Bachelor's Degree in Electrical Engineering from the University of Engineering and Technology, Lahore.

Office Address

Rafhan Maize Products Co. Limited,
Rakh Canal East Road,
Faisalabad.

MUHAMMAD ASDAF

Executive Director

He joined the Board of Rafhan Maize on September 21, 2017. He is FCA with over 27 years of experience in diversified business disciplines. Presently, he is holding the position of Chief Financial Officer of the Company.

He is also a member of the Board's Shares Transfer Committee.

Office Address

Rafhan Maize Products Co. Limited,
Rakh Canal East Road,
Faisalabad.

ZULFIKAR MANNOO

Non-Executive Director

He joined the Board of Rafhan Maize in 1990. He is alumnus of The Wharton School, University of Pennsylvania and Aitchison College, Lahore. He is also a member of the Board's Audit Committee and Human Resource & Remuneration Committee. He represents minority shareholders on the Board.

He also holds directorship of Unilever Pakistan Foods Ltd. and is a member of both the Audit and Human Resource & Remuneration Committees. He also holds directorship (Independent) of Maple Leaf Cement Factory Ltd. Additionally, he is the Chief Executive of Pakwest Industries (Pvt.) Ltd., an artificial leather manufacturing business.

Office Address

Pakwest Industries (Pvt.) Ltd.,
1st Floor, Ghani Chambers,
Patiala Ground, Link McLeod Road,
Lahore.

MIAN M. ADIL MANNOO

Non-Executive Director

He joined the Board of Rafhan Maize in 1985. He is graduate and alumnus of Aitchison College, Lahore. He is engaged in textile business for the last 27 years. He represents minority shareholders on the Board.

He also holds directorship of Unilever Pakistan Foods Ltd.

Office Address

H.N. Enterprises,
Rakh Canal East Road,
Opp: Rafhan Maize Products Co. Limited,
Faisalabad.

Directors' Profile

WISAL A. MANNOO

Non-Executive Director

He joined the Board of Rafhan Maize in 2006. He is an alumnus of Syracuse University, New York and Aitchison College, Lahore. He has been active in the textiles industry for the last 39 years. He represents minority shareholders on the Board.

He is also a Member of Executive Committee of All Pakistan Textile Mills Association (APTMA).

Office Address

Wisal Kamal Fabrics,
11E-2, Main Gulberg,
Lahore.

TABISH GAUHAR

Independent & Non-Executive Director

Mr. Tabish joined the Board of Rafhan Maize on September 07, 2018. He is the Chairman of the Board's Audit Committee. He has over 25 years of corporate, private, equity and entrepreneurial experience in general management, business turnaround, project development and financing, across the energy infrastructure sector in emerging and frontier markets. Presently, he is Founder Director of Oasis Energy Consultants, Dubai, U.A.E., and a member of the Operating Advisory Board, Mubadala Infrastructure Partners, Dubai, U.A.E. He was CEO of K-Electric Limited from 2009 to 2013 and Chairman of its Board from 2013 to 2015. He also holds directorship (Independent) of Byco Petroleum Ltd. and is chairman of both the Audit and Human Resource & Remuneration Committees and also a member of its Risk Management Committee.

He holds a Master's Degree in Business Administration from the Institute of Business Administration, Karachi, Pakistan and Bachelor's Degree in Electrical Engineering from King's College London, United Kingdom.

Office Address

144 Tulip Way, Green Community,
124463 Dubai, United Arab Emirates.

TAHIR JAWAID

Independent & Non-Executive Director

Mr. Tahir joined the Board of Rafhan Maize on September 07, 2018. He is the Chairman of the Board's Human Resource and Remuneration Committee. He has more than 39 years' experience in various industries, including 26 years with Exxon/Engro in the manufacturing and technical operations of Pakistan's leading fertilizers manufacturer. Presently, he is Director & Chief Executive of Hub Power Services Company Ltd., and also holds Directorships of Hub Power Holding Company Ltd., China Power Hub Generation Company Ltd., Laraib Energy Ltd. and Thar Energy Ltd.

He holds a Master's Degree in Industrial Engineering from the University of Houston, USA and a Bachelor's Degree in Mechanical Engineering from the University of Engineering & Technology, Lahore, Pakistan.

Office Address

Hub Power Company Limited, 11th Floor,
Ocean Tower, G-3, Block-9, Main Clifton Road,
Karachi.

Forward-Looking Statements

This Annual Report contains or may contain forward-looking statements. The Company intends these forward-looking statements to be covered by the safe harbor provisions for such statements. These statements include among other things any statement regarding the Company's prospects or future financial condition, earnings, revenues, tax rates, capital expenditures, expenses or other financial items, any statements concerning the Company's prospects or future operations, including management's plans or strategies and objectives therefore and any assumptions, expectations or beliefs underlying the foregoing. These statements can sometimes be identified by the use of forward-looking words such as "may," "will," "should," "anticipate," "believe," "plan," "project," "estimate," "expect," "intend," "continue," "proforma," "forecast" or other similar expressions or the "negative" thereof. All statements other than statements of historical facts in this report or referred to in or incorporated by reference into this report are "forward-looking statements." These statements are based on current expectations, but are subject to certain inherent risks and uncertainties, many of which are difficult to predict and are beyond our control. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, stakeholders are cautioned that no assurance can be given that our expectations will prove correct. Actual results and developments may differ materially from the expectations expressed in or implied by these statements, based on various factors, including the effects of global economic conditions, and their impact on our sales volumes and pricing of our products, our ability to collect our receivables from customers; fluctuations in markets for corn and other commodities, cheaper import price of starches and sweeteners, fluctuations in the markets and prices for our co-products, particularly corn oil and Feed; fluctuations in aggregate industry supply and market demand; the behavior of financial markets, including foreign currency fluctuations and fluctuations in interest and exchange rates; the commercial and consumer credit environment; general political, economic, business, market and weather conditions in the various geographic regions within Pakistan and in countries in which we sell our products; future financial performance of major industries which we serve, including, without limitation, the food and beverage, pharmaceuticals, paper, corrugated, textile and brewing industries; energy costs and availability, freight and shipping costs, and changes in regulatory controls regarding tariffs, duties, taxes and income tax rates; operating difficulties; availability of raw materials, including specific varieties of corn upon which our products are based; energy issues in Pakistan; our ability to effectively integrate and operate businesses; our ability to achieve budgets; our ability to complete planned maintenance and investment projects successfully and on budget; genetic and biotechnology issues; changing consumption preferences including those relating to liquid glucose; increased competitive and/or customer pressure in the starch processing industry; and the outbreak or continuation of serious communicable disease or hostilities including acts of terrorism. Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date of the statement as a result of new information or future events or developments. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections.

Horizontal Analysis of Profit and Loss Account

	2019	2018	2017	2016	2015	2014
Sales	19%	14%	3%	3%	-2%	6%
Cost of sales	20%	16%	1%	-4%	-7%	6%
Gross profit	17%	7%	7%	27%	17%	11%
Distribution cost	12%	8%	9%	101%	12%	16%
Administrative expenses	23%	-4%	14%	4%	15%	11%
Operating profit	18%	12%	6%	24%	19%	6%
Other operating income	53%	32%	-4%	13%	55%	-48%
Finance cost	-10%	65%	-12%	17%	-87%	102%
Other operating expenses	17%	11%	2%	31%	11%	20%
Profit before taxation	18%	12%	6%	24%	23%	4%
Taxation	17%	21%	-9%	38%	7%	52%
Profit after taxation	18%	9%	13%	18%	30%	-10%

Horizontal Analysis of Balance Sheet

	2019	2018	2017	2016	2015	2014
NON CURRENT ASSETS						
Property, plant and equipment	-3%	3%	19%	20%	-4%	-4%
Intangible assets	-	-	-100%	-63%	-84%	-48%
Capital work-in-progress	78%	-89%	-61%	-28%	322%	85%
EMPLOYEES RETIREMENT BENEFITS	-45%	-10%	-26%	1543%	100%	-100%
LONG TERM LOANS	-24%	1%	-4%	46%	65%	6%
LONG TERM DEPOSITS	0%	1%	0%	1%	-1%	0%
CURRENT ASSETS						
Stores and spares	9%	21%	-4%	6%	-9%	24%
Stock in trade	18%	-22%	19%	5%	29%	-46%
Trade debts	36%	10%	14%	-2%	11%	17%
Loans and advances	10%	13%	11%	-5%	-43%	25%
Trade deposits and prepayments	-31%	10%	-9%	4%	23%	-26%
Other receivables	16%	44%	57%	-42%	48%	-28%
Cash and bank balances	25%	35%	-17%	36%	-11%	5336%
TOTAL ASSETS	12%	1%	2%	12%	13%	8%
CURRENT LIABILITIES						
Trade and other payables	6%	7%	11%	8%	-5%	-14%
Unpaid dividend	-59%	-97%	17464%	1010%	55%	-88%
Unclaimed dividend	-5%	-67%	321%	27%	19%	67%
Mark up accrued on short term running finances	0%	0%	-100%	-61%	157%	-100%
Short term running finances - secured	0%	0%	0%	0%	0%	-100%
Provision for taxation	19%	108%	-9%	-26%	-45%	131%
NON CURRENT LIABILITIES						
Deferred taxation	15%	-11%	-12%	50%	-4%	-5%
SHARE CAPITAL AND RESERVES						
Share capital	0%	0%	0%	0%	0%	0%
Reserves	13%	7%	-6%	12%	21%	15%
TOTAL LIABILITIES & EQUITY	12%	1%	2%	12%	13%	8%

Note: No percentage has been worked out where there were no figures in current or corresponding year.

Vertical Analysis of Profit and Loss Account

	2019	2018	2017	2016	2015	2014
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	73.8%	73.2%	71.5%	72.5%	77.8%	81.5%
Gross profit	26.2%	26.8%	28.5%	27.5%	22.2%	18.5%
Distribution cost	1.4%	1.5%	2.5%	2.3%	1.2%	1.0%
Administrative expenses	1.6%	1.6%	1.9%	1.7%	1.7%	1.4%
Operating profit	22.7%	23.0%	23.3%	22.6%	18.7%	15.4%
Other operating income	1.1%	0.9%	0.7%	0.8%	0.7%	0.5%
Finance cost	0.1%	0.1%	0.1%	0.1%	0.1%	0.5%
Other operating expenses	1.6%	1.6%	1.6%	1.6%	1.3%	1.1%
Profit before taxation	22.7%	23.0%	23.3%	22.8%	18.7%	14.9%
Taxation	6.7%	6.8%	6.4%	7.3%	5.4%	4.9%
Profit after taxation	16.0%	16.1%	16.9%	15.5%	13.3%	10.0%

Vertical Analysis of Balance Sheet

	2019	2018	2017	2016	2015	2014
NON CURRENT ASSETS						
Property, plant and equipment	34.5%	39.7%	39.0%	33.5%	31.3%	36.7%
Intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Capital work-in-progress	0.5%	0.3%	3.0%	7.9%	12.5%	3.4%
EMPLOYEES RETIREMENT BENEFITS	0.5%	1.0%	1.1%	1.5%	0.1%	0.0%
LONG TERM LOANS	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%
LONG TERM DEPOSITS	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%
CURRENT ASSETS						
Stores and spares	4.4%	4.4%	3.7%	4.0%	4.2%	5.2%
Stock in trade	21.5%	20.3%	26.1%	22.5%	24.1%	21.1%
Trade debts	8.9%	7.3%	6.7%	6.0%	6.9%	7.0%
Loans and advances	0.6%	0.7%	0.6%	0.5%	0.6%	1.3%
Trade deposits and prepayments	0.4%	0.7%	0.8%	0.9%	1.0%	0.9%
Other receivables	0.2%	0.2%	0.2%	0.1%	0.2%	0.1%
Cash and bank balances	28.3%	25.2%	18.8%	23.1%	19.1%	24.2%
TOTAL ASSETS	100.0%	100%	100%	100%	100%	100%
CURRENT LIABILITIES						
Trade and other payables	15.1%	16.0%	15.0%	13.8%	14.3%	17.0%
Unpaid dividend	0.1%	0.1%	5.4%	0.0%	0.0%	0.0%
Unclaimed dividend	0.1%	0.1%	0.3%	0.1%	0.1%	0.1%
Mark up accrued on short term running finances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short term running finances - secured	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provision for taxation	1.6%	1.5%	0.7%	0.8%	1.3%	2.6%
NON CURRENT LIABILITIES						
Deferred taxation	4.6%	4.5%	5.1%	5.9%	4.4%	5.2%
SHARE CAPITAL AND RESERVES						
Share capital	0.5%	0.5%	0.6%	0.6%	0.6%	0.7%
Reserves	78.0%	77.2%	72.9%	78.8%	79.3%	74.3%
TOTAL LIABILITIES & EQUITY	100.0%	100%	100%	100%	100%	100%

Note: No percentage has been worked out where there were no figures in current or corresponding year.

Directors' Report

The Directors of your Company feel pleasure in presenting the annual audited Financial Statements along with auditors' report thereon for the year ended December 31, 2019.



Financial Results

Profit and Appropriations

		Year ended December 31	
		2019	2018
		Rupees in Thousand	
Profit after taxation		5,641,325	4,771,705
Actuarial gains/(losses) of employees retirement benefits		(58,185)	(4,121)
Un-appropriated profit brought forward		13,013,822	12,171,721
		18,596,962	16,939,305
Appropriations			
Final Dividend 2018 @ 1,250%	(2017: @ 1,250%)	1,154,554	1,154,554
1 st Interim Dividend 2019 @ 1,000%	(2018: @ 1,000%)	923,643	923,643
2 nd Interim Dividend 2019 @ 1,000%	(2018: @ 1,000%)	923,643	923,643
3 rd Interim Dividend 2019 @ 1,000%	(2018: @ 1,000%)	923,643	923,643
		3,925,483	3,925,483
Un-appropriated Profit		14,671,479	13,013,822
Earnings per Share (Rupees)		610.77	516.62

Business Review

Macroeconomic outlook of the country continued to remain challenging. The spiraling inflationary trends severely impacted the economic growth trajectory, substantially increased the cost of production affecting both margins as well as volumes and downstream demand. Economic slowdown, current account deficit and falling reserves, in turn, exerted pressure on the Pak Rupee which devalued by 10% against the US Dollar.

The performance of the industrial and agriculture sectors also remained weak. Sharp rise in raw material and energy costs, deepening economic recession and declining consumer confidence had an impact on volume, revenue, and profitability in several segments. Faced with these challenges, we continued to focus on our agenda of strengthening our market leadership through increased consumer focus and a strong performance culture within the organization.

Rafhan Maize, as a leading corn refiner of Pakistan, is making all out efforts to enhance its business profile leading to long term value creation, substantial returns to its shareholders and contributing to the growth of economy with an aim to further build customer confidence through its offerings. Infact, across our momentous history, we have not only enhanced our core competencies but have also ventured into diversification. As a result, today our Company is deemed as a paragon of success. It has embraced continuous innovation and is now set to explore the diverse sectors of Food, Industrial, Pharmaceutical, Textile etc. Our customer satisfaction is the driving force behind our spirit to meet challenges and achieve excellence.

Animal Nutrition and health business comprises a significant portion of our revenue. The Company continues to strengthen its position in the market by capitalizing on growing demand from poultry, livestock and aquaculture. Despite many challenges faced by the livestock and poultry markets, our ANI business has continued to grow during the year.

We are also continuously engaged in making utmost efforts to explore new possibilities and drive functional excellence. Rafhan Maize has apprised to transform itself by strengthening core businesses and expanding its business overseas. We have worked arduously to design the right business model in export. We believe that there are substantial opportunities in the international market, and we can create significant value for our shareholders and business partners. During the year Exports performance remained healthy with double digit growth despite economic slow-down in the international markets, abnormally high raw material prices in Pakistan and stiff competition from other regional players. Our major export markets are Middle East, Africa, Afghanistan, Sri Lanka and Bangladesh. The developing and emerging markets are again the driving force behind this growth. Company is determined to explore new export markets for maximum capacity utilization and earn valuable foreign exchange

The Company was thus able to achieve a growth of 19% in sales during the year crossing the milestone of PKR 35 Billion. The Company also posted a net profit of PKR 5.6 Billion with a growth of 18.2%.

Operations

The Operational team remained focused on optimization of manufacturing processes for energy conservation, protect environment and make the working conditions safe and secure. It was also emphasized to harmonize and integrate the activities of employees, material suppliers and contractors to fulfill the requirements of customers. The ultimate objective is to exceed the expectations of our internal and external customers and produce good return for the investments of our shareholders. Resultantly, following operational excellences were achieved:

- a) Through optimum utilization of plant and resources ever highest corn grinding was achieved to fulfill valued customers' need. This helped us in winning the confidence and reliance of our customers and is aligned with our value of 'Being Preferred'.
- b) With growing complexity and challenges, Operational team ensured premium quality of products by meeting on process and operational parameters. Resultantly, delivered best First Pass Compliance results.
- c) In align with 'innovate boldly', new robust IT based system of customer complaint handling was introduced, developed in house by IT team.
- d) With ever increasing corn crop prices, the Production team with the help of process improvement continued the efforts on improving yields and reducing wastages for optimum COGS.
- e) Innovation was another area of contemplation, considering customer needs some new high value products were successfully developed, produced and supplied.
- f) State of the art activated sludge waste water treatment plant completed at Faisalabad Plant to meet our environmental commitments and pledge to adjacent vicinity.
- g) Being a socially responsible organization, several initiatives were taken to reduce carbon dioxide gas production and water consumption. Resultantly carbon dioxide was reduced by 5% and water consumption by 14% per ton product produced comparing last year.
- h) Continuous improvement using lean six sigma tools was another pivotal part to cope with present necessity of business. Cost and energy saving measures were implemented, thus achieved excellent results by saving valuable money for shareholders. A distinct achievement made through cost smart initiatives.

Safety, Health and Environment

“Care First” is the most important value at Rafhan. We believe that people cannot yield their best performance without embedding the true safety culture in their daily life. We are committed to educate our workforce with world class EHS standards and guidelines. We have started several new initiatives in line with corporate guidance and they are supporting us to develop capability of our employees and contractors. The co-workers adhered to our leadership message and devotedly performed work and through this we were able to achieve zero lost time case and zero recordable case at our all three manufacturing sites in Pakistan this year. We enabled our colleagues to perform the work carefully and return home safely.

Everybody is eager to protect the environment and mitigate environmental hazards. We are closely working with employees and contractors to reduce our carbon footprint. Effective waste management initiatives have been commenced to reduce and recycle waste.

We are supportive for the uplift of neighboring communities and several community outreach activities were performed for the community welfare.

Corporate Social Responsibility

Rafhan Maize is a socially responsible organization and striving hard to contribute to social uplifting of the people of Pakistan by providing contributions in the fields of health, education, environment, community development and calamities rehabilitation. Our esteem mission is to create opportunities for people of Pakistan, farmers, business communities and general masses where they can improve the quality of their lives.

Business Risks, Challenges and Future Prospects

In view of continuing economic uncertainties and volatility, we do not expect 2020 to be any easier. The macroeconomic outlook indicates low GDP growth, uncertain industrial pace with pressure on disposable incomes. However, the management of the Company continues to have a long term optimistic outlook for our business. The Company aims to counter unfavorable market conditions through customer engagement initiatives targeted towards new business development and through effective cost and margin management.

We will continue to make investment in capability, efficiency and capacity enhancement to meet fast changing domestic customer demand and emerging export market. We will continue to work towards implementing lean six sigma projects to govern and integrate a culture of continuous improvement and value enhancement in all business units. Since margins are under pressure due to currency devaluation, rising input cost, growing costs of gas and electricity and also the use of costlier alternate fuels to maintain smooth operations, focus would be given on increasing volumes, tight cost control, process optimization, innovative value addition, price rationalization and efficient working capital management. The increase in corn price, being major ingredient, along with the upward trend in input cost and fuel and utility prices is expected to affect profit margins.

The Company will continue to take proactive measures to mitigate potential risks and cope with challenges to company's profitability arising from the current economic climate with its efforts to further improve the overall performance of the company and value of shareholders.

Corporate Governance

Your Company is fully abreast of all standards and requirements of corporate governance. The Directors are pleased to state that your Company is fully compliant with the (Code of Corporate Governance) Regulations, 2019. The statement of compliance with Code of Corporate Governance is reproduced on Page No 28.

Disclosures under Code of Corporate Governance

Corporate and Financial Reporting Framework:

- a) The financial statements, prepared by the management of the listed company, present its state of affairs fairly, gives a true and fair view of the result of its operations, cash flows and changes in equity;
- b) Proper book of accounts of the listed company have been maintained. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on based on reasonable and prudent judgment;
- c) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained;
- d) The system of internal control is sound in design and has been effectively implemented and monitored; and
- e) There are no significant doubts upon the listed company's ability to continue as a going concern.

Key operating and financial data of last six years are as follows:

		2019	2018	2017	2016	2015	2014
Net Sales	Rs. Million	35,261	29,564	26,018	25,298	24,618	25,197
Cost of Sales	Rs. Million	26,007	21,631	18,593	18,345	19,164	20,540
Gross Profit	Rs. Million	9,254	7,933	7,425	6,952	5,454	4,657
% of Sales		26	27	29	28	22	18
Operating Profit	Rs. Million	8,020	6,811	6,067	5,725	4,615	3,871
% of Sales		23	23	23	23	19	15
Profit Before Tax	Rs. Million	7,997	6,785	6,051	5,707	4,599	3,754
Profit After Tax	Rs. Million	5,641	4,772	4,392	3,879	3,275	2,517
Earnings Per Share	Rupees	610.77	516.62	475.54	420.01	354.59	272.48
Dividend Amount	Rs. Million	3,925	3,925	5,080	2,679	1,293	1,247
Dividend Percentage		4,250	4,250	5,500	2,900	1,400	1,350
Capital Expenditure	Rs. Million	314	196	742	870	1,665	469

Resources Management

Most of our ingredients are produced from corn, hence ensuring a reliable and sustainable sourcing of corn is essential. Rafhan is always in front line to assume its due role in uplifting the food and feed security status of farming community. Our Agribusiness Department in collaboration with USAID, has launched a program to eliminate the menace of Aflatoxin from corn initially and then from other food commodities eventually. The program's partners comprise the USDA, the International Institute of Tropical Agriculture- IITA, the US Agency for International Development, Pakistan's National Agricultural Research Centre, Centre for Agriculture and Biosciences International (CABI) and Rafhan Maize. We had been working with farmers on various aspects of minimizing aflatoxin related post-harvest losses in corn. These efforts once fully implemented will bear far reaching benefits for the farmers and the country at large.

Investment

Your Company will continue to pursue expansion and diversification plans in line with our strategic blueprint. The Company has a number of capital projects in hand to serve our strategic ambitions. We ensure our strong commitment to serve our customers by investing in capacity building, innovations and new technologies.

Investment Value of Employees Retirement Funds

Rafhan Maize values its employees. The Company maintains three retirement plans; one defined contribution plan (Provident Fund) and two defined benefit plans (Gratuity and Superannuation). The Company has established a trust for each fund and the board of trustees is responsible to manage the affairs of the funds. All the three plans are fully funded and total investment in the funds is:

		2019	2018
		Rupees in Thousand	
Provident Fund	As at June 30, 2019	996,498	1,037,299
Gratuity Fund	As at December 31, 2019	803,850	807,569
Superannuation Fund	As at December 31, 2019	645,674	608,443

Board of Directors

The Board is composed of eleven members as per following details:

Total Number of Directors	11
Male	10
Female	1

Composition

Independent Directors	2
Non-Executive Directors	6
Executive Directors	2
Female Director	1

Three non-executive directors represent the minority shareholders on the Board. The Chairman of the Board is also a non-executive director. All the current Board members are listed in the Company Information. All the directors have obtained certification as required under the provisions of (Code of Corporate Governance) Regulations, 2019 except Ms. Janet M. Bawcom who joined the Board on May 23, 2019.

Attendance at Board Meetings

During the year, four meetings of the Board of Directors were held. One meeting was held in UK, one in UAE and two meetings were held in Pakistan. Attendance of Directors at the meetings was as under:

Name of Director	Meetings attended in person/through video/audio link
Pierre Perez y Landazuri	4
Usman Qayyum	4
James D. Gray	4
Andrea Astrid Miriam Pohnl*	1
Janet M. Bawcom**	2
Marcel Hergett	4
Zulfikar Mannoo	4
Mian M. Adil Mannoo	4
Wisal A. Mannoo	4
Muhammad Asdraf	4
Tabish Gauhar	4
Tahir Jawaidd	4

* out of one meeting in her tenure

** out of two meetings in her tenure

Remuneration Policy of Non-executive Directors including Independent Directors

Non-executive Directors and independent Directors are paid fee for attending the meetings. The level of remuneration is appropriate and commensurates with the level of responsibility and expertise to govern the Company successfully and ensure value addition.

Transactions in Company's Shares

Directors, Executives, their spouses and minor children have made no transaction in the Company's shares during the year.

Parent Company

Ingredion Incorporated, USA is holding majority shares of the Company.

Auditors

The retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, has proposed appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants for the year 2020.

Audit Committee

The Board of Directors has established an Audit Committee in compliance with the (Code of Corporate Governance) Regulations, 2019 comprising of five Board members. Four meetings of the Audit Committee were held during the year and attended as under–

		Meetings attended in person/through video link
Tabish Gauhar (Chairman)	Independent Director	4
James D. Gray	Non-Executive Director	4
Marcel Hergett	Non-Executive Director	4
Zulfikar Mannoo	Non-Executive Director	4
Janet M. Bawcom*	Non-Executive Director	1

* out of one meeting in her tenure

Human Resource & Remuneration Committee

The Board of Directors has established a Human Resource & Remuneration Committee comprising of following five board members. During the year, three meetings of the committee were held and attended as under_

			Meetings attended in person/through video/audio link
Tahir Jawaid	Chairman	Independent Director	3
Pierre Perez y Landazuri	Member	Non-Executive Director	3
Usman Qayyum	Member	Executive Director	3
Janet M. Bawcom*	Member	Non-Executive Director	1
Zulfikar Mannoo	Member	Non-Executive Director	3

* out of one meeting in her tenure

Shares Transfer Committee

The Board of Directors has established a Shares Transfer Committee comprising of two Board members. Four meetings of the Shares Transfer Committee were held during the year and attended as under -

		No. of Meetings Attended
Usman Qayyum	Chairman	4
Muhammad Asdaf	Member	4

The Committee met from time to time to consider and approve valid transfers and transmissions of shares or any business related thereto.

Pattern of Shareholding

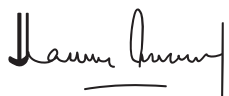
Pattern of Shareholding as on December 31, 2019, according to requirements of (Code of Corporate Governance) Regulations, 2019 and a statement reflecting distribution of shareholding appears at the end of this report.

Dividend

The Company has already paid three interim dividends @ 1,000% each. The Directors now propose a final dividend of 2,000% making the total 5,000% for the year.

May Allah give us the courage to face the challenges ahead. A'meen!

On behalf of the Board



Muhammad Asdaf
Director



Usman Qayyum
Chief Executive &
Managing Director

February 21, 2020

Stakeholders' Information

Performance Indicators for Six Years

		2019	2018	2017	2016	2015	2014
Profit and Loss Account							
Net turnover	Rs. Million	35,260.67	29,564.16	26,018.10	25,297.59	24,618.08	25,196.60
Gross profit	Rs. Million	9,253.65	7,933.48	7,425.47	6,952.44	5,454.14	4,656.97
Operating profit	Rs. Million	8,020.19	6,811.05	6,066.63	5,725.21	4,614.70	3,870.89
Profit before tax	Rs. Million	7,996.93	6,785.22	6,051.02	5,707.38	4,599.40	3,753.87
profit after tax	Rs. Million	5,641.33	4,771.70	4,392.26	3,879.43	3,275.17	2,516.77
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Rs. Million	8,496.10	7,263.39	6,586.27	6,177.46	5,061.95	4,323.83
Balance Sheet							
Share capital	Rs. Million	92.36	92.36	92.36	92.36	92.36	92.36
Reserves	Rs. Million	14,709.57	13,051.92	12,209.82	12,941.14	11,581.42	9,589.08
Shareholders funds	Rs. Million	14,801.94	13,144.28	12,302.18	13,033.50	11,673.79	9,681.45
Property, plant and equipment	Rs. Million	6,504.40	6,706.84	6,521.95	5,500.06	4,567.11	4,733.19
Net current assets / (liabilities)	Rs. Million	8,935.19	6,932.23	5,940.79	6,944.24	5,906.42	5,179.53
Long term / deferred liabilities	Rs. Million	871.50	758.83	854.51	968.41	644.89	675.06
Total assets	Rs. Million	18,860.16	16,901.62	16,743.82	16,424.70	14,606.23	12,898.08
Profitability Ratios							
Gross profit ratio	Percentage	26.24	26.83	28.54	27.48	22.16	18.48
Net profit to sales	Percentage	16.00	16.14	16.88	15.34	13.30	9.99
EBITDA margin to sales	Percentage	24.10	24.57	25.31	24.42	20.56	17.16
Operating leverage	Percentage	0.92	0.90	2.09	8.72	(8.37)	0.93
Return on equity	Percentage	38.11	36.30	35.70	29.77	28.06	26.00
Return on capital employed	Percentage	35.99	34.32	33.38	27.71	26.59	24.30
Liquidity Ratios							
Current ratio	Times	3.80	3.31	2.66	3.87	3.58	3.04
Quick / Acid test ratio	Times	2.27	1.92	1.26	2.07	1.77	1.70
Cash to current liabilities	Times	1.67	1.42	0.88	1.56	1.22	1.23
Cash flow from operations to sales	Times	0.14	0.21	0.16	0.18	0.11	0.20
Activity / Turnover Ratios							
Inventory turnover ratio	Times	5.33	5.12	3.72	4.22	4.63	6.03
No. of days in inventory	Days	68.48	71.29	98.12	86.49	78.83	60.53
Debtors turnover ratio	Times	21.04	23.94	23.21	25.78	24.52	27.91
No. of days in receivables	Days	17.35	15.25	15.73	14.16	14.89	13.08
Creditors turnover ratio	Times	9.14	7.93	5.37	8.03	9.13	9.33
No. of days in payables	Days	39.93	46.03	67.97	45.45	39.98	39.12
Total assets turnover ratio	Times	1.87	1.75	1.55	1.54	1.69	1.95
Fixed assets turnover ratio	Times	5.42	4.41	3.99	4.60	5.39	5.32
Operating cycle	Days	39.68	48.34	50.03	55.21	44.99	49.84
Investment / Market Ratios							
Earnings per share	Rupees	610.77	516.62	475.54	420.01	354.59	272.48
Price earning ratio	Times	11.87	13.07	14.30	20.87	25.52	41.12
Dividend yield ratio	Percentage	6.00	6.30	8.00	3.00	2.00	1.00
Dividend payout ratio	Percentage	69.58	82.27	115.66	69.05	39.48	49.54
Dividend cover ratio	Times	1.44	1.22	0.86	1.45	2.53	2.02
Cash dividend per share	Rupees	425.00	425.00	550.00	290.00	140.00	135.00
Stock Dividend (Bonus) per share	Percentage	-	-	-	-	-	-
Market value per share at the end of the year	Rupees	7,251.10	6,750.00	6,800.00	8,764.36	9,050.00	11,203.80
Market value per share during the year (High)	Rupees	7,400.00	8,814.00	8,764.36	9,100.00	12,000.00	12,600.00
Market value per share during the year (Low)	Rupees	5,500.00	6,555.95	6,500.00	6,800.00	8,400.00	6,365.00
Break-up value per share - Refer note below							
- Without surplus on revaluation of fixed assets	Rupees	1,602.56	1,423.09	1,331.92	1,411.10	1,263.89	1,048.18
- Including the effect of surplus on revaluation of fixed assets	Rupees	1,602.56	1,423.09	1,331.92	1,411.10	1,263.89	1,048.18
Capital Structure Ratios							
Financial leverage ratio	Times	-	-	-	-	-	-
Weighted average cost of debt	Percentage	11.36	7.70	6.66	6.66	7.41	10.65
Debt : Equity ratio	Times	-	-	-	-	-	-
Interest cover	Times	344.85	263.77	388.51	321.01	301.71	33.08

Note: The Company has not carried out any revaluation, hence there is no surplus on revaluation of fixed assets.

Summary of Cash Flow Statement

	2019	2018	2017	2016	2015	2014
	(Rupees in Thousand)					
Cash flows from operating activities	5,062,877	6,029,543	4,151,301	4,436,739	2,562,289	4,920,013
Cash used in investing activities	(28,689)	(60,986)	(623,239)	(744,923)	(1,584,858)	(410,928)
Cash used in financing activities	(3,967,502)	(4,855,257)	(4,167,556)	(2,689,496)	(1,306,852)	(1,450,576)
	1,066,686	1,113,300	(639,494)	1,002,320	(329,421)	3,058,509
Opening cash and cash equivalents	4,262,536	3,149,236	3,788,730	2,786,410	3,115,831	57,322
Closing cash and cash equivalents	5,329,222	4,262,536	3,149,236	3,788,730	2,786,410	3,115,831

Cash Flow Statement - Direct Method

	2019	2018	2017	2016	2015	2014
	(Rupees in Thousand)					
Cash flows from operating activities						
Cash received from customers	34,819,986	29,449,872	25,878,351	25,320,461	24,516,614	25,064,880
Cash paid to suppliers and employees	(27,577,860)	(21,460,606)	(19,960,200)	(19,262,533)	(20,443,465)	(19,072,748)
Taxes paid	(2,179,248)	(1,959,723)	(1,766,850)	(1,621,189)	(1,510,860)	(1,072,119)
Net cash flows from operating activities	5,062,877	6,029,543	4,151,301	4,436,739	2,562,289	4,920,013
Cash flows from investing activities						
Property, plant and equipment	(313,550)	(195,852)	(741,858)	(870,327)	(1,665,395)	(468,727)
Sale proceeds of property, plant and equipment	23,957	10,884	7,977	7,138	2,325	28,244
Disbursement of long term loans	(5,664)	(9,746)	(8,400)	(12,700)	(8,000)	(3,440)
Interest income received	257,606	125,353	111,404	123,665	82,006	30,047
Repayment from long term loans	8,962	8,375	7,638	7,301	4,206	2,948
Net cash used in investing activities	(28,689)	(60,986)	(623,239)	(744,923)	(1,584,858)	(410,928)
Cash flows from financing activities						
Dividend paid	(3,941,033)	(4,829,487)	(4,151,927)	(2,671,639)	(1,291,579)	(1,246,203)
Finance cost paid	(26,469)	(25,770)	(15,629)	(17,857)	(15,273)	(123,985)
Increase / (decrease) in short term running finances	-	-	-	-	-	(80,388)
Net cash used in financing activities	(3,967,502)	(4,855,257)	(4,167,556)	(2,689,496)	(1,306,852)	(1,450,576)
Net increase / (decrease) in cash and cash equivalents	1,066,686	1,113,300	(639,494)	1,002,320	(329,421)	3,058,509
Cash and cash equivalents at the beginning of the year	4,262,536	3,149,236	3,788,730	2,786,410	3,115,831	57,322
Effect of exchange rate fluctuations	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	5,329,222	4,262,536	3,149,236	3,788,730	2,786,410	3,115,831

Comments on Analysis Results

We have sustained our success by anticipating the future and continuously adapting ourselves to harness the opportunities. In 2019, we continued to invest on new concepts, building capacities and enhancing capabilities by investing Rs. 313.55 million on capital expenditure

The company embarked on a cost saving exercise to mitigate the pressure on cost, and continues its efforts to optimize production, improving plant yields, realize energy savings and focus on customer relationships as a source of new business opportunities.

Profitability Ratios

The company has succeeded to increase sales by 19% mainly attributable to increase in sales price. The gross profit also grew by 17% and after tax net Income by 18%. Return on equity 38.11% has also increased over 2018. Company maintained a good balance between dividend payout and retention of profit for investment to improve business capability.

Liquidity Ratios

The Company has maintained excellent current ratio 3.8 that increased slightly compared with last year mainly due to increase in stock in trade and increase in cash & bank balances. Cash to current liabilities ratio also increased as compared with last year.

Activity / Turnover Ratios

Our company have been strategically able to reduce its operating cycle as compared with last year mainly due to increase in inventory turnover ratio.

Investment / Market Ratios

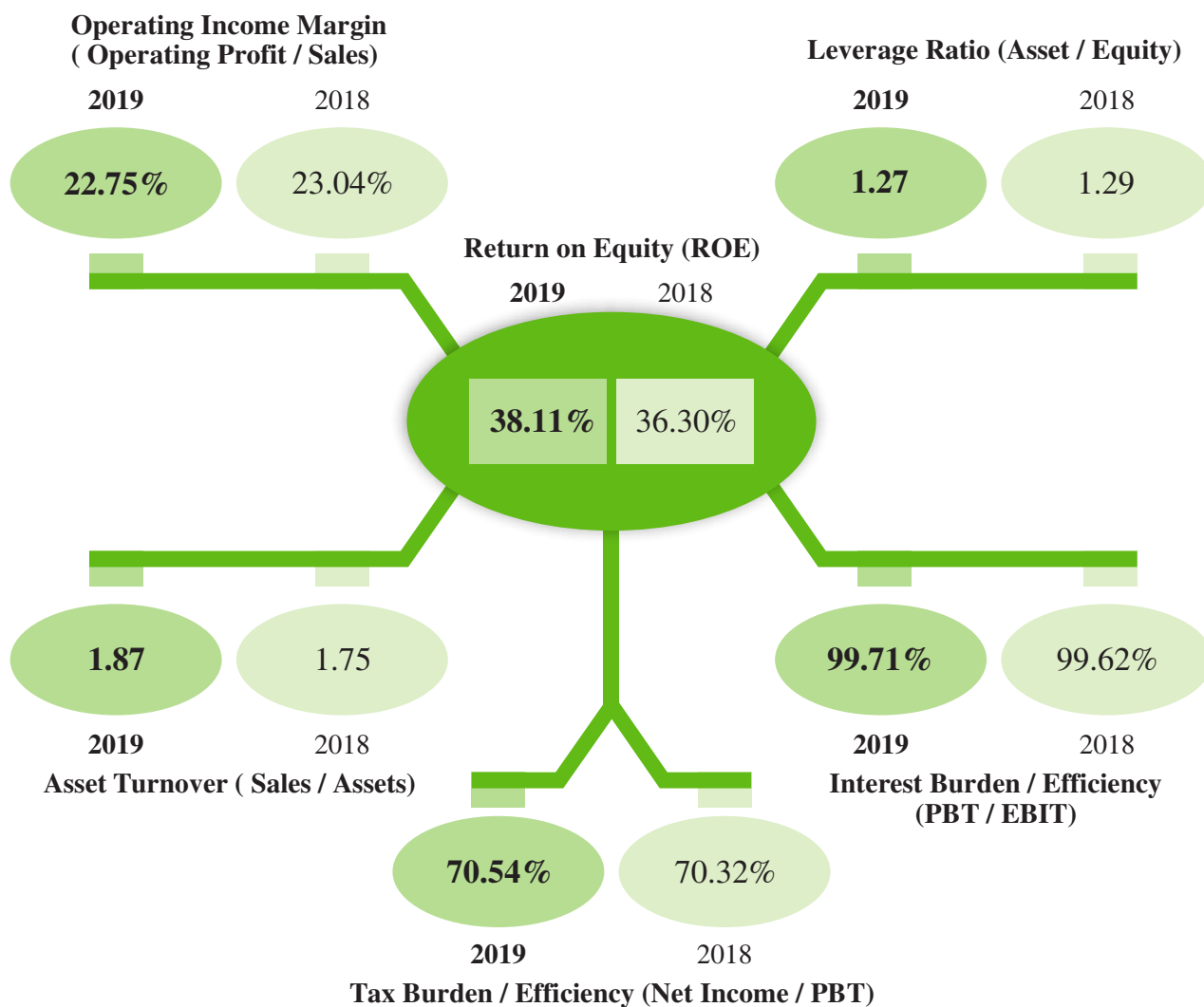
EPS of the company has increased by 18% due to reasons explained above.

Capital Structure Ratios

The company is fully operated on equity, no long term debt hence Debt to Equity ratio is zero.



DuPont Analysis



Leverage Ratio (Assets / Equity)

Decreased mainly due to increase in equity through profit earned during the period.

Interest Burden / Efficiency (PBT / EBIT)

Minor variance in line with last year.

Tax Burden / Efficiency (Net Income / PBT)

Minor variance in line with last year.

Asset Turnover (Sales / Assets)

Slight increase due to increase in revenue

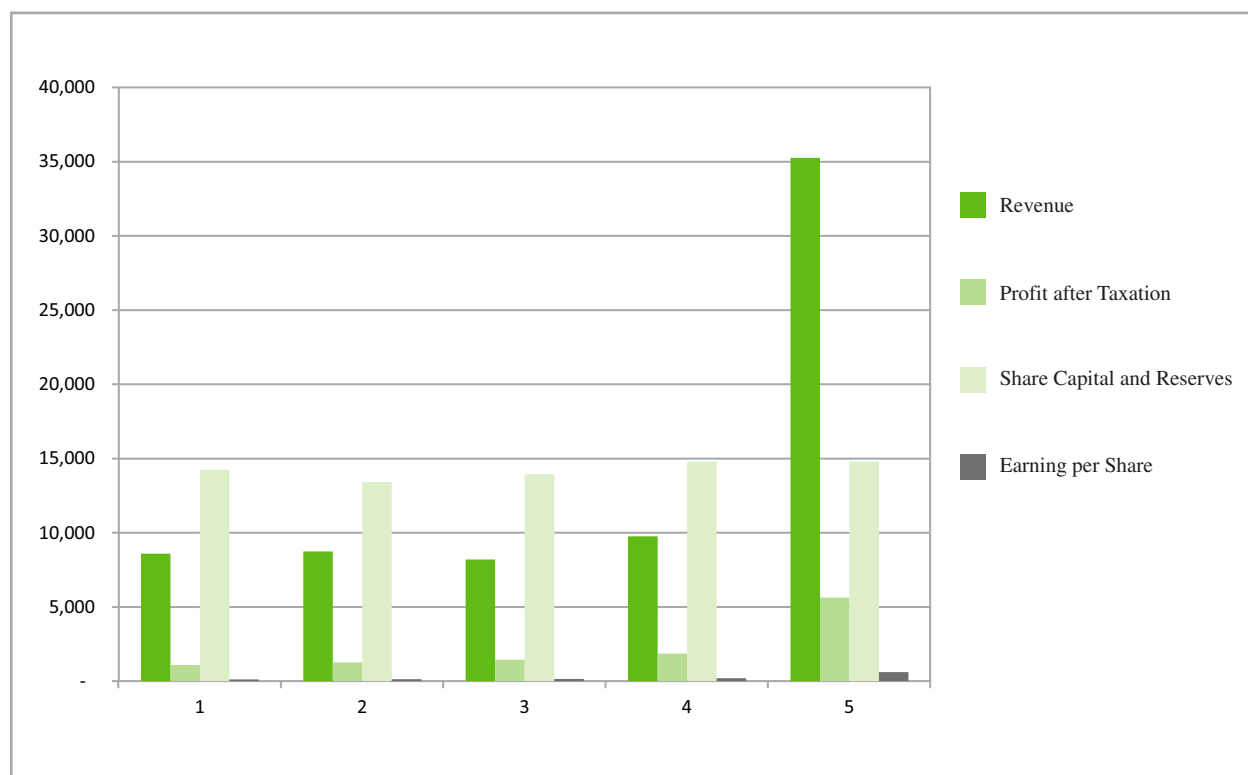
Operating Income Margin

Decreased slightly due to increase in cost of production.

Return on Equity (ROE)

Return on Equity is higher due to increase in net profit by 18% compared with last year.

Quarterly Analysis



	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
.....Rs Million.....					
Revenue	8,585	8,731	8,188	9,756	35,260
Profit after Taxation	1,086	1,261	1,445	1,849	5,641
Share Capital and Reserves	14,230	13,413	13,935	14,802	14,802
Earnings Per Share	117.54	136.54	156.49	200.20	610.77

Comments on variation in interim results and the manner in which each quarter contributed to the overall annual results.

Sales-Net

Sales revenue increased by 19% as compared to last year. This increase in revenue over the periods is mainly attributable to increase in sales price. Moreover, variation in sales revenue quarter to quarter is due to seasonal impact.

Profit after Taxation

Profit after Taxation increased by 18% in 2019 compared with last year. Growth in revenue is the main factor which contributed in growth in profit. Your Company has been able to sustain its net profit margin at 16% through efficient and economic utilisation of resources.

Share Capital and Reserves

Share capital and reserves increased by 13% against last year. Strategic decisions support us to maintain a persistent increase in Reserves. Your Company maintains a balance between distribution of profit among shareholders and amount retained for investment in capital projects for achieving growth in shareholders wealth.

Earnings per Share

Earnings per Share directly relate with respective changes in profit after tax during the year.

Sensitivity Analysis

The company is mainly dealing in US Dollars; hence sensitivity analysis has been made against USD only.

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, before tax profit for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors, foreign currency bank account and trade and other payables.

	2019 (Rupees in thousands)	2018
Effect on profit and loss		
US Dollar	19,231	13,310

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

Statement of Value Added and its Distribution

	2019 (Rupees in thousands)		2018	
VALUE ADDED				
Net sales	35,260,665		29,564,160	
Material and services	(24,696,828)		(20,376,661)	
Other income - net	389,185		255,066	
Foreign Exchange Gain / (Loss)	-		-	
	10,953,022		9,442,565	
DISTRIBUTION		%		%
EMPLOYEES REMUNERATION				
Salaries, wages and amenities	1,897,508	17.3	1,700,882	18.0
FINANCIAL CHARGES TO PROVIDERS OF FINANCE				
Finance Cost	23,257	0.2	25,822	0.3
GOVERNMENT AS TAXES				
Tax	2,355,606	21.5	2,013,519	21.3
Workers profit participation fund	399,867	3.7	339,235	3.6
Workers welfare fund	154,707	1.4	132,803	1.4
	2,910,180	26.6	2,485,557	26.3
SHAREHOLDERS AS DIVIDEND				
Cash Dividend	3,925,483	35.8	3,925,483	41.6
Donations	4,844	0.0	6,252	0.1
Depreciation / amortization	474,908	4.3	452,347	4.8
Retained profit	1,715,842	15.7	846,222	9.0
	2,191,750	20.0	1,298,569	13.8
	10,953,022	100	9,442,565	100

Independent Auditor's Review Report

To the members of Rafhan Maize Products Co. Limited
Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019



We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Rafhan Maize Products Co. Limited for the year ended 31 December 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in paragraph 2 of the Statement of Compliance that the Company is in the process of getting a waiver from the requirement of Regulation 6(1) of CCG Regulations 2019, regarding minimum number of independent directors.



KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore
March 31, 2020

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019 - Year Ended December 31, 2019

The company has complied with the requirements of the Regulations in the following manner:

- 1) The total number of directors are 11 as per the following:
 - a. Male: Ten (10)
 - b. Female: One (1)

- 2) The composition of board is as follows:

Category	Names
i. Independent Directors	Tabish Gauhar Tahir Jawaid
ii. Non-Executive Directors	Pierre Perez y Landazuri James D. Gray Marcel Hergett Zulfikar Mannoo Mian M. Adil Mannoo Wisal A. Mannoo
iii. Executive Directors	Usman Qayyum Muhammad Asdaf
iv. Female Director	Janet M. Bawcom

The Company has filed an application for seeking a waiver from the requirement of Regulation 6 of CCG regulations 2019, regarding minimum number of independent directors.

- 3) The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 4) 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;
- 5) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
- 6) All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 7) 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

- 8) The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

- 9) The Board has arranged Directors' Training program for the following:

Name of Director	Month of Completion
Pierre Perez y Landazuri	February, 2019
James D. Gray	February, 2019
Marcel Hergett	February, 2019

- 10) The Board has approved/ratified appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

- 11) Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

- 12) The Board has formed committees comprising of members given below:

a) Audit Committee

Tabish Gauhar	Chairman
James D. Gray	Member
Marcel Hergett	Member
Janet M. Bawcom	Member
Zulfikar Mannoo	Member

b) HR and Remuneration Committee

Tahir Jawaid	Chairman
Pierre Perez y Landazuri	Member
Usman Qayyum	Member
Janet M. Bawcom	Member
Zulfikar Mannoo	Member

- 13) The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

- 14) The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

- a) Audit Committee: Four quarterly meetings during the financial year ended December 31, 2019.

- b) HR and Remuneration Committee: Three meetings during the financial year ended

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019 - Year Ended December 31, 2019

- 15) The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
- 16) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC)) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
- 17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18) We confirm that all other requirements of the Regulations 3, 7, 8, 27, 32, 33 and 36 have been complied with. However, the Company has filed an appeal for seeking a waiver from the requirement of Regulation 6(1) of CCG Regulations 2019, regarding minimum number of independent directors.



Usman Qayyum
Chief Executive and
Managing Director



Pierre Perez y Landazuri
Chairman

February 21, 2020

Independent Auditor's Report

To the members of Rafhan Maize Products Co. Limited
Report on the audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Rafhan Maize Products Co. Limited** (“the Company”), which comprise of the statement of financial position as at 31 December 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
	Revenue recognition	Our audit procedures included the following:
1)	Refer to note 23 to the financial statements and the accounting policy in note 4.1.1 and 4.11 to the financial statements. The Company recognized revenue of Rs. 35,260 million (2018: Rs. 29,564 million) from contracts with customers, during the year ended 31 December 2019. Company has adopted IFRS 15 “Revenue from Contracts with Customers” during the year. IFRS 15 provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new	<ul style="list-style-type: none">● Obtaining an understanding of the process relating to recording of revenue from contract with customers and testing the design, implementation and operating effectiveness of relevant key internal controls;● Assessing the appropriateness of the Company's revenue accounting policies and compliance of those policies with applicable financial reporting standard;● Obtaining an understanding of the types of contracts with the Company's customers and comparing on a sample basis, revenue

Independent Auditor's Report

To the members of Rafhan Maize Products Co. Limited
Report on the audit of the Financial Statements

S.No.	Key audit matter(s)	How the matter was addressed in our audit
	<p>Standard is to recognise revenue as performance obligations are fulfilled rather than based on the transfer of risk and rewards. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and due to the risk associated with the judgement in determining the timing of the transfer of control of goods.</p>	<ul style="list-style-type: none">● transactions recorded during the year and around the year end with the sales orders, sales invoices, delivery notes and other relevant underlying documents to assess whether the revenue was recorded in accordance with the five step approach of IFRS 15 in appropriate financial reporting period;● inspecting, on a sample basis, credit notes issued during and around the year end to evaluate whether the variable elements of revenue from contract with customers had been accurately recorded in the appropriate financial reporting period; and● Scanning for any manual journal entries relating to revenue recorded during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. Other information comprises of the information included in the annual report for the year ended **31 December 2019**, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and board of directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

To the members of Rafhan Maize Products Co. Limited
Report on the audit of the Financial Statements

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

To the members of Rafhan Maize Products Co. Limited
Report on the audit of the Financial Statements

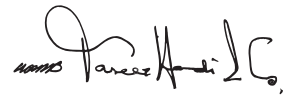
Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Fahad Bin Waheed.

Lahore
March 31, 2020

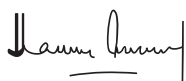

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Financial Position

As at 31 December 2019

		2019	2018
	Note	(Rupees in thousands)	
<u>Non-current assets</u>			
Property, plant and equipment	5	6,607,175	6,764,602
Employees retirement benefits	6	88,701	161,551
Long term loans	7	7,522	9,872
Long term deposits		34,844	34,852
		6,738,242	6,970,877
<u>Current assets</u>			
Stores and spares	8	820,899	751,498
Stock in trade	9	4,054,883	3,422,783
Trade debts	10	1,675,573	1,234,886
Loans and advances	11	121,794	111,085
Short term prepayments	12	77,076	111,484
Other receivables	13	42,469	36,466
Cash and bank balances	14	5,329,222	4,262,536
		12,121,916	9,930,738
<u>Current liabilities</u>			
Contract liabilities	15	227,358	337,342
Trade and other payables	16	2,617,924	2,359,422
Lease liability	17	5,211	-
Unpaid dividend		10,344	25,126
Unclaimed dividend		14,057	14,824
Mark-up accrued on short term running finances		1,062	52
Provision for taxation - net		310,766	261,739
		3,186,722	2,998,505
Working capital		8,935,194	6,932,233
Total capital employed		15,673,436	13,903,110
<u>Non-current liabilities</u>			
Deferred taxation	18	871,499	758,830
Net capital employed		14,801,937	13,144,280
<u>Represented by:</u>			
<u>Share capital and reserves</u>			
Share capital	19	92,364	92,364
Reserves	20	14,709,573	13,051,916
Contingencies and commitments	21	14,801,937	13,144,280

The annexed notes 1 to 43 form an integral part of these financial statements.



Muhammad Asdraf
Director



Usman Qayyum
Chief Executive &
Managing Director



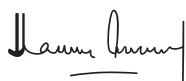
Zulfikar Manno
Director

Statement of Profit or Loss

For the year ended 31 December 2019

		2019	2018
	Note	(Rupees in thousands)	
Sales - net	23	35,260,665	29,564,160
Cost of sales	24	(26,007,013)	(21,630,676)
Gross profit		9,253,652	7,933,484
Distribution expenses	25	(491,958)	(438,571)
Administrative expenses	26	(576,117)	(466,895)
Other income	27	389,185	255,066
Other expenses	28	(554,574)	(472,038)
		(1,233,464)	(1,122,438)
Operating profit		8,020,188	6,811,046
Finance cost	29	(23,257)	(25,822)
Profit before taxation		7,996,931	6,785,224
Taxation	30	(2,355,606)	(2,013,519)
Profit after taxation		5,641,325	4,771,705
Earnings per share - basic and diluted (Rupees)	31	610.77	516.62

The annexed notes 1 to 43 form an integral part of these financial statements.



Muhammad Asdaf
Director



Usman Qayyum
Chief Executive &
Managing Director



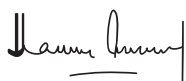
Zulfikar Manno
Director

Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	2019 (Rupees in thousands)	2018
Profit for the year		5,641,325	4,771,705
<u>Other comprehensive loss for the year</u>			
<i>Items that will not be reclassified to profit and loss:</i>			
Actuarial loss on retirement benefits	6.3	(72,849)	(17,429)
Deferred tax on actuarial loss	18.1	14,664	13,308
		(58,185)	(4,121)
Total comprehensive income for the year		5,583,140	4,767,583

The annexed notes 1 to 43 form an integral part of these financial statements.



Muhammad Asdaf
Director



Usman Qayyum
Chief Executive &
Managing Director



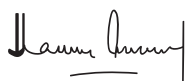
Zulfikar Manno
Director

Statement of Cash Flows

For the year ended 31 December 2019

	Note	2019 (Rupees in thousands)	2018
<u>Cash flows from operating activities</u>			
Cash generated from operations	32	7,309,903	8,037,713
Taxes paid		(2,179,248)	(1,959,723)
Employees retirement benefits paid		(67,778)	(48,447)
		(2,247,026)	(2,008,170)
Net cash generated from operating activities		5,062,877	6,029,543
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(313,550)	(195,852)
Proceeds from sale of property, plant and equipment		23,957	10,884
Long term loans disbursed		(5,664)	(9,746)
Interest received		257,606	125,353
Receipt from long term loans disbursed		8,962	8,375
Net cash used in investing activities		(28,689)	(60,986)
<u>Cash flows from financing activities</u>			
Dividend paid		(3,941,033)	(4,829,487)
Repayment of lease liability		(4,964)	-
Finance cost paid		(21,505)	(25,770)
Net cash used in financing activities	39	(3,967,502)	(4,855,257)
Net increase in cash and cash equivalents		1,066,686	1,113,300
Cash and cash equivalents at the beginning of the year		4,262,536	3,149,236
Cash and cash equivalents at the end of the year	14	5,329,222	4,262,536

The annexed notes 1 to 43 form an integral part of these financial statements.



Muhammad Asdaf
Director



Usman Qayyum
Chief Executive &
Managing Director



Zulfikar Manno
Director

Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital	Capital Reserves		Revenue Reserves		Total
		Share premium	Other	General	Un-appropriated profit	
------(Rupees in thousands)-----						
Balance as at 31 December 2017	92,364	36,946	941	207	12,171,721	12,302,179
<u>Total comprehensive income</u>						
Profit for the year	-	-	-	-	4,771,705	4,771,705
Other comprehensive loss	-	-	-	-	(4,121)	(4,121)
	-	-	-	-	4,767,583	4,767,583
<u>Transactions with owners of the Company</u>						
<u>recognized directly in equity</u>						
Final dividend 2017 (Rs. 125 per share)	-	-	-	-	(1,154,554)	(1,154,554)
Ist interim dividend 2018 (Rs. 100 per share)	-	-	-	-	(923,643)	(923,643)
2nd interim dividend 2018 (Rs. 100 per share)	-	-	-	-	(923,643)	(923,643)
3rd interim dividend 2018 (Rs. 100 per share)	-	-	-	-	(923,643)	(923,643)
	-	-	-	-	(3,925,483)	(3,925,483)
Balance as at 31 December 2018	92,364	36,946	941	207	13,013,822	13,144,279
<u>Total comprehensive income</u>						
Profit for the year	-	-	-	-	5,641,325	5,641,325
Other comprehensive loss	-	-	-	-	(58,185)	(58,185)
	-	-	-	-	5,583,140	5,583,140
<u>Transactions with owners of the Company</u>						
<u>recognized directly in equity</u>						
Final dividend 2018 (Rs. 125 per share)	-	-	-	-	(1,154,554)	(1,154,554)
Ist interim dividend 2019 (Rs. 100 per share)	-	-	-	-	(923,643)	(923,643)
2nd interim dividend 2019 (Rs. 100 per share)	-	-	-	-	(923,643)	(923,643)
3nd interim dividend 2019 (Rs. 100 per share)	-	-	-	-	(923,643)	(923,643)
	-	-	-	-	(3,925,483)	(3,925,483)
Balance as at 31 December 2019	92,364	36,946	941	207	14,671,479	14,801,937

The annexed notes 1 to 43 form an integral part of these financial statements.



Muhammad Asdraf
Director



Usman Qayyum
Chief Executive &
Managing Director



Zulfikar Manno
Director

Notes to the Financial Statements

For the year ended 31 December 2019

1 Corporate and general information

- 1.1** Rafhan Maize Products Co. Limited ("the Company") was incorporated in Pakistan and was subsequently listed on Pakistan Stock Exchange Limited. Ingredion Incorporated Chicago, U.S.A., holds majority shares of the Company. The registered office of the Company is situated at Rakh Canal, East Road, Faisalabad. The Company uses maize as the basic raw material to manufacture and sell a number of industrial products, principal ones being industrial starches, liquid glucose, dextrose, dextrin and gluten meals.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

- Head office, Registered office and Plant 1: Rakh Canal, East Road, Faisalabad
- Regional office: Finlay House, I.I. Chundrigar Road, Karachi
- Plant 2: Cornwala Plant, 5-KM Jaranwala-Khurrianwala Road, Jaranwala
- Plant 3: Mehran Plant, K.B. Feeder Road, Kotri, Jamshoro

2 Basis of preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Provisions of and directives issued under Companies Act, 2017.

In case requirements of provisions and directives issued under the Companies Act, 2017, differ from requirements of IFRSs and IFASs, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for:

- certain foreign currency translation adjustments;
- recognition of employee retirement benefits at present value; and
- derivative financial instruments.

Notes to the Financial Statements

For the year ended 31 December 2019

3 New standards amendments to approved accounting standards and interpretations which became effective during the year ended 31 December 2019

3.1 The Company has adopted IFRS 15 'Revenue from Contracts with Customers', IFRS 9 'Financial Instruments' and IFRS 16 'Leases' from 01 January 2019. The impact of the adoption of these standards and the new accounting policies are explained in note 4.1 below. A number of other new standards are effective from 01 January 2019 but they do not have material effect on the Company's financial statements.

3.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The amendment is not likely to have an impact on the Company's financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

4 Significant accounting policies:

The accounting policies adopted for the preparation of the financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2018, except for those disclosed in note 4.1 of these financial statements.

4.1 Change in significant accounting policies

The Company has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' from 01 January 2019.

Due to the transition method chosen by the Company in applying these standards, comparative information throughout these financial statements has not been generally restated or was not required to be reported to reflect its requirements.

Notes to the Financial Statements

For the year ended 31 December 2019

The details of new significant accounting policies adopted, the nature and effect of the changes from previous accounting policies are set out below:

4.1.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

The Company manufactures and contracts with customers for the sale of a number of industrial products, principal ones being industrial starches, liquid glucose, dextrose, dextrin and gluten meals. These are sold to various corporate and individual customers and generally include a single performance obligation. The Company has adopted IFRS 15 using cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 01 January 2019). Customer obtains control of the goods when the goods are either dispatched from the Company's factory premises or when the goods are delivered to and have been accepted at their premises, depending upon the terms of the contracts with the customers. The revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. The amount of revenue recognised is adjusted for discounts extended to the customer.

The approach is generally consistent with the timing and amounts of revenue recognised by the Company in accordance with the previous accounting standard, IAS 18. Therefore, the adoption of IFRS 15 did not have a material impact on the timing and amounts of revenue recognized by the Company. The application of IFRS 15 as at 01 January 2019 also had no impact on the financial position and financial performance of the Company except for certain disclosure requirements, where necessary. Similarly, there was no adjustment to retained earnings on application of IFRS 15 as at 01 January 2019. However, advances from customers which were previously presented within trade and other payables are now presented as a separate line item in the statement of financial position as 'contract liabilities'.

4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted, the nature and the effect of the changes to the previous accounting policies are set out below:

4.1.2.1 *Classification and measurement of financial assets and financial liabilities*

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for the financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive income ("FVOCI"), or through profit or loss ("FVTPL"); and

Notes to the Financial Statements

For the year ended 31 December 2019

- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of business model within which a financial asset is held; and
- The designation of certain financial assets with respect to subsequent measurement either through profit or loss or other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following condition:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including an interest / markup or dividend income, are recognised in statement of profit or loss.
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Financial assets at amortised cost	These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income, foreign exchange gains, losses and impairment are recognised in statement of profit or loss.
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Notes to the Financial Statements

For the year ended 31 December 2019

Debt investment at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Other net gains and losses are recognised in statement of comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 January 2019.

	Original Classification under IAS 39	New classification under IFRS 9	Original carrying amount IAS 39	New carrying amount under IFRS 9
----- (Rupees in thousands) -----				
Long term loans	Loans and receivables	Amortised cost	18,439	18,439
Trade debts	Loans and receivables	Amortised cost	1,234,886	1,234,886
Other receivables	Loans and receivables	Amortised cost	36,466	36,466
Cash and bank balances	Loans and receivables	Amortised cost	4,262,536	4,262,536
Long term deposits	Loans and receivables	Amortised cost	34,852	34,852

4.1.2.3 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to the financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The Company applies the simplified approach of IFRS 9 for measuring expected credit losses which uses a lifetime expected loss allowance for all receivables and contract assets. Impairment losses related to receivables including contract assets, are presented separately in the statement of profit or loss. Receivables including contract assets are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. This includes both qualitative and quantitative information and analysis, based on historical experience and informed credit risk assessment including forward looking information.

Notes to the Financial Statements

For the year ended 31 December 2019

As the Company's majority of financial assets are secured against security deposits or letter of credits and have good collection history with no significant historical loss rates / bad debts.

Therefore, the shift from an incurred loss model to an expected loss model did not resulted in additional impairment as at 01 January 2019. Additional impairment about how Company measures the allowance for impairment is described in note 33.2.2 to the financial statements.

4.1.3 IFRS 16 - Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Company, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Company has applied IFRS 16 using the modified retrospective approach as at 01 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of changes in accounting policies are disclosed below.

As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company now recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use assets in 'property, plant and equipment' as a separate line item with the same classification of underlying assets of the same nature that it owns.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprise of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The right to use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use asset are determined on the same as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right of use asset is disclosed in the property, plant and equipment as referred in note 5 to these financial statements.

The Company has applied judgement to determine the lease term for lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Notes to the Financial Statements

For the year ended 31 December 2019

Transition

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 01 January 2019, if any.

Previously, the Company classified property leases as operating leases under IAS 17. This mainly include Company's regional office located in Karachi, Pakistan having a lease term of 3 years from the date of contract. The lease includes an option to renew the lease for an additional period after the end of the contracted period.

At transition, for lease classified as operating lease under IAS 17, lease liability was measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 01 January 2019. Right of use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments if any.

The Company discounted the lease payments using its incremental borrowing rate which was 10.88 percent at the date of transition i.e. 01 January 2019.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Did not recognize right of use asset and liabilities for leases where the lease term ends within 12 months of the date of the initial application.
- Did not recognize right of use assets and liabilities for leases of low value lease

Impact on financial statements

**01 January
2019**

Rupees '000'

The impact on transition is summarised below:

Right-of-use assets presented in property, plant and equipment	9,436
Lease liability	9,436

The impact on financial statements for the year ended 31 December 2019 is as follows:

Right of use asset:

Rupees '000'

Right of use asset recognised as at 01 January 2019	9,436
Less: Depreciation charged to profit or loss	(4,718)
Right of use asset recognised as at 31 December 2019	<u><u>4,718</u></u>

Notes to the Financial Statements

For the year ended 31 December 2019

Lease liability:

	Rupees '000'
Lease liability recognised as at 01 January 2019	9,436
Add: Interest cost charged to profit or loss	739
Less: Repayment of lease liability	(4,964)
Lease liability recognised as at 31 December 2019	<u>5,211</u>
Expenses relating to low value leases recognised in profit or loss	<u>94</u>

4.1.3.1 Reconciliation of operating lease commitments under IAS 17 with lease liabilities at the date of transition:

	Rupees '000'
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Company's financial statements	<u>10,425</u>
Operating lease commitments discounted using the Company's incremental borrowing rate at 01 January 2019	<u>9,436</u>
Lease liability recognised at 01 January 2019	<u>9,436</u>

4.2 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost of certain property, plant and equipment comprises of historical cost, exchange differences recognized for the acquisition of property, plant and equipment up to the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken, if any, for specific projects.

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to profit or loss over its estimated useful life after taking into account the residual value, if material. Depreciation is charged on addition if the asset is available for use within first fifteen days of a month, otherwise it is made from subsequent month. No depreciation is charged on an asset in the month of disposal. The rate of depreciation is specified in Note 5.1 to these financial statements.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

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

Leased

The Company has initially applied IFRS 16 from 01 January 2019. Information about the Company's accounting policy regarding recognition, initial and subsequent measurement of right of use assets have been explained in note 4.1.3 of the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2019

Capital work-in-progress

Capital work in progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.3 Intangibles

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangibles having finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

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 profit or loss as incurred.

4.4 Employees retirement benefits

The Company's retirement benefit plans comprise of provident fund, pension and gratuity schemes for eligible retired employees.

Defined benefit plans

The Company operates a funded gratuity scheme for all its employees and an approved pension fund for officers and above-grade employees. The eligibility for both the funds is a service period of minimum 10 years. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. The Company recognizes expense in accordance with IAS 19 'Employee Benefits'.

The contributions have been made to pension and gratuity funds in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at 31 December 2019.

Past-service costs are recognized immediately in profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Notes to the Financial Statements

For the year ended 31 December 2019

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) 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 (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plans

The Company operates a defined contribution approved provident fund for all its eligible employees, in which the Company and the employees make equal monthly contributions at the rate of 14% of basic salary including dearness allowance of employees.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

4.5 Stores and spares

These are valued at lower of cost, which is calculated according to moving average method, and net realizable value. Stores in transit are valued at invoice value including other charges, if any, incurred thereon.

4.6 Stocks in trade

These are stated at the lower of cost and estimated net realizable value.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, and valuation has been determined as follows:

Raw materials	Weighted average cost
Work-in-process and finished goods	Cost of direct materials, labor and appropriate manufacturing overheads.

Stock in transit is valued at a cost, comprising invoice value plus other charges invoiced there on.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale (selling expenses).

4.7 Financial instruments

The Company has initially applied IFRS 9 from 01 January 2019. Information about the Company's accounting policies regarding classification, subsequent measurement and impairment relating to financial instruments is provided in note 4.1.2.

Notes to the Financial Statements

For the year ended 31 December 2019

4.7.1 Derecognition

4.7.1.1 *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

4.7.1.2 *Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4.7.1.3 *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.7.2 Derivative financial instruments

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

4.8 Impairment of non financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, 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 higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually

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are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit, or CGU”).

The Company’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment loss recognized in prior periods is 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 the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.9 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

4.10 Contingent liabilities

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.

4.11 Revenue recognition

Revenue from contracts with customers

Revenue represents the fair value of the consideration received or to be received from the sale of goods, net of sales tax, sales return and related discounts. Revenue is measured based on the consideration specified in a contract with customer. The Company recognises revenue when it transfers control of the goods. The customers obtain control when the goods are either dispatched or delivered to them and have been accepted at their premises. Invoices are generated at that point in time. Trade discounts are provided to certain customers for specified products. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.

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Interest

Return on bank deposits and debt instrument is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.12 Leases

The Company is a lessee.

The Company has initially applied IFRS 16 from 01 January 2019. Information about the Company's accounting policy regarding recognition, initial and subsequent measurement of lease liabilities have been explained in note 4.1.3 of the financial statements.

4.13 Compensated absences

The Company accounts for compensated absence on the basis of unavailed earned leave balance of each employee at the end of the year.

4.14 Borrowings and their cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.15 Foreign currency translation

Transactions denominated in foreign currencies are translated into Pak Rupees, at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the profit or loss.

4.16 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

Notes to the Financial Statements

For the year ended 31 December 2019

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.17 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.18 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

	Note	2019 (Rupees in thousands)	2018
5 Property, plant and equipment			
Operating property, plant and equipment	5.1	6,504,400	6,706,841
Capital work in progress	5.2	102,775	57,761
		6,607,175	6,764,602

5.1 Operating property, plant and equipment

	Leased	Owned assets						
	Leasehold building	Freehold land	Factory building on freehold land	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Total
	----- (Rupees in thousands) -----							
Cost								
Balance at 01 January 2018	-	386,717	2,567,720	7,574,444	66,666	148,666	58,806	10,803,019
Additions	-	-	28,780	563,164	7,910	42,537	859	643,250
Disposals	-	-	-	(11,015)	(267)	(10,835)	(399)	(22,516)
Balance at 31 December 2018	-	386,717	2,596,500	8,126,593	74,309	180,368	59,266	11,423,753
Balance at 01 January 2019	-	386,717	2,596,500	8,126,593	74,309	180,368	59,266	11,423,753
Recognition of right-of-use asset on initial application of IFRS 16	9,436	-	-	-	-	-	-	9,436
Adjusted balance as at 01 January 2019	9,436	386,717	2,596,500	8,126,593	74,309	180,368	59,266	11,433,189
Additions	-	-	80,992	148,892	3,833	27,462	7,357	268,536
Disposals	-	-	(2,193)	(27,983)	(7,485)	(30,800)	(3,889)	(72,350)
Balance at 31 December 2019	9,436	386,717	2,675,299	8,247,502	70,657	177,030	62,734	11,629,375
Rate of depreciation - %age	50%	-	4%	5-10%	20%	20%	25%	
Accumulated depreciation								
Balance at 01 January 2018	-	-	1,505,738	2,568,750	54,963	105,847	45,776	4,281,074
Depreciation	-	-	51,716	375,892	4,663	14,448	5,628	452,347
Disposals	-	-	-	(11,015)	(267)	(4,828)	(399)	(16,509)
Balance at 31 December 2018	-	-	1,557,454	2,933,627	59,359	115,467	51,005	4,716,912
Balance at 01 January 2019	-	-	1,557,454	2,933,627	59,359	115,467	51,005	4,716,912
Depreciation	4,718	-	52,013	388,365	4,915	20,504	5,393	475,908
Disposals	-	-	(2,193)	(27,074)	(7,485)	(27,204)	(3,889)	(67,845)
Balance at 31 December 2019	4,718	-	1,607,274	3,294,918	56,789	108,767	52,509	5,124,975
Carrying amounts								
At 31 December 2018	-	386,717	1,039,046	5,192,966	14,950	64,901	8,261	6,706,841
At 31 December 2019	4,718	386,717	1,068,025	4,952,584	13,868	68,263	10,225	6,504,400

Notes to the Financial Statements

For the year ended 31 December 2019

- 5.1.1** The cost of fully depreciated assets which are still in use is Rs.1,304,199 thousands (2018: Rs. 1,264,275 thousands).

	2019 (Rupees in thousands)	2018
5.1.2 Depreciation is allocated as under:		
Cost of sales	450,860	435,276
Distribution cost	13,777	5,811
Administrative expenses	11,271	11,260
	475,908	452,347

- 5.1.3** Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Total area (square feet)
Rakh Canal Plant	Rakh Canal East Road, Faisalabad	804,172
Cornwala Plant	5-KM Jaranwala-Khurrianwala Road, Jaranwala	5,368,492
Mehran Plant	K.B.Feeder Road, Kotri, Jamshoro	2,220,210
Makkuana Godown	Near makkuana bypass, Faisalabad	1,172,798
Summandri Godown	Summandri Road, Faisalabad	505,904

Freehold building and plant and machinery are located on above mentioned freehold land.

5.2 Capital work in progress

	Waste water treatment project	Others	2019	2018
	(Rupees in thousands)			
Land - note 5.2.1	-	6,814	6,814	6,814
Civil works and buildings	-	907	907	8,913
Plant and machinery - note 5.2.2	59,826	30,490	90,316	30,062
Advances	586	4,134	4,720	11,894
Machinery in transit	-	18	18	78
2019	60,412	42,363	102,775	57,761
2018	25,435	32,326		

- 5.2.1** This represents full payment of Rs. 1,814 thousands (2018: Rs. 1,814 thousands) and legal cost incurred Rs. 5,000 thousands (2018: Rs. 5,000 thousands) for the Company's factory land in Faisalabad which was acquired from the Government in 1953 but registration of title is still pending in the name of the Company.

- 5.2.2** Plant and machinery includes markup amounting to Rs. 411 thousands (2018: Rs. 94 thousands) calculated at the rates ranging from 10.76% to 14.36% (2018: 6.55% to 9.32%) per annum.

	Note	2019 (Rupees in thousands)	2018
6 Employees retirement benefits			
Gratuity	6.1	49,239	108,293
Pension	6.1	39,462	53,258
		88,701	161,551

Notes to the Financial Statements

For the year ended 31 December 2019

6.1 Movements in the net assets recognized in the statement of financial position are as follows:

	Gratuity		Pension	
	2019	2018	2019	2018
	------(Rupees in thousands)-----			
Net assets at the beginning of the year	108,293	134,004	53,258	44,976
Expenses recognized	(50,120)	(32,235)	(17,659)	(16,212)
Contribution paid during the year	50,120	32,235	17,659	16,212
Actuarial (loss) / gain recognized	(59,054)	(25,711)	(13,796)	8,282
Net assets at the end of the year	49,239	108,293	39,462	53,258

6.2 The amounts recognized in the profit or loss are as follows:

	Gratuity		Pension	
	2019	2018	2019	2018
	------(Rupees in thousands)-----			
Current service cost	(52,292)	(44,216)	(22,193)	(20,295)
Interest cost	(96,596)	(63,736)	(69,208)	(50,987)
Interest income on plan assets	98,768	75,717	73,742	55,070
	(50,120)	(32,235)	(17,659)	(16,212)

6.3 The amounts recognised in other comprehensive income are as follows:

	Gratuity		Pension	
	2019	2018	2019	2018
	------(Rupees in thousands)-----			
Remeasurements of plan obligation from:				
- Change in financial assumptions	(305)	(3,103)	(25,847)	30,279
- Experience adjustment on obligation	(3,820)	15,855	37,235	659
	(4,125)	12,752	11,388	30,938
Remeasurements of plan assets:				
- Actual net return on plan assets	56,045	42,647	55,463	34,385
- Interest income on plan assets	(98,768)	(75,717)	(73,742)	(55,070)
- Experience adjustment	(12,206)	(5,393)	(6,905)	(1,971)
	(54,929)	(38,463)	(25,184)	(22,656)
	(59,054)	(25,711)	(13,796)	8,282

6.4 The amounts recognized in the statement of financial position are as follows:

	Gratuity		Pension	
	2019	2018	2019	2018
	------(Rupees in thousands)-----			
Present value of the obligation	(754,611)	(699,276)	(606,213)	(555,185)
Fair value of plan assets	803,850	807,569	645,675	608,443
Net assets	49,239	108,293	39,462	53,258

Notes to the Financial Statements

For the year ended 31 December 2019

	Gratuity		Pension	
	2019	2018	2019	2018
	------(Rupees in thousands)-----			
6.5 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation as at the beginning of the year	(699,276)	(685,297)	(555,185)	(539,465)
Current service cost	(52,292)	(44,216)	(22,193)	(20,295)
Interest cost	(96,596)	(63,736)	(69,208)	(50,987)
Actual benefits paid during the year	97,678	81,221	28,985	24,624
Actuarial (loss) / gain on obligation	(4,125)	12,752	11,388	30,938
Present value of defined benefit obligation as at the end of the year	(754,611)	(699,276)	(606,213)	(555,185)
6.6 Movement in fair value of plan assets				
Fair value of plan asset as at the beginning of the year	807,569	819,301	608,443	584,441
Interest income on plan assets	98,768	75,717	73,742	55,070
Actual benefits paid during the year	(97,678)	(81,221)	(28,985)	(24,624)
Actual contribution by the employer- normal	50,120	32,235	17,659	16,212
Net return on plan assets over interest income	(54,929)	(38,463)	(25,184)	(22,656)
Fair value of plan asset as at the end of the year	803,850	807,569	645,675	608,443
6.7 Actual return on plan assets				
Expected return on plan assets	98,768	75,717	73,742	55,070
Net deficit on plan assets over interest income	(54,929)	(38,463)	(25,184)	(22,656)
	43,839	37,254	48,558	32,414
6.8 Plan assets comprise				
Pakistan Investment Bonds (PIBs)	136,212	-	89,243	7,283
Mutual funds	5	228,477	5	98,838
Treasury Bills (T-Bills)	656,413	559,562	545,321	469,391
Cash	11,220	19,530	11,106	32,931
	803,850	807,569	645,675	608,443
6.9 Analysis of Present value of defined benefit obligation				
<i>Type of Members:</i>				
Management	451,549	459,978	-	-
Non-management	303,062	239,298	-	-
Active	-	-	319,746	301,724
Pensioners	-	-	286,467	253,461
	754,611	699,276	606,213	555,185
<i>Vested / non-vested:</i>				
Vested benefits	665,118	614,095	475,837	451,080
Non-vested benefits	89,493	85,181	130,376	104,105
	754,611	699,276	606,213	555,185

Notes to the Financial Statements

For the year ended 31 December 2019

	Gratuity		Pension	
	2019	2018	2019	2018
	(Rupees in thousands)			
<i>Type of Benefits:</i>				
Accumulated benefit obligation	306,240	299,886	447,676	416,669
Amounts attributed to future salary increases	448,371	399,390	158,537	138,516
	754,611	699,276	606,213	555,185

6.10 Disaggregation of fair value of plan assets

<i>Cash and cash equivalents (after adjusting current liabilities):</i>				
Quoted	11,220	19,530	11,106	32,931
<i>Investment in mutual funds:</i>				
Quoted	5	228,477	5	98,838
<i>Debt instruments:</i>				
Unquoted	792,625	559,562	634,564	476,674
Total fair value of plan assets	803,850	807,569	645,675	608,443

- 6.11** Plan assets does not include any investment in the Company's ordinary shares as at 31 December 2019 (2018: Nil).
- 6.12** Expected contributions to gratuity fund and pension fund for the year ending 31 December 2020 are Rs. 47,991 thousands and Rs.20,059 thousands respectively.
- 6.13** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at the beginning of the year.
- 6.14** The future contribution rates of these funds include allowances for deficit and surplus. Projected unit credit method is used for valuation of these funds based on the following significant assumptions:

	Gratuity Fund		Pension Fund	
	2019	2018	2019	2018
	(Rupees in thousands)			
Annual discount rate	11.75%	12.25%	11.75%	12.25%
Expected return on plan assets	9.00%	9.50%	9.00%	9.50%
Contribution rates (% of basic salaries)	13.17%	9.74%	6.80%	9.96%
Expected rate of growth per annum in future salaries:				
- First year following valuation	11.50%	10.00%	11.50%	10.00%
- Second year following valuation	11.00%	11.50%	11.00%	11.50%
- Third year following valuation	11.00%	11.50%	11.00%	11.50%
- Long term (fourth year following valuation and onwards)	11.00%	11.50%	11.00%	11.50%
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1

Notes to the Financial Statements

For the year ended 31 December 2019

No pension increase rate was assumed in respect of the existing as well as the prospective pensioners. The same assumption was used during the last valuation.

- 6.15** The weighted average duration of the defined benefit obligation is 9.66 years and 12.13 years (2018: 8.92 years and 11.70 years) for gratuity and pension funds respectively.
- 6.16** These defined benefit plans exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.
- 6.17** The main features of the employee retirement benefit schemes are as follows:
- Under the gratuity scheme, the normal retirement age in case of managers and officers is 63 years and 60 years in case of staff and workers. A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
 - Under pension scheme the member shall be entitled to pension, subject to conditions laid down in the rules, on reaching the normal retirement age, disability, early retirement or death in which case the surviving spouse shall be entitled.

Both the schemes are subject to the regulations laid down under the Income Tax Rules, 2002.

- 6.18** The implicit objective is that the contribution to the gratuity and pension schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

6.19 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

Change in assumptions		Impact on defined benefit obligation			
		Gratuity		Pension	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
(Rupees in thousands)					
Discount rate	0.5%	35,136	(37,922)	36,756	(40,848)
Salary growth rate	0.5%	(36,231)	33,894	(13,010)	12,235

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

2019 2018
(Rupees in thousands)

7 Long term loans - secured

Staff loans outstanding:

Executives	7.1	6,951	10,328
Other employees	7.3	8,190	8,111
		15,141	18,439
Current maturity	11	(7,619)	(8,567)
		7,522	9,872

Notes to the Financial Statements

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7.1 Loans to executives

	2019 (Rupees in thousands)	2018
Opening balance	10,328	12,026
Disbursement during the year	2,400	4,400
Recoveries during the year	(5,777)	(6,098)
Closing balance	6,951	10,328

7.2 Loan to executive represent car loan provided to executives in accordance with the Company's policy and are repayable in 48 equal installments. These loans are either secured against the employees' provident fund or the vehicle purchased against the loan which is under joint ownership of the employee and the Company. These loans are not recognized at present value since the impact of discounting is immaterial.

7.3 No loans were granted to the directors and chief executive officer of the Company.

7.4 Loans to other employees represent house building loans provided to employees in accordance with the Company's policy and are repayable over a period of five years. These loans are secured against the employees provident fund. Loans to employees carry interest at the rate of 8% (2018: 8 %) per annum.

8 Stores and spares

	Note	2019 (Rupees in thousands)	2018
Mechanical spares		671,038	619,443
Consumable stores			
Fuels		95,442	64,490
Supplies		88,786	80,709
		855,266	764,642
Provision for slow moving and obsolete items	8.1	(43,938)	(30,655)
		811,328	733,987
Stores in transit		9,571	17,511
		820,899	751,498

8.1 Provision for slow moving and obsolete items

	2019 (Rupees in thousands)	2018
Opening balance	30,655	33,121
Provision / (reversal) for the year	13,283	(2,466)
Closing balance	43,938	30,655

Provision for slow moving and obsolete stock, and any reversal of provision, is included in cost of sales.

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9 Stock in trade	Note	2019 (Rupees in thousands)	2018
Raw materials			
- Corn and cobs	9.1	1,565,484	1,647,366
- Chemicals		75,667	130,288
- Packing materials		62,235	70,091
Work in process		134,750	83,945
Finished goods	9.2	2,223,360	1,495,261
		4,061,496	3,426,951
<i>Less: Provision for slow moving and obsolete stocks:</i>			
- Raw materials		(5,007)	(3,332)
- Finished goods		(1,606)	(836)
		(6,613)	(4,168)
		4,054,883	3,422,783

9.1 This includes corn in transit amounting to Rs. 2,553 thousands (2018: 78,246 thousands).

9.2 This includes imported finished goods amounting to Rs. 32,989 thousands (2018: Rs.43,676 thousands) out of which goods in transit amounts to Rs. 3,845 thousands (2018: 11,111 thousands).

10 Trade debts	Note	2019 (Rupees in thousands)	2018
<u>Local:</u>			
Secured	10.2	875,334	740,796
<i>Unsecured, considered good</i>			
Related parties	10.1	112,521	115,402
Others		403,843	148,181
		516,364	263,583
<i>Considered doubtful</i>			
Related parties		1,060	931
Others		385	339
		1,445	1,270
		1,393,144	1,005,649
Allowance for credit losses	10.3	(1,445)	(1,270)
		1,391,699	1,004,379
<u>Foreign:</u>			
Secured	10.2	62,888	56,426
<i>Unsecured, considered good</i>			
Related parties	10.1	220,986	174,081
		1,675,573	1,234,886

Notes to the Financial Statements

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10.1 Aging analysis of the amounts due from related parties is as follows:

2019						Maximum aggregate balance outstanding during the year
Neither past due nor impaired	Past due (1- 90 days)	Past due (91- 365 days)	Past due more than 365 days	Total		
(Rupees in thousands)						
Local						
Unilever Pakistan Foods Limited	112,169	-	479	933	113,581	113,581
Foreign						
Ingredion Holding LLC Kenya	100,973	75,423	5,370	-	181,766	181,764
PT Ingredion, Indonesia	10,782	10,782	-	-	21,564	21,565
Ingredion Malaysia SDN.BHD	5,008	-	-	-	5,008	5,008
Ingredion Germany GMBH	4,427	-	-	-	4,427	4,427
Ingredion South Africa (Pty) Limited	8,221	-	-	-	8,221	8,221
	129,411	86,205	5,370	-	220,986	
2018						
Neither past due nor impaired	Past due (1- 90 days)	Past due (91- 365 days)	Past due more than 365 days	Total		Maximum aggregate balance outstanding
(Rupees in thousands)						
Local						
Unilever Pakistan Foods Limited	115,402	-	931	-	116,332	152,561
Foreign						
Ingredion Holding LLC Kenya	66,746	81,490	-	-	148,235	158,528
PT Ingredion, Indonesia	3,242	9,725	-	-	12,967	34,984
National Starches Specialities China	4,056	-	-	-	4,056	4,056
Ingredion Malaysia SDN.BHD	5,404	-	-	-	5,404	9,238
National Starche & Chemicals Thailand	3,419	-	-	-	3,419	6,187
	82,867	91,215	-	-	174,081	

10.2 These debts are secured against security deposits, letter of credits and bank guarantees received from customers.

		2019	2018
		(Rupees in thousands)	
10.3 Allowance for credit losses	<i>Note</i>		
Opening balance		1,270	1,446
Charge for the year	25	175	271
Debts written off during the year		-	(447)
Closing balance		1,445	1,270

		2019	2018
		(Rupees in thousands)	
11 Loans and advances	<i>Note</i>		
<i>Loans and advances - considered good:</i>			
Suppliers of goods and services		109,771	97,629
Employees	11.1	4,404	4,889
Current maturity of long term loans		7,619	8,567
		121,794	111,085

11.1 The loans and advances are provided to employees for travelling expenses. No advances were given to the directors and chief executive officer of the Company during the year.

		2019	2018
		(Rupees in thousands)	
12 Short term prepayments	<i>Note</i>		
Insurance		18,373	20,682
Prepayments		58,703	90,802
		77,076	111,484

Notes to the Financial Statements

For the year ended 31 December 2019

13	Other receivables		2019 (Rupees in thousands)	2018
	<i>Other receivables - farmers balances:</i>			
	Considered good		3,239	788
	Considered doubtful		1,675	1,675
			4,914	2,463
	Less: Allowance for credit losses	13.1	(1,675)	(1,675)
			3,239	788
	Others		39,230	35,678
			42,469	36,466

13.1 Allowance for expected credit loss

There was no additional impairment during the year due to application of IFRS 9.

14	Cash and bank balances	Note	2019 (Rupees in thousands)	2018
	<i>Cash at banks</i>			
	- current accounts		208,538	113,002
	- saving accounts	14.1	2,550,766	1,150,574
			2,759,304	1,263,576
	Term deposit receipts	14.2	1,200,000	2,910,000
	Treasury bills	14.3	1,269,093	-
	Cheques in hand		93,111	80,446
			5,321,508	4,254,022
	<i>Cash in hand</i>			
	- local currency		7,565	7,659
	- foreign currency		149	855
			7,714	8,514
			5,329,222	4,262,536

14.1 These carry profit at rates ranging from 2.5% to 12.75% (2018: 2% to 9.75%) per annum.

14.2 These carry profit at the rates ranging from 9.00% to 12.90% (2018: 5.7% to 9.8%) per annum.

14.3 These carry profit at the rates ranging from 12.55% to 13.74% (2018: Nil) per annum.

15 Contract liabilities

This represents advance consideration received from the customers which was previously presented as 'advances from customers' in trade and other payables as explained in note 4.1.1.

16	Trade and other payables	Note	2019 (Rupees in thousands)	2018
	Creditors		423,447	315,021
	Security deposits from dealers and contractors	16.1	866,131	777,514
	Other deposits	16.2	2,294	1,991
	Accrued liabilities		462,170	540,886
	Workers' welfare fund	16.3	156,447	129,490
	Workers' profit participation fund	16.4	400,399	339,767
	Employees provident fund	16.5	13,713	12,699
	Withholding tax payable		12,847	12,557
	Sales tax payable		280,476	229,497
			2,617,924	2,359,422

Notes to the Financial Statements

For the year ended 31 December 2019

		2019 (Rupees in thousands)	2018
16.1	Security deposits		
	Dealers	16.1.1 855,545	767,016
	Transporters	16.1.2 3,765	3,865
	Others	16.1.3 6,821	6,633
		866,131	777,514

16.1.1 These are interest free security deposits obtained from dealers and distributors of the Company and are adjustable or repayable on cancellation or withdrawal of the dealership/distributorship or on cessation of business with the Company. As per the terms of the agreement, the Company can utilize these funds for the purpose of the Company's operations.

16.1.2 These are interest free security deposits obtained from transport contractors. These deposits are adjustable with the outstanding balance of the contractor. As per the terms of the agreement, the Company can utilize these funds for the Company's operations.

16.1.3 These are interest free security deposits obtained from various contractors and can be utilized in accordance with the terms of agreements. These deposits are adjustable on termination of contract.

16.2 These represent deposits held against tenders for the sale of scrap.

	2019 (Rupees in thousands)	2018
16.3	Workers' welfare fund	
	Opening balance	129,490 109,664
	Provision for the year	154,707 132,803
	Payment to the fund	(127,750) (112,977)
	Closing balance	156,447 129,490

	2019 (Rupees in thousands)	2018
16.4	Workers' profit participation fund	
	Opening balance	339,767 303,056
	Provision for the year	399,867 339,235
	Payment to the fund	(339,235) (302,524)
	Closing balance	400,399 339,767

16.5 Provident fund related disclosures:

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident fund as at 31 December 2019:

Notes to the Financial Statements

For the year ended 31 December 2019

	(Unaudited) 2019	2018
	(Rupees in thousands)	
Size of the fund - total assets	1,078,352	1,003,156
Cost of investments made	848,348	826,684
Percentage of investments - (% of total assets)	78.67%	82.41%
Fair value of investments	870,420	818,696

16.5.1 The break-up of investments is as follows:

	2019		2018	
	(Rupees in thousands)	%	(Rupees in thousands)	%
Pakistan Investment Bonds	141,103	16.21%	-	0.00%
Treasury Bills	719,233	82.63%	613,273	74.91%
Collective investment schemes	9	0.00%	191,990	23.45%
Bank placements	10,076	1.16%	13,433	1.64%
	870,420	100%	818,696	100%

The investments out of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

The Company will comply with the limits for investments in listed securities as required under section 3 of Employee's Contributory Funds (Investment in Listed Securities) Regulations, 2018 (the "Regulations") dated 6 June 2018, as amended by S.R.O. 856(I)/2019, within three year the date of commencement of the Regulations.

17 Lease liability

Lease liability

2019
(Rupees
in thousands)
5,211

Movement during the year is as follows:

Opening balance as at 01 January	-
Recognition of lease liabilities on initial application of IFRS 16	9,436
Adjusted balance as at 01 January	9,436
Unwinding of lease liability	739
Lease rentals paid	(4,964)
Closing balance as at 31 December	5,211

The Company has initially applied IFRS 16 as at 01 January 2019. The significant accounting policies and effects of transition are detailed in note 4.1.3 of the financial statements.

The amount of future lease payments along with their present value and the periods during which they fall due are:

Notes to the Financial Statements

For the year ended 31 December 2019

	2019
	Upto one year
	(Rupees in thousands)
Minimum lease payments	5,461
Less: finance costs allocated to future periods	(250)
Present value of minimum lease liability	5,211

18 Deferred taxation	2019 (Rupees in thousands)	2018
<u>Taxable temporary differences</u>		
Accelerated tax depreciation	860,301	729,104
Employees retirement benefits	25,721	40,385
<u>Deductible temporary differences</u>		
Others	(14,523)	(10,659)
	871,499	758,830

18.1 Deferred taxation

The details of the tax effect of taxable and deductible temporary differences are as follows:

	2019			
	Opening balance	Charged to profit or loss	Charged to other comprehensive income	Closing balance
<u>Taxable temporary differences</u>	----- (Rupees in thousands) -----			
Accelerated tax depreciation	729,104	131,197	-	860,301
Employees retirement benefits	40,385	-	(14,664)	25,721
<u>Deductible temporary differences</u>				
Others	(10,659)	(3,864)	-	(14,523)
	758,830	127,333	(14,664)	871,499

	2018			
	Opening balance	Charged to profit or loss	Charged to other comprehensive income	Closing balance
<u>Taxable temporary differences</u>	----- (Rupees in thousands) -----			
Accelerated tax depreciation	813,725	(84,621)	-	729,104
Employees retirement benefits	53,693	-	(13,308)	40,385
<u>Deductible temporary differences</u>				
Others	(12,905)	2,246	-	(10,659)
	854,513	(82,375)	(13,308)	758,830

Notes to the Financial Statements

For the year ended 31 December 2019

19	Authorized, issued, subscribed and paid up capital	2019	2018	2019	2018
		----(Number of shares)----		----(Rupees in thousands)----	
	Authorized share capital - ordinary shares of Rs.10 each	20,000,000	20,000,000	200,000	200,000
19.1	Issued, subscribed and paid up capital				
	Ordinary shares of Rs. 10 each:				
	- Fully paid up for cash	1,858,991	1,858,991	18,590	18,590
	- Issued for consideration other than cash	36,294	36,294	363	363
	- Issued as bonus shares	7,341,143	7,341,143	73,411	73,411
		9,236,428	9,236,428	92,364	92,364

19.2 Ingredion Inc. Chicago, U.S.A. (the holding company), holds 6,561,117 (2018: 6,561,117) ordinary shares of Rs. 10 each as at 31 December 2019.

19.3 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

19.4 There is no shareholder agreement in place for voting rights, board selection, rights of first refusal and block voting.

20	Reserves	Note	2019	2018
			(Rupees in thousands)	
	<u>Capital</u>			
	Share premium	20.1	36,946	36,946
	Other	20.2	941	941
			37,887	37,887
	<u>Revenue</u>			
	General reserve		207	207
	Unappropriated profit		14,671,479	13,013,822
			14,671,686	13,014,029
			14,709,573	13,051,916

20.1 This reserve can be utilized in accordance with the provision of section 81 of the Companies Act, 2017.

20.2 This reserve was created under section 15BB of the Income Tax Act, 1922 to avail the tax exemption in prior years.

21 Contingencies and commitments

21.1 Contingencies

21.1.1 Certain labor cases are pending before the labor courts and their financial effect cannot be reasonably determined due to their nature. The possibility of any outflow for settlement of these claims is considered remote.

21.1.2 Land registration fee as per note 5.2.1.

Notes to the Financial Statements

For the year ended 31 December 2019

21.2 Counter guarantees given by the Company to its bankers as at reporting date amounting to Rs. 292,220 thousands (2018: Rs. 288,630 thousands).

21.3 Tax contingencies as disclosed in note 30.

	2019 (Rupees in thousands)	2018
21.4 Commitments		
Commitments in respect of capital expenditure	3,585	96,445
Commitment in respect of purchase of corn	7,006,834	6,536,019
Commitment in respect of forward exchange contracts	88,066	-

22 Short term running finances - secured

22.1 The credit facilities available to the Company at year ended 31 December 2019 are as follows:

	2019		2018	
	Available limit	Utilised credit	Available limit	Utilised credit
	----- Rupees in million -----			
Murabaha	9,500	7,576	11,500	6,373
Running finance	2,150	-	2,150	-
	11,650	7,576	13,650	6,373
Letter of credits / guarantees	875	292	875	289

22.2 The rate of markup ranges from 10.75% to 14.05% per annum (2018: 6.55 % to 9.72 % per annum). These facilities are secured by joint pari pasu hypothecation charge on current assets of the Company, mounting to Rs. 6,113,334 thousands (2018: Rs. 6,113,334 thousands) and are subject to repricing on monthly/quarterly basis.

	Note	2019 (Rupees in thousands)	2018
23 Revenue			
Domestic		37,687,810	31,962,918
Export		2,493,575	1,740,382
		40,181,385	33,703,300
Less: Sales tax		4,887,109	4,127,332
Trade discount and commission		33,611	11,808
		(4,920,720)	(4,139,140)
Revenue from contracts with customers		35,260,665	29,564,160

23.1 Revenue has been recognized at a point in time for both local and export sales made during the year.

Notes to the Financial Statements

For the year ended 31 December 2019

		2019	2018
		(Rupees in thousands)	
24 Cost of sales			
<i>Raw material consumed:</i>			
Corn		17,349,696	14,051,313
Chemicals		414,092	378,555
Packing material		533,754	493,495
		18,297,542	14,923,363
<i>Factory expenses:</i>			
Salaries, wages and amenities	24.1	1,486,896	1,328,933
Spares consumed		281,722	257,082
Logistics and handling		554,641	613,681
Fuel and power		4,988,884	3,802,237
Rent, rates and taxes		11,020	11,483
Consumables		12,382	17,790
Repairs and maintenance		44,233	48,882
Depreciation		450,860	435,276
Insurance		19,158	15,417
Factory general expenses		177,720	148,216
		8,027,516	6,678,997
		26,325,058	21,602,360
Add: Opening work in process		83,945	78,396
		26,409,003	21,680,756
Less: Closing work in process		(134,750)	(83,945)
Cost of production		26,274,253	21,596,811
Add: Opening finished goods stock - own manufactured		1,451,585	1,125,299
		27,725,838	22,722,110
Less: Closing finished goods stock - own manufactured		(2,190,371)	(1,451,585)
Cost of goods - own manufactured products		25,535,467	21,270,525
- purchased products		123,210	104,341
Freight and distribution cost		348,336	255,810
Cost of goods sold		26,007,013	21,630,676

- 24.1** Salaries, wages and amenities include Rs. 50,608 thousands (2018: Rs. 36,914 thousands) in respect of contribution to pension and gratuity funds and Rs. 36,200 thousands (2018 : Rs. 30,223 thousands) in respect of contribution to provident fund.

Notes to the Financial Statements

For the year ended 31 December 2019

	Note	2019 (Rupees in thousands)	2018
25 Distribution expenses			
Salaries and amenities	25.1	133,079	112,224
Traveling and automobile expenses		19,018	21,849
Commission expense		302,877	273,531
Insurance		3,943	2,341
Rent, rates and taxes		745	5,703
Repair and maintenance		77	39
Impairment allowance on trade debts		175	271
Electricity charges		722	669
Printing and stationery		405	408
Telephone and postage		5,147	3,211
Advertising and sales promotion		511	755
Depreciation		13,777	5,811
Market research and development		172	520
Miscellaneous expenses		11,310	11,239
		491,958	438,571

25.1 Salaries and amenities include Rs. 5,281 thousands (2018: Rs. 3,304 thousands) in respect of contribution to pension and gratuity funds and Rs. 5,413 thousands (2018: Rs. 5,103 thousands) in respect of contribution to provident fund.

	Note	2019 (Rupees in thousands)	2018
26 Administrative expenses			
Salaries and amenities	26.1	277,533	259,725
Traveling and automobile expenses		31,016	31,541
Insurance		1,170	1,399
Rent, rates and taxes		710	478
IT, networking and data communication		215,037	132,763
Repair and maintenance		687	84
Electricity charges		1,447	1,330
Printing and stationery		948	1,033
Telephone and postage		3,124	3,054
Legal and professional charges		12,475	3,344
Depreciation		11,271	11,260
Auditors' remuneration	26.2	3,775	3,794
Miscellaneous expenses		12,080	10,838
Donation and charity	26.3	4,844	6,252
		576,117	466,895

26.1 Salaries and amenities include Rs. 11,890 thousands (2018: Rs. 8,229 thousands) in respect of contribution to pension and gratuity funds and Rs. 10,624 thousands (2018: Rs. 9,891 thousands) in respect of contribution to provident fund.

Notes to the Financial Statements

For the year ended 31 December 2019

		2019	2018
		(Rupees in thousands)	
26.2	Auditors' remuneration		
	Statutory audit fee	1,551	1,410
	Review of half yearly accounts	511	465
	Services in connection with review and reporting of accounts to Ingredion Inc. (formerly CPI Inc.)	1,359	1,232
	Audit of gratuity and pension funds	143	100
	Miscellaneous certifications	46	342
	Out of pocket expenses reimbursed	165	245
		3,775	3,794
26.3	The details of donations exceeding Rs. 1,000,000 or 10% of the total donation to a single party is as follows:		
		2019	2018
		(Rupees in thousands)	
	<i>Note</i>		
	The Citizens Foundation	2,800	2,600
26.3.1	None of the directors has any interest in the donee.		
27	Other income		
	Mark up on staff loans and profit on bank deposits	265,817	139,151
	Foreign exchange gain	26,030	21,197
	Profit on sale of scrap	66,532	84,658
	Profit on sale of property, plant and equipment	19,451	4,877
	Miscellaneous income	11,355	5,183
		389,185	255,066
28	Other expenses		
	Workers' welfare fund	16.3 154,707	132,803
	Workers' profit participation fund	16.4 399,867	339,235
		554,574	472,038
29	Finance cost		
	<i>Mark up on:</i>		
	Short term running finances	2,339	7,602
	Bank charges and commission	20,179	18,220
	Unwinding of lease liability	739	-
		23,257	25,822
30	Taxation		
	<i>Current taxation</i>		
	- for the year	2,220,327	1,926,345
	- prior year	7,947	169,549
		2,228,274	2,095,894
	<i>Deferred taxation</i>		
	- for the year	10,584	60,818
	- prior year	116,749	(143,193)
		127,333	(82,375)
		2,355,606	2,013,519

Notes to the Financial Statements

For the year ended 31 December 2019

	2019	2018
	-----Percentage-----	
30.1 Reconciliation of effective tax rate		
Applicable tax rate	29.00	29.00
-Effect of permanent differences	(0.01)	0.04
-Effect of prior year charge	0.11	2.50
-Effect of presumptive tax regime	(1.06)	(0.69)
-Effect of change in tax rate	1.46	(2.11)
-Effect of tax credits	(0.04)	(0.86)
-Effect of super tax	-	1.80
Average tax expense charged to profit or loss	29.46	29.68

30.2 The Income Tax Department has charged tax of Rs. 81,078 thousands for the assessment year 2001-2002 (financial year ended 30 September 2000) under section 12(9A) of the Income Tax Ordinance, 1979 (Repealed) on the allegation that the dividend distribution by the Company was less than 40% of its after tax profits. Against this levy, the Company filed an appeal with the Commissioner of Income Tax (Appeals), which was rejected. The Company preferred an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT (Appeals). The ITAT vide order dated 21 April 2006 decided the case in favor of the Company and confirmed that levy of tax under section 12(9A) was against the provisions of the law and directed the assessing officer for decision in accordance with the provisions of amended clause 59 of Part IV, Second Schedule to the repealed Income Tax Ordinance, 1979. The Income Tax Department has moved to Lahore High Court on 17 October 2006, against the orders of ITAT. However, on 9 September 2015, Lahore High Court has transferred back the case to ITAT for reconsideration which is pending adjudication at the reporting date.

The management believes that this case will be decided in the favor of the Company. The legal advisors of the Company have concurred with the management's view. The Company has paid Rs. 58,613 thousands in prior years and has also made provision of the full amount in the financial statements.

30.3 The Income Tax Return of the Company for Tax year 2011 was selected for audit under section 177 of the Income Tax Ordinance, 2001. As a result of audit proceedings, the Deputy Commissioner Inland Revenue passed the amended order under section 122(1) of the Ordinance and raised demand amounting to Rs. 31,855 thousands.

The Company has filed an appeal against the order passed before the Commissioner Inland Revenue (Appeals) who partially allowed the appeal to the Company. The tax department and the Company filed appeals before ATIR, which is pending adjudication. The Company has paid Rs. 27,282 thousands and has also made provision of the full amount in the financial statements.

30.4 The taxation officer under section 161/205 of the Income tax Ordinance, 2001 (the Ordinance) created tax demand of Rs. 51,935 thousands on the grounds that tax was deducted at lower rates, on payment of dividends to non-residents for the tax years 2004 to 2006. The Company filed appeal to Commissioner Income Tax (Appeals) and upon rejection filed an appeal before Appellate Tribunal Inland Revenue (ATIR) who decided the case in favor of the Company. The Tax Department has filed the reference application before Lahore High Court (LHC) which was rejected by LHC. Against the order of LHC, the Tax Department filed appeal before the Supreme Court of Pakistan, which is pending for hearing. The management is confident that the case will be decided in favor of the Company.

Notes to the Financial Statements

For the year ended 31 December 2019

- 30.5** The Deputy Commissioner Inland Revenue (DCIR) under section 161(1A) of the Ordinance objected that the tax was deducted at lower rates on payment of dividends to non-residents for the tax year 2009 to 2015. The Company filed writ petition against the said notice before the Court which directed the DCIR to consider the provisions of the Ordinance, the relevant double taxation treaty and the judgments of ATIR in respect of tax years 2004 to 2006 and ordered to charge tax on dividend income at the lower rates. The DCIR after considering the Company's reply in light of the court order issued another notice to the Company showing intention to charge tax at higher rate, against which the Company filed a second petition before the Court. The Court directed DCIR to determine the application and relevance of its order passed in this regard. The proceedings are still pending and no notice from DCIR has been received so far.
- 30.6** While finalising income tax assessment for the tax year 2014, the ACIR made certain add backs with the aggregated tax impact of Rs. 52.272 million of which Rs. 45.5 million has been paid till 31 December 2019. Against the amended order, the Company has filed appeal before CIR (Appeals), whereby the case is heard however appellants order is awaited till date. The Company has created a provision of the complete amount in the financial statements.

		2019	2018
31 Earnings per share - basic and diluted			
31.1 Earnings per share - basic			
Profit attributable to ordinary shareholders	(Rupees in thousands)	5,641,325	4,771,705
Weighted average number of ordinary shares	(Numbers)	9,236,428	9,236,428
Earnings per share - basic	(Rupees)	610.77	516.62

31.2 Earnings per share - diluted

There is no dilution effect on basic earnings per share, as the Company has no such commitments.

		2019 (Rupees in thousands)	2018
32 Cash generated from operation			
Profit before tax		7,996,931	6,785,224
<i>Adjustment for:</i>			
Depreciation of property, plant and equipment		475,908	452,347
Provision for employees retirement benefits		67,778	48,447
Provision for doubtful debts		175	271
Provision/ (reversal) for slow moving and obsolete items		15,729	(5,073)
Gain on disposal of property, plant and equipment		(19,451)	(4,877)
Interest income		(265,817)	(139,151)
Finance cost		23,257	25,822
		297,579	377,786
Cash generated from operation before working capital changes		8,294,510	7,163,010
<i>Effect on cash flow due to working capital changes</i>			
<i>(Increase) / decrease in current assets:</i>			
Stores and spares		(82,684)	(128,088)
Stock in trade		(634,546)	957,018
Trade debts		(440,862)	(114,151)
Loans and advances		(11,657)	(11,608)
Long term deposits		8	(408)
Short term prepayments		34,408	(9,928)
Other receivables		2,208	2,704
		(1,133,125)	695,539
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		258,502	117,307
Contract liabilities		(109,984)	61,857
		148,518	179,164
Cash generated from operations		7,309,903	8,037,713

Notes to the Financial Statements

For the year ended 31 December 2019

33 Financial instruments - Fair values and risk management

33.1 Fair value measurement 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 and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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 Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (i.e. derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2019							
----- Rupees in thousands -----							
<u>Financial assets - not measured at fair value</u>							
Long term loans	15,141	-	15,141	-	-	-	-
Trade debts	1,675,573	-	1,675,573	-	-	-	-
Long term deposits	34,844	-	34,844	-	-	-	-
Other receivables	42,469	-	42,469	-	-	-	-
Cash and bank balances	5,329,222	-	5,329,222	-	-	-	-
	7,097,249	-	7,097,249	-	-	-	-
<u>Financial liabilities - not measured at fair value</u>							
Trade and other payables	-	2,154,441	2,154,441	-	-	-	-
Mark-up accrued on short term running finances	-	1,062	1,062	-	-	-	-
Unpaid dividend	-	10,344	10,344	-	-	-	-
Unclaimed dividend	-	14,057	14,057	-	-	-	-
Lease liabilities	-	5,211	5,211	-	-	-	-
	-	2,185,115	2,185,115	-	-	-	-

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2018							
----- Rupees in thousands -----							
<u>Financial assets - not measured at fair value</u>							
Long term loans	18,439	-	18,439	-	-	-	-
Trade debts	1,234,886	-	1,234,886	-	-	-	-
Long term deposits	34,852	-	34,852	-	-	-	-
Other receivables	36,466	-	36,466	-	-	-	-
Cash and bank balances	4,262,536	-	4,262,536	-	-	-	-
	5,587,179	-	5,587,179	-	-	-	-
<u>Financial liabilities - not measured at fair value</u>							
Trade and other payables	-	1,975,179	1,975,179	-	-	-	-
Mark-up accrued on short term running finances	-	52	52	-	-	-	-
Unpaid dividend	-	25,126	25,126	-	-	-	-
Unclaimed dividend	-	14,824	14,824	-	-	-	-
	-	2,015,181	2,015,181	-	-	-	-

Notes to the Financial Statements

For the year ended 31 December 2019

33.2 Risk management of financial instruments

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the finance related risks to the entity.

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

33.2.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

The audit committee oversees compliance by management 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.

33.2.2 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if the counterparties fail completely to perform as contracted / fail to discharge an obligation / commitment that it has entered into with the Company. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of a company's performance to developments affecting a particular industry. The Company manages its credit risk by the following methods:

- Monitoring of debts on continuous basis.
- Application of credit limits to its customers.
- Obtaining adequate deposits / collaterals where needed.

33.2.2.1 Exposure to credit risk

The carrying values of financial assets represent the maximum credit exposure before any credit enhancement. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2019 (Rupees in thousands)	2018
Long term loans	7	15,141	18,439
Trade debts	10	1,675,573	1,234,886
Long term deposits		34,844	34,852
Other receivables	13	42,469	36,466
Bank balances	14	5,321,508	4,254,022
		7,089,535	5,578,664
Secured		953,363	815,660
Unsecured		6,136,172	4,763,004
		7,089,535	5,578,664

The Company identifies cancellation of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

Notes to the Financial Statements

For the year ended 31 December 2019

	2019	2018
	(Rupees in thousands)	
Trade debts	1,675,573	1,234,886
Loans to employees	15,141	18,439
Deposits and other receivables	77,313	71,318
Banking companies and financial institutions	5,321,508	4,254,022
	7,089,535	5,578,664

33.2.2.2 Trade debts

The Company's trade debts comprises of receivables from industrial customers and individuals. Individual customer are secured by security deposits and advances. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the customer. Majority of the Company's industrial customers have been transacting with the Company for over five years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their trading history with the Company and existence of previous financial difficulties.

The Company uses an allowance matrix to measure ECLs of trade debtors. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. The future recoveries from trade debtors are accounted for in calculating the loss rate.

	Weighted average loss rate	Gross carrying amount	Loss allowance
31 December 2019			
Current	0.00%	1,485,153	-
1-90 days	0.00%	190,006	-
91-180 days	25.10%	502	126
181-270 days	48.65%	74	36
365- above days	100.00%	1,283	1,283
		1,677,018	1,445
31 December 2018			
Current	0.00%	1,131,851	-
1-90 days	0.00%	99,235	-
91-180 days	0.00%	3,801	-
365-above days	100.00%	1,270	1,270
		1,236,157	1,270

33.2.2.3 Loans to employees

Loans to employees are secured against provident fund and salaries of employees. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with loans to employees is trivial and therefore no impairment charge has been accounted for.

33.2.2.4 Deposits and other receivables

Advances and deposits mainly comprise of advances to employees against salaries and deposits with various government and corporate entities. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

Notes to the Financial Statements

For the year ended 31 December 2019

33.2.2.5 Cash and bank balances

The cash and cash equivalents are held with banks and financial institutions counterparties, which are rated A to AAA+, based on PACRA and VIS ratings.

Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects short term maturities of the exposure. The Company considers its cash and cash equivalents have low credit risk based on the external ratings of the counterparties.

12 month probabilities of default are based on historical data supplied by VIS rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

33.2.2.5 (a) Counterparties with external credit ratings

The credit quality of financial assets held with banking companies that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Banks	Rating		Rating agency	2019	2018
	Short term	Long term		(Rupees in thousands)	
Meezan Bank Limited	A-1+	AA+	JCR-VIS	116,393	1,523,719
Standard Chartered Bank (Pakistan) Limited	A 1+	AAA	PACRA	180,653	317,144
Citi Bank Limited	P 1	Aa3	Moody's	1,234,556	627
MCB Bank Limited	A 1+	AAA	PACRA	2,396,827	590,856
Habib Bank Limited	A-1+	AAA	JCR-VIS	690,672	616,683
National Bank of Pakistan	A 1+	AAA	PACRA	702,407	1,204,993
				5,321,508	4,254,022

The Company has not recognised an impairment allowance on financial assets held with banking companies during the year ended 31 December 2019. There was no impact of transition to IFRS 9 ECL model on financial assets held with banking companies as at 01 January 2019.

33.2.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained overdraft facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the remaining contractual maturities of financial liabilities:

	2019			
	Carrying amount	Contractual cash flows	Up to one year or less	More than one year
	(Rupees in thousand)			
<u>Non- derivative financial liabilities</u>				
Trade and other payables	2,154,441	2,154,441	2,154,441	-
Mark-up accrued on short term running finances	1,062	1,062	1,062	-
Lease liability	5,211	5,461	5,461	-
Unpaid dividend	10,344	10,344	10,344	-
Unclaimed dividend	14,057	14,057	14,057	-
	2,185,115	2,185,365	2,185,365	-

Notes to the Financial Statements

For the year ended 31 December 2019

	2018			
	Carrying amount	Contractual cash flows	Up to one year or less	More than one year
	(Rupees in thousand)			
<u>Non- derivative financial liabilities</u>				
Trade and other payables	1,975,179	1,975,179	1,975,179	-
Mark-up accrued on short term running finances	52	52	52	-
Unpaid dividend	25,126	25,126	25,126	-
Unclaimed dividend	14,824	14,824	14,824	-
	<u>2,015,181</u>	<u>2,015,181</u>	<u>2,015,181</u>	<u>-</u>

The gross outflows disclosed in the above table represents the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net - cash - settled.

33.2.3.1 Concentration risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

	2019	2018
	(Rupees in thousands)	
Paper and Board	248,714	99,353
Confectionary	115,140	305,470
Textile	125,853	63,358
Poultry	5,074	12,106
Pharmaceuticals	154	118
Chemical & Allied Industries	248,346	19,130
Dealers	933,737	736,623
Bank	5,321,508	4,254,022
Employees	19,545	23,329
Others	78,988	72,990
Allowance for expected credit loss	(3,120)	(2,945)
	<u>7,093,939</u>	<u>5,583,554</u>

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to major market risks as at 31 December 2019.

33.2.3.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on import of project related capital and stores and spares items and export of goods mainly denominated in US dollars and on foreign currency cash and bank balances. The Company's exposure to foreign currency risk for US Dollar is as follows:

Notes to the Financial Statements

For the year ended 31 December 2019

	USD 2019	USD 2018
Foreign debtors	1,825,557	1,648,835
Foreign currency bank balance	1,057	6,219
Trade and other payables	(586,459)	(703,013)
Net exposure	1,240,155	952,041
Forward exchange contracts	566	-
Net exposure	1,240,721	952,041

The following significant exchange rates have been applied:

	Average rate for the year		Reporting date rate	
	2019	2018	2019	2018
USD to PKR	149.82	121.72	155.00	139.80

Sensitivity analysis:

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, before tax profit for the year would have been lower by the amount shown below, mainly as a result of net foreign exchange gain on translation of foreign debtors, foreign currency bank account and trade and other payables.

	2019 (Rupees in thousands)	2018
US Dollar	19,231	13,310

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the post tax profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

33.2.3.3 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate		Carrying amount	
	2019	2018	2019	2018
<u>Financial assets</u>	----- (Percentage) -----		(Rupees in thousands)	
<i>Fixed rate instruments:</i>				
Long term loans	8.0%	8.0%	15,141	18,439
Treasury bills	12.55%- 13.74%	-	1,269,093	-
Term deposit receipts	9.00% - 12.90%	9.60% - 9.75%	1,200,000	2,910,000
<i>Variable rate instruments:</i>				
Bank balances - saving	2.5% - 12.75%	2.09% - 6%	2,550,766	1,150,574
			5,035,000	4,079,013
<u>Financial liabilities</u>				
<i>Fixed rate instruments:</i>				
Lease liability	10.88%		5,211	-

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 rates at the reporting date would not affect profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2019

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss 100 bps	
	Increase	Decrease
	(Rupees in thousands)	
As at 31 December 2019	2,635	(2,635)
As at 31 December 2018	1,315	(1,315)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

33.2.3.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

33.2.4 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders and issue new shares.

For working capital requirement and capital expenditure, the Company relies substantially on cash generated from operations.

34 Remuneration of Chief Executive, Directors and Executives

	Chief Executive and Managing Director		Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018
	(Rupees in thousands)					
Managerial remuneration	10,279	8,565	6,149	5,450	109,800	90,820
Rent, medical and other allowances	9,559	7,966	5,401	4,789	104,077	88,849
Bonus and leave encashment	5,450	7,901	2,716	1,430	22,757	35,534
Retirement benefits	1,734	1,461	1,037	929	18,518	15,488
	27,022	25,893	15,303	12,598	255,152	230,691
Number	1	1	1	1	50	45

- 34.1** Meeting fees aggregating to Rs. 3,900 thousands (2018: Rs 1,470 thousands) were paid to 4 (2018: 5) non-executive directors for attending board meetings. In addition, Chief Executive & Managing Director (CE&MD), full time working director and some executives are provided with company maintained car. Number of non-executive directors of the Company as at 31 December 2019 are 9 (2018: 9).

Notes to the Financial Statements

For the year ended 31 December 2019

35 Transactions with related parties

The related parties comprise parent company, related group companies, local associated company, directors of the Company, key management personnel and staff retirement funds. Details of transactions with related parties, other than those disclosed elsewhere in these financial statements are as follows:

Name of parties	Nature of relationship	Basis of relationship / association	Nature and description of related party transaction	2019		2018	
				Total value of transaction	Closing balance [asset/ (liability)]	Total value of transaction	Closing balance [asset/ (liability)]
				(Rupees in thousands)		(Rupees in thousands)	
Ingredion Inc. U.S.A.	Holding Company	Majority shareholder	Services received	172,723	(40,819)	107,799	(45,862)
Ingredion Inc. U.S.A.	-do-	-do-	Dividend	2,788,475	-	2,773,428	(12,205)
Ingredion Inc. U.S.A.	-do-	-do-	Imports	64,801	(16,528)	61,469	(23,806)
Ingredion Inc. U.S.A.	-do-	-do-	Services provided	3,203	-	-	-
Unilever Pakistan Foods Limited	Associate	Common directorship	Sales	1,227,713	113,581	1,220,894	116,332
Ingredion Holding LLC Kenya	-do-	Parent's subsidiary	Export sales	640,255	180,908	436,349	146,669
Ingredion Holding LLC Kenya	-do-	-do-	Services provided	3,748	856	3,152	1,566
Ingredion Holding LLC Kenya	-do-	-do-	Imports	-	-	(2)	-
Ingredion Singapore Pte. Limited.	-do-	-do-	Export sales	8,096	(12,480)	9,922	(6,978)
Ingredion Germany GMBH	-do-	-do-	Export sales	53,385	4,427	-	-
Ingredion Germany GMBH	-do-	-do-	Imports	6,995	(4,773)	11,017	(2,079)
Ingredion Germany GMBH	-do-	-do-	Services received	290	(760)	322	(457)
National Starch & Chemical Thailand	-do-	-do-	Imports	22,054	(6,462)	20,459	(2,082)
National Starch & Chemical Thailand	-do-	-do-	Export sales	56,191	-	33,992	3,419
National Starch & Chemical Thailand	-do-	-do-	Services Provided	879	-	-	-
Ingredion China Limited	-do-	-do-	Export sales	2,726	-	4,030	4,056
Ingredion China Limited	-do-	-do-	Imports	471	(471)	-	-
Ingredion Philipines, Inc.	-do-	-do-	Export sales	-	-	22,620	-
Ingredion Malaysia Sdn. Bhd.	-do-	-do-	Export sales	51,765	5,008	42,678	5,404
PT Ingredion, Indonesia	-do-	-do-	Export sales	107,783	21,565	127,591	12,967
Ingredion India (Private) Limited	-do-	-do-	Export sales	-	-	1,449	-
Ingredion South Africa (Private) Limited	-do-	-do-	Export sales	14,432	8,221	-	-
Employee benefits	-do-	Employee retirement fund	Contribution to funds	120,016	(13,713)	93,665	(12,699)

The transactions were carried out at an arm's length basis.

No buying and selling commission has been paid to any associated undertaking.

Notes to the Financial Statements

For the year ended 31 December 2019

35.1 Following are the related parties with which the Company entered into transactions during the year.

Name of parties	Country	Percentage of shareholding
Ingredion Inc. U.S.A.	United States of America	71.04%
Unilever Pakistan Foods Limited	Islamic Republic of Pakistan	-
Ingredion Holding LLC Kenya	Republic of Kenya	-
Ingredion Singapore Pte. Limited	Republic of Singapore	-
Ingredion Germany GMBH	Federal Republic of Germany	-
National Starch & Chemical Thailand	Kingdom of Thailand	-
Ingredion Philipines, Inc	Republic of the Philippines	-
Ingredion Malaysia Sdn. Bhd.	Malaysia	-
Ingredion China Limited	People's Republic of China	-
PT Ingredion, Indonesia	Republic of Indonesia	-
Ingredion India (Private) Limited	Republic of India	-
Ingredion South Africa (Private) Limited.	Republic of South Africa	-

Notes to the Financial Statements

For the year ended 31 December 2019

	2019	2018
	----- (Metric tons) -----	
36 Plant capacity and production		
Average grind capacity per day	1,850	1,850
Capacity	647,500	647,500
Actual days worked	322	331
Actual production	604,052	596,510

The actual production is 93% (2018: 92%) of the plant capacity which is within normal working standards.

37 Number of employees

The Company has employed following number of persons including permanent and contractual staff:

	No of employees	
	2019	2018
Number of employees as at 31 December	1,171	1,202
Average number of employees during the year	1,180	1,237

38 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
a) Revenue recognition: Whether revenue from products recognised over time or at point in time.	4.1.1
b) Taxation	4.16 & 30
c) Useful life of depreciable assets	4.2 & 5.1
d) Useful life of intangibles	4.3
e) Employees retirement benefits	4.4 & 6
f) Provision against stores and spares and stock in trade	4.5 & 4.6
g) Impairment of ECL allowance for trade debtors	4.9 & 10.3
h) Provision and contingencies	4.9 & 21

Notes to the Financial Statements

For the year ended 31 December 2019

39 Reconciliation of the movement of liabilities to cash flows arising from financing activities.

		2019			
		Liabilities		Equity	
		Mark-up accrued on short term running finances	Dividend	Un- appropriated profit	Total
Lease liability			Payable	Unclaimed	
----- Rupees in thousands -----					
Balance as at 01 January 2019		52	25,126	14,824	13,053,824
Changes from financing cash flows					
Finance cost paid	-	(21,505)	-	-	(21,505)
Dividends declared	-	-	3,925,483	-	(3,925,483)
Dividends paid	-	-	(3,940,266)	(767)	(3,941,033)
Repayment of lease liability	(4,964)	-	-	-	(4,964)
Total changes from financing cash flows	(4,964)	(21,505)	(14,783)	(767)	(3,967,502)
Other changes					
Interest expense	739	22,518	-	-	23,257
Lease liability recognized	9,436	-	-	-	9,436
Total liability related other changes	10,175	22,518	-	-	32,693
Total equity related other changes	-	-	-	-	5,583,140
Closing as at 31 December 2019	5,211	1,065	10,343	14,057	14,702,155

Notes to the Financial Statements

For the year ended 31 December 2019

2018					
Mark-up accrued on short term running finances	Liabilities		Equity		
	Dividend		Un-appropriated profit	Total	
	Payable	Unclaimed			
----- Rupees in thousands -----					
Balance as at 01 January 2018	-	898,742	45,212	12,171,721	13,115,675
Changes from financing cash flows					
Finance cost paid	(25,770)	-	-	-	(25,770)
Dividends declared	-	3,925,483	-	(3,925,483)	-
Dividends paid	-	(4,799,099)	(30,388)	-	(4,829,487)
Total changes from financing cash flows	(25,770)	(873,616)	(30,388)	(3,925,483)	(4,855,257)
Other changes					
Interest expense	25,822	-	-	-	25,822
Total liability related other changes	25,822	-	-	-	25,822
Total equity related other changes	-	-	-	4,767,584	4,767,584
Closing as at 31 December 2018	52	25,126	14,824	13,013,822	13,053,824

Notes to the Financial Statements

For the year ended 31 December 2019

40 Subsequent events

- 40.1** The Board of Directors has proposed a final dividend for the year ended December 31, 2019 of Rs.200 per share, amounting to Rs. 1,847,286 thousands at their meeting held on February 21, 2020 for approval of members at the Annual General Meeting to be held on May 29, 2020 (2018: Rs. 125 per share amounting to Rs. 1,154,554 thousands).
- 40.2** Subsequent to the year end, the novel Coronavirus (COVID-19) emerged in China and since then it has spread to a number of countries around the world. On 30 January 2020, the International Health Regulations Emergency Committee of the “World Health Organization” declared the outbreak a “Public Health Emergency of International Concern”. Accordingly, travel restrictions and quarantine measures have been taken around the world to restrict the outbreak. These measures will likely have adverse effects on the economies and will likely also lead to slow down in industrial and other economic activity both globally and also in Pakistan. This may have an effect on the revenue and net income/profit of the Company in the forthcoming year. The Financial Statements for the year ended 31 December 2019 do not include any effect of this outbreak as this will only be accounted for in the Financial Statements for the year ended 31 December 2020.

41 Operating segments

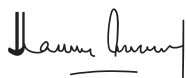
The financial statements have been prepared on the basis of a single reportable segment. 93.79% (2018: 94.13%) out of total sales of the Company relates to customers in Pakistan. All non current assets of the Company as at December 31, 2019 are located in Pakistan.

42 Date of authorization of issue

These financial statements were authorized for issue on February 21, 2020 by the Board of Directors of the Company.

43 General

- 43.1** Figures in these financial statements have been rounded off to the nearest thousands of rupees.



Muhammad Asdaf
Director



Usman Qayyum
Chief Executive &
Managing Director



Zulfikar Manno
Director

Pattern of Shareholding

As at 31 December 2019

No. of Shareholders	Shareholding			Total Shares Held
684	1	-	100	28,792
144	101	-	500	34,057
45	501	-	1000	33,805
34	1001	-	5000	86,221
5	5001	-	10000	38,492
1	10001	-	15000	13,040
2	15001	-	20000	38,239
1	45001	-	50000	50,000
1	50001	-	55000	52,260
1	55001	-	60000	58,252
1	60001	-	65000	62,467
2	65001	-	70000	133,508
4	70001	-	75000	286,866
2	75001	-	80000	156,310
2	100001	-	105000	203,666
2	110001	-	115000	226,265
2	140001	-	145000	283,066
2	165001	-	170000	332,964
1	170001	-	175000	170,378
1	185001	-	190000	186,578
1	200001	-	205000	200,085
1	6560001	-	6565000	6,561,117
939				9,236,428

Sr. No.	Shareholders Category	No. of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	12	599,884	6.49
2	Associated Companies, Undertakings and Related Parties	1	6,561,117	71.04
3	NIT and ICP	-	0	0.00
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	75,277	0.82
5	Insurance Companies	2	128,556	1.39
6	Modarabas and Mutual Funds	1	840	0.01
7	General Public :			
	a. Local	897	1,850,032	20.03
	b .Foreign	-	0	0.00
8	Others	24	20,722	0.22
	Total:	939	9,236,428	100.00
	Shareholders holding 10% or more	1	6,561,117	71.04

The above two Statements include 523 shareholders holding 610,715 shares through Central Depository Company of Pakistan Limited.

Pattern of Shareholding

As at 31 December 2019

Information as required under Code of Corporate Governance

Shareholder's category	Number of Shareholders	Number of shares held
Associated Companies, Undertaking and Related Parties (name wise details)		
Ingredion Incorporated	1	6,561,117
TOTAL >>	1	6,561,117
Mutual Funds (name wise details)		
CDC - Trustee NBP Sarmaya Izafa Fund	1	840
TOTAL >>	1	840
Directors and their spouse		
Mr. M. Adil Mannoo	3	174,233
Mr. Wisal A. Mannoo	4	178,018
Mr. Zulfikar Mannoo	3	238,263
Mrs. Sarwat Zulfikar	2	9,370
TOTAL >>	12	599,884
Executives		
TOTAL >>	-	-
Public Sector Companies and Corporations		
TOTAL >>	1	58,252
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
TOTAL >>	4	158,621
Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)		
TOTAL >>	-	-
Ingredion Incorporated	1	6,561,117
TOTAL >>	1	6,561,117

Investors' Education

In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

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



شیئرز ٹرانسفر کمیٹی

بورڈ آف ڈائریکٹرز نے بورڈ کے 2 ممبران پر مشتمل شیئرز ٹرانسفر کمیٹی قائم کی ہے۔ سال کے دوران شیئرز ٹرانسفر کمیٹی کے چار (4) اجلاس منعقد ہوئے اور اس میں حاضری درج ذیل رہی:

اجلاسوں میں شرکت		
4	چیئر مین	عثمان قیوم
4	ممبر	محمد اصف

کمیٹی وقتاً فوقتاً اجلاس طلب کرتی رہتی ہے تاکہ شیئرز کے کارآمد ٹرانسفرز اور ٹرانسمیشن یا ان سے متعلق امور پر غور و خوض اور اس کی منظوری دے سکے۔

شیئرز ہولڈنگ کا طریقہ کار

شیئرز ہولڈنگ کا طریقہ کار، بمطابق 31 دسمبر، 2019 جو (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی شرائط کے مطابق اور شیئرز ہولڈنگ کی تقسیم کے بارے میں اسٹیٹمنٹ اس رپورٹ کے آخر میں ظاہر کیا گیا ہے۔

منافع منقسمہ

کمپنی اب تک 3 ارب روپیہ منافع منقسمہ بشرح 1,000 فیصد ادا کر چکی ہے اور اب 2,000 فیصد کے حساب سے حتمی منافع منقسمہ تجویز کر رہی ہے جس سے کل منافع منقسمہ اس سال 5,000 فیصد ہو جائے گا۔

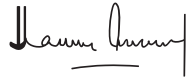
اللہ تعالیٰ ہمیں پیش آنے والی آزمائشوں سے سرخرو ہونے کی قوت عطا فرمائے، آمین!

منجانب بورڈ



عثمان قیوم

چیف ایگزیکٹو و منیجنگ ڈائریکٹر



محمد اصف

چیف فنانشل آفیسر

21 فروری، 2020

نان۔ ایگزیکٹو ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز کے معاوضے کی پالیسی

نان۔ ایگزیکٹو ڈائریکٹرز اور انڈیپنڈنٹ ڈائریکٹرز کو اجلاسوں میں شرکت کے لیے معاوضہ ادا کیا جاتا ہے۔ معاوضے کا حجم موزوں اور ذمہ داری و مہارت کے پیمانے سے مطابقت رکھتا ہے تاکہ کمپنی کو کامیابی کے ساتھ چلائے جانے کے ساتھ اس کی قدر و قیمت میں بھی اضافے کو یقینی بنایا جائے۔

کمپنی کے شیئرز میں منتقلیاں

ڈائریکٹرز، ایگزیکٹوز، ان کے شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے شیئرز میں کوئی ٹرانزیکشن نہیں کی۔

سرپرست کمپنی

انگریڈیان انکارپوریٹڈ، امریکا کمپنی کے اکثریتی شیئرز کی حامل ہے۔

آڈیٹرز

سکدوش ہونے والے آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بناء پر خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر سال 2020 کے لئے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کیلئے تجویز پیش کی ہے۔

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 پر عملدرآمد کے تحت بورڈ کے 5 ممبران پر مشتمل ایک آڈٹ کمیٹی قائم کی ہے۔ سال کے دوران آڈٹ کمیٹی کے 14 اجلاس منعقد ہوئے اور ان میں شرکت کی تعداد درج ذیل تھی:

ذاتی طور پر/ ہذریعہ وڈیولنک اجلاسوں میں شرکت		
4	آزاد ڈائریکٹر	تاج گوبہر (چیئر مین)
4	نان۔ ایگزیکٹو ڈائریکٹر	جی۔ ڈی۔ گجرے
4	نان۔ ایگزیکٹو ڈائریکٹر	مرسل ہرگیت
1	نان۔ ایگزیکٹو ڈائریکٹر	جیٹ ایم۔ ہاؤکوم*
4	نان۔ ایگزیکٹو ڈائریکٹر	ذوالفقار منوں

* اپنی مدت کے دوران ایک اجلاس میں

ہیومن ریسورس اینڈ ری میونریشن کمیٹی

بورڈ آف ڈائریکٹرز نے بورڈ کے 5 درج ذیل ممبران پر مشتمل ہیومن ریسورس اینڈ ری میونریشن کمیٹی قائم کی۔ سال کے دوران کمیٹی کے 13 اجلاس منعقد ہوئے اور شرکت درج ذیل رہی:

ذاتی طور پر/ ہذریعہ وڈیولنک اجلاسوں میں شرکت			
3	آزاد ڈائریکٹر	چیئر مین	طاہر جاوید
3	نان ایگزیکٹو ڈائریکٹر	ممبر	چیئر پیروائی لینڈ اوری
3	ایگزیکٹو ڈائریکٹر	ممبر	عثمان قیوم
1	نان ایگزیکٹو ڈائریکٹر	ممبر	جیٹ ایم۔ ہاؤکوم*
3	نان ایگزیکٹو ڈائریکٹر	ممبر	ذوالفقار منوں

* اپنی مدت کے دوران ایک اجلاس میں

ملازمین کے ریٹائرمنٹ فنڈ کی سرمایہ کاری کی قدر و قیمت

رفان میٹاپے ملازمین کی قدر کرتا ہے۔ کمپنی تین ریٹائرمنٹ پلان، ایک ڈیفائنڈ کنٹری بیوشن (پراویڈنٹ فنڈ) اور دو ڈیفائنڈ بینیفٹ پلانز (گریجویٹ اور سپرائیویشن) برقرار رکھے ہوئے ہیں۔ کمپنی نے ہر ایک فنڈ کیلئے ٹرسٹ قائم کیا ہے اور بورڈ آف ٹرسٹیز فنڈز کے امور سنبھالنے کے ذمہ دار ہیں۔ تینوں پلانز مکمل طور پر فنڈڈ ہیں اور فنڈز میں مجموعی سرمایہ کاری درج ذیل ہے:

2018	2019		
	روپے ہزاروں میں		
1,037,299	996,498	بمطابق 30 جون 2019	پراویڈنٹ فنڈ
807,569	803,850	بمطابق 31 دسمبر 2019	گریجویٹ فنڈ
608,443	645,674	بمطابق 31 دسمبر 2019	سپرائیویشن فنڈ

بورڈ آف ڈائریکٹرز

بورڈ گیارہ ڈائریکٹرز پر مشتمل ہے جو درج ذیل ہیں:

11	ڈائریکٹرز کی مجموعی تعداد
10	مرد
1	خاتون

تفصیل

2	آزاد ڈائریکٹرز
6	نان۔ ایگزیکٹو ڈائریکٹرز
2	ایگزیکٹو ڈائریکٹرز
1	خاتون ڈائریکٹر

3 نان۔ ایگزیکٹو ڈائریکٹرز بورڈ میں اقلیتی شیئر ہولڈرز کی نمائندگی کرتے ہیں۔ بورڈ کے چیئرمین بھی نان۔ ایگزیکٹو ڈائریکٹر ہیں۔ تمام موجودہ بورڈ ممبران کمپنی انفارمیشن میں لسٹڈ ہیں۔ تمام ڈائریکٹرز (کوڈ آف کارپوریٹ گورننس) ریلیکیشنز، 2019 کی شقوں کے تحت سرٹیفیکیشن حاصل کر چکے ہیں ماسوائے محترمہ جینیٹ ایم۔ باؤکوم کے جنہوں نے بورڈ کو 23 مئی 2019 کو جوائن کیا تھا

بورڈ کے اجلاسوں میں شرکت

سال کے دوران بورڈ آف ڈائریکٹرز کے 14 اجلاس منعقد ہوئے۔ 11 اجلاس برطانیہ، 1 یو اے ای اور 2 پاکستان میں منعقد ہوئے جن میں ڈائریکٹرز کی شرکت درج ذیل رہی:

ڈائریکٹرز کے نام	ذاتی طور پر/بذریعہ ڈیپوٹیک اجلاسوں میں شرکت
جیمز بیرزواکی لینڈازوری	4
عثمان قیوم	4
جیمز ڈی۔ گری	4
اینڈریا ایلسٹرڈ میریم پوٹل*	1
جینیٹ ایم۔ باؤکوم**	2
مرسل ہرگیٹ	4
ذوالفقار منوں	4
میاں ایم۔ عادل منوں	4
وصال اے۔ منوں	4
محمد اصف	4
تابش گوہر	4
طاہر جاوید	4

* اپنی مدت کے دوران ایک اجلاس میں
** اپنی مدت کے دوران دو اجلاسوں میں

کمپنی نمایاں خطرات کے مدارک اور ان چیلنجوں سے نمٹنے کیلئے موثر اقدامات اٹھانے کا سلسلہ جاری رکھے گی اور کوشاں رہے گی کہ کمپنی کی مجموعی کارکردگی کو مزید بہتر بنانے کے ساتھ شیئر ہولڈرز کے منافع میں اضافہ کیا جاسکے۔

کارپوریٹ گورننس

آپ کی کمپنی تمام اسٹینڈرڈ ز اور کارپوریٹ گورننس کی تمام شرائط پوری کرنے سے مکمل آگاہ ہے۔ ڈائریکٹرز سمیت آگاہ کرتے ہیں کہ آپ کی کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 پر مکمل کاربند ہے۔ کوڈ آف کارپوریٹ گورننس پر عملدرآمد کا بیان صفحہ نمبر 28 پر دوبارہ بیان کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کے تحت واضح امکانات اور اعتراضات

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

- لسٹڈ کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی حسابات، تمام کاروباری امور، ان کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو شفاف انداز میں پیش کرتے ہیں۔
- لسٹڈ کمپنی کے کھاتوں کی باقاعدہ بکس تیار کی گئی ہیں۔ موزوں ترین اکاؤنٹنگ پالیسیوں کو مالیاتی حسابات اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں مستقل لاگو کیا جاتا ہے جو مناسب اور محتاط فیصلوں پر مشتمل ہوتے ہیں۔
- انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز پر جیسا کہ پاکستان میں رائج ہیں، مالیاتی حسابات کی تیاری میں عمل کیا جاتا ہے اور اس سے کسی بھی زوگردانی کی باقاعدہ اور مناسب انداز میں تشریح اور وضاحت کردی جاتی ہے۔
- اندرونی کنٹرول کا مستحکم نظام ڈیزائن کیا گیا ہے اور اس پر مؤثر عملدرآمد کے ساتھ اس کی نگرانی کی جاتی ہے؛ اور
- اس امر میں کسی قسم کے شکوک و شبہات نہیں کہ لسٹڈ کمپنی میں مستقل طور پر ترقی کرنے کی صلاحیت موجود ہے۔

گزشتہ 6 سالوں کے کلیدی آپریٹنگ اور مالیاتی ڈیٹا کی تفصیل درج ذیل ہے:

2014	2015	2016	2017	2018	2019		
25,197	24,618	25,298	26,018	29,564	35,261	روپے ملین میں	مجموعی فروخت
20,540	19,164	18,345	18,593	21,631	26,007	روپے ملین میں	فروخت کی لاگت
4,657	5,454	6,952	7,425	7,933	9,254	روپے ملین میں	مجموعی منافع
18	22	28	29	27	26		فروخت کا فیصدی
3,871	4,615	5,725	6,067	6,811	8,020	روپے ملین میں	آپریٹنگ منافع جات
15	19	23	23	23	23		فروخت کا فیصدی
3,754	4,599	5,707	6,051	6,785	7,997	روپے ملین میں	منافع قبل از ٹیکس
2,517	3,275	3,879	4,392	4,772	5,641	روپے ملین میں	منافع بعد از ٹیکس
272.48	354.59	420.01	475.54	516.62	610.77	روپے	آمدنی فی شیئر
1,247	1,293	2,679	5,080	3,925	3,925	روپے ملین میں	منافع منقسمہ کی رقم
1,350	1,400	2,900	5,500	4,250	4,250		منافع منقسمہ فیصدی
469	1,665	870	742	196	314	روپے ملین میں	کیپٹل اخراجات

ریسرچ اینڈ ڈیولپمنٹ

ہمارے بیشتر اجزاء کی تیاری بنیادی طور پر کمپنی سے کی جاتی ہے لہذا کمپنی کی قابل اعتماد اور پائیدار زیریں فراہمی انتہائی ضروری ہے۔ رفان نے ہمیشہ کا شکار برادری کے فوڈ اور فیڈ سیکٹر کی اسٹیٹس کی بہتری کیلئے نمایاں کردار ادا کیا ہے۔ ہمارے ایگری بزنس ڈیپارٹمنٹ نے یو ایس ایڈ کے اشتراک سے ایک پروگرام متعارف کرایا ہے تاکہ ابتدائی طور پر کمپنی کو ایفلا ٹوکسن (Aflatoxin) سے پاک رکھا جائے اور بعد ازاں اسے دیگر غذائی اشیاء سے دور رکھا جائے۔ پروگرام کے شراکت کاروں میں یو ایس ڈی اے، انٹرنیشنل انسٹی ٹیوٹ آف ٹرائپل ایگریکلچر - IITA، یو ایس ایجنسی برائے انٹرنیشنل ڈیولپمنٹ، پاکستان نیشنل ایگریکلچر ریسرچ سینٹر، بینر برائے ایگریکلچر و بائیوسائنس انٹرنیشنل (CABI) اور رفان میڈیٹل ہیں۔ ہم کا شکاروں کے ساتھ کمپنی میں فصل پکنے سے قبل کے نقصانات سے متعلق ایفلا ٹوکسن کم کرنے کے مختلف پہلوؤں پر بھی کام کر رہے ہیں۔ یہ کوششیں جب ایک بار مکمل طور پر لاگو ہو جائیں گی تو کا شکاروں سمیت پورے ملک کیلئے وسیع البنیاد فوائد حاصل ہو سکیں گے۔

سرمایہ کاری

آپ کی کمپنی اپنی اسٹریٹیجک کمپوزیشن کے تحت کاروبار میں توسیع اور اسے مختلف سمتوں میں پھیلانے کے لیے توجہ دینے کا سلسلہ جاری رکھے گی۔ آپ کی کمپنی نے اپنے اسٹریٹیجک عزم، ارادوں پر عمل پیرا رہتے ہوئے کئی نمایاں پروجیکٹس پر کام جاری رکھا ہوا ہے۔ ہم اپنی گنجائش میں اضافے، جدت لانے اور نئی ٹیکنالوجیز میں سرمایہ کاری کے ذریعے اپنے صارفین کو بہتر سے بہتر خدمات فراہم کرنے کا یقین دلاتے ہیں۔

کمپنی نے سال کے دوران فروخت میں 19 فیصد کا اضافہ حاصل کرتے ہوئے 35 ارب روپے کا سٹاک میل عبور کر لیا ہے۔ کمپنی نے 18.2 فیصد کے اضافے کے ساتھ 5.6 ارب روپے کا خالص منافع بھی ظاہر کیا ہے۔

آپریشنز

آپریشنل ٹیم بدستور توانائی کی بچت، ماحول کے تحفظ اور کام کرنے کی جگہ کو محفوظ اور خطرے سے پاک اور پیداواری طریقہ کی اصلاح کے فروغ پر بھرپور توجہ دے رہی ہے۔ اس امر پر بھی زور دیا جا رہا ہے کہ ملازمین، مال کے فراہم کنندگان اور ٹھیکیداروں کی سرگرمیوں کو بھی مربوط بنایا جائے تاکہ صارفین کی تمام ضروریات کو پورا کیا جاسکے۔ ان تمام اقدامات کا بنیادی اور حتمی مقصد ہماری ملکی اور غیر ملکی صارفین کی توقعات کو ان کی امیدوں سے بڑھ کر پورا کرنا اور اپنے شیئر ہولڈرز کی سرمایہ کاریوں کے لئے بہترین منافع جات کی فراہمی ہے۔ اس کے نتیجے میں درج ذیل آپریشنل اعزازات حاصل کئے جاتے ہیں:

(ا) پلانٹ اور وسائل کے بھرپور استعمال کے ذریعے کمپنی کو پینے کا ایک نیاریکارڈ حاصل کیا گیا تاکہ ہمارے معزز صارفین کی ضروریات پوری ہو سکیں۔ اس سے ہمیں اپنے صارفین کا اعتماد اور بھروسہ جیتنے اور اپنی قدر ”قابل ترجیح“ کو برقرار رکھنے میں مدد ملی۔

(ب) بڑھتی ہوئی پیچیدگی اور چیلنجز کے ساتھ آپریشنل ٹیم نے عمل اور آپریشنل کے پیمانوں کو پورا کرنے کے ذریعے پروڈکٹس کی بہتر کوالٹی کو یقینی بنایا جس کے نتیجے میں بہترین فرسٹ پاس کمپلائنس نتائج حاصل کئے گئے۔

(ج) ”جراثیمندی کے ساتھ تخلیق کریں“ کو نئے امتیازی انداز کے ساتھ چلنے کیلئے صارفین کی شکایت کو حل کرنے کا آئی ٹی پر مشتمل نظام متعارف کروایا گیا جو آئی ٹی کی ٹیم نے اپنے تین ادارے میں بنایا اور متعارف کروایا۔

(د) کمپنی کی فصل کی بڑھتی قیمتوں کے ساتھ پروڈکشن ٹیم نے پیداواری عمل میں بہتری کی مدد سے COGS کو کم سے کم کرنے کیلئے پیداوار بہتر بنانے اور ضیاع کو روکنے کی کوششیں جاری رکھیں۔

(ر) جدت طرازی ایک اور ایسا شعبہ رہا جہاں انفرادیت کے لئے صارفین کی ضروریات پورا کرنے کی غرض سے چند اعلیٰ ترین قدر و قیمت کی حامل مصنوعات کامیابی سے تشکیل، تیار اور مہیا کی گئیں۔

(س) فیصل آباد پلانٹ میں جدید ترین سہولتوں سے آراستہ استعمال شدہ ٹینل پانی کو فعال بنانے کا پلانٹ مکمل کیا گیا تاکہ ہمارے ماحولیاتی معاہدوں کو پورا کیا جاسکے اور ملحقہ علاقوں کو محفوظ رکھا جاسکے۔

(ص) بحیثیت ایک ذمہ دار سماجی ادارہ کاربن ڈائی آکسائیڈ کا اخراج اور پانی کی کھپت کم کرنے کیلئے متعدد اقدامات کئے گئے۔ اس کے نتیجے میں کاربن ڈائی آکسائیڈ کا اخراج 5 فیصد کم ہو گیا اور پانی کی کھپت گزشتہ سال کے مقابلے میں 14 فیصدی ٹن پروڈکشن تک کم ہو گئی۔

(ط) کاروباری موجودہ ضرورت کو پورا کرنے کیلئے مستقل بہتری کے عمل میں Lean Six Sigma ٹولز کا استعمال ایک اور نمایاں حصہ تھا۔ لاگت اور توانائی کی بچت کے اقدامات لاگو کئے گئے جس کے نتیجے میں شیئر ہولڈرز کے لئے بچت کی مناسب رقم کے ذریعے شاندار نتائج حاصل ہوئے۔ لاگت کے بہترین اقدامات کے ذریعے کمپنی نے ایک واضح کامیابی حاصل کی۔

حفاظت، صحت اور ماحولیات

”کیئر فرسٹ“ (احتیاط مقدم) رفان کی اولین ترجیح رہی ہے۔ ہم اس امر پر یقین رکھتے ہیں کہ لوگ اپنی روزمرہ کی زندگی میں حقیقی تحفظ کے کچھ کے بغیر اپنی بہترین کارکردگی حاصل نہیں کر سکتے۔ ہم اس عزم پر کاربند ہیں کہ ہم اپنی افرادی قوت کو ورلڈ کلاس EHS اسٹینڈرڈز اور گائیڈ لائنز سے روشناس کرائیں۔ ہم نے کارپوریٹ رہنمائی سے ہم آہنگ متعدد نئے اقدامات شروع کئے ہیں اور وہ ہمارے ملازمین اور ٹھیکیداروں کی صلاحیتوں میں اضافے کے لئے بھرپور معاونت کر رہے ہیں۔ مشترکہ معاون و مرکز ہمارے قائدانہ پیغام سے واقف ہیں اور وقت کے ضیاع کے بغیر اس سال میں پاکستان کے اندر تین مینوفیکچرنگ مقامات پر کسی نقصان کے بغیر سرگرمیاں انجام دیتے رہے۔ ہم اپنے ساتھی کارکنان کو احتیاط کے ساتھ کام سرانجام دینے اور بحفاظت گھر واپس لوٹنے کے قابل بناتے ہیں۔

کمپنی کا ہر فرد ماحولیات کے تحفظ اور ماحولیاتی نقصانات کے تدارک کیلئے سرگرم رہتا ہے۔ ہم اپنے ملازمین اور ٹھیکیداروں کے ساتھ قریبی سطح پر کام کرتے ہوئے اپنے کاربن کے پھیلاؤ کو کم کرنے میں معاونت کرتے ہیں۔ فاضل مواد کے موثر بندوبست کے اقدامات بھی ویسٹ (waste) کو کم کرنے اور ری سائیکل کرنے کیلئے شروع کئے گئے ہیں۔

ہم اپنے قریبی طبقات کی بہتری کو بھی اپنے کاروبار کا حصہ سمجھتے ہوئے بھرپور معاونت کرتے ہیں۔ مختلف طبقات کی سماجی بہبود کیلئے کئی سرگرمیاں انجام دی جاتی ہیں۔

کارپوریٹ سماجی ذمہ داری

رفان محیط سماجی طور پر ایک ذمہ دار ادارہ ہے اور صحت، تعلیم، ماحولیات، سماجی فروغ و بہتری اور قدرتی آفات کی صورت میں بحالی کے کاموں کے شعبوں میں بھرپور شراکت کے ذریعے پاکستان کے عوام کی فلاح و بہبود کے کام انجام دینے کیلئے انتھک کوشش کرتا ہے۔ ہمارا بنیادی مقصد پاکستان کے عوام، کاشتکاروں، کاروباری طبقات اور عوام الناس کے لئے بہتر مواقع کی فراہمی ہے جہاں ان کو بہتر معیار زندگی میسر آ سکے۔

کاروباری خطرات، چیلنجز اور مستقبل کے امکانات

مستقل طور پر معاشی بے یقینی کی صورتحال اور آواز چڑھاؤ کے پیش نظر ہم 2020 کو کسی طور پر سازگار رہنے کی توقع نہیں کرتے۔ معاشی منظر نامے، گرتی ہوئی جی ڈی پی گروتھ، غیر یقینی صنعتی رفتار مع آمدنیوں پر دباؤ کے امکانات کو ظاہر کر رہے ہیں۔ تاہم کمپنی کی انتظامیہ اپنے کاروبار کیلئے ایک طویل مدتی شاندار منظر نامے کے لئے پُر عزم ہے۔ کمپنی کا مقصد غیر موزوں مارکیٹ صورتحال سے نئے کاروباری مواقعوں کے فروغ کے ضمن میں طے کردہ اہداف کے حصول کیلئے صارفین کو متوجہ کرنے کے اقدامات کے ذریعے اور لاگوں اور منافع کے باکفایت انتظام کے ذریعے نمٹنا ہے۔

ہم صارفین کی تیزی سے تبدیل ہوتی ہوئی طلب اور ابھرتی / برآمدی مارکیٹ کی ڈیمانڈ کو پورا کرنے کیلئے اپنی صلاحیتوں، کارکردگی اور گنجائش میں اضافے کے لئے سرمایہ کاری کرتے رہیں گے۔ ہم Lean Six Sigma پروجیکٹس کے نفاذ کے ضمن میں کام جاری رکھیں گے تاکہ تمام تر کاروباری یونٹس میں بہتری لانے کے ساتھ ساتھ اس کی قدر و قیمت بڑھانے کے کچھ کو مستقل طور پر فروغ دینے کا سلسلہ جاری رہے۔ چونکہ شرح منافع کمپنی کی قدر میں کمی، بڑھتے ہوئے اخراجات، گیس و بجلی کے بڑھتے ہوئے نرخوں اور سہل و رواں آپریشنز کے ہنگامہ تبدیل اندھن کے استعمال کے سبب دباؤ کا شکار رہے اس لئے حجم کو بڑھانے، لاگت پر سخت کنٹرول، موثر پیداواری عمل، جدید و یوٹیلائٹیشن، نرخوں کی راہنما نریشن اور متعدد ورکنگ کیپٹل منجمنٹ پروجیکٹس جاری ہے۔ اہم جز کے طور پر کمپنی کے نرخوں میں اضافہ بشمول ان پٹ کاسٹ میں اوپریٹنگ سطح کارخانہ اور ایندھن و یوٹیلیٹی نرخوں میں اضافے کے باعث شرح منافع متاثر ہونے کا امکان ہے۔

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز ہمسرت 31 دسمبر، 2019 کو ختم ہونے والے سال کیلئے سالانہ آڈٹ شدہ مالی گوشوارے مع ان پراڈیٹرز کی رپورٹ پیش کر رہے ہیں۔

مالیاتی نتائج		منافع جات اور مختص شدہ رقم	
سال ختمہ 31 دسمبر		روپے ہزاروں میں	
2018	2019		
4,771,705	5,641,325		
(4,121)	(58,185)		
12,171,721	13,013,822		
16,939,305	18,596,962		
1,154,554	1,154,554	(2017: بشرح 1,250 فیصد)	حتمی منافع منقسمہ 2018 بشرح 1,250 فیصد
923,643	923,643	(2018: بشرح 1,000 فیصد)	پہلا عبوری منافع منقسمہ 2019 بشرح 1,000 فیصد
923,643	923,643	(2018: بشرح 1,000 فیصد)	دوسرا عبوری منافع منقسمہ 2019 بشرح 1,000 فیصد
923,643	923,643	(2018: بشرح 1,000 فیصد)	تیسرا عبوری منافع منقسمہ 2019 بشرح 1,000 فیصد
3,925,483	3,925,483		
13,013,822	14,671,479		
516.62	610.77		

کاروباری جائزہ

ملک کا معاشی منظر نامہ بدستور چیلنجنگ رہا۔ تیزی سے بڑھتے ہوئے افراط زر کے رجحان نے معاشی ترقی کو شدید متاثر کیا، پیداواری لاگت میں کافی اضافہ ہوا جس کی وجہ سے شرح منافع کے ساتھ ساتھ حجم و طلب دونوں متاثر ہوئے۔ اقتصادی سست رفتاری، کرنٹ اکاؤنٹ خسارے اور گرتے ہوئے ذخائر اور پاک روپے کی قدر میں کمی، جو امریکی ڈالر کے مقابلے میں 10 فیصد تک کم ہو گئی، نے مجموعی صورتحال کو شدید دھچکا لگایا۔

صنعتی اور زرعی شعبوں کی کارکردگی بھی کمزور رہی۔ خام مال اور توانائی کے نرخوں میں نمایاں اضافے، بڑے پیمانے پر معاشی سست روی اور صارفین کے اعتماد میں کمی نے حجم، آمدنی اور منافع کے حوالے سے کئی شعبوں کو متاثر کیا۔ ان چیلنجوں کا سامنا کرنے کے ساتھ ہم نے صارفین پر اپنی توجہ بڑھانے اور ادارے کے اندر مستحکم کارکردگی کے کلچر کو فروغ دینے کے ذریعے مارکیٹ میں اپنی پوزیشن کو مزید استحکام پہنچانے کے ایجنڈے پر توجہ دینے کا سلسلہ برقرار رکھا۔

رفان میڈیا بطور پاکستان کا مرکزی مٹی ریفائنر اپنے کاروبار کا حجم بڑھانے کیلئے تمام تر کوششیں کر رہا ہے جس کے نتیجے میں طویل مدتی فوائد حاصل ہوں اور اپنے شیئر ہولڈرز کو قابل قدر منافع دینے کے ساتھ معیشت کے فروغ میں شراکت اس مقصد کے ساتھ کی جائے تاکہ اپنی کوششوں کے ذریعے صارف کے اعتماد کو مزید مضبوط بنایا جائے گا۔ درحقیقت ہماری شاندار اور بھرپور تاریخ میں ہم نے نہ صرف اپنی بنیادی صلاحیتوں میں اضافہ کیا ہے بلکہ اس کی سمتوں کو بھی فروغ دیا ہے۔ اس کے نتیجے میں آج ہماری کمپنی کامیابی کی ایک مثال تصور کی جاتی ہے۔ ہم نے مستقل طور پر جدت طرازی کا راستہ اپنائے رکھا اور اب غذائی، صنعتی، ادویاتی، ٹیکسٹائل وغیرہ کے مختلف الانواع شعبوں میں نت نئی راہیں تلاش کر رہے ہیں۔ ہمارے صارف کا اطمینان ہماری وہ بنیادی قوت ہے جو ہمیں تمام تر چیلنجوں سے نکلنے اور اپنا اعزاز برقرار رکھنے کیلئے ہماری مدد کرتی ہے۔

موبیلیٹی کی غذائیت اور صحت کا کاروبار ہماری آمدنی کے ایک بڑے حصے پر مشتمل ہے۔ کمپنی پولٹری، لائیو اسٹاک اور ایکوا کلچر سے بڑھتی ہوئی طلب پر سرمایہ کاری کے ذریعے مارکیٹ میں اپنی پوزیشن کو مستقل طور پر مستحکم بنانے کا سلسلہ جاری رکھے ہوئے ہے۔ لائیو اسٹاک اور پولٹری کی مارکیٹوں کو درپیش کئی چیلنجوں کے باوجود ہمارا یہ کاروبار سال کے دوران بہتری کی جانب گامزن رہا۔

ہم مستقل بنیادوں پر نئے امکانات اور کاروباروں کو تلاش کرنے اور اپنی کارکردگی بڑھانے کیلئے بھی اپنی تمام تر کوششوں کو بروئے کار لا رہے ہیں۔ رفان میڈیا نے نہ صرف اپنے بنیادی کاروباروں کو مستحکم کیا ہے بلکہ پاکستان سے باہر بھی اپنے کاروبار کو وسعت دی ہے۔ برآمدات کے ضمن میں بھی درست کاروباری ماڈل تشکیل دینے کیلئے ہم نے انتھک محنت کی۔ ہم اس امر پر یقین رکھتے ہیں کہ بین الاقوامی مارکیٹ میں مناسب مواقع موجود ہیں اور ہم اس کے ذریعے اپنے تمام شیئر ہولڈرز اور کاروباری شراکت داروں کے لئے منافع کے مزید فوائد حاصل کر سکتے ہیں۔ بین الاقوامی مارکیٹوں میں سست روی، پاکستان میں خام مال کے نرخوں میں غیر معمولی اضافے اور دیگر مسابقتی کمپنیوں کے ساتھ سخت مقابلے کے باوجود سال کے دوران برآمدی کارکردگی دو ہندسوں میں گرتھ کے ساتھ بہت بہتر رہی۔ مشرق وسطیٰ، افریقہ، افغانستان، سری لنکا اور بنگلہ دیش ہماری اہم برآمدی مارکیٹیں ہیں۔ ترقی پذیر اور ابھرتی ہوئی مارکیٹیں دوبارہ اس فروغ میں بڑی قوت کے طور پر کارفرما ہیں کمپنی اپنی پیداوار کے زیادہ سے زیادہ استعمال اور قابل قدر غیر ملکی زرمبادلہ کمانے کیلئے نئی برآمدی مارکیٹیں تلاش کرنے کیلئے پرعزم ہے۔

چیئر مین کا جائزہ

میرے لئے یہ امر باعث اعزاز ہے کہ میں رفغان میڈ پرائڈ کٹس کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز کے چیئر مین کی حیثیت سے خدمات سرانجام دے رہا ہوں اور میں نہایت مسرت کے ساتھ کمپنی کی جائزہ رپورٹ اور کمپنی کے اغراض و مقاصد کے حصول میں بورڈ کی جانب سے ادا کئے جانے والے کردار پر روشنی ڈال رہا ہوں۔

بورڈ مکمل طور پر ترقی اور فروغ کے اہداف حاصل کرنے کے عزم پر کاربند ہے اور ان نتائج سے ہماری کوششوں کی عکاسی ہوتی ہے اور ظاہر ہوتا ہے کہ یہ کمپنی کیلئے ایک اور شاندار کارکردگی اور بڑھتی کا سال ثابت ہوا۔ آپ کی کمپنی نے 35.2 ارب روپے کی خالص سیلز حاصل کی اور 5.6 ارب روپے کا خالص منافع بعد از ٹیکس حاصل کیا جو بالترتیب گزشتہ سال کے مقابلے میں 19 فیصد اور 18 فیصد زائد ہے۔

2019 ایک کٹھن سال رہا۔ کاروبار کو پورے سال کے دوران متعدد بیرونی دباؤ کا سامنا رہا۔ روپے کی قدر میں مزید 10 فیصد کمی ہوئی، معاشی اور سیاسی صورتحال بھی بے یقینی کا شکار رہی اور اس کے ساتھ بڑھتی ہوئی افراط زر سے بلند تر توانائی کے نرخوں، خام مال کی قیمتوں میں اضافے اور دیگر ان پٹ اخراجات میں اضافہ ہوا۔ کاروبار کی کٹھن صورتحال نے ہماری کمپنی کے مجموعی کاروبار پر منفی اثرات مرتب کئے۔ تاہم ایک فعال و متحرک کاروباری انداز فکر کے ذریعے اس خراب صورتحال سے نمٹنے کی بھرپور کوشش کی گئی اور سست رفتار معاشی ماحول اور صارفین کی کمزور طلب کے باوجود اپنی کارکردگی سے اسے ایک اور یادگاری سال بنادیا گیا۔ یہ غیر معمولی نتائج گزشتہ چند سالوں کے دوران رفغان میڈ کی ترقی اور اس کی شاندار صلاحیتوں کا آئینہ دار ہیں۔

ہماری اقدار کمپنی کی سمت اور کلچر کو رواں و فعال رکھنے کیلئے نہایت اہم ہیں۔ سال کے دوران آپ کی کمپنی نے اپنی اقدار کے ضمن میں چند نئی باتیں متعارف کرائیں اور ملازمین کے مابین ان اقدار کے بارے میں شعور آگاہی بڑھانے کے لئے کام بھی کیا، ہم اپنی کارپوریٹ سماجی ذمہ داریوں سے بھی بخوبی آگاہ ہیں اور اپنے اسٹیک ہولڈرز کے ساتھ کاروباری واسٹریٹجک تعلقات کو بڑھانے کے ساتھ شیئر ہولڈرز کے منافع جات کو بڑھانے کے اپنے بنیادی مقصد پر بھرپور توجہ دے رہے ہیں۔

آپ کی کمپنی ایک انتہائی مستحکم کارپوریٹ گورننس کیلئے مکمل طور پر سرگرم ہے۔ اس کٹھن صورتحال میں بھی بورڈ کی کارکردگی انتہائی شاندار رہی ہے اور پورے سال کے دوران کمپنی کو موثر طور پر چلایا گیا۔ بورڈ نے مستقل طور پر کمپنی کے کاروبار کا جائزہ لیا اور کلیدی شعبوں جیسا کہ اسٹریٹجک پلاننگ، مالیاتی کارکردگی، سرمائے کا موثر استعمال، وسائل کا استعمال، انسانی اور آپریشنل رپورٹنگ کارکردگی سے متعلق امور اور ان کی صلاحیتوں کو بہتر بنانے کے معاملات میں انتظامیہ کی معاونت کی۔ بورڈ کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کے ضمن میں اپنی ذمہ داری کو تسلیم کرتا ہے۔ بورڈ شیئر ہولڈرز کے لئے منافع جات کو بہتر بنانے اور اسٹیک ہولڈرز کیلئے زیادہ سے زیادہ فوائد کے حصول اور ان مقاصد کی فراہمی پر توجہ دینے کے ساتھ کمپنی کے مقاصد کے حصول میں اپنے اسٹریٹجک کردار سے پوری طرح آگاہ ہے۔

میں بورڈ کے تمام ممبران کا ان کی مستقل رہنمائی اور معاونت پر شکریہ ادا کرنا چاہوں گا اور انتظامیہ کی بھرپور صلاحیتوں کا اعتراف کرتا ہوں جس کی بدولت سال 2019 ایک اور اعلیٰ کارکردگی کا سال ثابت ہوا۔

21 فروری 2020



چیئر مین

چیئر مین

REQUEST FORM FOR DIVIDEND MANDATE (MANDATORY)

I wish the cash dividend declared by the Company, if any, be directly credited in my bank account, instead of issue of dividend warrant(s). My Bank Account details are as under:

Shareholder's Details	
Name of Shareholder	
Folio/CDC Part. Id. No.	
Title of Bank Account (Name)	
Bank Account Number (IBAN*)	P K
Bank's Name	
Branch Name and Address	
Cell / Landline number	
CNIC/NICOP/NTN/Passport No.	

Signature of Shareholder

(Please affix company stamp in case of corporate entity)

*** Please provide complete IBAN (24 digits), after checking with your concerned bank branch.**

In case of **Physical shareholders**, the form may be sent to Shares Registrar at the following address:

M/s FAMCO Associates (Pvt.) Ltd,
Shares Registrar: Rafhan Maize Products Co. Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, PECHS, Shahrah-e-Faisal, Karachi.
Tel.No.021-34380101-05 Ext.118
e-mail: info.shares@famco.com.pk

The CDC Shareholders will send the above particulars to their respective stock brokers.

Request Form for Hard Copy of Annual Audited Financial Statements

Date: _____

I/We _____ request that a hard copy of the Annual Financial Statements along with notice of general meetings be sent to me through post.

My/our particulars in this respect are as follows:

Folio/CDC A/c No.	
Postal Address:	
e-mail Address:	
Contact No.:	
CNIC No.	
Signature	

The form may be sent directly to Shares Registrar or Company Secretary at the following addresses:

Company Contact: Mr. M. Yasin Anwar Company Secretary & Sr. Manager Corporate Affairs, Rafhan Maize Products Co. Limited, Rakh Canal East Road, Faisalabad. Tel. No. 041-8540121-23 Ext. 206 & 348 E-mail: corporate@rafhanmaize.com	Shares Registrar: Mr. Fakhar Abbasi M/s FAMCO Associates (Pvt.) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi. Tel. No. 021-34380101-05 Ext. 118 E-mail: info.shares@famco.com.pk
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Proxy Form

130th General Meeting (Annual Ordinary)

The Company Secretary,
Rafhan Maize Products Co. Limited,
Rakh Canal East Road,
Faisalabad.

I/We.....S/W/D of

R/o.....

being shareholder(s) of Rafhan Maize Products Co. Limited hereby appoint Mr. / Mrs.....

.....S/W/D of

.....R/o.....or failing him

Mr. / Mrs.S/W/D of

R/o.....

as my/our proxy to attend and vote for me/us and on my/our behalf at the 130th General Meeting (Annual Ordinary) of the Company to be held on Friday, May 29, 2020 at 11:00 a.m. at the Company's Head Office, Rakh Canal East Road, Faisalabad or at any adjournment thereof.

Signed this.....day of2020

Affix Revenue
Stamp of Rs.5/-

Signature of Proxy.....

Signature of Shareholder.....

Folio/CDC A/c Part. ID. No.....

No. of Shares held.....

Shareholder CNIC No.....

Witness I:

Witness II:

Signature

Signature

Name:

Name:.....

CNIC #

CNIC #

Address:

Address:

NOTES:

- This Form of Proxy, duly completed and signed across a revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time of holding the meeting.
- Shareholders or their Proxies should bring their original valid CNIC or original valid Passport for their Identification. CDC shareholders should also bring their Participant's ID Number and their Account Number.
- In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Rafhan Maize Products Co. Limited,
Rakh Canal East Road,
Faisalabad.

پراکسی فارم

130 واں اجلاس عام (سالانہ عمومی)

دی کمپنی سیکریٹری،
رفان میٹ پراڈکٹس کمپنی لمیٹڈ،
رکھ کینال ایسٹ روڈ،
فیصل آباد۔

میں/ہم _____ بیوی/بیٹا/بیٹی _____ ساکن _____ بحیثیت شیئر ہولڈر (ز)
بابت رفاں میٹ پراڈکٹس کمپنی لمیٹڈ نے بذریعہ ہذا جناب/محترمہ _____ بیوی/بیٹا/بیٹی _____
ساکن _____ یا ان کی عدم دستیابی پر
جناب/محترمہ _____ بیوی/بیٹا/بیٹی _____ ساکن _____

کو بحیثیت پراکسی مقرر کیا ہے جو میری/ہماری جگہ پر کمپنی کے
130 ویں اجلاس عام (سالانہ عمومی) منعقدہ کمپنی کے ہیڈ آفس، رکھ کینال ایسٹ روڈ، فیصل آباد بروز جمعہ، 29 مئی، 2020 کو بوقت 11:00 بجے صبح یا کسی ملتوی شدہ تاریخ پر شرکت کر کے
ووٹ ڈال سکے گا/گی۔

تاریخ آج _____ بابت 2020

5/- روپے
کارپوریٹ اسٹیٹس چسپاں کریں

پراکسی کے دستخط _____	شیئر ہولڈر کے دستخط _____
موجودہ شیئرز کی تعداد _____	فولیو نمبر/سی ڈی سی اکاؤنٹ پارٹ آئی ڈی نمبر _____
گواہ نمبر: _____	شیئر ہولڈر کا سی این آئی سی نمبر _____
دستخط _____	گواہ نمبر ۲: _____
نام _____	دستخط _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____	نام _____
پتہ _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____

نوٹ:

- یہ پراکسی فارم ہر طرح سے مکمل کر کے اور ریونیو اسٹیٹس پر دستخط کر کے لازمی طور پر کمپنی کے رجسٹرڈ آفس میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرادیا جائے۔
- شیئر ہولڈر یا ان کے پراکسیز کو اپنی شناخت کے لیے اپنا اصل کارآمدی این آئی سی یا اصل کارآمدی پاسپورٹ ہمراہ لانا ہوگا۔ سی ڈی سی شیئر ہولڈرز کو پارٹیکلر آئی ڈی نمبر یا اکاؤنٹ نمبر بھی ہمراہ لانا ہوگا۔
- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نمونہ دستخط کمپنی کو پراکسی فارم کے ساتھ جمع کرانے ہوں گے (اگر یہ پہلے فراہم نہیں کیے گئے)۔

اسٹمپ چسپاں کریں

کمپنی سیکرٹری،
رفخان میٹ پراڈکٹس کمپنی لمیٹڈ،
رکھ کینال ایسٹ روڈ،
فیصل آباد۔

