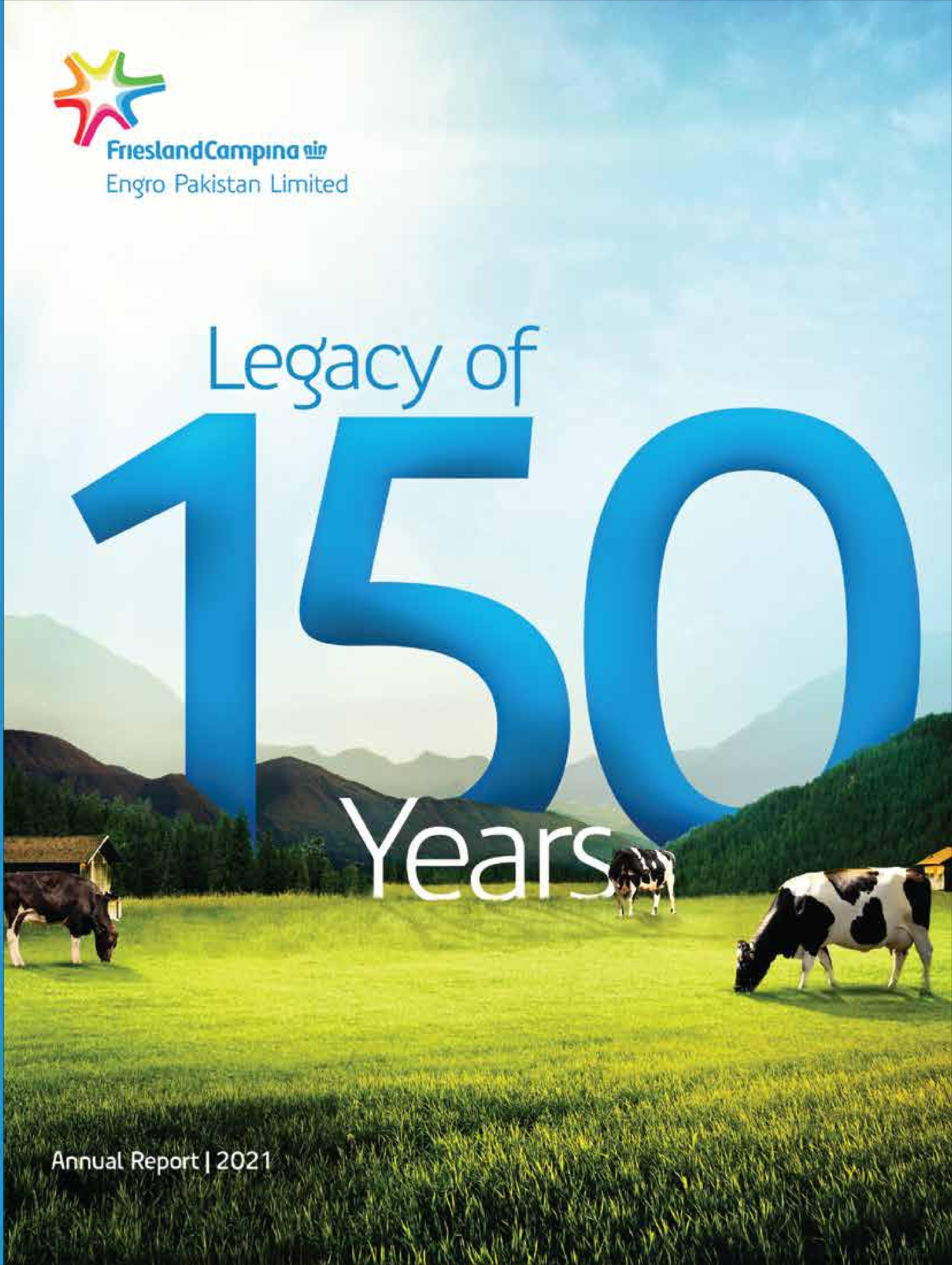
SCAN ME

HEAD OFFICE
The Harbor Front Building, 5th Floor, FrieslandCampina Engro Pakistan Limited
HC-3, Block-4, Near Marine Drive, Clifton Karachi - 75600, Pakistan
Phone: +92 213 529 6000 (Ext.: 9 Line) Fax: +92 213 529 6010
Web: www.frieslandcampina.com.pk



FrieslandCampina

Engro Pakistan Limited

LEGACY OF 150 YEARS

It has been 150 years since the establishment of FrieslandCampina, a global powerhouse and one of the world's largest dairy cooperatives. With decades of dairy expertise, enterprising farmers, sustainable value chains and a committed workforce, FrieslandCampina provides its millions of consumers throughout the world with the goodness of milk, from grass to glass. By combining 150 years of global dairy expertise with our local experience, FrieslandCampina Engro Pakistan provides superlative dairy products and nutritional excellence to millions of Pakistanis every day.

About the Report

By combining the global dairy expertise of FrieslandCampina and our understanding of the local market, FrieslandCampina Engro Pakistan continues to deliver on our promise of 'Nourishing Pakistan' with safe and affordable nutrition.

FrieslandCampina brings over **150** years of its dairy experience to Pakistan to "transform the health and well-being of Pakistanis now and for generations to come, by nourishing them through unlocking the goodness of milk from grass to glass, as well as by enhancing the livelihood of farmers."

FCEPL is committed to nourishing Pakistan's burgeoning population, set to cross 300 million by 2050, with affordable, safe and nutritious dairy products, creating sustainable supply chains encompassing **1,300+** milk collection centers, collecting an average of **790,000** litres of milk every day, to nourish **3,800,000** families every month.

In the **5** years of partnership with FrieslandCampina, FCEPL has been serving and nourishing the people of Pakistan while achieving multiple operational and commercial milestones. This year, we celebrate the 150 years legacy of FrieslandCampina and our 5 years partnership with one of the world's largest dairy cooperatives. By highlighting our achievements encompassing our business performance and the impact of our community interventions over the years, we reiterate our commitment to Nourishing Pakistan, now, and for generations to come.

Table of Contents

116,000 farmers in our value chains*

Our farmers are the backbone of our value chain. By training them on best practices and providing them market access, we empower them with economic stability and sustainable livelihoods.

*From date of inception

COMPANY OVERVIEW

Company Overview

FrieslandCampina Engro Pakistan Limited is a Pakistani Dairy Company and a subsidiary of the Dutch multinational corporative Royal FrieslandCampina. The Company was launched as Engro Foods in 2005 with our first production facility in Sukkur, Pakistan and the introduction of our flagship UHT milk brand: Olper's. Following successful entries in the tea-whitening category with Tarang in 2007, and the ice-cream market with Omoré in 2009, we entered a strategic partnership with Royal FrieslandCampina of Netherlands in 2016.

This partnership allowed us to gain access to more than 150 years of dairy expertise, technology, and R&D. It further advanced our efforts towards the Sustainable Development Goals we prioritise: environment, gender equality, no poverty and zero hunger.

With two production facilities in Sukkur and Sahiwal, a dairy farm in Nara, over 1,300 milk collection centres and a resource network encompassing thousands of individuals, our expansive and robust footprint ensures a sustainable, efficient supply chain, knowledgeable farmers and empowered communities.

Dairy farmers are the backbone of FCEPL's supply chain, and we take great pride in our exemplary Dairy Development Program. The program is tailored and designed to ensure inclusive growth and increased profitability by sharing knowledge and best practices for dairy farming, providing training on animal health, housing and barn design, feed and water, milk hygiene, aflatoxin control, cow signals, farm economics, calf rearing and the environment. We also help facilitate farmer communities in obtaining subsidised loans as working capital.

Our innovations draw upon our deep, global dairy expertise and are tailored specifically for local preferences and cultural adoption. With this outlook and our unique position, we are combining enterprising talent with emerging methodologies to set the foundation for the next chapter in the food-safety and nourishment story in Pakistan.

Our Purpose

The pursuit of a healthy and nourished Pakistan is a core driving force for our success. It is our promise to make the grass greener for the cows, yields higher for the farmers, growth stronger for the milk industry and a glass of milk full of natural goodness for every Pakistani.

Simply put, our purpose is to transform the health and well-being of Pakistanis now and for generations to come, by nourishing them through unlocking the goodness of milk from grass to glass, as well as by enhancing the livelihood of farmers.

Company Information

Board of Directors

Abdul Samad Dawood (Chairman)
Ali Ahmed Khan (CEO)
Abrar Hasan
Eduardus Lambertus Holtzer
Petra Attje Zinkweg
Roeland Francois Van Neerbos
Zouhair Abdul Khaliq

Chief Financial Officer

Imran Husain

Company Secretary

Muneeza Iftikar

Members of the Audit Committee

Abrar Hasan (Chairman)
Eduardus Lambertus Holtzer
Zouhair Abdul Khaliq

Secretary of the Committee is
Saleem Lallany, GM Internal Audit Department

Banks
Conventional

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Citibank N.A.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank Pakistan Limited
Summit Bank Limited
United Bank Limited
The Bank of Punjab

Shariah Compliant

Meezan Bank Limited
Bank Al-Habib Limited - Islamic Banking

Auditors

A. F. Ferguson & Company
Chartered Accountants

State Life Building No. 1-C
I.I. Chundrigar Road
Karachi - 74000, Pakistan.
Tel: +92(21) 32426682-6 / 32426711-5

Share Registrar

M/s. FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran, Block-6, PECHS,
Shahrah-e-Faisal Karachi - Pakistan
Tel: +92(21) 34380104-5, 34384621-3
Fax: +92(21) 34380106

Registered Office

5th Floor, The Harbor Front Building
HC-3, Marine Drive, Block - 4, Clifton
Karachi - 75600, Pakistan.
Tel: +92 (21) 35296000 (9 lines)
Fax: +92 (21) 35296010
E-mail: efl.shareholders@frieslandcampina.com
Website: www.frieslandcampina.com.pk

FrieslandCampina
Engro Pakistan Limited
Notice of Meeting

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of FrieslandCampina Engro Pakistan Limited will be held at The Royal Rodale, TC-V, 34th Street, Kh-e-Sehar, Phase 5, Ext. D.H.A., Karachi on Wednesday April 20, 2022 at 03:00 p.m. to transact the following business:

A) ORDINARY BUSINESS

(1) To receive and consider the Audited Accounts for the year ended December 31, 2021 and the Directors' and Auditors' Reports thereon.

(2) To appoint Auditors and fix their remuneration.

N.B.

(1) The Share Transfer Books of the Company will be closed from Wednesday April 13, 2022 to Wednesday April 20, 2022 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO ASSOCIATES (PVT.) LTD, 8-F, Near Hotel Faran, Nursery, Block 6, PECHS, Shahrah-e-Faisal, Karachi [PABX Nos. (92-21) 34380101-5 and email info.shares@famco.com.pk by the close of business (5:00 p.m) on Tuesday April 12, 2022 will be treated as being in time to attend and vote at the meeting.

(2) A member entitled to attend and vote at this 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, as respects 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 needs not be a member of the Company.

(3) Special Notice to the Shareholders for Conversion of Physical Shares into Book-Entry Form: In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, listed companies are required to replace existing physical shares issued by them into the Book-Entry Form. Given the above requirement, shareholders of the Company having physical folios/share certificates are requested to convert their shares from the physical form into Book-Entry Form as soon as possible. Conversion of physical shares into Book-Entry Form would facilitate the shareholders in many ways, i.e. safe custody of shares, readily available market for instant sale and purchase of shares, eliminate the risk of loss & damage, easy & secure transfer with lesser formalities as compared to physical shares. The Company's shareholders may contact Share Registrar of the Company [i.e., M/s. FAMCO Associates Private Limited] for assistance in converting physical shares into Book-Entry Form.

(4) Pursuant to SECP Circular No. 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the Share Registrar Office of the Company i.e. Messrs. FAMCO ASSOCIATES (PRIVATE) LIMITED, 8-F, Near Hotel Faran, Nursery, Block 6, PECHS, Shahrah-e-Faisal, Karachi PABX Nos. (+9221) 34380101-5 and email info.shares@famco.com.pk

I/We, of being a member of FrieslandCampina Engro Pakistan Limited holder of Ordinary Share(s) as per Register Folio No. ____________ hereby opt for video conference facility at (Please insert name of the City)

____
Signature of Member

By order of the Board

Muneeza Iftikar
Company Secretary

Karachi
February 07, 2022

Message from the Chairman

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present to you the Annual Report of FrieslandCampina Engro Pakistan Limited (FCEPL) for the year ended 31st December 2021.

2021 started off as a year of hope for many of us as we expected the first signs of recovery from the coronavirus pandemic. Relief came through in small doses that provided much respite to our country and countryfolk; we witnessed economic recovery as smart lockdowns enabled businesses to function, and the healthcare system absorbed the bulk of patients with more ease than the difficulty faced in 2020. The year 2021, however, has still been a powerful lesson in the formidable might of nature as the coronavirus took on new forms and continued taking its toll on systems of business, healthcare, and governance. My thoughts and prayers remain with every person connected to the FCEPL community, especially those who witnessed personal loss during the year.

The protracted nature of this pandemic has challenged the way we work but also provided an opportunity for all of us to reorganize by defining the 'new normal.' Indeed, the yardstick for success in these times is how well we adapt to a constantly-changing reality around us, requiring a healthy blend of flexibility and maturity. FrieslandCampina is an organization that has consistently demonstrated maturity in the form of long-term thinking and I would like to take this opportunity to congratulate the global team and all operating companies for celebrating 150 years of 'grass to glass'. A commitment to affordable and quality nutrition, now and for generations to come, is what inspires us to put in our best efforts, day in and day out.

I would also like to congratulate the FCEPL fraternity for completing a 5-year partnership with Engro Corporation. This milestone is an excellent opportunity for us to be reminded of our joint commitment to the purpose of providing affordable nutrition to Pakistanis, especially in light of the accelerated proliferation of ailments around us. A nutritious diet is a critical precursor to a robust immune system and FCEPL is well-placed to enable Pakistan to strengthen itself against evolving diseases and mutations in the world we inhabit. We are also delighted to see that the Government of Pakistan is increasingly prioritizing nutrition which will ultimately ease access to healthy food products for our fellow citizens. We look forward to a deeper degree of meaningful engagement with all our stakeholders to lead this journey of nourishing Pakistan.

This 5-year commitment has also led to commendable results in the face of challenging business conditions. In an environment loaded with competition, FCEPL recognizes the importance of conversion from the loose dairy market as a primary source of value creation, and our efforts towards this strategic direction are manifested in signs of recovery of the packaged milk sector. Though many measures are in place towards this goal of conversion, of most significance is our continued collaboration with the Pakistan Medical Association (PMA) where consumer education on the significance of hygienic dairy continues tirelessly. This has been a monumental initiative in educating parents on the benefits of hygienic dairy and paving the way for adoption of safer, nutritious products.

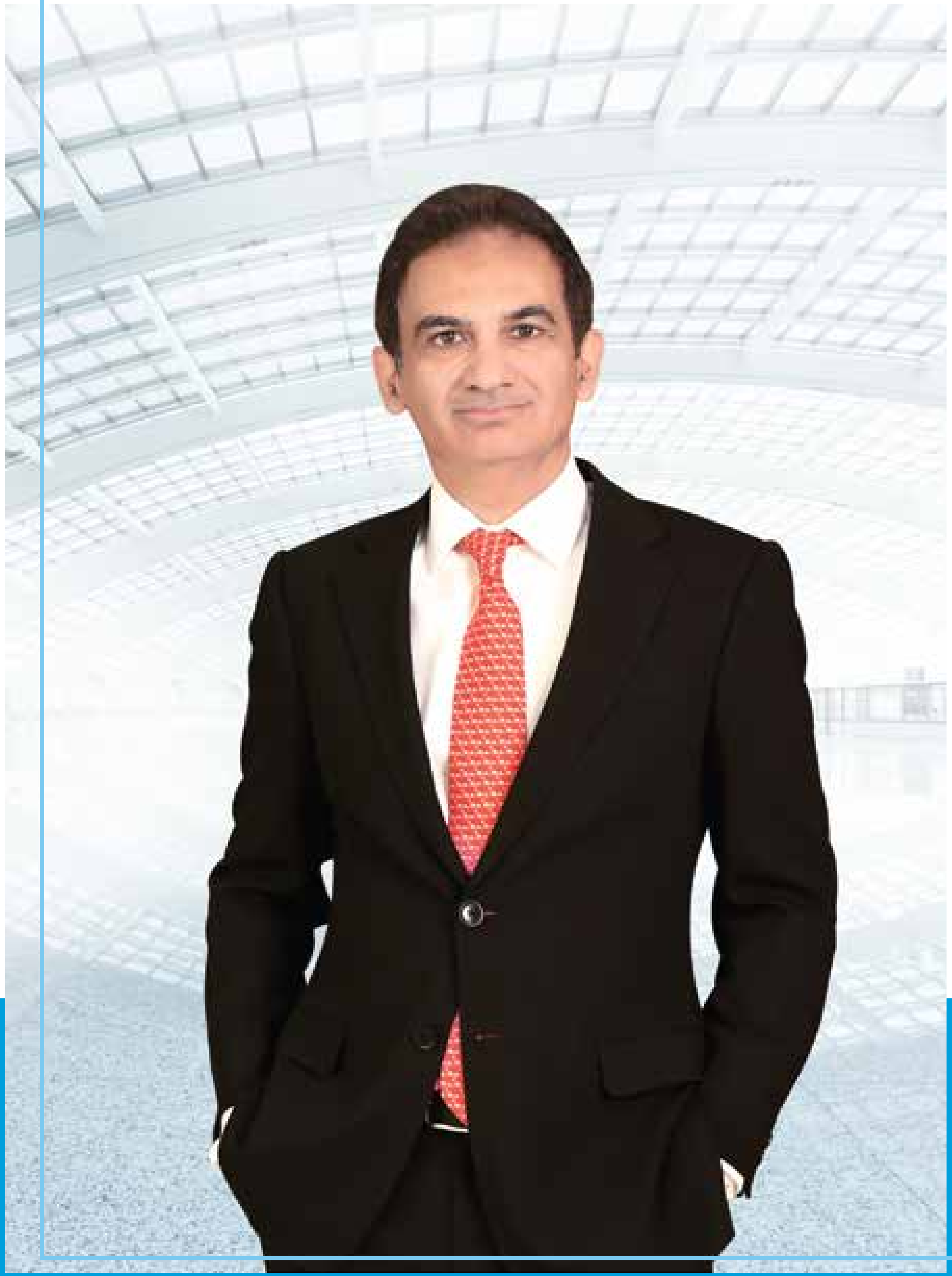
Resultantly, such efforts have led to improved performance of the company which is a vital component of servicing our customers' needs in the longer-term. Consistent increases in financial performance, combined with 150 years of dairy R&D capability, will lead the way for FCEPL to build a wider platform that provides a variety of nutritious products to multiple consumer segments, thereby enabling us to truly nourish Pakistan. We are heartened by the performance of our flagship nutrition brand Olper's which has strengthened its market leadership position, and are also excited to report double-digit growth in our ancillary segments including flavoured milk, ice-cream & frozen desserts, UHT cream, and desi ghee. We will continue to invest in these areas so that FCEPL is increasingly recognized as a leading provider of quality food products, in line with our ethos of 'doing well by doing good'.

None of this has been possible without a complete alignment of purpose between the Board and the management teams. I am pleased to have such an engaged Board which hosts not only deeply-invested sponsors but also independent directors who have successfully led conversion efforts in large markets in their own respective fields. The Board's guidance to management teams has been a pivotal part of such financial results, the other part being the passion and dedication of our teams towards organizational pursuits. I must commend the management teams at FCEPL for their efforts towards the achievement of company goals under the leadership of Ali Ahmed Khan. Harmony between the Board and management has led to everyone in the wider FCEPL network rallying behind the cause of affordable nutrition through conversion and I am confident that such a congruence will enable the company to consistently deliver performance in the future as well.

We are also especially grateful to our shareholders for your continued patience and trust in FCEPL. Your confidence in us as stewards of your capital has fueled our passion and enabled us to focus on sustainable value creation, the foundation for which has been built over the past few years. We remain committed to our purpose of Nourishing Pakistan sustainably and look forward to delivering on the expectations of all our stakeholders. I must also call out our gratitude to the government, our partners, service providers, regulators, customers, and our people who have all collaborated in this journey of success. This cooperation has enabled us to continue on in our mission of helping parents across the country make better and more informed choices about their children's nutrional needs, and we look forward to the continued faith of our stakeholders in us to create a healthier and more prosperous world.

Sincerely,

Abdul Samad Dawood
Chairman



Message from the CEO

Dear Shareholders,

Looking back at another year of uncertainty at the macro level, I continue to be grateful for the commitment, resilience, and strength of the FCEPL team, and the strength and robustness of our corporate ecosystem which together have enabled us to achieve significant milestones in an otherwise challenging environment.

From record revenues in multiple segments, to increasing the footprint of our resource and retail networks, the team has displayed an extraordinary level of resourcefulness to scale our business to greater heights.

The pandemic has illustrated that the health and well-being of our employees is of the utmost importance as it extends to the health of our communities, the resilience of our networks, and the continuity of our business, which impacts the lives of millions of Pakistanis, every day.

We made extensive use of technology, communication and coaching to collaborate remotely and seamlessly adjust to new ways of working. Equal emphasis was laid on work-life balance and personal health support systems, enabling our teams to adapt to challenges as they surfaced. Additionally, in compliance with government directives, we encouraged and facilitated FCEPL employees and contractors to take advantage of the Government's vaccination drives, resulting in a 100% vaccination rate for our employees and direct contractors.

We continue to adhere to the highest Health, Safety and Environment (HSE) standards, follow best practices, and invest in training and programs for our people, to prioritize and ensure their health and safety.

While our team was instrumental in all our accomplishments, it was also the government's bold decision to provide fiscal relief, by restoring the Zero Tax rating on milk, which contributed to providing the framework conducive to productivity and success. The industry responded by reallocating resources to strengthen supply chains, improve accessibility and increase public awareness through informational campaigns. This trifecta strengthens our industry's foundation and improves throughput, better enabling us to serve Pakistanis today, and with the government's ongoing support, creates the opportunity for Pakistan to be a global dairy powerhouse in the future.

In 2021, we also celebrated 5 years of our partnership with FrieslandCampina - one of the world's largest dairy cooperatives - which in turn celebrated 150 years of global dairy expertise; a momentous occasion.

Leveraging global insights, technology and knowledge, we continue to innovate and improve benefitting our entire stakeholder ecosystem. I am pleased to share a few key milestones from 2021:

- The Company achieved top-line in excess of Rs. 50 billion, reflecting a growth of 18% versus last year despite strong competition
- Gross margins improved by 350 bps versus last year, while post-tax profit increased 10x vs last year
- Olper's continued to establish itself as the market leader bringing in Rs. 46.9 billion of revenue; an increase of 16% over last year. Olper's UHT Milk, Cream, Flavoured Milk and Tarrka Ghee all posted double-digit growth
- Unprecedented volumes in Frozen Desserts led to record-breaking revenue for the Dairy and Frozen Desserts segment
- Aiming to improve access to safe and healthy nutrition for all, we have increased our retail footprint by 6000+ outlets. Our E-commerce division augmented these efforts by experiencing a 14x growth over the past year
- Continuing in the same vein, we launched the Olper's UHT Economy Pouch at a Rs. 50 price point. We are confident it will fulfil the dual goals of enabling consumers to access safe milk at a more affordable price point and reducing the switching and trial costs for current consumers of adulterated loose milk
- Innovation-led initiatives also registered strong growth. We introduced 'Badam Zafran' as a new flavour of Olper's Flavoured Milk. The full Olper's Flavoured Milk portfolio, Olper's full cream milk powder (FCMP), Olper's ProCal+, Olper's Cream and Tarang Elaichi, all gained healthy market share in a short span of time despite strong competition
- The School Milk Program (SCMP) launched as an on-ground campaign is impacting 8000+ children in 89 primary schools in the Attock and Sheikhupura districts of Punjab. In addition to providing nutrition, the program also generates research-based evidence and health statistics in partnership with UVAS

- Our messaging and brand communication continue to be a driver of growth. The "Wow Bhara Bite" campaign and our partnership with E-commerce platforms led to increased volumes for Omoré, with the Frozen Desserts segment reporting revenue of Rs. 5.22 billion, which reflects an increase of 42% over last year
- The "Celebrate Happy Mornings" campaign continues to strengthen Olper's equity, and drive conversion from loose milk by leveraging our affiliation with "Happy Mornings", "Purity" and "Nutrition"

FCEPL's commitment is to 'Nourish Pakistan', now and for generations to come. We continue to invest in people, technology and sustainable infrastructure. Our national operations now encompass 116,000+ farmers, 1300+ milk collection centres, an extensive and intricate distribution network, our two plants in Sahiwal and Sukkur, the farm at Nara, in addition to our head office, regional offices and thousands of employees.

We recognise the pressing need to protect our planet for future generations. Our investments in solar energy, reduction of greenhouse gas emissions, and tree plantations are the initial phase of our larger sustainability ambitions. Sustainability is a core tenet of our business strategy and we expect to make substantial progress in this domain, both as an individual business and as part of the larger overall industry.

With the overarching goal of positive impact, we also conceptualise initiatives to drive sustainable social progress, which empower and uplift the communities we operate in. These projects are currently focused on improving education, health and livelihoods via capacity-building and infrastructure development. In addition to collaborating on the School Milk Program in Punjab and investing in our School Adoption Program and Health Centre in Sukkur - Sindh, we have also amplified our efforts to improve livelihoods of farmers with our Dairy Development Program (DDP), which is designed to ensure inclusive growth and increased profitability.

Our farmers are the backbone of our supply chain, and training them in best practices to help improve their productivity and yield improves their profits, thereby supporting and improving the communities we operate in. Furthermore, to augment the efforts of the Dairy Sector, we work with banks and financial institutions to enable farmers to avail financial facilities for their dairy business on favourable terms.

Women play a vital role in agriculture and their inclusion is integral to the economic progress of Pakistan. Enhancing Women's Income through Dairy Interventions [EWID] is a subset of the DDP to specifically address and further this cause. To date, 3000 women have received livestock training with an estimated 35% increase in animal productivity. Training as livestock extension workers and village milk collection agents has also commenced, importantly, 1000 male farmers have received gender-sensitization training in an effort to change societal norms and impact local culture, which is pivotal for progress.

For our nation to catch up with the rest of the world, and stay abreast of emerging global trends, our perceptions and methodologies need to evolve. This includes challenging inequality and addressing gender parity, reworking recruitment and promotions to be more inclusive, infusing diversity in corporate thought, planning and decision-making by being receptive to challenging ideas, acting on the urgent need to protect and restore our environment, and unifying across division lines to better align all of our efforts and incentives to benefit multiple stakeholders. A lot of these challenges are surmountable through awareness, education and access to information. We will strive to be better communicators and facilitators to all audiences and continue to partner with the Pakistan Dairy Association (PDA), Pakistan Milk Association (PMA) and the Government on various initiatives to educate our citizens on issues of safe nutrition, personal health and collective culture. As the dairy sector in Pakistan evolves, it is imperative that legislation and regulation continually matures to ensure that growth is guided, and standards are maintained.

We look forward to working with the government, industry leaders and stakeholders in creating a safer, healthier, more equitable, progressive Pakistan, despite current and inevitable future challenges.

The business climate remains fraught with uncertainty amidst waves of Covid-19, supply chain disruptions, global economic volatility, and increasing costs. However, with an agile business model, a world-class team, 150 years of experience, and a purpose we are proud of, we are confident of the growth, impact and future that lies ahead of us.

I would like to extend my gratitude to our global team at FrieslandCampina, the Chairman, and Board of Directors, for their vision, guidance, and support, which has enabled us to conclude a successful year.

I would like to thank our shareholders and stakeholders for their continued trust and confidence. Once again, I would like to commend and congratulate each and every one in the FCEPL team for their resilience and commitment. I look forward to another year of milestones and achievements while staying true to our passion and commitment towards Nourishing a healthy, happy and food-secure Pakistan.

On behalf of FrieslandCampina Engro Pakistan, I am pleased to share the financial performance of our company for the year ended December 31, 2021.

Ali Ahmed Khan
Chief Executive Officer

Board of Directors

Directors' Profile

Abdul Samad Dawood

Chairman

Mr. Abdul Samad Dawood joined the Board of Engro Corporation in 2009. He currently serves as the Vice Chair of the Board of Dawood Hercules Corporation, where he has been a director since 2002 and has also previously served the company in an executive capacity.

Mr. Dawood's rich and diverse experience of management and governance spans 20 years, with a special interest in mergers and acquisitions. He has led more than $4 billion worth of M&A deals, including the Dawood group's acquisition of HUBCO from National Power International Holdings B.V. in 2012 and the sale of DH Fertilizers to Fatima Fertilizer Company Ltd. in 2015. He also played a leading role in the merger of Engro Foods into global dairy giant, Royal FrieslandCampina N.V., based on the convergence of their values, goals, and abilities to address Pakistan's nutritional challenges; he has since served as the Chair of the Board of FrieslandCampina Engro Pakistan. In addition to this, Mr. Dawood is an active director on the board of Pakistan Business Council, a pan-industry advocacy group that promotes easing of barriers to enable Pakistani businesses to compete in regional and global arenas. In line with his areas of interest, he is a director and trustee of Boards across varied industries including financial investments, energy, and education, some of which are the Dawood Foundation, KSBL, Cyan Ltd. Dawood Lawrencepur Ltd. and Reon (Pvt.) Ltd. In addition to these responsibilities of governance, Mr. Dawood has previously served as the Chief Executive Officer for Dawood Hercules Corporation Ltd. and Cyan Ltd. and is an active member of the Young Presidents Organization.

Mr. Dawood is a graduate in Economics from University College London, UK and a certified director of corporate governance from the Pakistan Institute of Corporate Governance.

Ali Ahmed Khan

Chief Executive Officer

Mr. Khan has a rich experience spanning over 25 years in top management positions with leading FMCGs. He has been credited with turning around businesses and leading them to industry leadership. He joined the Company in March 2017.

His prior assignments include leading Personal Care at Iffco in the UAE and Far East, as well as Reckitt Benckiser (Pakistan) Limited, as CEO.

He has also been associated with Pakistan Tobacco Company Limited as Marketing & Sales Director and with Pepsi-Cola International as Head of Marketing. Mr. Khan has an MBA from Institute of Business Administration, Karachi.

Petra Attje Zinkweg

Business Group HR Director Consumer Dairy, FrieslandCampina

Currently, the Director Commercial Transformation of FrieslandCampina N.V., Ms. Zinkweg has held a variety of management positions at both FrieslandCampina and Unilever. With extensive experience in Marketing and Human Resource, Ms. Zinkweg is an incomparable resource for us and has been working towards introducing the industry's best practices into the Company. She hails from the Free University of Amsterdam, through which she has done Master's in Sports Science. She joined the Board of FrieslandCampina Engro Pakistan Limited in 2018.

Roel van Neerbos

President and CEO of Food & Beverages, FrieslandCampina

Roel van Neerbos is an Executive Board member of FrieslandCampina. He is also the President and CEO of Food & Beverages, at FrieslandCampina. An excellent communicator, with an ability to solve complex problems, he has held several leadership roles across the world during an illustrious career spanning over three decades.

He joined the organization as Chief Operating Officer, Consumer Products, Europe, the Middle East and the Africa Business Group in January 2017. His innovative and enterprising spirit has helped him to reach out to employees and all those who have been associated with him.

Up until mid-2016, Roel was Chief Executive Officer of Maxeda and is known for having developed the new Maxeda 2020 strategy. Prior to that, he was President at Heinz where he devised and implemented a 'Heinz way' of marketing and training. He has also been on the Board of Directors of Struik Foods and Spadel.

Roel's sharp thinking skills have helped him to implement strategic plans for the company. With a Master's Degree in Business Administration from Groningen University and a passion for racing ahead, Roel is a natural when it comes to leading the way.

Eduardus Lambertus Holtzer

Finance Director Consumer Dairy, FrieslandCampina

Eduardus Lambertus Holtzer is Finance Director of FrieslandCampina Consumer Dairy and has been working for FrieslandCampina since 2012. Prior to that, he held several leadership positions at Unilever, a.o. Vice President Finance at Unilever Spain and Director M&A at Unilever Corporate Center in the UK.

He holds a Master of Business Economics from the University of Brabant, from The Netherlands and a Postgraduate degree in Controlling/Management Accounting at VU University of Amsterdam, Netherlands. He joined the Board of the Company in 2018.

Zouhair Abdul Khaliq

Partner at ICE Advisory LLP

Zouhair is an international business executive with experience in board level strategy, operations, M&A, startups, turnarounds, telecommunication, mobile financial services, micro-finance, mobile related services and real estate.

Zouhair is Managing Partner at ICE Advisory LLP and holds a portfolio of Advisory and Non-Executive Board positions. During his career he has worked with Orascom Telecom Holdings, the GSMA, Gemini Holdings (the Sawiris Family Office), Motorola UK, the Dhabi Group, Millicom International, the ICI Group and PWC.

He served as Managing Director, Mobile for Development, GSM Association working on development of ecosystems for mobile financial services, off-grid energy and mHealth. Zouhair as CEO of Mobilink in 2003-2008 led the growth of the Company from 1 million to 31 million customers building Mobilink in to a billion dollar company.

He has served on the Boards of mobile operations in Algeria, Tunisia, Egypt, Pakistan, Bangladesh and Jordan and on the Boards of the public sector at the Islamabad Stock Exchange, the ICT R&D Fund and as Senior Advisor to the Better Than Cash Alliance and United Nations Capital Development Fund.

He has recently served as a Non-Executive Director on the Board of (Du Telecom) Emirates Integrated Telecom Investment Holdings Limited, Senior Advisor at Voltaire Capital in the UK, and the Advisory Board of Ding Ireland, a mobile top-up company. He is currently on the Advisory Board of Field Force LLC USA, a software analytics company. He is a member of the Board of Regents of Harris Manchester College, Oxford University in the UK, a member of the Institute of Chartered Accountants in England and Wales and an alumni of INSEAD, France.

Abrar Hasan

CEO National Foods Limited

Abrar Hasan is the Chief Executive Officer of National Foods Limited (NFL), the leading multi-category food company in Pakistan. He has actively pursued new market opportunities and delivered successful strategies by focusing on continuous innovation, highest standards of quality and superior consumer value.

Being a staunch supporter of Corporate Social Responsibility he also initiated the Adult Literacy Programme in collaboration with The Citizens Foundation (TCF), which aims to equip rural women with basic literacy skills. In 2007, he spearheaded the development of a sustainability strategy of the company, which is today guiding all business functions across the board.

He has received numerous accolades, including Marketing Excellence Award 2008 from the Marketing Association of Pakistan (MAP) and the Best Workplace Award 2015.

He is member of the Board of Directors of various strategic forums like the Associated Textile Consultants, Cherat Packaging Limited, Pakistan Business Council, and the Health Foundation. Mr. Hasan is a graduate of the Krannert School of Management at the Purdue University in Indiana, USA.

790,000 liters of goodness collected*

We take immense pride in collecting milk from thousands of farmers across Pakistan. Our cows are nourished and cared for to keep them healthy and happy. That's why every drop of milk that reaches you gives you the happiest of mornings.

*Average milk collection per day in 2021

DIRECTORS' REPORT

Directors' Report

On behalf of the Board of Directors of FrieslandCampina Engro Pakistan Limited (a majority owned subsidiary of FrieslandCampina Pakistan Holdings B.V.), we are pleased to submit the report and the condensed financial information of the Company for the year ended December 31, 2021.

Business Overview

The Company achieved many milestones in the year 2021, including a topline of more than Rs. 50 billion, highest-ever volumes of the Ice Cream & Frozen Dessert segment and highest-ever revenue in both Dairy and Ice Cream & Frozen Dessert segments. Our flagship Olper's brand equity and penetration reached new heights along with the highest-ever outlet coverage.

With a revenue of Rs. 52 billion, the topline reflects a growth of 18% versus last year and a 3-year average growth of 17.1% despite aggressive competition and multiple new entrants in the industry.

Global inflation reached 4.3% (IMF Outlook) in 2021, the highest it has been in the last 10 years. The inflation-borne increase in commodity prices coupled with devaluation of the Pakistan Rupee (11.4% as per SBP) created a challenging business environment. The Company has navigated through these challenges by focusing on overall growth in volumes through distribution expansion, market penetration, and mix improvement. The Company also continued to drive efficiencies across the value chain that improved profitability. As a result, gross margins improved by 350 bps versus last year while the profit after tax improved by 10x vs last year (profit after tax of Rs. 1,804 million in 2021 vs Rs. 177 million in 2020). The earning per share (EPS) for the Company for the year was Rs. 2.35 vs last year EPS of Rs. 0.23.

Rs. 52 bn
Revenue in 2021

Dairy and Beverages Segement

The segment reported a revenue of Rs. 46.9 billion, reflecting a growth of 16% versus last year and a 3-year average growth of 17.4%. Olper's led the growth in the segment by strengthening its market leadership position through brand and trade investments. Olper's UHT Milk, Cream, Flavoured Milk and Tarrka Ghee all posted a double-digit growth.

Rs. 46.9 bn
Revenue with 16% Growth in Dairy & Beverages Segment

The segment deployed various physical availability initiatives along with capitalizing on tourism season through a 360-degree activation plan and investment in trade activation and retailer engagement. As a result, our retail footprint expanded by 6000+ outlets. Moreover, E-commerce emerged as the fastest growing channel with a 14x growth versus last year. The segment also entered strategic partnerships with notable Fin-techs to digitize sales and distribution management nationally. The segment will continue to explore new channels and route-to-markets to serve its customers effectively and efficiently.

In 2021, the major campaign on Olper's under the "Celebrate Happy Mornings" theme continued to be on air, aimed at further strengthening the brand's equity and driving conversion from loose milk. The communication continued to leverage our heritage around the morning occasion while dialing up cues of "Purity" and "Nutrition" which are key drivers of consumer preference in the category. The campaign featured a fresh perspective on milk sourcing by showcasing how our well-cared-for cows and buffaloes provide more nourishing, delicious and creamy milk, enabling happy mornings for families across Pakistan. This campaign has significantly improved Olper's imagery scores leading to significant growth in household usership.

During the year, Olpers UHT pouch pack was introduced in Pakistan. This innovative multi-serve pack, launched at the attractive Rs. 50 price point, offers a strong value proposition for consumers to fulfill their daily morning dairy requirements, while fully preserving the goodness of milk from grass to glass. The segment also introduced a new flavour, Badam Zafran, under Olper's Flavoured Milk, which is in addition to the existing two flavours of Chocolate and Strawberry. The business's other recent launches like Olper's Full Cream Milk Powder (FCMP), Olper's ProCal+, Olper's Cream and Tarang Elaichi have gained a healthy market share in a short span of time despite strong competition from established players.

The Company continues to leverage FrieslandCampina's global expertise to introduce new products and innovations as a key driver of future business growth.

Ice cream and Frozen Desserts Segment

The segment reported a revenue of Rs. 5.22 billion, reflecting a growth of 42% versus last year. The business invested in season-opening activities and capitalized on all festivities through best-in-class service and expansion of the trade universe by inducting more assets in the market. The business also continued to create excitement on the consumer front by introducing new innovations. The E-commerce channel turned out to be a big win for the Omoré business, where it partnered with all major platforms and ensured availability through multiple consumer-centric promotions. The business also launched the Perfect Store Program to ensure best execution and visibility in high-value outlets nationally.

This year marked the launch of the Omoré signature thematic campaign which showcases the exciting and full-of-wonders world of Omoré with its vibrant and uplifting execution. The new tagline, "Wow Bhara Bite" is the perfect expression of what Omoré stands for as a brand - the purveyors of tasty, creamy treats in a wide variety of formats, which can be enjoyed by people of all ages - from kids & youth to adults.

Health, Safety and Environment

The Company strongly believes in maintaining the highest standards in Health, Safety and Environment (HSE) to ensure the well-being of the people who work with us as well as in surrounding communities, where the Company operates.

Ensuring Employee Safety at the Workplace

The Company's employees and contractors are expected to conform to its HSE management systems and processes which have been designed keeping in view international standards and best practices. Over the years, the Company has embarked on ambitious plans to achieve Occupational Safety and Health Administration (OSHA USA) compliance through DuPont Alignment and has been successful in its endeavors.

A workplace safety program has been implemented that actively seeks to reduce the potential risk of injuries within the workplace by conducting safety gap analyses. Since DuPont Safety Management is essentially a people-focused tool, the Company has also invested heavily in employee engagement by conducting trainings that spanned over the year, with a cumulative total of 6400+ training hours. To reaffirm its commitment to the safety of its employees and draw maximum buy-in, the Company hosted a series of engagement events including Safety Weeks & Safety Champions of the Month.

Alignment with FrieslandCampina Global HSE Management System 'FOQUS SHE' was carried out and the Company became the first Operational Company (OPCO) in the FrieslandCampina world that achieved "Satisfactory" results in its first assessment. To further increase awareness of employees on serious injuries & threatening risks at workplaces, 'Life Saving Rules' have been the focal point for making workplaces and operations even safer. To make its factories complaint on ATEX (EU Directives for controlling explosive atmospheres), a gap assessment of 'Powder Dust Explosion Hazard' was carried out along with an action plan. Chemical & Machine Safety Assessment are a few of the areas where the Company has demonstrated its commitment to add more value.

To further strengthen behavioral-based safety, the Company started deploying an Organization Behavioral Modeling program at its manufacturing facilities. This helped establish focus on the consequences that drive positive and safe behavior, and remove antecedents that encourage unsafe behaviors thus making workplaces at factories even safer. Despite social distancing which reduced face to face interactions at factories and offices, safety engagement programs and trainings were undertaken to enhance awareness and build capability in teams with respect to 'new ways of working' that addressed the risks & hazards in the working environment that stemmed from the coronavirus pandemic. All these efforts resulted in Zero LTA in last year across FCEPL Pakistan Operations with TRIR of less than 0.07.

During the year 2021, Gold Standard was achieved in the One Audit Program of RFC for both Sukkur and Sahiwal manufacturing facilities. One Audit is an internal audit program that clubs Health, Safety & Environment (HSE), Quality Assurance, World Class Operational Manufacturing and Maintenance Planning Framework in one place with HSE as its core component. This makes the Company the only OPCO within FrieslandCampina with a Gold Rating in all of its Manufacturing Facilities in One Audit.

Employees and contractors have been encouraged, through mass communication programs, to participate in government run-programs for vaccination which helped us achieve 100% vaccination for the Company's employees and direct contractors. Sales Distributors and Logistics Drivers were also encouraged to get enrolled in the vaccination drives of Government of Pakistan and significant success was achieved in the circle of influence.

Ensuring Responsible Environmental Practices

The Company recognizes the need to protect and preserve the planet by going the extra mile to minimize the environmental impact of its business operations and prevent unnecessary wastage of natural resources. The Company's business strategies are also fully aligned with this vision. In an on-going effort to preserve the natural habitat, the Company has invested in installation of solar geysers at its Area Offices as well as encouraged its supply chain partners working as Milk Collection Centers (MCCs) to shift to solar powered energy, thereby minimizing the carbon footprint of the MCCs. The Company also engaged with its farmers to install solar power at their farms to power up the chillers. The Company would facilitate them technically for installation & maintenance of solar systems saving 10kg of CO2/CAF/Day.

As part of its ongoing efforts to reduce greenhouse gas (GHG) emissions, the Company is actively promoting the use of non-CFC products at all its manufacturing units. The Company is procuring eco-friendly air conditioners with refrigerant gases that are not harmful for the ozone layer. The Company is committed to making concerted efforts to protect and preserve the planet for future generations, whilst exercising effective controls to minimize potential environmental hazards. This is reflected in its endeavors to achieve ISO 14001 certifications for its plants in Sukkur and Sahiwal, and Dairy Farm in Nara. Furthermore, 20 area offices of Milk Procurement & Agri Services are ISO 14001 certified.

To promote awareness of environmental issues amongst the employees, throughout the year, various sessions were carried out, including Earth Day and Earth Hour celebrations.

Sustainability at FrieslandCampina Engro Pakistan Limited

At FCEPL, our purpose is to "transform the health and well-being of Pakistanis now and for generations to come, by nourishing them through unlocking the goodness of milk from grass to glass, as well as by enhancing the livelihood of farmers".

Our strategy is centered on the sustainable pursuit of a healthy and nourished Pakistan. We strive to make the grass greener for the cows, yields higher for the farmers, growth stronger for the milk industry, and promise a glass of milk full of natural goodness for every Pakistani. Guiding us to this future are continuous spirals of innovation and reinvention interwoven with sustainability at their core. We achieve the latter by scrutinizing processes for improvement, removing friction as applicable, and aligning incentives amongst stakeholders to create a seamless, expanding network with a contracting carbon footprint.

Being purpose-driven is not only at the heart of everything that we do; it is a core value that defines us and guides us.

Staying true to this, we remain committed to the highest standards of food safety and hygiene, improving accessibility, our sustainability goals, increasing transparency and responsiveness, and providing safe, affordable, and nourishing dairy products to millions of Pakistanis who rely on us every day.

Social Investments

We invest in, and partner with the communities we operate in. Growth is truly sustainable when it is fluid, omnipresent and beneficial for all stakeholders. From education and empowerment initiatives to infrastructure development and capacity-building, our initiatives are conceptualised and designed for impact and longevity.

School Adoption & Health Center

The School Adoption Program was launched in 2011. Since then, the Company has supported multiple schools in providing education to children from the communities surrounding its production facilities (two in Nara, Sindh and four near our plant in Sahiwal). We also support a healthcare center near our Sukkur plant, through our ongoing financial and operational support of the Engro Foundation.

Additionally, employees continue to conduct periodic community engagement sessions at the schools on the importance of environment, safe nutrition, cleanliness, and health.

In 2021, the Company contributed Rs. 20 million under its social investment commitments out of which it invested Rs. 7.5 million in the Health Center. A large number of patients benefit from this facility each year.

Better Living for Farmers

Dairy Development Program

About the program: Dairy farmers are the backbone of the Company's supply chain and we take great pride in our industry-leading Dairy Development Program (DDP), which is designed to ensure inclusive growth and increased profitability. The overarching goal is to aid our farmers in growing their farms and increasing the quantity and quality of their yield. Though there are myriad concurrent projects covering the farming spectrum, from veterinary guidance to educational assistance, our core focus is on regular training in best farming practices, as well as financial aid in capital investment.

Impact: Our nationwide milk footprint extends to 1300+ collection centres encompassing and supporting 116,000 independent farmers and milk suppliers. Through numerous dairy development initiatives, we directly contribute to the growth of the dairy and livestock sector in Pakistan, which is approximately 11.7% of AGDP (Aggregate Gross Domestic Product) and accounts for 60.6% share in the agriculture sector.

In 2021, we trained 41,000+ farmers in animal health, nutrition, and farm management. Additionally, to help overcome the scarcity of fodder at farms affiliated with the Company, our teams assisted farmers in silage making and bales of 261k tons valuing Rs. 1.8 million were produced. We also supported 195+ progressive farmers with the construction & improvement of sheds and helped procure 162 milking machines at subsidized rates. Through our financial inclusion program, we also paid short-term (interest free) advances of Rs. 878 million to over 461 farmers to purchase cows. This year we also inaugurated a call centre (managed by in-house experts) to further facilitate our farmers on dairy and farm related queries and awarded higher education scholarships to 2 of our farmers children.

Furthermore, to augment the efforts of the Dairy Sector, we continued to provide financial support on subsidized mark-up through our partner banks. This year, we also inaugurated a collaboration with the Bank of Punjab to extend accessible financing to dairy farmers, through their branches all over the country. Under this project, farmers will be able to avail finance facilities for their dairy business on favorable terms with the lowest markup rates from the Bank of Punjab.

Initiatives for Women

Enhancing Women's Income through Dairy Interventions [EWID]

We remain committed to driving social progress through projects and programs which support capacity-building and improve the livelihood of women. Expanding on the solid progress made last year, the impact of the EWID program has multiplied as we continue to facilitate economic empowerment and financial self-sufficiency.

The EWID project is co-funded by Department of Foreign Affair & Trade - Government of Australia and aims to improve the socio-economic development of rural women. Through this initiative, from 2019-2021 we have educated and trained women farmers and helped rural women gain employment as Female Livestock Extension Workers. As of December 2021:

- 3000 women farmers have received Basic Livestock Training with an estimated 35% increase in animal productivity
- 110 women have been trained as Livestock Extension Workers
- 20 women have been trained as Village Milk Collection Agents
- 1000 male farmers have also received gender-sensitization training, in an effort to change societal norms and impact the culture of their environment
- 110 entrepreneurs are playing an active role in their respective communities as Female LEWs, adding incremental income to their families. [earning ~ Rs. 8,000/m or 900,000 collectively]

Better Nutrition

School Milk Program [SCMP]

Better Nutrition is a key pillar of our sustainability strategy. This year we partnered with the University of Education to launch a 6-month pilot School Milk Program. Our aim is to improve nutritional status of thousands of children and enable them to take full advantage of the education provided to them. The objective of the program is twofold:

- To provide nutritious milk to 8000+ children in 89 primary schools, in the Attock and Sheikhupura districts of Punjab
- In partnership with the Food Science & Human Nutrition Department of UVAS, the SCMP also aims to generate research-based evidence for future initiatives which will help improve the nutritional status and the health of children in Pakistan

Raast School

We partnered with the Raast School in 2021 to provide nutritious milk to over 300 underprivileged children from Qayyumabad in Karachi.

In addition to providing quality education to children and vocational training to women, the school also takes care of the daily nutritional needs of their student and staff community. We support this initiative by donating milk on a weekly basis.

Our Human Resource

At FrieslandCampina Engro Pakistan Limited, we aspire to attract, recruit, and develop the best talent that the country has to offer. In order to encourage each individual to leverage their strengths and deliver to their maximum potential, we strive to build a working culture that nourishes growth, collaboration, engagement and a winner's mindset. Our belief in the power of diversity and inclusion is reflected in the way our people interact with internal and external stakeholders with respect, integrity, and a common goodness. We aim to enable our people so that they bring their true nature to work and contribute everyday towards our purpose of nourishing by nature.

Covid-19

The effects of the pandemic continued throughout 2021. We continued our commitment to the well-being and safety of our employees by ensuring safety protocols and associated measures were followed without fail. Work from home guidelines remained in effect and our employees were enabled through the use of the latest digital collaborative tools to remain connected to each other in order to ensure business continuity. Effective measures and SOPs at the plants ensured that the workforce was able to perform their duties without compromising on their safety and well-being. With restrictions being lightened towards the end of the year, it provided an opportunity for employees to connect on various forums while ensuring strict safety protocols were in place. With an emphasis on well-being during this time, several online physical and mental fitness sessions were also held company wide. As the situation develops, we will keep adapting and ensuring that our employee's well-being and safety is prioritized above all other matters.

Our Culture and the 'Power of We'

We build on a high performance and inclusive culture. That means people at FCEPL are open, friendly, straightforward, and pragmatic. We are team players that seek collaborations built on trust and respect – and embrace the power of differences in order to grow together. We encourage our people to voice their opinions and listen to their feedback to understand what works well and what could be done better. Globally, our workforce is engaged to share their opinions through an engagement survey while maintaining their confidentiality and anonymity. This year, more than 90% of our organization responded to the survey and provided valuable insights towards multiple organizational and cultural aspects such as organization communication, taking initiatives, line manager feedback, employee well-being and growth and development. Based on our latest scores, our people believe they have a good sense of belonging at work, feel that the communication between employees and the management is strong and are truly satisfied with how their work contributes to the overall success of the company. Further insights will be gathered through company-wide focus groups to understand the feedback in more detail and based on those, action plans will be developed and monitored throughout the year.

At FCEPL, we value the impact that diversity brings to the table. We strive to work towards building our organization culture which inspires our people to work together in collaboration and leverage each other's strengths without discrimination or bias. With a dedicated D&I roadmap in place, we have set a clear direction in terms of how we aim to become one of the most preferred employers in Pakistan with a diverse and talented group of people striving towards a common purpose. As every year, we celebrated multiple occasions like Women's Day, Eid, Diwali, Christmas etc. in recognition of our diverse workforce which helps us build towards a stronger and inclusive working environment positively enabling the 'power of we'.

Recruitment and Onboarding

With the pandemic still making headlines, we adopted agile ways of working to attract and recruit the best talent in the market throughout the year. By adapting to the latest technology and digital tools, we were able to connect with aspiring candidates through virtual assessments and interviews. This approach ensured a positive intake of talented individuals in the organization without compromising on our recruitment quality or the safety and well-being of our people and candidates. Selected candidates for positions were onboarded through a hybrid approach which consisted of face-to-face and virtual connects as well as leveraging our e-learning platforms to build awareness and knowledge about the company, its policies and processes. This year, we also successfully managed an internship drive thereby providing fresh graduates opportunities to work in a real-time business environment where they contributed towards integral projects in various departments and functions.

Learning and Development

Learning is at the heart of our organization. At FCEPL, our vision is to ensure that employees keep developing and learning because we believe that 'when you grow, we grow'. We have a strong belief in the development of our people by providing them with opportunities to focus on improving their skills, knowledge, and capabilities. We continued to roll out various interventions this year to build manager capabilities to facilitate them in providing useful and insightful feedback to their teams and assist them in developing their careers. Employees were also encouraged and educated on building their own personal development plans to help them identify and focus on areas they want to develop in order to achieve their career aspirations. These plans are supported by line managers and relevant learning and development interventions are aligned and monitored. Self-development is an integral part of the learning philosophy at FCEPL, and various e-learning opportunities are available to our employees to leverage as part of their learning plans. In addition, we also carried out organization wide learning sessions of our code of conduct to instill a culture of compliance, ethics, and integrity. These sessions are very interactive in nature and encourage dialogues between the teams to fully integrate the messages around the code.

As part of our global leadership development platform, local talent and high potential employees from Pakistan are nominated for FrieslandCampina's global flagship leadership programs that are designed to develop leadership and behavioural capabilities in line with the global competency framework to help build future leaders for the organization. FCEPL also plays a vital role in exporting its talent to other markets within the FrieslandCampina world. Our talent has multiple opportunities to work within various countries across the world on short and long-term assignments as well as virtual/remote working options.

Accounting Standards

The accounting policies of the Company reflect the requirements of the Companies Act 2017 and such approved International Financial Reporting Standards as have been notified under this Act as well as through the directives issued by the Securities and Exchange Commission of Pakistan.

Employee Share Option Scheme

The Company operates a Share Option Scheme. The detail of such scheme is explained in note 20 of the accounts.

Pension, Gratuity and Provident Fund

The employees of the Company participate in Retirement Funds maintained by Engro Corporation Limited. The Company contributes to plans that provide post-employment and retirement benefits for its employees. These include Defined Contribution Provident plan, Defined Contribution Gratuity plan and Defined Benefit Gratuity plan. The value of investments of the Defined Benefit Gratuity Scheme as at latest audited financial statement date is as follows:

		DB Gratuity Fund
		Rs. in million
		30-Jun-21
	Net assets as per audited financial statements	693
	Breakup of Net Assets	
1	Regular Income Certificates	178
2	Defence Saving Certificates	32
3	Pakistan Investment Bonds	283
4	Shares	176
5	Bank Deposits	17
6	Receivables	14
7	Payables	(7)
	Total	693

The above-mentioned plan is a funded scheme recognized by the tax authorities. The latest actuarial valuation of gratuity scheme was carried out on December 31, 2021 and the financial statements of these have been audited up to June 30, 2021.

Auditors

The present auditors, M/s A.F. Ferguson & Co. retired and offered themselves for re-appointment as the statutory auditors of the Company. The Board of Directors of the Company have endorsed the recommendation of the Board Audit Committee for the reappointment of M/s A.F. Ferguson & Co.

Pattern of Shareholding

Major shareholders of the Company are FrieslandCampina Pakistan Holdings B.V. (51%) and Engro Corporation Limited (39.93%). Other shareholders are local institutions and the general public.

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors, Executives and their spouses including minor children during 2021, is shown later.

Internal Control Framework

Responsibility

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive.

Framework

The Company maintains an established control framework comprising clear structures, authority limits and accountabilities, well understood policies and procedures for review processes. The Board establishes corporate strategy and the Company's business objectives. Divisional management integrates these objectives into divisional business strategies with supporting financial objectives.

Review

The Board meets quarterly to consider the Company's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators. The Board Audit Committee receives reports on the system of internal controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls.

Internal Audit

The Company has an independent Internal Audit function. The Board Audit Committee annually reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee approves the audit plan, based on an annual risk assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the Board Audit Committee, Chief Executive and the divisional management.

Risk Management

The Company has a formal risk management framework to assess the risks faced in the context of the broader political and macroeconomic environment. The risk management system identifies strategic, regulatory, financial, operational, reputational, and sustainability risks related to Company's business activities. The risks are reviewed by the Pakistan Leadership Team along with departmental objectives, targets, and performance. Appropriate strategies are developed and implemented to minimize the impact of the identified risks. The Company has formulated its risk management structure based on the global practice followed by FrieslandCampina, with the aim of driving the Company growth with managing risk associated with business adequately.

Board of Directors

Statement of Director Responsibilities

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the SECP Code of Governance for the following:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements, except for changes resulting on initial application of standards and amendments or interpretations to existing standards. Accounting estimates are based on reasonable prudent judgment.

4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures therefrom have been adequately disclosed.

5. The system of internal control is sound in design and has been effectively implemented and monitored, including adequate internal financial controls.

6. There are no significant doubts upon the Company's ability to continue as a going concern.

7. There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Board Meetings and Attendance

In 2021, the Board of Directors held 6 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Director's Name	1 (8 Feb 2021)	2 (20 Apr 2021)	3 (26 Apr 2021)	4 (18 Aug 2021)	5 (19 Oct 2021)	6 (21 Dec 2021)	Meetings Attended	
Abdul Samad Dawood	✔	✔	✔	✔	✔	✔	6	6
Ali Ahmed Khan	✔	✔	✔	✔	✔	✔	6	6
Roeland Francois van Neerbos	✕	✔	✔	✔	✔	✔	5	6
Eduardus Lambertus Holtzer	✔	✔	✔	✔	✕	✔	5	6
Petra Attje Zinkweg	✔	✔	✔	✕	✔	✔	5	6
Abrar Hasan	✔	✔	✔	✕	✔	✔	5	6
Zouhair Abdul Khaliq	✔	✔	✔	✔	✔	✔	6	6

All Directors were re-elected on April 26, 2021.

Board Composition and Governance

As at December 31, 2021, the Board comprises of seven Directors (6 males, 1 female) including one Executive Director, two Independent Directors and four Non-Executive Directors. The Board has the collective responsibility for ensuring that the affairs of FCEPL are managed competently and with integrity. Mr. Abdul Samad Dawood, a non-executive Director, is the Chairman of the Board, and Mr. Ali Ahmed Khan is the Chief Executive Officer. Biographical details of the Directors are included in this report. A Board of Directors' meeting calendar is issued annually that schedules the matters reserved for discussion and approval.

Board Compensation Committee

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the Executive Director and members of the management committee. The committee comprises the following members:

Zouhair Abdul Khaliq	Chairman
Petra Attje Zinkweg	Member
Ali Ahmed Khan	Member

The secretary of the committee is Mr. Mohammad Shoaib, Director HR.

Board Audit Committee

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The committee met 4 times during 2021. The committee comprises the following members:

Abrar Hasan	Chairman
Eduardus Lambertus Holtzer	Member
Zouhair Abdul Khaliq	Member

The secretary of the committee is Saleem Lallany, GM Internal Audit.

Future Outlook

The business environment remains challenging amidst the resurgence of COVID-19 cases. Further, the supply chain disruptions and dynamic consumer needs can affect business's ability to serve the consumers effectively. However, with an agile business model in place, the management is confident that it will be able to drive efficiencies across value chain and continue to deliver growth in the coming years. The business will continue to investment behind brand equity and expand its profit accretive portfolio to leverage margins.

At FrieslandCampina Engro Pakistan Limited, our purpose is to transform the health and well-being of Pakistanis now and for generations to come, and hence, the Company will continue to partner with the Pakistan Dairy Association (PDA) and the Government on various initiatives to educate the consumers on the potential health hazards of loose milk consumption and reinforce the positive characteristics of safe packaged milk.

Dairy farmers are the backbone of the Company's supply chain, and the Company will continue to scale up its industry-leading Dairy Development Program, which is designed to ensure inclusive growth and increased profitability for our farmers. The business will continue to train the farmers with best practices to help them improve productivity, yield and profits thereby supporting and improving the communities we operate in.

Leveraging its global expertise and 150 years heritage, the Company remains committed to the highest standards of hygiene, food safety and sustainability and providing safe, affordable, and nourishing dairy products to millions of Pakistanis, every day.

Abdul Samad Dawood
Chairman

Ali Ahmed Khan
Chief Executive Officer

Nourished
3,800,000
families*

Our pursuit of Nourishing Pakistan drives us to bring goodness into the homes of millions of families across the country and play a part in their health and happiness.

*On average per month in 2021

OUR BRANDS

Banao Har Subha
OLPER'S Happy Subha

OLPER's "Happy Mornings" Campaign

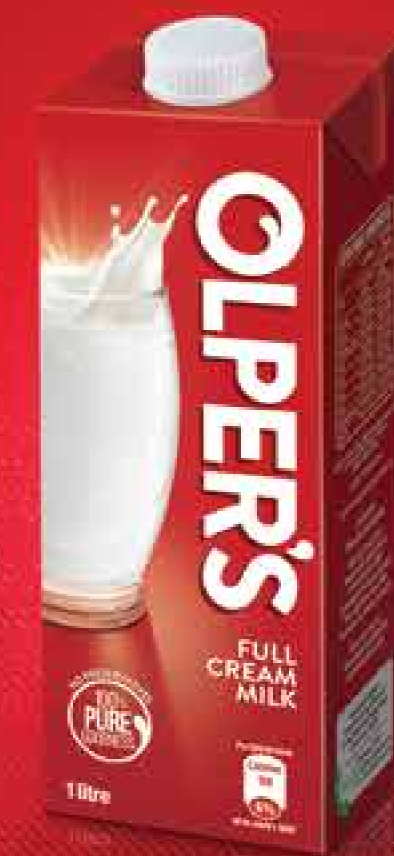
In 2021, Olper's thematic campaign "Happy Mornings" leveraged the brand's ownership of mornings while communicating and building Nutrition and Purity credentials.

The campaign featured a fresh perspective on milk sourcing by showcasing our well-cared-for cows and buffaloes that provide nutritious, delicious and creamy milk, enabling happy mornings for families across Pakistan. The campaign, over the years, has significantly improved Olper's imagery scores leading to growth in household penetration.

OLPER's Economy Pouch Innovation

Olper's launched economy pouch in Q2 2021 with the objective to accelerate conversion from loose milk. The economy pouch is available at a highly attractive price of Rs 50, in a format that loose milk consumers are used to buying.

Within the first year, Olper's Economy Pouch has been successful in driving conversion and bringing in new consumer into the brand.



OLPER's Milk

Olper's was launched in 2006 as the flagship brand of FrieslandCampina Engro Pakistan Limited and has grown to become the leading brand in UHT Milk category in Pakistan.

Our success is rooted in our commitment to providing high quality nutrition and pure goodness to families across Pakistan.

Living up to our philosophy of Grass to Glass, the entire journey of milk is ensured to be safe and healthy from our farms to consumers' hands. Olper's Milk is free of preservatives, UHT treated and goes through a rigorous scrutiny of 28 different types of quality tests before reaching consumers.

Today, Olper's stands as a favorite for mothers who are seeking purity and delicious nourishment for health and well-being of their families. Whether for neat drinking, making tea or desserts, Olper's is the ideal all-purpose milk that captures all milk usage and consumption occasions of consumers in Pakistan.

Flavoured Milk

Olper's Flavoured Milk was launched in 2020 with two delicious flavours, Chocolate and Strawberry. This year, Olper's is now also available in an already established flavour of Badam Zafran. An artisanal offering that will add a new dimension to the existing flavour bouquet.

We continued to drive awareness of Olper's Flavoured Milk via TV & Digital. Olper's Flavoured Milk has already started to make a mark in ready-to-drink milk category and has already become a favorite amongst children and adults alike due to its superior nutritious profile, delicious taste and flavour family.

OLPER's ProCal+

Olper's ProCal+ is high in both Protein and Calcium with less than 1% Fat. Protein and Calcium together support the growth and maintenance of muscles and bones, helping to keep its users strong and active. 2 servings of Olper's ProCal+ provide 27% of daily protein needs and 80% of daily calcium needs.

Dairy Omung

Dairy Omung caters to the economy segment of Pakistani households in their quest for an unadulterated and hygienic offering for their families.

Dairy Omung is an affordable UHT milk offering that is used by consumers in multitude of ways ranging from neat drinking to tea-creaming and dessert-making.

Tarang

A cup of tea is an invitation to unwind. A cup of tea made with Tarang is to pour energy back in to you and provides a rejuvenating break that you can enjoy. Tarang is the perfect complement for a rich, creamy and aromatic tea experience to bring out your carefree self.

OLPER's Dairy Cream

Olper's Dairy Cream is deliciously thick and creamy with 100% pure goodness. It is the perfect all-purpose cream, to be used as a spread or dip for breakfast, as an ingredient for cooking savory or sweet dishes or as a topping for desserts.

OLPER's Full Cream Milk Powder

In Pakistan, the powder's category is the 2nd largest in the packaged dairy industry after liquid UHT. In late 2018, Olper's entered this category with the launch of Olper's Full Cream Milk Powder. Made from Natural Milk, it is high in Protein and is further enriched with Calcium, Vitamins A & B2. These nutrients help children reach the right height and weight for their age when consumed as part of a balanced diet and active lifestyle.

2021 Omoré

Over the years, ice cream and frozen desserts have become an important part of the Pakistani household's snacking occasion. Whether people want a quick refreshing treat in summer, or to indulge in a filling snack, Omoré provides novel experiences to suit everyone's desires. Omoré is available in cups, sticks, cones, family packs for people of all ages.

Wow Bhara Bite Thematic Campaign

This year marked the launch of the Omoré signature thematic campaign which showcases the exciting and full-of-wonders world of Omoré with its vibrant and uplifting execution. The new copy not only triggers the nostalgia of the viewers by bringing back the unforgettable Omoré jingle, but also introduces them to the wonderful new world of Omoré with its new revitalized logo, packaging, and tagline. The new tagline: Wow Bhara Bite is the perfect expression of what Omoré stands for as a brand – the purveyors of tasty, creamy treats in a wide variety of formats, which can be enjoyed by people of all ages – from kids & youth to adults.

Omoré Innovations of 2021

750ml Tubs

Omoré enables great family bonding moments, making post dinner dessert an occasion that family members can look forward to all day. In 2021, Omoré brought that philosophy to action and launched an exciting new range of family packs: the 750ml tub, which is a perfect size for a family and can be enjoyed together as a post meal dessert. The new tub was launched in 2 exciting flavours: the scrumptious Shahi Mango with its creamy mango goodness and crunchy almonds; and Chocolate Royale, with chocolate sauce and chocolate chips which create a sensational combination for all chocolate lovers.

A thrilling new TVC was launched in the signature Omoré trailer style approach. The new copy added some mystery & intrigue to where these amazing flavours came from, and increased the equity of the Omoré mother brand.

Vanilla & Candy Pop Stick

2021 saw the launch of two Omoré sticks at the affordable price point of Rs. 15 in two incredibly popular flavours: the all time classic Vanilla, and the signature Omoré Candy Pop flavour, which has been breaking sales records since it was launched in a cup in 2019.

Ice Cream and Frozen Dessert Sales

Fantastic New Season Opening

Omoré Team welcomed the summer season with the first ever Season Opening with great hype and buzz in the market. We decorated thousands of outlets and multiple cluster markets to enhance our visibility while increasing our footprint nationally. This provided us with the push needed to open the year with a bang!

Double-Digit Growth on Eids

Furthermore, we capitalized on all festivities of the Pakistani culture by clutter breaking visibility and best in class service. Eid ul Fitr and Eid ul Azha turned out to be big wins for Omoré in the market as we achieved double-digit growth in volume as well as value while ensuring that our consumers enjoy the happy moments with our Wow Bhara Bite!

Perfect Store & Artificial Intelligence

Omoré Team embarked on the final showdown of the year 2021 by launching the first-ever Perfect Store program. This provided best in class execution and visibility in our high value outlets nationally. We incorporated Artificial Intelligence and Image Recognition technology for audit of the KPIs and have set a benchmark in the industry of using state-of-the-art technology.

Big Wins for E-Commerce Channel

E-commerce Channel turned out to be another big win for the Omoré business. We partnered with all major platforms and ensured availability through best-in-class service and multiple consumer centric promotions. This channel closed at 1.5x target achievement for Omoré business.

Aligned with our sustainability mission, Omoré also initiated the seeds campaign on digital platforms on Pakistan's Independence Day. We distributed 16,000 seed papers across all the e-commerce platforms to celebrate the biggest day of Pakistan.

E-commerce Channels won the Royal FrieslandCampina's internal WIN-WIN award for its strategy incorporating high level of ownership and commercial mindset in the competitive market landscape of Pakistan. This was the first time the award was given to Pakistan from the global team by the CEO Hein Schumacher.

Sharing Smiles

We celebrated the wins in the E-commerce channel by providing free sampling to the riders of our tech partners. This was our way of recognizing them for their support in delivering Omoré to the end consumers throughout the year.

Omoré Team in Karachi spreads happiness in the orphanages by distributing free sampling and sharing smiles with the children. It was indeed a heartfelt moment for all of us.

Numbers from Dairy Sales

Value Added Big Wins

Dairy Sales' strategic priority for 2021 was to drive value brands to ensure profitable growth. We employed several physical availability initiatives including pay-for-play incentives, dedicated shelf-locking in top LGs and bakeries, dedicated Brand Ambassadors for Olper's Cream, Olper's Cream Free Standing Unit (FSU) deployment, Ramadan event participation at Carrefour and partnering with Pandamart and other online platforms which led to a solid double-digit growth on Olper's Cream and Omung Dobala.

OLPER's Big Wins (Leading the show)

Dairy Sales executed the 4E (Expand. Evolve. Execute. Engage) strategy to perfection which led to a phenomenal year for Olper's UHT with a strong double-digit growth on volume and Net Sales Revenue (NSR) lead by ever highest productivities which further strengthened its market leadership.

OLPER's Breakfast Station

Shopper marketing team capitalized the biggest tourism season in Northern Areas with a 360-degree Activation Plan. This novel idea was executed by activating trade with Olper's Branded coffee trolleys, tables/umbrellas, Dhabba brandings, Flavoured Milk trikes along with special discounts to engage retailers. To change the game, we set up two Breakfast Stations in Hunza and Murree offering nutritious and delicious one-stop breakfast solution for the tourists.

Trade Engagement

We got phenomenal response on the overall Trade Activation + Retailer Engagement resulting in an upsurge on volume and revenue in our tourism areas.

Big Wins for Flavoured Milk

Flavoured Milk, in its second year, built on a solid growth momentum, with 1.5X volume growth along with a successful launch of Badam Zafran Flavour. FSU Chiller deployment, event-specific trade initiatives and efficient Consumer Promotions were the highlights of the year.

Winning with Revenue Growth Model

Dairy business registered a record growth on Gross Profit and NSR in the year 2021. This was made possible with revenue growth endeavors such as Mix Management, Occasion Brand Price Packaging Channel (OBPPC), Hero Focused Assortment, effective promotions and Win-Win Trade terms.

E-Commerce Journey

E-Commerce witnessed an exponential growth in the year 2021. Pakistan was the fastest growing OPCO in Friesland globally. This was made possible by investing in Route to Market (RTM), expanding geographical reach, increasing online footprint, offering consumers with right assortment and tapping into white spaces through RSO applications.

Joint Business Partnership with OMCs

Convenience Channel is an emerging growth driver for FMCGs globally with Shoppers pursuing a fast paced lifestyle. Partnership with the Biggest OMC in Pakistan is a Clear WIN-WIN. In a Post-COVID environment, while we, as a company, are looking for emerging channels & new avenues to further strengthen our physical availability, OMCs are also looking to boost their Non-Fuel Revenues.

Breakfast Activation

Occasion-led penetration was a top priority in 2021 as dairy is the perfect solution to address morning nutritional needs. We successfully managed to activate numerous stores and penetrated our dairy portfolio.

PERFECT STORE
FrieslandCampina

Shopper & Retailer Engagement Programs - Perfect & Assortment Stores

Perfect Store Pakistan played a pivotal role in 2021, growing our value-added brands such as Olper's Cream, Olper's Flavoured Milk & Olper's ProCal+. The program now runs in multiple cities of Pakistan with stores engaged nationally. Since the launch in 2018, our volumes have grown substantially year on year. The Assortment Store program continues to be a platform to gain share in smaller cities of the country by making our brands more visible and available.

Channel Academy 2021

The Channel Team developed and executed a national capability building program that trains the entire salesforce on channel strategies, channel guidelines and channel engagement programs. It also helps the team to understand the Channel Strategy for 2021 and what is required to deliver growth on every channel initiative.

1,257 dedicated workforce

Despite the unprecedented difficulties of the pandemic in the last two years, our workforce continues to demonstrate dedication and commitment to ensure that each and every product is carefully produced, packed and brought to the market with its quality and goodness intact.

OUR PEOPLE

Overview

At FrieslandCampina Engro Pakistan Limited, we aspire to attract, recruit, and develop the best talent that the country has to offer. In order to encourage each individual to leverage their strengths and deliver to their maximum potential, we strive to build a working culture that nourishes growth, collaboration, engagement and a winner's mindset. Our belief in the power of diversity and inclusion is reflected in the way our people interact with internal and external stakeholders with respect, integrity, and a common goodness. We aim to enable our people so that they bring their true nature to work and contribute everyday towards our purpose of nourishing by nature.

Covid-19

The effects of the pandemic continued throughout 2021. We continued our commitment to the well-being and safety of our employees by ensuring safety protocols and associated measures were followed without fail. Work from home guidelines remained in effect and our employees were enabled through the use of the latest digital collaborative tools to remain connected to each other to ensure business continuity. Effective measures and SOPs at the plants ensured that the workforce was able to perform their duties without compromising on their safety and well-being. With restrictions being lightened towards the end of the year, it provided an opportunity for employees to connect on various forums while ensuring strict safety protocols in place. With an emphasis on well-being during this time, several online physical and mental fitness sessions were also held company wide. As the situation develops, we will keep adapting and ensuring that our employee's well-being and safety is prioritized above all other matters.

Our Culture and the 'Power of We'

We build on a high performance and inclusive culture. That means people at FCEPL are open, friendly, straightforward, and pragmatic. We are team players that seek collaborations built on trust and respect – and embrace the power of differences in order to grow together. We encourage our people to voice their opinions and listen to their feedback to understand what works well and what could be done better. Globally, our workforce is engaged to share their opinions through an engagement survey while maintaining their confidentiality and anonymity. This year, more than 90% of our organization responded to the survey and provided valuable insights towards multiple organizational and cultural aspects such as organization communication, taking initiatives, line manager feedback, employee well-being and growth and development. Based on our latest scores, our people believe they have a good sense of belonging at work, feel that the communication between employees and the management is strong and are truly satisfied with how their work contributes to the overall success of the company. Further insights will be gathered through company wide focus groups to understand the feedback in more detail and based on those, action plans will be developed and monitored throughout the year.

At FCEPL, we value the impact that diversity brings to the table. We strive to work towards building our organization culture which inspires our people to work together in collaboration and leverage each other's strengths without discrimination or bias. With a dedicated D&I roadmap in place, we have set a clear direction in terms of how we aim to become one of the most preferred employers in Pakistan with a diverse and talented group of people striving towards a common purpose. As every year, we celebrated multiple occasions like Women's Day, Eid, Diwali, Christmas etc. in recognition of our diverse workforce which helps us build towards a stronger and inclusive working environment positively enabling the 'power of we'.

Recruitment and Onboarding

With the pandemic still making headlines, we adopted agile ways of working to attract and recruit the best talent in the market throughout the year. By adapting to the latest technology and digital tools, we were able to connect with aspiring candidates through virtual assessments and interviews. This approach ensured a positive intake of talented individuals in the organization without compromising on our recruitment quality or the safety and well-being of our people and candidates. Selected candidates for positions were provided onboarded through a hybrid approach which consisted of face-to-face and virtual connects as well as leveraging our e-learning platforms to build awareness and knowledge about the company, its policies and processes. This year, we also successfully managed an internship drive thereby providing fresh graduates opportunities to work in a real-time business environment where they contributed towards integral projects in various departments and functions.

Learning and Development

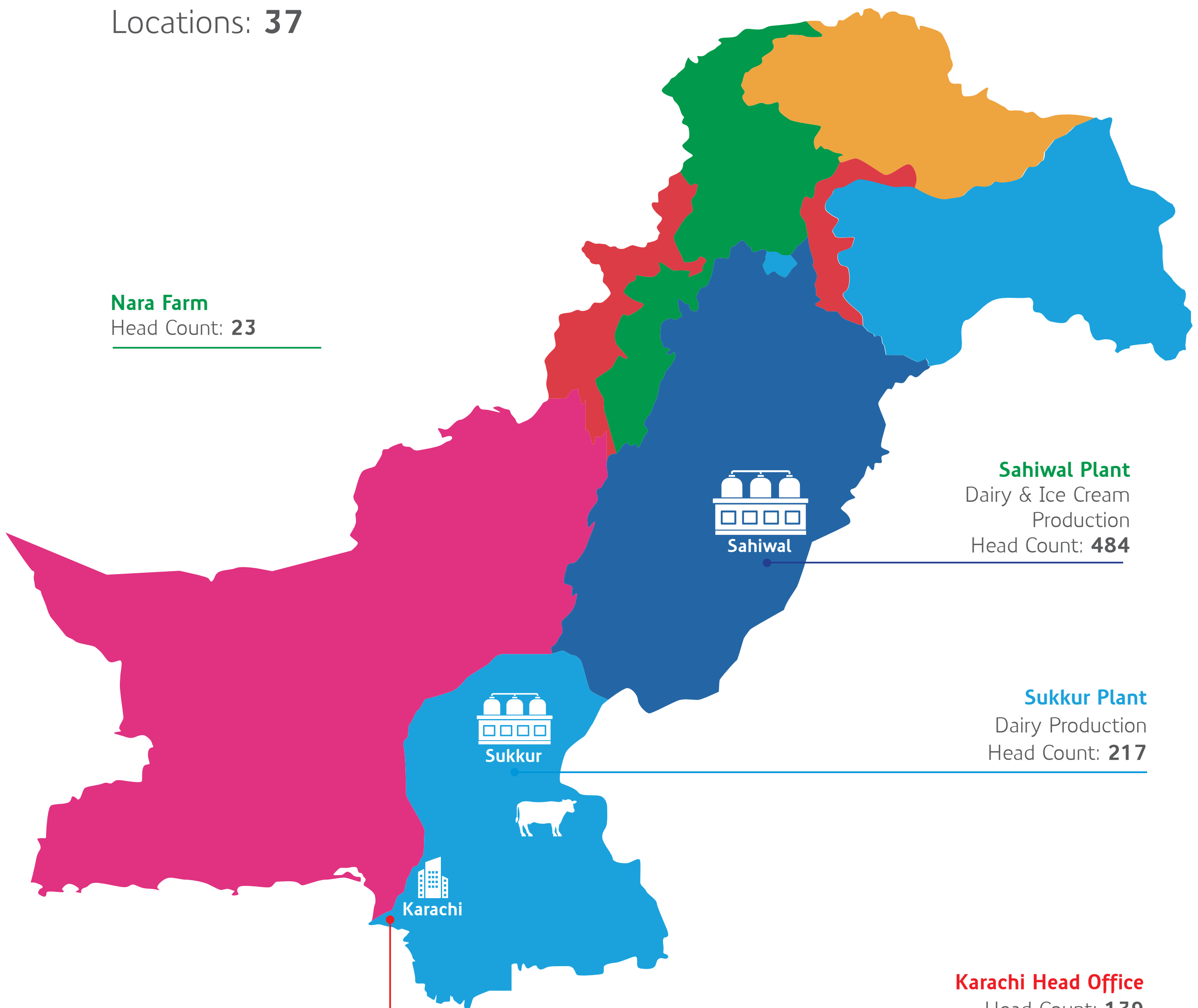
Learning is at the heart of our organization. At FCEPL, our vision is to ensure that employees keep developing and learning because we believe that 'when you grow, we grow'. We have a strong belief in the development of our people by providing them with opportunities to focus on improving their skills, knowledge and capabilities. We continued to roll out various interventions this year to build manager capabilities to facilitate them in providing useful and insightful feedback to their teams and assist them develop their careers. Employees were also encouraged and educated on building their own personal development plans to help them identify and focus on areas they want to develop upon in order to achieve their career aspirations. These plans are supported by line managers and relevant learning and development interventions are aligned and monitored. Self-development is an integral part of the learning philosophy at FCEPL and various e-learning opportunities are available to our employees to leverage as part of their learning plans. In addition, we also carried out organization wide learning sessions of our code of conduct to instill a culture of compliance, ethics and integrity. These sessions are very interactive in nature and encourage dialogues between the teams to fully integrate the messages around the code.

As part of our global leadership development platform, local talent and high potential employees from Pakistan are nominated for FrieslandCampina's global flagship leadership programs that are designed to develop leadership and behavioural capabilities in line with the global competency framework to help build future leaders for the organization.

FCEPL also plays a vital role in exporting its talent to other markets within the FrieslandCampina world. Our talent has multiple opportunities to work within various countries across the world on short and long-term assignments as well as virtual/remote working options.

The FrieslandCampina Engro Pakistan Family

Head Count: **1257**
Locations: **37**



Nara Farm
Head Count: **23**

Sahiwal Plant
Dairy & Ice Cream Production
Head Count: **484**

Sukkur Plant
Dairy Production
Head Count: **217**

Karachi Head Office
Head Count: **139**

Agri Business
Zones: **4**
Areas: **21**
MCCs: **1300+**
Head Count: **164**

Sales Offices
Regions: **12**
Areas: **42**
Head Count: **230**

Over 7,700
futures secured*

We are committed to improving the quality of education in our communities. Through our schools in Sahiwal and Sukkur, we hope to secure and brighten the futures of young minds who will grow up to become the next generation of leaders in Pakistan.

Over 7,700

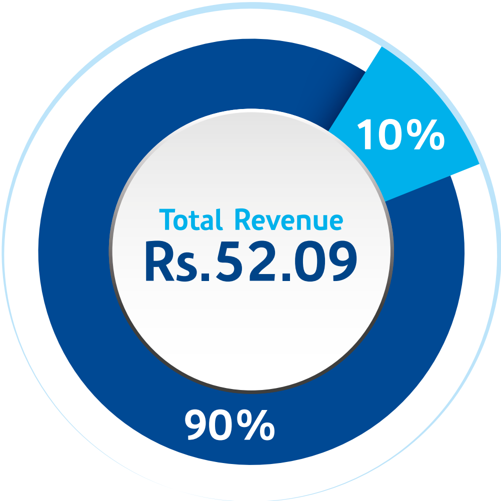
*From date of inception

FINANCIAL REVIEW

FINANCIAL REVIEW

Business Revenue (Rs. in billions)
% Segment Share

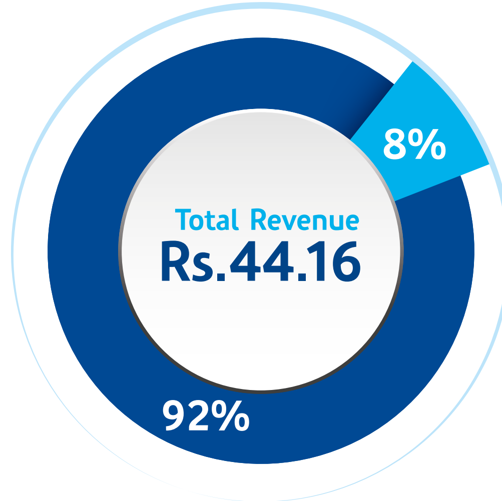
- Dairy and Beverages
- Ice cream and frozen desserts



2021

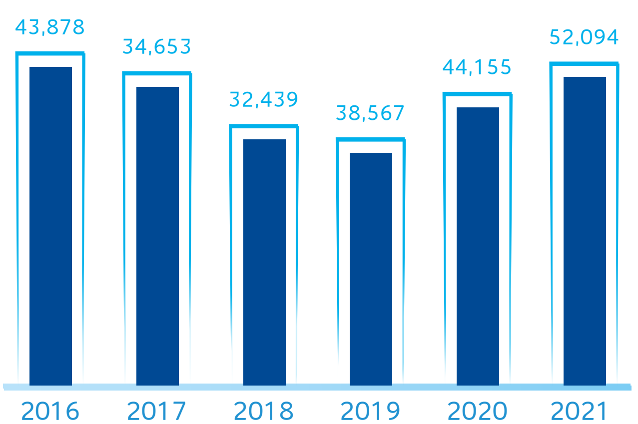
Business Revenue (Rs. in billions)
% Segment Share

- Dairy and Beverages
- Ice cream and frozen desserts



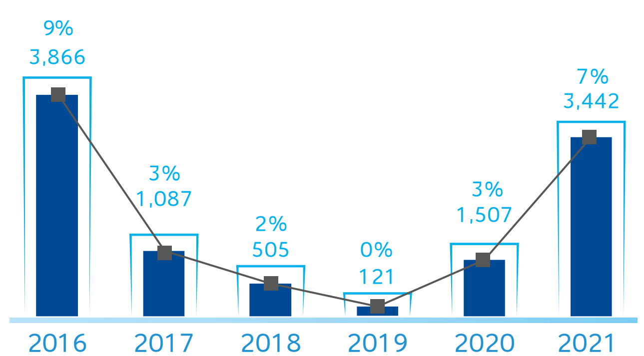
2020

Sales
(Rs. in million)



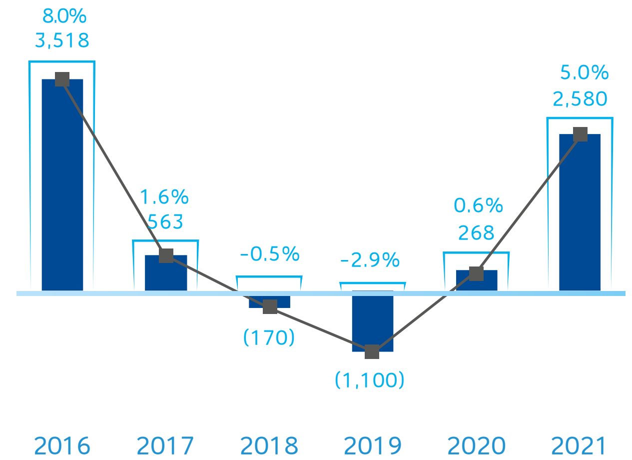
Operating Profit/Loss & % of Sales
(Rs. in million)

- Operating Profit
- % of Sales



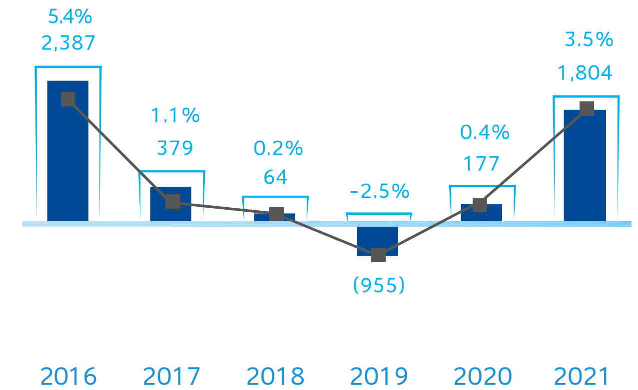
Profit/Loss Before Tax (Rs. in millions)

- Profit/Loss Before Tax
- % of Sales



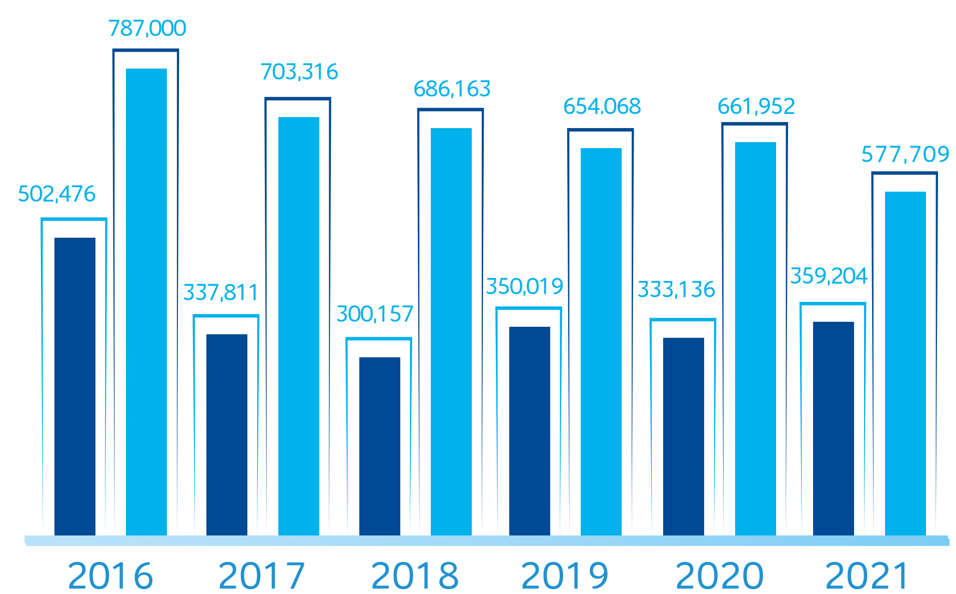
Profit/Loss After Tax (Rs. in millions)

- Profit/Loss After Tax
- % of Sales

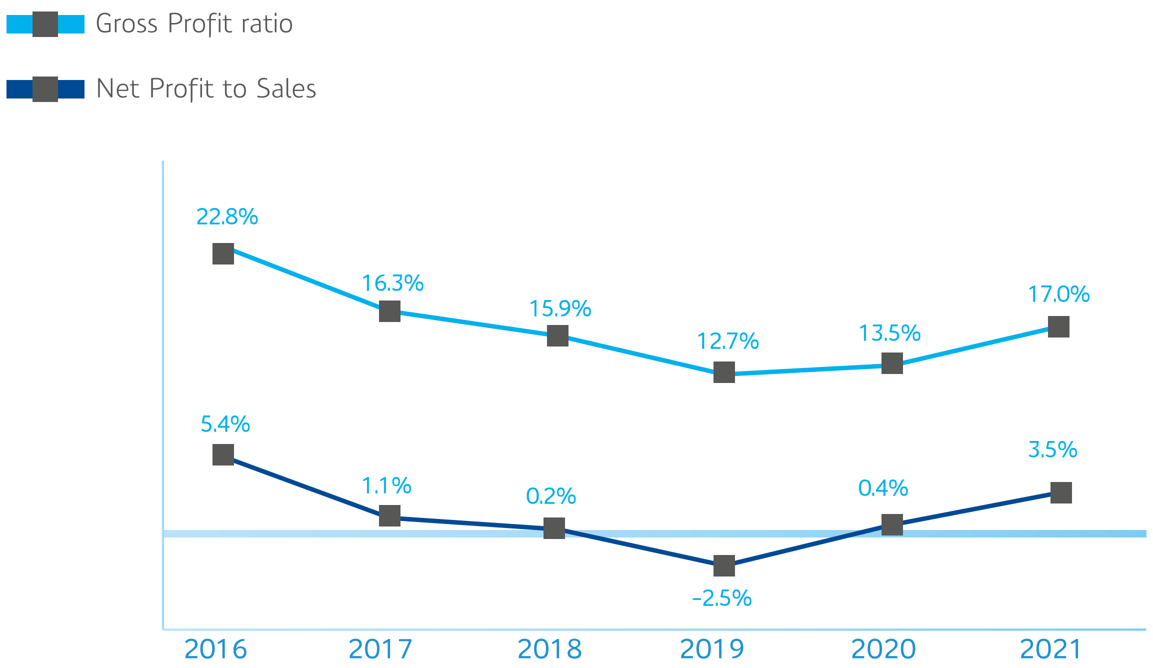


Actual Production vs.
Production Capacity ('000 litres)

- Actual Production
- Production Capacity



Profitability Ratios:



STATEMENT OF VALUE ADDITION & DISTRIBUTION

WEALTH GENERATED	2021 Rs. in millions	%	2020 Rs. in millions	%
Total Revenue inclusive of sales-tax and other income	55,025		46,514	
Bought-in material and services	(41,000)		(36,400)	
	14,025		10,114	
WEALTH DISTRIBUTED				
To employees				
Salaries, benefits and other costs	3,376	24.07%	3,007	29.73%
To Government				
Taxes, duties and development surcharge	5,666	40.40%	3,389	33.51%
To Society				
Donations towards education, health, environment and natural disaster	20	0.14%	20	0.20%
To Providers of Capital				
Mark up/interest expense on borrowed money	861	6.14%	1,239	12.25%
Retained for reinvestment and future growth, depreciation, amortization, retained profit	4,102	29.25%	2,459	24.31%
	14,025		**10,114**	

FINANCIAL SUMMARY

Description	2021	2020	2019	2018	2017	2016
	--------	--------	Rupees in million	--------	--------	--------
Statement of Financial Position						
Share capital	7,666	7,666	7,666	7,666	7,666	7,666
Share premium	865	865	865	865	865	865
Employee compensation reserve	43	100	116	218	298	434
Remeasurement of post employment benefits - Remeasurement loss	(171)	(146)	(132)	(138)	(81)	(74)
Unappropriated profit / (loss)	1,924	62	(130)	730	973	8,259
Shareholders' funds / Equity	10,327	8,548	8,385	9,341	9,721	17,151
Long term borrowings	2,200	4,663	3,200	4,000	4,121	500
Capital employed	12,527	13,211	11,585	13,341	13,842	17,651
Property, plant & equipment	9,513	10,448	10,913	11,819	12,559	13,121
Long term advances and deposits	61	44	59	71	84	94
Statement of Profit or Loss						
Revenue from contracts with customer - net	52,094	44,155	38,567	32,439	34,653	43,878
Gross profit	8,837	5,953	4,880	5,154	5,636	10,015
Operating profit	3,442	1,507	121	505	1,087	3,866
Profit / (loss) before tax	2,580	268	(1,100)	(170)	563	3,518
Profit / (loss) after tax	1,804	177	(955)	64	379	2,387
Statement of Cash Flows						
Net cash flow from operating activities	3,683	1,934	1,522	1,231	4,516	5,122
Net cash flow from investing activities	(884)	(1,316)	(838)	(1,113)	(900)	(1,188)
Net cash flow from financing activities	1,486	1,703	(458)	(958)	(5,393)	(3,176)
Changes in cash & cash equivalents	1,313	2,321	226	(840)	(1,778)	758
Cash & cash equivalents - year end	1,883	570	(1,750)	(1,976)	(1,136)	638
Others						
Market capitalisation	64,988	63,101	60,823	61,145	61,598	147,218
Number of shares issued	767	767	767	767	767	767
Quantitative Data ('000 Litres)						
Production Capacity						
Dairy & beverages	533,645	617,888	610,004	642,540	662,516	748,000
Ice cream and frozen desserts	44,064	44,064	44,064	43,623	40,800	39,000
Actual Production						
Dairy & beverages	334,986	314,979	328,627	281,903	320,344	482,958
Ice cream and frozen desserts	24,218	18,157	21,392	18,254	17,467	19,518

FINANCIAL PERFORMANCE INDICATORS - 2016 TO 2021

RATIOS	2021	2020	2019	2018	2017	2016
Profitability Ratios:						
Gross profit ratio	17.0%	13.5%	12.7%	15.9%	16.3%	22.8%
Net profit to sales	3.5%	0.4%	-2.5%	0.2%	1.1%	5.4%
Ebitda margin to sales	11.0%	8.6%	6.3%	7.7%	8.7%	13.5%
Operating leverage ratio	7.14	78.87	-4.02	8.38	3.42	2.22
Return on equity	17.5%	2.1%	-11.4%	0.7%	3.9%	13.9%
Return on capital employed	13.7%	1.4%	-7.5%	0.5%	2.4%	13.7%
Liquidity Ratios:						
Current ratio	1.1	1.1	0.9	1.1	1.2	1.9
Quick / acid test ratio	0.7	0.6	0.5	0.7	0.7	1.1
Cash to current liabilities	0.0	0.1	0.0	0.0	0.0	0.1
Cash flow from operations to sales	0.1	0.0	0.0	0.0	0.1	0.1
Activity / Turnover Ratios:						
No. of days inventory	34.6	34.7	36.5	37.9	40.3	36.8
No. of days receivables	7.4	7.1	6.2	3.2	1.3	0.8
No. of days payables	96.1	98.6	100.8	98.8	73.8	46.5
Operating cycle	(54.1)	(56.8)	(58.0)	(57.7)	(32.2)	(8.8)
Inventory turnover	10.5	10.5	10.0	9.6	9.1	9.9
Debtors turnover	49.5	51.4	58.6	113.6	288.4	468.7
Creditors turnover	3.8	3.7	3.6	3.7	4.9	7.9
Total assets turnover ratio / fixed assets turnover ratio	1.9	1.9	1.6	1.4	1.6	1.8
Investment /Market Ratios:						
Earnings per share (EPS) - basic & diluted	2.35	0.23	(1.25)	0.08	0.49	3.11
Price earnings ratio	36.06	357.70	(63.44)	996.50	165.71	61.72
Cash dividend per share (Rs.)	-	-	-	-	0.40	10.00
Market value per share at the end of the year	84.73	82.27	79.30	79.72	81.20	191.94
Highest market value during the year	124.24	95.32	91.49	107.34	211.00	192.19
Lowest market value during the year	76.27	43.20	42.10	69.00	69.00	115.35
Breakup value per share	13.47	11.15	10.94	12.19	12.68	22.37
Capital Structure Ratios:						
Long-term debt to equity	19.2%	37.1%	30.1%	30.0%	29.8%	2.8%

KEY SHAREHOLDING & SHARES TRADED

Information of shareholding required under the reporting framework is as follows:

1. Associated Companies, Undertakings and Related Parties

Shareholder's category	No. of shares held
FrieslandCampina Pakistan Holding B.V.	390,963,999
Engro Corporation Limited	306,075,947

2. Directors, Chief Executive Officer and their spouse(s) and minor children

Shareholder's category	No. of shares held
Mr. Abdul Samad Dawood	501
Mr. Abrar Hasan	500
Mr. Zouhair Abdul Khaliq	1
Mr. Ali Ahmed Khan	15,000

3. Executives 25,899
4. Public Sector Companies and Corporations -
5. Banks, Development Financial Institutions, Non-Banking Financial Institutions 4,418,500
6. Insurance Companies 3,000
7. Modarabas and Mutual Funds

Shareholder's category	No. of shares held
Name	**Holding**
B.F. Modaraba	10,000
CDC - Trustee akd Index Tracker Fund	18,224
Trust Modaraba	3,000
CDC - Trustee Nit-Equity Market Opportunity Fund	54,900
CDC - Trustee National Investment (Unit) Trust	34,400
Total	120,524

8. Shareholders holding five percent or more voting rights in the Company:

Shareholder's category	No. of shares held
Engro Corporation Limited	306,075,947
Frieslandcampina Pakistan Holding B.V.	390,963,999

9. Details of purchase/sale of shares by Directors, Executives* and their spouse(s) / minor children during 2021.

Name	Date of purchase / sale	Shares purchased	Shares sold	Rate
Mr. Ali Ahmed Khan	April 07, 2021	15,000	-	68.56

* For the purpose of declaration of share trades all employee of the company are considered as "Executives"

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2021

No of share Holders	No. of shareholdings From	To	Total Shares
688	1	100	35,867
3,069	101	500	1,411,740
1,227	501	1,000	1,170,551
1,443	1,001	5,000	3,912,583
334	5,001	10,000	2,699,852
109	10,001	15,000	1,416,451
81	15,001	20,000	1,462,124
55	20,001	25,000	1,300,600
36	25,001	30,000	997,752
33	30,001	35,000	1,082,950
21	35,001	40,000	803,128
14	40,001	45,000	605,900
36	45,001	50,000	1,764,520
10	50,001	55,000	527,734
5	55,001	60,000	289,000
5	60,001	65,000	313,300
12	65,001	70,000	816,900
4	70,001	75,000	283,600
6	75,001	80,000	469,500
5	80,001	85,000	417,100
4	85,001	90,000	355,000
4	90,001	95,000	378,000
13	95,001	100,000	1,298,500
2	100,001	105,000	207,000
2	105,001	110,000	215,000
2	110,001	115,000	227,415
2	115,001	120,000	237,640
6	120,001	125,000	743,500
1	130,001	135,000	132,500
3	140,001	145,000	429,500
5	145,001	150,000	746,000
3	150,001	155,000	458,000
1	155,001	160,000	160,000
2	160,001	165,000	326,800
1	165,001	170,000	167,900
1	170,001	175,000	172,000
2	185,001	190,000	372,100
5	195,001	200,000	996,000
1	210,001	215,000	212,500
1	215,001	220,000	219,500
1	220,001	225,000	225,000
1	245,001	250,000	250,000
1	255,001	260,000	255,500
1	260,001	265,000	262,500
1	270,001	275,000	275,000
1	305,001	310,000	310,000
1	320,001	325,000	325,000
1	340,001	345,000	341,500
1	345,001	350,000	346,000
1	355,001	360,000	357,474
1	420,001	425,000	424,000
1	445,001	450,000	450,000
1	550,001	555,000	554,148
1	595,001	600,000	600,000
1	615,001	620,000	619,500
1	620,001	625,000	624,500
2	630,001	635,000	1,269,000
1	725,001	730,000	729,000
1	900,001	905,000	901,700
1	995,001	1,000,000	1,000,000
1	1,025,001	1,030,000	1,025,700
1	1,030,001	1,035,000	1,035,000
1	1,370,001	1,375,000	1,370,500
1	1,485,001	1,490,000	1,486,500
1	1,765,001	1,770,000	1,769,000
1	1,945,001	1,950,000	1,950,000
1	2,130,001	2,135,000	2,130,500
1	2,160,001	2,165,000	2,165,000
1	3,930,001	3,935,000	3,930,500
1	4,145,001	4,150,000	4,147,000
1	4,290,001	4,295,000	4,291,100
1	4,295,001	4,300,000	4,300,000
1	135,775,001	135,780,000	135,775,939
1	170,300,001	170,305,000	170,300,008
1	390,960,001	390,965,000	390,963,499
7,290			766,596,075

CATEGORIES OF SHAREHOLDING

AS AT DECEMBER 31, 2021

Shareholders' category	No. of shareholders	No. of shares	Percentage of holding
Directors, Chief Executive Officer, and their spouse(s) and minor children.	4	16,002	0
Associated Companies, Undertakings and Related Parties.	4	697,039,946	90.93
Banks, Development Financial Institutions, Non-Banking Financial Institutions.	3	4,418,500	0.58
Insurance Companies	1	3,000	0
Modarabas and Mutual Funds	5	120,524	0.02
Shareholders holding 10% or more shares	3	697,039,446	90.93
General Public (individuals)			
a. Local b. Foreign	7117	45,126,057	5.89
Others	156	19,872,046	2.59

SHAREHOLDERS' INFORMATION

Annual General Meeting

The annual shareholders meeting will be held at 03:00 p.m. on April 20, 2022 at Karachi.

The Royal Rodale TC-V, 34th Street, Khayaban-e-Sehar Phase 5, Ext, D.H.A, Karachi.

Shareholders as of April 13, 2022 are encouraged to participate and vote.

Any shareholder may appoint a proxy to vote on his or her behalf. Proxies should be filed with the company at least 48 hours before the meeting time.

CDC Shareholders or their Proxies are requested to bring with them copies of their Computerized National Identity Card or passport alongwith the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

Ownership

On December 31, 2021 there were 7,290, shareholders on record of the Company's ordinary shares.

Circulation of Annual Reports through CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 470(I)/2016 dated May 21, 2016 and in continuation with the SRO.787(1)/2014 dated 8th September, 2014, and approved by the Shareholders in the Annual General Meeting of the Company held on March 24, 2017, the Company shall circulate its annual balance sheet, and profit and loss account, auditor's report and directors report etc. ("Annual Audited Accounts") to its members through CD/DVD/USB at their registered addresses, save for those who opt for a hardcopy of the Annual Audited Accounts. The standard request form for electronic transmission is available at the Company's website http://frieslandcampina.com.pk/

Alternatively members can fill up the Standard Request Forms respectively in the Annexures section at the end of the report.

E-DIVIDEND MANDATE (MANDATORY)

In accordance with the provisions of Section 242 of the Companies Act, 2017, and Section 4 of the Companies (Distribution of Dividends) Regulations, 2017 it is mandatory for a listed company, 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 your future dividends directly in your Bank account, then please provide the information mentioned on the Form placed on the Company's website http://frieslandcampina.com.pk and the same to your brokers or the Central Depository Company Ltd. (in case the shares are held in the electronic form) and to our Share Registrars (in case the shares are held in paper certificate form).

Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in 2022 are:

1st quarter: April 20, 2022
2nd quarter: August 18, 2022
3rd quarter: October 20, 2022

The Company reserves the right to change any of the above dates.

Change of Address

All registered shareholders should send information on changes of address to:

M/s. FAMCO Associates (Private) Limited
8-F, Near Hotel Faran Nursery, Block-6 P.E.C.H.S. Shahra-e-Faisal Karachi-74000

Over 8,200

female farmers empowered*

As an integral part of our value chain, our female farmers continue to work hard towards financial independence, while inspiring others around them. We recognize their efforts and support them with the very best trainings, tools and opportunities to grow, prosper and transform communities.

*since 2016

FINANCIAL STATEMENTS

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Independent Auditor's Review Report To the members of FrieslandCampina Engro Pakistan 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 FrieslandCampina Engro Pakistan Limited for the year ended December 31, 2021 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. 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.

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 December 31, 2021.

Chartered Accountants
Karachi

Date: March 2nd, 2022

UDIN: CR202110069y6goT8qp7

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended December 31, 2021

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

1. The total number of directors are seven (7) as per the following:

   - Male: Six (6)
   - Female: One (1)

2. The composition of Board is as follows:

Category	Name
Independent Directors	Mr. Abrar Hasan
	Mr. Zouhair Abdul Khaliq
Non-executive Directors	Mr. Abdul Samad Dawood (Chairman)
	Mr. Roeland Francois Van Neerbos
	Mr. Eduardus Lambertus Holtzer
	Ms. Petra Attje Zinkweg (Female Director)
Executive Director	Mr. Ali Ahmed Khan (Chief Executive Officer – CEO)

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 the 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 the Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings 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. No director attended the Directors' Training program during the year. However, three directors have already completed the Directors' Training program in prior years;

10. There was no fresh appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year ended December 31, 2021. The Board has approved the remuneration of Chief Financial Officer, Company Secretary and Head of Internal Audit 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:

Audit Committee	Human Resource and Remuneration Committee
Mr. Abrar Hasan (Chairman)	Mr. Zouhair Abdul Khaliq (Chairman)
Mr. Zouhair Abdul Khaliq	Ms. Petra Attje Zinkweg
Mr. Eduardus Lambertus Holtzer	Mr. Ali Ahmed Khan

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 of the Committees was as follows:

    a. Audit Committee: Four quarterly meetings during the financial year ended December 31, 2021;
    b. Human Resource and Remuneration Committee: one meeting during the financial year ended December 31, 2021;

15. The Board has set up an effective internal audit function comprising of suitably qualified and experienced staff who are 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 are 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; and

18. We confirm that all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. With respect to the compliance with Regulation 6, the fraction one-third number was not rounded up to one as the Company believes that in view of its shareholding structure, two independent directors elected had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, appointment of third independent director was not warranted.

    The Board was also guided by the fact that as per Regulation 6 rounding up is not mandatory and the necessary explanation for not rounding-up as required under the Regulations have been included above.

ABDUL SAMAD DAWOOD
Chairman

Karachi
Date: February 07th, 2022.

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Independent Auditor's Report

To the members of FrieslandCampina Engro Pakistan Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of FrieslandCampina Engro Pakistan Limited (the Company), which comprise the statement of financial position as at December 31, 2021, 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 December 31, 2021 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 Matter

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 is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	**Valuation of dairy livestock** [Refer notes 2.3, 3(c) and 5 to the financial statements] As at December 31, 2021, the fair value of the Company's biological assets amounts to Rs. 1,533,562 thousand in respect of dairy livestock. Dairy livestock is measured at fair value less estimated point-of-sale costs. Fair value of dairy livestock is determined by an external expert appointed by the Company on the basis of market and replacement values of similar livestock from active markets in other countries and physical attributes of livestock. Due to the level of judgment involved in determining fair values of dairy livestock, we considered this a key audit matter.	Our audit procedures amongst others, included the following: • obtained understanding of the internal controls over existence and valuation of dairy livestock, assessed the design of these controls and tested operating effectiveness of controls on a test basis; • assessed management expert's report including the process and methodology of valuation in the light of our knowledge of the business; • checked source data of dairy livestock provided to the management's expert on a sample basis; and • assessed the adequacy of the related disclosures made in the financial statements with respect to the applicable accounting and reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, 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.

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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Waqas Aftab Sheikh.

Chartered Accountants
Karachi

Date: March 2nd, 2022

UDIN: AR202110069m3O69asw1

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

(Amounts in thousand)

	Note	2021	2020
		----------Rupees----------	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	9,512,746	10,448,454
Biological assets	5	1,533,562	1,197,685
Intangibles	6	53,876	67,084
Right-of-use assets	7	521,898	451,138
Deferred tax asset - net	8	184,917	806,244
Long term advances and deposits	9	60,688	43,781
		11,867,687	13,014,386
Current Assets			
Stores, spares and loose tools	10	369,152	444,237
Stock-in-trade	11	4,664,820	3,538,892
Trade debts	12	1,305,122	801,387
Advances, deposits and prepayments	13	538,795	265,601
Accrued mark-up / interest		21,264	-
Other receivables	14	185,040	158,247
Sales tax recoverable	15	2,764,518	1,928,294
Taxes recoverable		3,075,529	2,576,420
Short term investments	16	2,000,000	-
Cash and bank balances	17	346,185	570,462
		15,270,425	10,283,540
TOTAL ASSETS		27,138,112	23,297,926

(Amounts in thousand)

	Note	2021	2020
		----------Rupees----------	
EQUITY AND LIABILITIES			
Equity			
Share capital	18	7,665,961	7,665,961
Share premium	19	865,354	865,354
Employee share option compensation reserve	20	43,093	100,446
Remeasurement of post employment benefits - Remeasurement loss		(170,910)	(146,432)
Unappropriated profit		1,923,746	62,315
		10,327,244	8,547,644
Non-Current Liabilities			
Long term:			
- finances	21	2,200,000	4,663,004
- lease liability against right-of-use assets	22	248,015	258,219
- other payables	23	-	118,452
		2,448,015	5,039,675
Current Liabilities			
Current portion of long term:			
- finances	21	2,582,647	1,239,502
- lease liability against right-of-use assets	22	285,090	240,097
- other payables	23	15,567	39,069
Trade and other payables	24	10,710,082	7,814,922
Contract liabilities	25	103,725	215,144
Unclaimed dividend		6,943	8,507
Accrued interest / mark-up on:			
- long term finances		81,285	87,570
- short term finances		114,507	65,796
Short term finances	26	463,007	-
		14,362,853	9,710,607
		16,810,868	14,750,282
Contingencies and Commitments	27		
TOTAL EQUITY AND LIABILITIES		27,138,112	23,297,926

The annexed notes 1 to 52 form an integral part of these financial statements.

Abdul Samad Dawood	Ali Ahmed Khan	Imran Husain
Chairman	Chief Executive Officer	Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2021

[Amounts in thousand except for earnings per share]

	Note	2021	2020
		-----------Rupees---------	
Revenue from contracts with customers - net	28	52,094,197	44,155,023
Cost of sales	29	(43,256,759)	(38,202,175)
Gross profit		8,837,438	5,952,848
Distribution and marketing expenses	30	(4,553,982)	(3,661,213)
Administrative expenses	31	(1,322,508)	(1,154,310)
Other operating expenses	32	(314,934)	(177,243)
Other income	33	795,749	546,438
Operating profit		3,441,763	1,506,520
Finance cost	34	(861,374)	(1,238,840)
Profit before taxation		2,580,389	267,680
Taxation	35	(776,311)	(90,754)
Profit for the year		1,804,078	176,926
Earnings per share - basic and diluted	36	2.35	0.23

The annexed notes 1 to 52 form an integral part of these financial statements.

Abdul Samad Dawood
Chairman

Ali Ahmed Khan
Chief Executive Officer

Imran Husain
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

	Note	2021	2020
		----------Rupees----------	
Profit for the year		1,804,078	176,926
Other comprehensive loss:			
Items that will not be reclassified to profit or loss			
Remeasurement loss on post employment benefits obligation	39.6	(34,476)	(19,643)
Less: Income tax relating to remeasurement loss		9,998	5,696
Other comprehensive loss for the year, net of tax		(24,478)	(13,947)
Total comprehensive income for the year		1,779,600	162,979

The annexed notes 1 to 52 form an integral part of these financial statements.

Abdul Samad Dawood
Chairman

Ali Ahmed Khan
Chief Executive Officer

Imran Husain
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

	Share capital	RESERVES - CAPITAL: Share premium (note 19)	RESERVES - CAPITAL: Employee share option compensation reserve (note 20)	RESERVES - REVENUE: Remeasurement of post employment benefits	RESERVES - REVENUE: Unappropriated profit / (loss)	Total
	----------	----------	----------	Rupees	----------	----------
Balance as at January 1, 2020	7,665,961	865,354	115,517	(132,485)	(129,682)	8,384,665
Transfer of employee share option compensation reserve to unappropriated profit	-	-	(15,071)	-	15,071	-
Profit for the year	-	-	-	-	176,926	176,926
Other comprehensive loss for the year	-	-	-	(13,947)	-	(13,947)
Total comprehensive income / (loss) for the year	-	-	-	(13,947)	176,926	162,979
Balance as at December 31, 2020 / January 1, 2021	7,665,961	865,354	100,446	(146,432)	62,315	8,547,644
Transfer of employee share option compensation reserve to unappropriated profit	-	-	(57,353)	-	57,353	-
Profit for the year	-	-	-	-	1,804,078	1,804,078
Other comprehensive loss for the year	-	-	-	(24,478)	-	(24,478)
Total comprehensive income / (loss) for the year	-	-	-	(24,478)	1,804,078	1,779,600
Balance as at December 31, 2021	7,665,961	865,354	43,093	(170,910)	1,923,746	10,327,244

The annexed notes 1 to 52 form an integral part of these financial statements.

Abdul Samad Dawood
Chairman

Ali Ahmed Khan
Chief Executive Officer

Imran Husain
Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

	Note	2021	2020
		---------- Rupees	----------
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	5,174,765	3,959,546
Finance costs paid		(736,390)	(1,346,034)
Taxes paid		(644,118)	(506,455)
Contribution to the retirement benefits fund	39.8	(94,800)	(188,500)
Long term advances and deposits - net		(16,907)	15,153
Net cash generated from operating activities		3,682,550	1,933,710
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
- property, plant and equipment	4.5	(1,131,048)	(1,594,105)
- intangibles	4.5	(15,850)	(355)
Proceeds from disposal of:			
- property, plant and equipment	4.4	169,427	121,510
- biological assets		93,560	157,219
Net cash utilized in investing activities		(883,911)	(1,315,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances	21.2	(1,158,928)	-
Proceeds from long term finances	21.2	-	1,957,142
Dividend paid		(1,564)	(224)
Repayment of lease liability against right-of-use assets		(325,431)	(254,200)
Net cash (utilized in) / generated from financing activities		(1,485,923)	1,702,718
Net increase in cash and cash equivalents		1,312,716	2,320,697
Cash and cash equivalents at beginning of the year		570,462	(1,750,235)
Cash and cash equivalents at end of the year	38	1,883,178	570,462

The annexed notes 1 to 52 form an integral part of these financial statements.

Abdul Samad Dawood
Chairman

Ali Ahmed Khan
Chief Executive Officer

Imran Husain
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 FrieslandCampina Engro Pakistan Limited (the Company), is a public listed company incorporated in Pakistan, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), and its shares are quoted on the Pakistan Stock Exchange. The Company is a subsidiary of FrieslandCampina Pakistan Holdings B.V. (the Holding Company) which is a subsidiary of Zuivelcoöperatie FrieslandCampina UA (the Ultimate Parent Company) and its registered office is situated at 5th Floor, the Harbor Front Building, Plot No. HC-3, Block-4, Scheme No. 5, Clifton, Karachi.

1.2 The business units of the Company include the following:

Business Unit	Geographical Location
Head Office	5th Floor, the Harbor Front Building, Plot No. HC-3, Block-4, Scheme No. 5, Clifton, Karachi.
Sahiwal Plant	8 km Road Pakpattan Road, Sahiwal.
Sukkur Plant	Deh Miani Baghat, Tapa Rohri, Taluka Rohri, District Sukkur.
Dairy Farm	Near Qalmi Quran Taluka Salehpat, District Sukkur.

Regional sales offices and milk collection centers are located across the country, the details of which are impracticable to disclose in these financial statements as required under Paragraph 1 (i) of Part I of the 4th Schedule to the Companies Act, 2017 (the Act).

1.3 The principal activity of the Company is to manufacture, process and sell dairy products, beverages, ice cream and frozen desserts. The Company also owns and operates a dairy farm.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 These financials statements have been prepared under the historical cost convention unless otherwise stated.

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

2.1.3 The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving high degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in note 3.

2.1.4 Initial application of standards, amendments or interpretations to existing standards

a) Amendments to accounting and reporting standards that became effective during the year

There are certain amendments to the accounting and reporting standards that became effective during the year ended December 31, 2021, however, these are considered not to have a significant impact on the Company's financial reporting and operations and therefore have not been presented in these financial statements.

b) Standards, amendments and interpretation to published standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to the accounting and reporting standards that are not yet effective and are also not expected to have a significant impact on the Company's financial reporting and therefore, have not been presented in these financial statements.

2.2 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment, if any, except for freehold land and capital work-in-progress, which are stated at cost.

Depreciation is charged to profit or loss using the straight-line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life at rates given in note 4.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the preceding month of disposal.

Where parts of an item of property, plant and equipment have different useful lives and such are material, those are accounted for as separate items of property, plant and equipment.

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

Assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount and the resulting impairment loss is recognized in profit or loss. The recoverable amount is higher of fair value, less cost of disposal and value in use. Reversal of impairment is effected in the case of indications of a change in recoverable amount and is recognized in profit or loss, however, is restricted to the net book value of the asset had there been no impairment.

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

2.3 Biological assets

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an external valuer on the basis of best available estimates for livestock of similar attributes.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock are recognized in profit or loss.

Crops in the ground and at the point of harvest at the reporting date are measured at cost being an approximation of fair value, as these are presently being used as internal consumption for cattle feed and have a very short biological transformation and consumption cycle.

2.4 Intangibles – Computer software

Intangibles are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can also be measured reliably.

Generally, costs associated with maintaining computer software programmes are recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognized as intangibles. Direct costs include the purchase cost of software and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Computer software cost treated as intangibles are amortized from the date the software is put to use on straight-line basis over a period of 5 years. The carrying amount of the intangibles is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount in profit or loss. Reversal of impairment losses are also recognized in profit or loss.

2.5 Financial assets and liabilities

2.5.1 Financial assets

The Company classifies its financial assets in the following categories:

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

b) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt instrument that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the year in which it arises.

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain / (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

2.5.2 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in profit or loss.

2.5.3 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.6 Impairment

a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognize lifetime expected credit losses for trade debts.

For financial assets other than trade debts, the Company applies general approach in calculating expected credit losses. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

b) Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is 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.

2.7 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit, which are stated at invoice value plus other charges paid thereon till the reporting date. A provision is made for any excess book value over estimated realizable value of items identified as surplus to the Company's requirements. Adequate provision is also made for slow moving and obsolete items.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are shown separately as major spare parts and stand-by equipment.

2.8 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined using weighted average method except for raw materials in transit which are stated at invoice value plus other charges paid thereon till the reporting date. Cost of finished goods comprises purchase cost and other manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The fair value of milk is determined based on market prices in the local area.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale. Provision is made for slow moving stocks where considered necessary.

2.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case trade debts are recognized at fair value. The Company holds the trade debts and other receivables with the objective of collecting the contractual cash flows and therefore measures the receivables subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 2.6.

Exchange gains and losses arising on translation in respect of 'trade debts' and 'other receivables' in foreign currency are added to the carrying amount of the respective receivables.

2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand and in transit, balances with banks on current, deposit and saving accounts, short-term highly liquid investments subject to insignificant risk of changes in values and short term finances. Short term finances on the statement of financial position are shown as part of current liabilities.

2.11 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs, if any, directly attributable to the issue of new shares or options, are recognized in equity as a deduction, net of tax, from the proceeds.

2.12 Employees' share option scheme

Equity-settled share-based payments to employees are measured at fair value at the grant date. The fair value determined at the grant date of the equity settled share-based payments is recognized as an employee compensation expense on a straight-line basis over the vesting period.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of exercise restrictions.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the statement of profit or loss, is transferred to unappropriated profit from employee share option compensation reserve in the statement of changes in equity.

When the options are exercised, employee share option compensation reserve relating to these options is transferred to share capital and share premium. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium.

2.13 Staff retirement and other service benefits

2.13.1 Defined benefit plan

Engro Corporation Limited (an associated company) operates and maintains an approved defined benefit funded gratuity plan (the Fund) on behalf of the Company, for all its permanent employees. The Fund provides for a graduated scale of benefits dependent on the length of service of an employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn basic salary.

Provisions are made to cover the obligations under the Fund on the basis of actuarial valuation carried out annually by an external expert, using the 'Projected Unit Credit Method'. All remeasurement gains and losses are recognized in 'other comprehensive income' as these occur and are presented as a separate component in the statement of changes in equity.

The amount recognized in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of plan assets.

2.13.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Engro Corporation Limited (an associated company) operates and maintains:

- an approved defined contribution provident fund on behalf of the Company for permanent employees of the Company. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary; and

- an approved defined contribution gratuity fund for the benefit of management employees of the Company. Monthly contributions are made by the Company to the fund at the rate of 8.33% of basic salary.

2.13.3 Compensated absences

The Company accounts for compensated absences on the basis of unavailed leave balance of eligible employees at the end of the year.

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at-least twelve months after the reporting date.

2.15 Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received.

The benefit of a long-term finance at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to long-term finances are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes finance cost related to long-term finances at market rate of interest.

2.16 Lease liability and Right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payments that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured based on the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

2.17 Trade and other payables

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

Trade payable under vendor financing arrangements are closely related to operating purchase activities and the financing arrangement does not lead to any significant change in the nature or function of the liabilities. These liabilities are therefore classified as trade payables as specified in note 24. The credit period does not exceed 12 months and the accounts payables are therefore not discounted.

2.18 Contract assets and liabilities

Contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. If a customer makes a payment or payment is due before the Company has satisfied its performance obligations, the Company presents that amount as a contract liability.

Impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset (note 2.6).

2.19 Provisions

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

2.20 Taxation

2.20.1 Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax also includes tax credits and adjustments, where considered necessary, for prior years determined during the year or otherwise considered necessary for such years.

2.20.2 Deferred

Deferred income tax is accounted for using the liability method on all temporary differences arising between the tax bases of assets and liabilities and carrying amounts in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset will be realized or the deferred income tax liability will be settled. Deferred tax is charged or credited in profit or loss.

2.21 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. Foreign currency transactions are translated into the functional currency the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in profit or loss.

2.22 Revenue and income recognition

Revenue is recognized at a point in time when performance obligations are satisfied by transferring control of promised goods to a customer which coincides with dispatch of goods. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The Company deals with the customers on advance basis as well as enters into Standing Instruction for Debit of Account (SIDA) arrangements and offers credit period which varies from customer to customer.

Interest income on bank deposits and scrap sales are recognized on an accrual basis.

2.23 Research and development costs

Research and development costs are charged to income as and when incurred, except for certain development costs which are recognized as intangibles when it is probable that the development project will be a success and certain criteria, including commercial and technological feasibility have been met.

2.24 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such costs are capitalized as part of the cost of that asset. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent, these are regarded as an adjustment to borrowing costs.

2.25 Earnings per share

The Company presents basic and diluted earnings per share (EPS) in respect of its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.26 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors of the Company that makes the strategic decisions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Taxation

In making the estimates for current income taxes payable by the Company, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made, taking into account these judgments and the best estimates of future results of operations of the Company. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized.

b) Property, plant and equipment and intangibles

The Company reviews the appropriateness of the rate of depreciation / amortization, useful lives and residual values used for recording the depreciation / amortization on annual basis. Further, if required based on any indication for impairment, an estimate of recoverable amount of assets is made for possible impairment.

c) Biological assets

The fair values of biological assets (Dairy livestock) is determined semi-annually by utilizing the services of an external expert. These valuations are mainly based on market conditions and physical attributes of livestock existing at the end of each reporting period, which are subject to change at each period end due to market and livestock conditions.

d) Stock-in-trade

The Company regularly reviews the net realizable value of stock-in-trade to asses any diminution in the carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to be incurred to make the sale.

(Amounts in thousand)

e) Stores and spares

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

f) Provision for staff retirement and other service benefits

The present value of the obligations is determined by an independent actuary using a number of assumptions and other factors. Any change in these assumptions and factors will impact the obligations recorded in the financial statements.

g) Provisions and contingencies

The Company assesses at each reporting date as to whether it has a legal or constructive obligation as a result of a past event, 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. In the event of an affirmative assessment, provisions are revised, and adjusted, where considered necessary to reflect the current best estimate.

In addition to that the Company based on the availability of the latest information, estimates the value of contingent assets and contingent liabilities which may differ on the occurrence / non-occurrence of uncertain future events. The assessment of contingencies inherently involves exercise of significant judgment as the outcome of future events cannot be predicted with certainty.

4. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	------ Rupees ------	
Operating assets (note 4.1)	8,727,531	10,099,093
Capital work-in-progress (note 4.5)	632,323	205,848
Major spare parts and stand-by equipment (note 10)	152,892	143,513
	9,512,746	10,448,454

4.1 Operating assets

	Freehold land (note 4.7)	Buildings and civil works on freehold land (note 4.7)	Plant, machinery and related equipment (note 4.2)	Computer equipment (note 4.2)	Office equipment and furniture & fittings	Vehicles (note 4.2)	Total
	------------------------------------- Rupees -------------------------------------						
As at January 1, 2020							
Cost	410,975	4,319,603	18,229,735	403,624	413,465	945,874	24,723,276
Accumulated depreciation	-	(1,861,218)	(11,201,056)	(263,442)	(336,381)	(514,272)	(14,176,369)
Accumulated impairment	-	(850)	(211,629)	-	(5,095)	(1,229)	(218,803)
Net book value	410,975	2,457,535	6,817,050	140,182	71,989	430,373	10,328,104
Year ended December 31, 2020							
Opening net book value	410,975	2,457,535	6,817,050	140,182	71,989	430,373	10,328,104
Additions, including transfers (note 4.5)	5,161	154,734	1,214,945	53,781	33,069	366,313	1,828,003
Disposals (note 4.4)							
Cost	-	-	(214,694)	(6,637)	(6,759)	(179,085)	(407,175)
Accumulated depreciation	-	-	194,948	5,983	6,422	154,837	362,190
	-	-	(19,746)	(654)	(337)	(24,248)	(44,985)
Depreciation (note 4.3)	-	(214,586)	(1,521,037)	(71,299)	(21,756)	(163,010)	(1,991,688)
Impairment charge / (reversal) (notes 4.6, 29, 30 and 31)	-	(51)	(17,949)	(208)	(1,894)	(239)	(20,341)
Write-off							
Cost	-	(14,751)	(77,219)	(409)	-	(4,251)	(96,630)
Accumulated depreciation	-	14,701	59,560	274	-	3,109	77,644
Accumulated impairment	-	50	17,659	135	-	1,142	18,986
	-	-	-	-	-	-	-
Closing net book value	416,136	2,397,632	6,473,263	121,802	81,071	609,189	10,099,093
As at December 31, 2020							
Cost	416,136	4,459,586	19,152,767	450,359	439,775	1,128,851	26,047,474
Accumulated depreciation	-	(2,061,103)	(12,467,585)	(328,484)	(351,715)	(519,336)	(15,728,223)
Accumulated impairment	-	(851)	(211,919)	(73)	(6,989)	(326)	(220,158)
Net book value	416,136	2,397,632	6,473,263	121,802	81,071	609,189	10,099,093
Year ended December 31, 2021							
Opening net book value	416,136	2,397,632	6,473,263	121,802	81,071	609,189	10,099,093
Additions, including transfers (note 4.5)	-	46,730	379,036	26,475	25,827	226,505	704,573
Disposals (note 4.4)							
Cost	-	-	(233,630)	(33,610)	(93,423)	(189,519)	(550,182)
Accumulated depreciation	-	-	220,820	33,298	88,453	149,614	492,185
Accumulated impairment	-	-	-	-	3,336	1,196	4,532
	-	-	(12,810)	(312)	(1,634)	(38,709)	(53,465)
Depreciation (note 4.3)	-	(213,941)	(1,518,052)	(60,974)	(23,475)	(203,073)	(2,019,515)
Impairment charge / (reversal) (notes 4.6, 29, 30 and 31)	-	-	(4,325)	1,600	(446)	27	(3,144)
Write-off							
Cost	-	(3,276)	(33,622)	(4,220)	(488)	-	(41,606)
Accumulated depreciation	-	3,231	27,612	4,150	474	-	35,467
Accumulated impairment	-	45	6,010	59	14	-	6,128
	-	-	-	(11)	-	-	(11)
Closing net book value	416,136	2,230,421	5,317,112	88,580	81,343	593,939	8,727,531
As at December 31, 2021							
Cost	416,136	4,503,040	19,264,551	439,004	371,691	1,165,837	26,160,259
Accumulated depreciation	-	(2,271,813)	(13,737,205)	(352,010)	(286,263)	(572,795)	(17,220,086)
Accumulated impairment	-	(806)	(210,234)	1,586	(4,085)	897	(212,642)
Net book value	416,136	2,230,421	5,317,112	88,580	81,343	593,939	8,727,531
Annual rate of depreciation (%)	-	5 to 33.3	8.33 to 25	20 to 33.3	20	25	

(Amounts in thousand)

4.2 Includes following assets held by third parties:

Description	2021 Cost	2021 Net Book Value	2020 Cost	2020 Net Book Value	Reason (note 4.2.1)
	------------------ Rupees	------------------			
Plant, machinery and related equipment	324,239	147,288	298,705	145,559	Equipment mounted on transport contractors' vehicles.
Plant, machinery and related equipment	1,738,601	944,862	1,624,246	973,812	Freezers held with third party for ice cream sales.
Computer equipment	16,597	-	16,597	-	Computer equipment managed by a third party for disaster recovery.
Vehicles	252,841	110,788	244,295	133,566	Trikes held with third party for ice cream sales.
	2,332,278	1,202,938	2,183,843	1,252,937	

4.2.1 In view of the nature of items that are being held by large number of the Company's business partners, the Company considers it impracticable to disclose particulars of assets not in the possession of the Company as required under Paragraph 12 of Part II of the Fourth Schedule to the Act.

4.3 The depreciation charge has been allocated as follows:

	2021	2020
	--------- Rupees	---------
- Cost of sales (note 29)	1,632,005	1,654,878
- Distribution and marketing expenses (note 30)	360,106	313,441
- Administrative expenses (note 31)	27,404	23,369
	2,019,515	1,991,688

4.4 The details of operating assets disposed off during the year are as follows:

Description and method of disposal	Sold to	Cost	Accumulated depreciation and impairment	Net book value	Sale proceeds	Gain / (Loss)
		-------------	-------------	Rupees	-------------	-------------
Vehicles						
Under Company policy to existing / separating employees	- Adnan Rafiq	1,976	(1,185)	791	1,248	457
	- Mohsin Hafeez	2,300	(1,164)	1,136	1,269	133
	- Ali Mohammed Jamro	1,327	(398)	929	950	21
	- Ramzan Burriro	3,076	(231)	2,845	2,414	(431)
	- Mohammed Usman Arshad	1,979	(1,336)	643	1,223	580
	- Kamil Murad	2,238	(1,427)	811	891	80
	- Syed Ali Abbas Shah	2,088	(1,175)	913	1,414	501
	- Kashif Nadeem	2,533	(1,140)	1,393	1,487	94
	- Sarfaraz Ahmed	2,099	(1,535)	564	420	(144)
	- Ahmad Nazir Sohail Qureshi	1,941	(1,419)	522	874	352
	- Dr. Yasir	1,434	(296)	1,138	1,123	(15)
	- Mubashir Subhani	2,553	(431)	2,122	2,290	168
	- Mohammed Naeem Arsal	2,013	(1,397)	616	1,199	583
Sold through auction under the Company policy having						
- NBV more than Rs. 500	- Al Azaan Traders	11,961	(11,961)	-	270	270
- NBV less than Rs. 500	- Various	15,362	(13,953)	1,409	8,541	7,132
		54,880	(39,048)	15,832	25,613	9,781
Under Company policy to existing / separating employees having:						
- NBV less than Rs. 500		130,833	(109,706)	21,127	53,565	32,438
Insurance claim:						
- NBV more than Rs. 500	- EFU General Insurance	1,351	(431)	920	1,082	162
- NBV less than Rs. 500	- Various	2,455	(1,625)	830	1,909	1,079
		189,519	(150,810)	38,709	82,169	43,460
Plant, machinery and related equipment - owned						
Sold through bidding/auction under the Company policy having:						
NBV more than Rs. 500	- Selo Foodtech Ltd.	125,780	(120,798)	4,982	62,016	57,034
NBV less than Rs. 500	- Various	107,850	(100,022)	7,828	21,564	13,736
		233,630	(220,820)	12,810	83,580	70,770
Office equipment						
Sold through bidding/auction under the Company policy having:						
NBV less than Rs. 500	- Various	93,423	(91,789)	1,634	1,800	166
Computer equipment						
Sold through bidding/auction under the Company policy having:						
NBV less than Rs. 500	- Various	33,610	(33,298)	312	1,878	1,566
December 31, 2021		550,182	(496,717)	53,465	169,427	115,962
December 31, 2020		407,175	(362,190)	44,985	121,510	76,525

(Amounts in thousand)

4.5 Capital work-in-progress

	Land	Building on freehold land	Plant, machinery and related equipment	IS and milk automation projects	Office equipment/ Furniture & Fittings/ Computer equipment	Vehicles	Total
	Rupees						
Year ended December 31, 2020							
Balance as at January 1, 2020	-	59,714	278,595	-	25,672	75,765	439,746
Additions during the year	5,161	108,948	1,040,858	355	77,669	361,469	1,594,460
Transferred to:							
- operating assets (note 4.1)	(5,161)	(154,734)	(1,214,945)	-	(86,850)	(366,313)	(1,828,003)
- intangibles (note 6)	-	-	-	(355)	-	-	(355)
Balance as at December 31, 2020	-	13,928	104,508	-	16,491	70,921	205,848
Year ended December 31, 2021							
Balance as at January 1, 2021	-	13,928	104,508	-	16,491	70,921	205,848
Additions during the year	-	90,537	781,715	15,850	103,212	155,584	1,146,898
Transferred to:							
- operating assets (note 4.1)	-	(46,730)	(379,036)	-	(52,302)	(226,505)	(704,573)
- intangibles (note 6)	-	-	-	(15,850)	-	-	(15,850)
Balance as at December 31, 2021	-	57,735	507,187	-	67,401	-	632,323

4.6 During the year, the Company has recorded an impairment charge (net of reversal) amounting to Rs. 3,144 (2020: Rs. 20,341) against idle assets, determined on the basis of fair value of the assets less cost of disposal. The Company based on a review for impairment on the operating assets identified that the carrying values of certain operating assets in Dairy and Beverages segment exceed their estimated recoverable amounts. These assets were deemed as idle primarily due to discontinuation of certain SKUs to rationalize product portfolio of the Company. Accordingly, provision / (net of reversal) for impairment was recognized thereagainst. The recoverable amount of these assets amounted to Nil (2020: Nil) determined on the basis of fair value less cost of disposal of underlying assets which is based on the historical experience of net recovery proceeds on similar nature of assets.

4.7 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of location	Addresses	Total Area of Land Square Yards
Production Plant	8 km Road Pakpattan Road, Sahiwal.	485,641
Production Plant	Deh Miani Baghat, Tapa Rohri, Taluka Rohri, District Sukkur.	148,104
Dairy Farm	Near Qalmi Quran Taluka Salehpat, District Sukkur.	1,064,800

5. BIOLOGICAL ASSETS

	2021	2020
	Rupees	
Dairy livestock (note 5.1):		
- mature	911,914	726,296
- immature	684,164	529,023
	1,596,078	1,255,319
Provision for culling (note 5.2)	(62,516)	(57,702)
	1,533,562	1,197,617
Crops - feed stock	-	68
	1,533,562	1,197,685

5.1 Reconciliation of gross carrying amounts of livestock

	2021	2020
Gross carrying amount at the beginning of the year	1,255,319	1,208,258
Add:		
Changes in fair value due to biological transformation:		
- Gain due to new births [inclusive of cost of feeding immature herd of Rs. 325,500 (2020: Rs. 258,485)]	386,388	304,883
- Loss due to increase in age of livestock	(251,310)	(117,220)
	135,078	187,663
Changes in fair value due to price changes:		
- Gain due to currency devaluation	154,459	36,181
- Gain due to change in international market prices	186,300	80,043
	340,759	116,224
Total gain (note 33)	475,837	303,887
Less:		
- Decrease due to deaths / disposals	(135,078)	(256,826)
- Provision for culling (note 5.2)	(62,516)	(57,702)
Carrying amount at the end of the year, which approximates the fair value	1,533,562	1,197,617

5.2 The movement in culling provision during the year is as follows:

	2021	2020
	Rupees	
Balance as at January 1	57,702	121,553
Add: Provision recognized during the year (note 32)	39,341	57,702
Less: Provision reversed/utilized against disposal of animals	(34,527)	(121,553)
Balance as at December 31	62,516	57,702

This represents provision in respect of low yielding animals, animals having poor health and animals to be culled due to capacity constraints.

5.3 As at December 31, 2021, the Company held 3,433 (2020: 3,151) mature assets able to produce milk and 2,619 (2020: 2,162) immature assets that are being raised to produce milk in the future. During the year, the Company produced approximately 22,380,794 (2020: 21,523,666) gross litres of milk from these biological assets.

5.4 As at December 31, 2021, the Company held 63 (2020: 47) immature male calves.

5.5 The valuation of dairy livestock as at December 31, 2021 has been carried out by an external valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the farm conditions and relied on the representations made by the Company as at December 31, 2021. Further, market and replacement values of similar live stock from active markets in USA, EU and Australia have also been used by the valuer as a basis of valuation. Immature male calves have not been included in the fair valuation due to the insignificant value in use. The valuation is considered to be level 2 in the fair value hierarchy due to observable market data other than quoted prices in active markets.

(Amounts in thousand)

	2021	2020
	--------- Rupees ---------	

6. INTANGIBLES - Computer software
Net carrying value

	2021	2020
Balance at beginning of the year	67,084	95,135
Add: Additions at cost (note 4.5)	15,850	355
Less: Amortization charge for the year (notes 6.1 and 31)	(29,058)	(28,406)
Balance at end of the year	53,876	67,084
Gross carrying value		
Cost	480,125	464,275
Less: Accumulated amortization	(426,249)	(397,191)
Net book value	53,876	67,084

6.1 The cost is being amortized over a period of 5 years

7. RIGHT-OF-USE ASSETS

	Land and buildings	Plant and equipment	Vehicles	Total
	------------------ Rupees ------------------			
Year ended December 31, 2020				
Opening net book value	317,020	192,369	137,798	647,187
Additions	7,026	-	36,954	43,980
Disposals / Termination Cost	(1,084)	-	-	(1,084)
Accumulated depreciation	1,084	-	-	1,084
	-	-	-	-
Depreciation charge (note 7.1)	(126,297)	(72,948)	(42,465)	(241,710)
Remeasurement	(34,943)	37,731	(1,107)	1,681
Closing net book value	162,806	157,152	131,180	451,138
At December 31, 2020				
Cost	435,237	322,027	186,203	943,467
Accumulated depreciation	(272,431)	(164,875)	(55,023)	(492,329)
Net book value	162,806	157,152	131,180	451,138
Year ended December 31, 2021				
Opening net book value	162,806	157,152	131,180	451,138
Additions	62,021	37,035	87,432	186,488
Disposals / Termination Cost	(7,904)	-	(12,983)	(20,887)
Accumulated depreciation	7,904	-	12,983	20,887
	-	-	-	-
Depreciation charge (note 7.1)	(125,034)	(64,240)	(56,697)	(245,971)
Remeasurement	98,115	46,670	(14,542)	130,243
Closing net book value	197,908	176,617	147,373	521,898
At December 31, 2021				
Cost	587,469	405,732	246,110	1,239,311
Accumulated depreciation	(389,561)	(229,115)	(98,737)	(717,413)
Net book value	197,908	176,617	147,373	521,898
Rate of depreciation (%)	20 - 50	20 - 33.33	25	

7.1 The depreciation charge has been allocated as follows:

	2021	2020
	--------- Rupees ---------	
- Cost of sales (note 29)	122,836	125,656
- Distribution and marketing expenses (note 30)	28,416	28,079
- Administrative expenses (note 31)	94,719	87,975
	245,971	241,710

8. DEFERRED TAX ASSET - Net

	2021	2020
	--------- Rupees ---------	
Debit balances arising due to:		
- Provisions for stock-in-trade, stores and spares and receivables	108,715	104,782
- Accelerated tax depreciation / amortization	517,921	-
- Minimum turnover tax (note 8.1)	-	1,056,795
- Share issuance cost, net to equity	11,234	11,234
- Lease liability against right-of-use assets	154,601	144,513
	792,471	1,317,324
Credit balances arising due to:		
- Accelerated tax depreciation / amortization	-	(21,910)
- Right-of-use assets	(151,351)	(130,830)
- Biological assets	(444,732)	(347,309)
- Others	(11,471)	(11,031)
	(607,554)	(511,080)
	184,917	806,244

8.1 During the year, the Company has fully recouped the minimum turnover tax against its current tax liability.

9. LONG-TERM ADVANCES AND DEPOSITS - Unsecured, considered good

	2021	2020
	--------- Rupees ---------	
Advances to employees (notes 9.1, 9.2 and 9.3)	-	242
Less: Recoverable within one year shown under current assets (note 13)	-	(219)
	-	23
Deposits	60,688	43,758
	60,688	43,781

9.1 Reconciliation of the carrying amount of advances to employees

	2021	2020
Balance as at January 1	242	5,792
Less:		
Amortization	(242)	(5,550)
Balance as at December 31	-	242

(Amounts in thousand)

9.2 These include interest free advances to employees for vehicles given in accordance with the terms of employment under the vehicle earn-out scheme. These advances are amortized over a period of 48 months, unless repaid as a result of change in employee classification level or leaving the Company. These also include investment loan plan assistance repayable after 3 years in lump sum and long-term incentive given to certain employees which is amortized over a period of 3 years, unless repaid as a result of leaving the Company.

9.3 These include advances to key management personnel amounting to Nil (2020: Rs. 115). The maximum aggregate amount due from them at the end of any month during the year was Nil (2020: Rs. 207).

9.4 The carrying values of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

10. STORES, SPARES AND LOOSE TOOLS

	2021	2020
	--------- Rupees ---------	
Stores	102,978	96,298
Spares and loose tools, including in-transit	741,852	735,754
	844,830	832,052
Less: Provision for slow moving spares and loose tools (note 10.1)	(322,786)	(244,302)
	522,044	587,750
Less: Major spare parts and stand by equipment - classified under property, plant and equipment (note 4)	(152,892)	(143,513)
	369,152	444,237

10.1 The movement in provision during the year is as follows:

	2021	2020
Balance as at January 1	244,302	174,555
Add: Provision recognized during the year (note 29)	78,881	69,747
Less:		
- Stores and spares written-off against provision	(25)	-
- Provision reversed against disposal of spares	(372)	-
Balance as at December 31	322,786	244,302

11. STOCK-IN-TRADE

	2021	2020
Raw and packaging material (notes 11.1 and 11.4)	2,412,938	2,348,105
Work in process (note 11.2)	1,404,670	355,030
Finished goods (note 11.3)	888,440	867,086
	4,706,048	3,570,221
Less: Provision for expired / obsolete stock (note 11.5)	(41,228)	(31,329)
	4,664,820	3,538,892

11.1 Includes Rs. 42,840 (2020: Rs. 459,314) in respect of raw and packaging material held by third parties.

11.2 Includes Rs. 473,675 (2020: Rs. 126,121) in respect of semi-finished stock held by third parties.

11.3 Includes Rs. 54,977 (2020: Rs. 11,046) in respect of finished goods held by third parties and Rs. 62,197 (2020: 61,132) in respect of finished goods stock carried at net realizable value.

11.4 Stock amounting to Rs. 36,055 (2020: Rs. 4,010) has been written-off against provision during the year.

11.5 The movement in provision during the year is as follows:

	2021	2020
	--------- Rupees ---------	
Balance as at January 1	31,329	15,889
Add: Provision recognized during the year (note 29)	45,954	19,450
Less: Stock-in-trade written-off (note 11.4)	(36,055)	(4,010)
Balance as at December 31	41,228	31,329

12. TRADE DEBTS - Unsecured

	2021	2020
Considered good (notes 12.1 and 12.2)	1,305,122	801,387
Considered doubtful (note 12.3)	10,866	17,772
	1,315,988	819,159
Less: Provision for impairment (note 12.3)	(10,866)	(17,772)
	1,305,122	801,387

12.1 As at December 31, 2021, trade debts aggregating to Rs. 95,294 (2020: Rs. 93,870) were past due but not impaired. These relate to various customers and have either been confirmed / acknowledged by the customers or cleared subsequent to the year end.

12.2 As at December 31, 2021, trade debts aggregating to Rs. 1,209,828 (2020: Rs. 707,517) were neither past due nor impaired. The credit quality of these receivables can be assessed with reference to their historical performance with no defaults ever.

12.3 As at December 31, 2021, past due trade debts falling into various age brackets, ranging from 1 - 7 days past due to over 180 days past due, were deemed to be impaired using provision matrix and hence provision amounting to Rs. 10,866 (2020: Rs. 17,772) has been recognized thereagainst. Trade debts amounting to Rs. 1,858 (2020: Rs.112) were considered irrecoverable and have been written-off during the year (note 31). The movement in provision during the year is as follows:

	2021	2020
	--------- Rupees ---------	
Balance as at January 1	17,772	2,092
(Reversal of provision) / Provision for impairment of trade debts (note 31)	(6,906)	15,680
Balance as at December 31	10,866	17,772

13. ADVANCES, DEPOSITS AND PREPAYMENTS - Unsecured, considered good

	2021	2020
Advances to employees (note 13.1)	48,256	29,552
Add: Current portion of long term advances to employees (note 9)	-	219
	48,256	29,771
Advances to suppliers	343,018	121,254
Deposits	13,535	8,787
Prepayments	133,986	105,789
	538,795	265,601

13.1 These include advances to key management personnel amounting to Rs. 15,751 (2020: Rs. 2,528). The maximum aggregate amount due from them at the end of any month during the year was Rs. 15,751 (2020: Rs. 3,968).

13.2 The carrying values of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

(Amounts in thousand)

14. OTHER RECEIVABLES

	2021	2020
	--------- Rupees ---------	
Receivable from related parties (note 14.1):		
- FrieslandCampina Nederland B.V.	98,325	34,322
- Engro Corporation Limited - Provident Fund	4,818	-
- FrieslandCampina AMEA Pte Limited	-	4,517
- Alaska Milk Corporation Philippines	-	1,359
- PT Frisian Flag Indonesia	-	511
	103,143	40,709
Others	81,897	117,538
	185,040	158,247

14.1 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 103,413 (2020: Rs. 68,968).

14.2 The carrying values of other receivables are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to their historical performance with no recent defaults.

15. SALES TAX RECOVERABLE

15.1 On November 29, 2016, the Deputy Commissioner Inland Revenue (DCIR) after conducting sales tax audit for the year ended December 2013 raised sales tax demand amounting to Rs. 158,826 including penalty. The demand primarily arose on account of (i) mismatch of input tax claimed with suppliers output tax on Federal Board of Revenue (FBR) portal; (ii) alleged unlawful adjustment of input tax; and (iii) alleged non-withholding of sales tax on certain supplies. On February 28, 2019, Commissioner Inland Revenue Appeals [CIR (Appeals)] upheld the demand of DCIR in respect of mismatch of input tax claimed and remanded back adjustment of input tax. Being aggrieved with the impugned order, the Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) on May 29, 2019, which is pending for adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly sales tax recoverable has not been reduced by the effect of aforementioned order.

15.2 The DCIR issued show cause notices for sales tax on tea whitener and dairy drink product i.e. 'Tarang' and 'Omung' respectively for year 2013 on October 17, 2017 and for years 2014, 2015 and 2016 on March 9, 2018 aggregating to Rs. 14,886,500 challenging the exemption / zero rating on these products. Against the show cause notices the Company had filed Constitutional Petitions before the High Court of Sindh (HCS) for year 2013 on October 25, 2017 and for years 2014, 2015 and 2016 on March 15, 2018, and had obtained an interim injunction against adverse action by tax authorities on the same day. The HCS vide its order dated November 18, 2020 has upheld Company's view with respect to 'Tarang' in view of the decision of the Classification Committee obtained by the Company on February 11, 2019. With respect to 'Omung' the HCS has suspended the notice, advising that the FBR may refer the matter to the Classification Committee, for a decision afresh; and till such time no action can be taken against the Company. The amount of show cause notices pertaining to 'Omung' aggregate to Rs. 1,480,841. In case the Classification Committee (for Omung) decides against the Company, the Company can avail all legal remedies available to it. The Company has filed an appeal against this decision with respect to Omung in the Supreme Court of Pakistan (SCP). Further, FBR has also challenged the order dated November 18, 2020 in the SCP. Both the appeals are pending for adjudication. Further, during the year, the Classification Committee issued notices to various companies including the Company to initiate Pakistan Customs Tariff (PCT) code reclassification hearings for tea whiteners. Various hearings were conducted during the year, however, to-date no order has been issued to the Company in this respect. Further, the Company can avail all legal remedies available to it, in case of any adverse order / notification. Based on the opinion of its legal advisor, the Company is confident of a favorable outcome of this matter, hence, no provision has been recognised in this respect in these financial statements.

15.3 The Assistant Commissioner Inland Revenue (ACIR) passed an order on September 17, 2019 for the tax periods July 2013 to June 2018 raising demand amounting to Rs. 245,575 including penalty and default surcharge by disallowing input tax on certain items and purchases from blacklisted / suspended vendors. On December 26, 2019, CIR (Appeals) passed an order allowing input tax on purchases from blacklisted / suspended vendors and remanded back claim of input tax on certain items. Being aggrieved with the impugned order, the Company has filed appeal before the ATIR on February 20, 2020, which is pending for adjudication. The Company based on the opinion of its tax consultant is confident of a favorable outcome of the appeal, and, accordingly sales tax recoverable has not been reduced by the effect of aforementioned order.

16. SHORT TERM INVESTMENTS

	2021	2020
	--------- Rupees ---------	
Term deposits	2,000,000	-

These investments carry interest from 8.7% to 9.85% per annum having maturity period of less than 3 months.

17. CASH AND BANK BALANCES

	2021	2020
	--------- Rupees ---------	
Cash at bank on:		
- current accounts - conventional [including foreign currency account of Rs. 69,279 (2020: Rs. 28,107)]	333,883	532,656
- current accounts - islamic	9,790	857
- savings accounts [including foreign currency account of Nil (2020: Rs. 34,315)]	2,512	36,949
	346,185	570,462

18. SHARE CAPITAL

	2021	2020
Authorized capital		
850,000,000 (2020: 850,000,000) ordinary shares of Rs. 10 each	8,500,000	8,500,000
Issued, subscribed and paid-up capital		
766,596,075 (2020: 766,596,075) ordinary shares of Rs. 10 each fully paid in cash (note 18.1)	7,665,961	7,665,961

18.1 As at December 31, 2021, FrieslandCampina Pakistan Holdings B.V. (the Holding Company) held 390,963,999 (2020: 390,963,999) ordinary shares of Rs. 10 each and Engro Corporation Limited held 306,075,947 (2020: 306,075,947) ordinary shares of Rs. 10 each.

18.2 The Company has only one class of ordinary shares which do not carry any rights to a fixed income. The holders of the shares are entitled to receive dividends as declared from time to time and are also entitled to one vote per share at meetings of the Company. All shares rank pari passu with regards to the Company's residual assets. The Shareholders' Agreement executed between FrieslandCampina Pakistan Holding B.V. and Engro Corporation Limited (ECL) provides certain restricted matters that require prior ECL approval. These matters include but are not limited to loans to a third party over a prescribed limit (not included in the Business Plan), purchase / acquisition / sale / disposition of a business over a prescribed limit (not included in Business Plan) and creation of Board committees.

19. SHARE PREMIUM

This reserve can be utilized by the Company only for the purpose specified in section 81 of the Act.

20. EMPLOYEES' SHARE OPTION SCHEME

In 2013, the shareholders of the Company approved Employees' Share Option Scheme (the Scheme) for granting of options to certain critical employees up to 16,900,000 new ordinary shares to be determined by the Board Compensation Committee.

(Amounts in thousand)

Under the Scheme, options were granted from the year 2013. The time period under the Scheme for granting of share options expired in April 2015. However, the Company obtained approval of shareholders for extension in share options grant period for further 3 years in the Annual General Meeting held on April 27, 2015. The approval from the SECP for aforementioned modification in the Scheme and the related vesting period was received through letter dated August 31, 2015. 50% of the options granted were to vest in two years whereas the remaining 50% were to vest in three years from the date of the grant of options. These options are exercisable within 3 years from the end of vesting period. Upto December 31, 2021, options for 1,453,125 shares have been vested while options for remaining 15,446,875 shares have lapsed with the expiry of the Scheme. During the year, options for 2,078,125 shares lapsed resulting in transfer of Rs. 57,353 from Employee Share Option Compensation Reserve to Unappropriated Profit.

The details of share options granted to date under the Scheme, which remained outstanding as at December 31, 2021 are as follows:

- number of options	1,453,125
- range of exercise price	Rs. 305.18 - Rs. 308.61
- weighted average remaining contractual life	0.34 years

The weighted average fair value of options granted to date, as estimated at the date of grant using the Black-Scholes model was Rs. 29.53 per option. The following assumptions have been used in calculating the fair values of the options:

	Options granted in 2016	Options granted in 2017
Options granted and outstanding:		
- number of options	1,328,125	125,000
- share price	Rs. 156.85	Rs. 168.19
- exercise price	Rs. 230.65	Rs. 268.36
- expected volatility	34.86%	25.74%
- expected life	3.5 years	3.5 years
- annual risk free interest rate	6.15%	6.12%

The volatility has been measured as the standard deviation of quoted share prices over the last one year from each respective / expected grant date.

21. LONG TERM FINANCES, Secured (Non-participatory)

Long term finances utilized under mark-up arrangements:

	Installments			2021	2020
	Number	Commencing from	Interest Rate	--------- Rupees	---------
Long term finances					
Bank Al-Habib Limited	4 half yearly	October 7, 2021	6 months KIBOR + 0.05%	1,700,000	2,000,000
Habib Bank Limited	4 half yearly	October 7, 2021	6 months KIBOR + 0.05%	1,500,000	2,000,000
MCB Bank Limited	4 half yearly	June 27, 2023	3 months KIBOR + 0.25%	1,000,000	1,000,000
Habib Metropolitan Bank Limited (note 21.3)	8 quarterly	March 31, 2021	2% - 3%	582,647	902,506
				4,782,647	5,902,506
Less: Current portion shown under current liabilities				(2,582,647)	(1,239,502)
				2,200,000	4,663,004

21.1 The above finances are secured by registered floating charges / mortgages over the present and future operating assets of the Company up to a maximum of Rs. 10,000,000 (2020: Rs. 9,750,000).

21.2 Following are the changes in the long term finances for which cash flows have been classified as financing activities in the statement of cash flows:

	2021	2020
	--------- Rupees	---------
Balance as at January 1	5,902,506	4,000,000
Repayment of long term finances	(1,158,928)	-
Proceeds from long term finances	-	1,957,142
Less: Amount recognized as government grant (note 23.1)	-	(76,720)
	(1,158,928)	1,880,422
Add: Amortization of long term finance (note 23.1)	39,069	22,084
Balance as at December 31	4,782,647	5,902,506

21.3 In 2020, the Company entered into a long term loan agreement with Habib Metropolitan Bank Limited amounting to Rs. 957,142 under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns introduced by the State Bank of Pakistan (SBP). The loan is repayable in eight equal quarterly installments, starting from March 2021. The loan carries mark-up ranging from 2% to 3% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loan has been recognized at fair value (i.e. present value of loan receipts discounted using prevailing market interest rate for a similar instrument) and the differential amount has been recognised as Government grant as disclosed in note 23.1. The loan amount is being accreted using the effective interest rate method with the corresponding effect on the interest expense for the year in the profit or loss.

	2021	2020
	--------- Rupees	---------

22. LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

	2021	2020
Non-current portion	248,015	258,219
Current portion	285,090	240,097
Total lease liability as at December 31	533,105	498,316
Maturity analysis:		
within 1 year	285,090	240,097
between 1 to 2 years	175,437	126,876
between 2 to 3 years	56,504	124,443
between 3 to 4 years	16,074	6,900
	533,105	498,316

23. OTHER PAYABLES

	2021	2020
Government grant (note 21.3 and 23.1)	-	15,567
Deferred liability (note 23.2)	-	102,885
	-	118,452

23.1 The movement of government grant is as follows:

	2021	2020
Balance as at January 1	54,636	-
Recognition of government grant on long term finance	-	76,720
Less: Amortization for the year (note 21.2 and 33)	(39,069)	(22,084)
	15,567	54,636
Less: Current portion shown under current liabilities	(15,567)	(39,069)
Balance as at December 31	-	15,567

(Amounts in thousand)

23.2 Represents non-current portion of payable in respect of Gas Infrastructure Development Cess (GIDC) amounting to Nil (2020: Rs. 102,885). Last year, the Supreme Court of Pakistan (SCP) upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires. The SCP has allowed settlement of GIDC over a period of 24 months and accordingly, the remaining payable has been classified as current liability under the head "Trade and other payables" (note 24).

24. TRADE AND OTHER PAYABLES

	2021	2020
	--------- Rupees ---------	
Trade payables (notes 24.1 and 24.3)	7,258,658	5,437,604
Accrued liabilities (note 23.2)	3,048,232	1,980,485
Retention money	1,513	1,710
Suppliers' security deposits (note 24.4)	98	98
Customers' security deposit (note 24.5)	2,350	3,850
Withholding tax payable	63,769	51,330
Payable to provident fund	46	261
Payable to defined benefit gratuity fund (note 39.4)	214,351	171,185
Payable to defined contribution gratuity fund	5,600	6,748
Workers' profits participation fund (note 24.2)	10,319	10,915
Workers' welfare fund	90,781	46,769
Others	14,365	103,967
	10,710,082	7,814,922

24.1 Include payable to following related parties:

	2021	2020
- FrieslandCampina Nederland B.V.	420,953	332,121
- FrieslandCampina AMEA Pte Ltd	1,058	509
- PT Frisian Flag Indonesia	228	-
- Engro Corporation Limited	-	790
	422,239	333,420

24.2 Workers' profits participation fund

	2021	2020
Balance as at January 1	10,915	(5,635)
Add: Allocation for the year (note 32)	142,147	16,550
	153,062	10,915
Less: Amount paid to the Fund	(142,743)	-
Balance as at December 31	10,319	10,915

24.3 Trade payables include inland letters of credit under vendor financing arrangements which include interest cost as per the negotiated rates.

24.4 These represent interest free security deposit received from suppliers in accordance with the terms of the supplier arrangements. These deposits have been utilized for the purpose of the Company's business.

24.5 These represent interest free security deposit received from customers in accordance with the terms of the customer arrangements. These deposits have been kept in separate bank accounts and have not been utilized for the purpose of the Company's business.

25. CONTRACT LIABILITIES

These represent advances received by the Company from customers and distributors for goods to be delivered. The advances outstanding as at December 31, 2020 amounting to Rs. 215,144 have been fully recognized as revenue during the current year.

26. SHORT TERM FINANCES - secured

26.1 The facilities for short term running finance available from various banks, which represent the aggregate sale price of all mark-up arrangements, amounts to Rs. 9,000,000 (2020: Rs. 8,200,000). The unutilized balance against these facilities as at year end was Rs. 8,536,993 (2020: Rs. 8,200,000). The rates of mark-up on these finances are KIBOR based and range from 7.78% to 10.02% (2020: 7.25% to 7.93%) per annum. These facilities are secured by way of floating charge upon all the present and future current assets of the Company.

26.2 The facilities for opening letters of credit and bank guarantees as at December 31, 2021 amounts to Rs. 13,600,000 (2020: Rs. 13,366,000), of which the amount remaining unutilized as at December 31, 2021 was Rs. 10,383,477 (2020: Rs. 6,947,576).

27. CONTINGENCIES AND COMMITMENTS

27.1 The Company has provided bank guarantees to:

- Sui Southern Gas Company Limited amounting to Rs. 83,074 (2020: Rs. 83,074) under the contract for supply of gas;

- Sui Northern Gas Pipeline Company Limited amounting to Rs. 34,350 (2020: Rs. 34,350) under the contract for supply of gas;

- Collector of Sales Tax, Large Tax Payers Unit (LTU), Karachi amounting to Rs. 258,712 (2020: Rs. 154,278) under the Sales Tax Rules 2006, against refund claims of input sales tax. Against these guarantees, sales tax refunds amounting to Rs. 90,820 (2020: Rs. 90,820) have been received to date;

- Parco Pearl Gas Co. (Private) Limited amounting to Rs. 1,000 (2020: Rs. 1,000) as collateral against supplies; and

- The Government of Sindh amounting to Rs. 268,387 (2020: Rs. 245,886) in relation to Sindh Infrastructure Development Cess (SIDC). During the year the Supreme Court of Pakistan through its order dated September 1, 2021 has directed that till further orders operation of the impugned judgement of the High Court of Sindh dated June 4, 2021 which validated SIDC and its recovery shall remain suspended. The Supreme Court's order further stated that the petitioners (including the company) shall keep the bank guarantees already submitted with the Government of Sindh and shall furnish fresh bank guarantees equivalent to 100% of the amount of SIDC against release of all future consignments of imported goods.

27.2 On January 18, 2017, the Company received an order from Competition Commission of Pakistan (CCP), imposing a penalty of Rs. 62,293 in respect of Company's marketing activities relating to one of its products. The Company filed an appeal against the aforementioned order on February 8, 2017, which was decided by the CCP tribunal on January 16, 2019, in Company's favor. However the CCP has filed an appeal against the decision of the tribunal in the Supreme Court of Pakistan (SCP). The Company has submitted its response in the SCP which is pending adjudication. The Company expects a favourable outcome, therefore, no provision has been recognized in this respect.

27.3 Commitments in respect of capital expenditure contracted for but not incurred as at December 31, 2021 amounts to Rs. 750,200 (2020: Rs. 159,632).

27.4 Commitments in respect of purchase of certain commodities as at December 31, 2021 amounts to Rs. 1,798,840 (2020: Rs. 2,293,830).

27.5 Details of the tax related matters are given in notes 15 and 35.1 of these financial statements.

(Amounts in thousand)

28. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	2021	2020
	--------- Rupees ---------	
Revenue from contracts with customers - gross	58,375,662	49,429,583
Less:		
- Sales tax	(2,134,928)	(1,812,606)
- Trade and other discounts	(4,146,537)	(3,461,954)
	52,094,197	44,155,023

28.1 This includes export sales amounting to Rs. 8,584 (2020: Rs. 17,772).

29. COST OF SALES

	2021	2020
	--------- Rupees ---------	
Raw and packaging material consumed (note 29.1)	35,106,848	30,033,630
Salaries, wages, and staff welfare (note 29.2)	1,759,598	1,609,992
Fuel and power	1,579,481	1,260,299
Repair and maintenance	820,313	739,272
Freight inwards	705,310	647,260
Depreciation on property, plant and equipment (note 4.3)	1,632,005	1,654,878
Depreciation on right-of-use assets (note 7.1)	122,836	125,656
(Reversal of provision) / Provision for impairment of operating assets (note 4.6)	(548)	9,248
Travelling	112,827	81,025
Communication and other office expenses	117,395	66,553
Insurance	135,848	122,379
Rent and utilities (note 29.3)	188,097	161,091
Research and business development	23,581	79,990
Fee for technical assistance (note 29.4)	1,234,682	1,085,814
Legal and professional	8,341	6,520
Purchased services	656,304	609,421
Provision / (Reversal of provision) against		
- stock-in-trade (note 11.5)	45,954	19,450
- slow moving spares (note 10.1)	78,881	69,747
Manufacturing cost	44,327,753	38,382,225
Add: Opening stock of work-in-process	355,030	433,776
Less: Closing stock of work-in-process	(1,404,670)	(355,030)
Cost of goods manufactured	43,278,113	38,460,971
Add: Opening stock of finished goods manufactured	867,086	608,290
Less: Closing stock of finished goods manufactured	(888,440)	(867,086)
	43,256,759	38,202,175

29.1 Raw and packaging material consumed

	2021	2020
Opening stock of raw and packaging material	2,348,105	2,691,553
Add: Purchases	35,171,681	29,690,182
Less: Closing stock of raw and packaging material	(2,412,938)	(2,348,105)
Raw and packaging material consumed	35,106,848	30,033,630

29.2 These include Rs. 165,375 (2020: Rs. 163,832) in respect of staff retirement benefits referred to in note 39.

29.3 These include rentals for short-term leases, rentals for leases of low-value assets and variable lease payments amounting to Rs. 42,556, Rs. 66,912 and Rs. 47,951 (2020: Rs. 20,353, Rs. 66,700 and Rs. 67,720), respectively.

29.4 This represents charge for technical assistance and royalty to FrieslandCampina Nederland B.V., related party.

30. DISTRIBUTION AND MARKETING EXPENSES

	2021	2020
	-----------Rupees-----------	
Salaries, wages and staff welfare (note 30.1)	869,387	733,890
Advertising	1,636,401	1,186,196
Freight outward	1,293,024	1,174,066
Travelling	119,136	77,480
Communication and other office expenses	134,723	32,951
Depreciation on property, plant and equipment (note 4.3)	360,106	313,441
Depreciation on right-of-use assets (note 7.1)	28,416	28,079
Impairment of operating assets (note 4.6)	3,589	10,662
Fuel and power	5,737	3,658
Repairs and maintenance	59,320	55,218
Rent, rates and taxes (note 30.2)	5,907	5,016
Insurance	17,700	16,265
Software maintenance	18,455	16,633
Research and business development	252	106
Legal and professional	1,314	2,406
Purchased services	515	5,146
	4,553,982	3,661,213

30.1 These include Rs. 73,417 (2020: Rs. 75,299) in respect of staff retirement benefits referred to in note 39.

30.2 These include variable lease payments amounting to Rs. 567 (2020: Rs. 62).

31. ADMINISTRATIVE EXPENSES

	2021	2020
	-----------Rupees-----------	
Salaries, wages and staff welfare (note 31.1)	746,766	663,195
Training and development	18,597	6,197
Communication and other office expenses	121,162	104,979
Rent, rates and taxes (note 31.2)	23,557	34,316
Travelling	17,874	10,497
Depreciation on property, plant and equipment (note 4.3)	27,404	23,369
Depreciation on right-of-use assets (note 7.1)	94,719	87,975
Impairment of operating assets (note 4.6)	103	431
Amortization (note 6)	29,058	28,406
Fuel and power	2,086	1,534
Repairs and maintenance	2,823	4,390
Insurance	6,137	5,395
Legal and professional	77,730	74,541
Auditor's remuneration (note 31.3)	6,921	6,448
Software maintenance and license cost	2,608	16,536
Trade debts written-off (note 12.3)	1,858	112
(Reversal of provision) / Provision for impairment of trade debts (note 12.3)	(6,906)	15,680
Purchased services	150,011	70,309
	1,322,508	1,154,310

31.1 These include Rs. 65,971 (2020: Rs. 67,457) in respect of staff retirement benefits referred to in note 39.

31.2 These include short term leases amounting to Rs. 205 (2020: Rs. 141).

(Amounts in thousand)

31.3 Auditor's remuneration

	2021	2020
	-----------Rupees-----------	
Fee for:		
- audit of annual financial statements and group reporting	3,997	3,808
- review of half yearly financial information	725	700
- review of compliance with the Code of Corporate Governance	145	140
- special certifications and other services	710	685
	5,577	5,333
Reimbursement of expenses and taxes	1,344	1,115
	6,921	6,448

32. OTHER OPERATING EXPENSES

	2021	2020
Workers' welfare fund	85,676	46,769
Donations (note 32.1)	20,000	20,016
Provision for culling of biological assets (note 5.2)	39,341	57,702
Loss on disposal of biological assets	7,059	-
Workers' profits participation fund (note 24.2)	142,147	16,550
Exchange loss	20,701	22,512
Others	10	13,694
	314,934	177,243

32.1 These include donation to Engro Foundation, a related party, amounting to Rs. 20,000 (2020: Rs. 20,000). The directors including the Chief Executive and their spouses do not have any interest in the donee.

33. OTHER INCOME

	2021	2020
	-----------Rupees-----------	
From financial assets		
Interest on bank deposits / saving accounts	60,280	14,905
Interest income on short term investments	21,241	-
	81,521	14,905
From other than financial assets		
Gain arising from changes in fair value of biological assets (note 5.1)	475,837	303,887
Gain on disposal of biological assets	-	21,985
Gain on disposal of operating assets (note 4.4)	115,962	76,525
Scrap sales	45,123	26,423
Amortization of government grant on long term finances (note 23.1)	39,069	22,084
Others	38,237	80,629
	714,228	531,533
	795,749	546,438

34. FINANCE COST

	2021	2020
	-----------Rupees-----------	
Mark-up on:		
- Short-term finances (note 34.1)	369,469	606,177
- Long-term finances	426,900	557,674
- Lease liability against right-of-use assets	43,489	57,411
	839,858	1,221,262
Bank charges	21,516	17,578
	861,374	1,238,840

34.1 This includes finance cost on local letters of credit. The rates of mark-up on these finances are KIBOR based and range from 7.78% to 10.02% (2020: 7.25% to 7.93%) per annum.

35. TAXATION

	2021	2020
	-----------Rupees-----------	
Current		
- for the year	154,984	717,071
- for prior year	-	5,589
	154,984	722,660
Deferred	621,327	(631,906)
	776,311	90,754

35.1 Following is the position of the Company's open income tax assessments:

35.1.1 The Company in accordance with section 59B 'Group Relief' of the Income Tax Ordinance (ITO), 2001 had surrendered to Engro Corporation Limited (ECL), the associated company (then the holding company), its tax losses amounting to Rs. 4,288,134 out of the total tax losses of Rs. 4,485,498 for the financial years ended December 31, 2006, 2007 and 2008 (i.e. tax years 2007, 2008 and 2009) for cash consideration aggregating to Rs. 1,500,847, being equivalent to tax benefit/effect thereof.

The Company had been designated as part of the Group of ECL by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59B of ITO and a requirement under the Group Companies Registration Regulations, 2008 notified by the SECP on December 31, 2008.

The Appellate Tribunal Inland Revenue (ATIR), in respect of surrender of aforementioned tax losses by the Company to ECL for the financial years ended December 31, 2006 and 2007, decided the appeals on July 1, 2010 in favor of ECL, whereby, allowing the surrender of tax losses by the Company to ECL. The tax authority has filed reference application dated October 23, 2010 there against before the High Court of Sindh, which is under the process of hearings. On May 20, 2013, ATIR also decided similar appeal filed by ECL for the year ended December 31, 2008 in favor of ECL. The Company based on the merits of the case expects a favorable outcome of the matter.

35.1.2 On January 29, 2009, the Deputy Commissioner Inland Revenue (DCIR) reduced tax loss from Rs. 1,224,964 to Rs. 1,106,493 for the tax year 2007. Being aggrieved with the impugned order, the Company has filed appeal before the Commissioner Inland Revenue of Appeals [CIR (A)] on March 11, 2009, which is pending for adjudication. However, the Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and hence the balance of taxes recoverable has not been reduced by the effect of the aforementioned disallowance.

35.1.3 On May 20, 2014, the Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 713,341 for tax year 2012 by disallowing the initial allowance and depreciation claimed on certain items of property, plant and equipment, provision for retirement and other service benefits, purchase expenses, sales promotion and advertisement and other expenses etc. On January 26, 2017, CIR (A) upheld the decision of ACIR in respect of provision for retirement benefits and marketing support reimbursements while remanded back various issues for reexamination. Being aggrieved with the impugned order, the Company has filed appeal before ATIR on August 30, 2017, which is pending adjudication. On October 27, 2020, the tax authority has passed an order to conclude reexamination proceedings giving effect to the directions of CIR (A). As complete effects have not been given in the order, the Company has filed appeal before CIR (A) on November 24, 2020, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.4 On December 23, 2015, ACIR raised a demand of Rs. 73,962 for tax year 2014 by disallowing the loss on sales of raw milk, depreciation on certain additions to property, plant and equipment and tax credit under 65B etc. On December 6, 2018, CIR (A) upheld the decision of ACIR on major items. Being aggrieved with the impugned order, the Company has filed appeal before ATIR on March 7, 2019, which is pending adjudication. On December 17, 2020, the tax authority has passed an order giving effect to the directions of CIR (A). Based on the opinion of the tax consultant, the Company is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.5 On June 29, 2016, the DCIR raised a demand of Rs. 541,221 for tax year 2013 by disallowing the loss on sales of raw milk, stock written-off, finance cost allocation, research and business expenses, adjustment of tax losses for tax year 2011 and minimum turnover tax credit for tax years 2008, 2010 and 2011 etc. On January 26, 2017, CIR (A) upheld the decision of DCIR in respect of minimum turnover tax credit and finance cost allocation. On May 29, 2018, the DCIR passed an appeal effect order based on the decision of CIR (A) reducing the demand to Rs. 98,548. Being aggrieved with the impugned order, the Company has filed appeal before ATIR on May 15, 2017, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.6 On June 29, 2016, ACIR raised a demand of Rs. 59,772 for tax year 2010, primarily on account of sale of raw milk, inventory write off, disallowance of sales promotion and freight expenses. On November 23, 2018 CIR (A) upheld the decision of ACIR in respect of loss on sale of raw milk and inventory write-off while giving relief on other matters. Being aggrieved with the impugned order, the Company has filed appeal before ATIR on March 7, 2019, which is pending adjudication. On December 17, 2020, the tax authority has passed an order to conclude reexamination proceedings and give effect to the directions of CIR (A). As complete effects have not been given in the order, the Company has filed appeal before the CIR (A) on January 13, 2021, which is pending for adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.7 On December 7, 2016, ACIR raised a demand of Rs. 34,134 for tax year 2011 by disallowing depreciation on certain additions to property, plant and equipment, provision for retirement and other service benefits, sales promotion and advertisement and other expenses etc. On April 15, 2019 CIR (A) upheld the decision of ACIR on major items. Being aggrieved with the impugned order, the Company has filed appeal before ATIR on June 3, 2019, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.8 On November 3, 2017, ACIR raised a demand of Rs. 511,801 for tax year 2016 by disallowing minimum turnover tax credit, expenses on account of Employee Share Option Scheme and Worker's Welfare Fund. On June 30, 2018, CIR (A) upheld the decision of ACIR in respect of minimum turnover tax credit and Employee Share Option Scheme. Being aggrieved with the impugned order, the Company has filed appeal before ATIR on August 15, 2018, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.9 On February 22, 2019 ACIR raised a demand of Rs. 274,588 for tax year 2015 by disallowing expenses on account of Employee Share Option Scheme, loss on sale of disposal of assets and assets written-off. On August 19, 2019, CIR (A) upheld the decision in respect of Employee Share Option Scheme and assets written off, while other matters were remanded back for reexamination. Being aggrieved with the impugned order, the Company has filed appeal before ATIR on October 24, 2019, which is pending adjudication. On December 17, 2020, the tax authority has passed an order to conclude reexamination proceedings and give effect to the directions of CIR (A). As complete effects have not been given, the Company has filed appeal before CIR (A) on January 15, 2021, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.10 On September 30, 2020, ACIR raised demands aggregating to Rs. 221,472 for tax years 2017 to 2019 by disallowing certain items e.g. depreciation on freezers, loss on sale of disposal of fixed assets, written-off inventory and Gas Infrastructure Development Cess. Being aggrieved with the impugned orders, the Company has filed appeals before the CIR (A), which are pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.11 The DCIR conducted examination of withholding obligation of the Company for tax years 2013 and for tax years 2015 to 2018 and raised demands aggregating to Rs. 55,153. CIR (A) decided the case in favor of the Company for tax year 2013 while remanded back the cases for tax years 2017 and 2018. Further, CIR (A) in relation to tax years 2015 and 2016 decided the matter against the Company. Being aggrieved with the impugned orders, the Company has filed appeals before ATIR for tax years 2015 to 2018, which are pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.12 The DCIR issued orders dated July 8, 2020 and September 20, 2020 for tax years 2019 and 2018 wherein the tax authority had conducted verification of advance tax credits claimed by the Company in the income tax return. The tax authority disallowed the Company's claims to the extent of Rs. 23,117 and Rs. 12,859 for tax years 2019 and 2018, respectively. Being aggrieved with the impugned orders, the Company has filed appeals before CIR (A) on July 29, 2020 and October 15, 2020, which are pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.13 The DCIR issued orders dated Febraury 22, 2021 and February 18, 2021 for tax years 2009 and 2020, respectively, in repsect of verification of advance tax credits claimed by the Company in the income tax return. The tax authority disallowed the Company's claims to the extent of Rs. 25,713 and Rs. 22,885 for tax years 2009 and 2020, respectively. Being aggrieved with the impugned orders, the Company has filed appeals before CIR (A) on March 12, 2021, which are pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.14 The DCIR issued order dated December 31, 2021 for tax year 2016 in respect of verification of advance tax credits claimed by the Company in its income tax return and disallowed the Company's claims to the extent of Rs. 83,943. Being aggrieved with the impugned order, the Company intents to file appeal before CIR (A). The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.1.15 On March 22, 2021, ACIR raised a demand of Rs. 54,488 for tax year 2020 by disallowing certain items i.e., provision for culling of biological assets, provision for slow moving spares and loss on biological assets. Being aggrieved with the impugned order, the Company has filed an appeal before the CIR (A), however, has paid the amount under protest. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

35.2 Relationship between tax expense and accounting profit

	2021	2020
	-----------Rupees-----------	
Profit before taxation	2,580,389	267,680
Tax at the applicable tax rate of 29% (2020: 29%)	748,313	77,627
Tax effect of:		
- transactions taxed at different rates	5,720	6,003
- prior year charge	-	5,589
- others	22,278	1,535
	27,998	13,127
	776,311	90,754

36. EARNINGS PER SHARE - Basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2021	2020
	-----------Rupees-----------	
Profit for the year	1,804,078	176,926
	Number of shares in thousand	
Weighted average number of ordinary shares in issue during the year	766,596	766,596

37. CASH GENERATED FROM OPERATIONS

	2021	2020
	-----------Rupees-----------	
Profit before taxation	2,580,389	267,680
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment (note 4.3)	2,019,515	1,991,688
- Depreciation on right-of-use assets (note 7.1)	245,971	241,710
- Impairment of operating assets - net (note 4.1)	3,144	20,341
- Amortization of intangibles (note 6)	29,058	28,406
- Gain on disposal of operating assets (note 4.4)	(115,962)	(76,525)
- Operating assets written-off during the year (note 4.1)	11	-
- Gain arising from changes in fair value of biological assets (note 5.1)	(475,837)	(303,887)
- (Loss) / Gain on death / disposal of biological assets (note 32 and 33)	7,059	(21,985)
- Provision for culling of biological assets (note 5.2)	39,341	57,702
- Provision for staff retirement and other service benefits (note 39.10)	103,490	110,727
- Provision for impairment of stock-in-trade (note 11.5)	45,954	19,450
- Provision for impairment of slow moving spares (note 10.1)	78,881	69,747
- Trade debts writen-off (note 12.3)	1,858	112
- (Reversal of provision) / Provision for impairment of trade debts (note 12.3)	(6,906)	15,680
- Government grant recognized as income (note 33)	(39,069)	(22,084)
- Interest income on short term investments (note 33)	(21,241)	-
- Finance cost (note 34)	861,374	1,238,840
- Exchange loss (note 32)	20,701	22,512
Working capital changes (note 37.1)	(202,966)	299,432
	5,174,765	3,959,546

37.1 Working capital changes

	2021	2020
	-----------Rupees-----------	
Decrease / (Increase) in current assets:		
- Stores, spares and loose tools	(13,175)	2,916
- Stock-in-trade	(1,171,882)	159,388
- Trade debts	(498,687)	98,549
- Advances, deposits and prepayments	(273,194)	5,265
- Other receivables	(26,793)	155,234
- Sales tax recoverable	(836,224)	76,563
	(2,819,955)	497,915
Increase / (Decrease) in current liabilities:		
- Trade and other payables	2,728,408	(272,701)
- Contract liabilities	(111,419)	74,218
	(202,966)	299,432

38. CASH AND CASH EQUIVALENTS

	2021	2020
	-----------Rupees-----------	
Cash and bank balances (note 17)	346,185	570,462
Short term investments (note 16)	2,000,000	-
Short term finances (note 26)	(463,007)	-
	1,883,178	570,462

39. STAFF RETIREMENT AND OTHER SERVICE BENEFITS

39.1 As stated in notes 2.13.1 and 2.13.2, Engro Corporation Limited (ECL) operates and maintains an approved defined contribution gratuity scheme and an approved defined benefit funded gratuity fund (the Fund) on behalf of the Company, for all its permanent employees subjected to minimum prescribed period of service.

39.2 During the year, an amount of Rs. 27,745 (2020: Rs. 35,764) has been charged in respect of defined contribution gratuity scheme maintained by ECL.

39.3 Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882, Companies Act, 2017, the Income Tax Rules, 2002 and Rules formed under the Trust deed of the Fund. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees of the Fund. The latest actuarial valuation of the Fund was carried out as at December 31, 2021 using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

39.4 Reconciliation for statement of financial position

	2021	2020
	--------- Rupees ---------	
Present value of defined benefit obligation (note 39.7)	(969,092)	(868,008)
Fair value of plan assets (note 39.8)	754,741	696,823
Net liability at end of the year	(214,351)	(171,185)

39.5 Movement in net liability in the statement of financial position

	2021	2020
Net liability at beginning of the year	(171,185)	(229,315)
Charge for the year (note 39.9)	(103,490)	(110,727)
Contribution made during the year to the Fund (note 39.8)	94,800	188,500
Remeasurement loss recognized in other comprehensive income (OCI) (note 39.6)	(34,476)	(19,643)
Net liability at end of the year	(214,351)	(171,185)

39.6 Remeasurement recognized in other comprehensive income

	2021	2020
(Loss) / Gain from changes in financial assumptions	(1,846)	1,264
Experience loss	(2,288)	(16,489)
Remeasurement of defined benefit obligation	(4,134)	(15,225)
Actual return on plan assets	43,534	59,466
Expected return on plan assets	(73,876)	(63,884)
Remeasurement of fair value of plan assets	(30,342)	(4,418)
	(34,476)	(19,643)

(Amounts in thousand)

	2021	2020
	Rupees	

39.7 Movement in present value of defined benefit obligation

	2021	2020
Present value of defined benefit obligation at beginning of the year	868,008	750,529
Current service cost	86,464	84,376
Interest cost	90,902	90,235
Benefits paid during the year	(80,416)	(72,357)
Remeasurement on obligation (note 39.6)	4,134	15,225
Present value of defined benefit obligation at end of the year	969,092	868,008

39.7.1 Analysis of present value of defined benefit obligation

	2021	2020
Vested benefits	969,092	868,008
Non-vested benefits	-	-
	969,092	868,008
Accumulated benefit obligation	377,593	381,237
Amounts attributed to future salary increases	591,499	486,771
	969,092	868,008

39.8 Movement in fair value of plan assets

	2021	2020
Fair value of plan assets at beginning of the year	696,823	521,214
Expected return on plan assets	73,876	63,884
Contributions for the year	94,800	188,500
Benefits paid during the year	(80,416)	(72,357)
Remeasurement loss (note 39.6)	(30,342)	(4,418)
Fair value of plan assets at end of the year	754,741	696,823

39.9 Cost charged to profit or loss:

	2021	2020
Current service cost	86,464	84,376
Net interest cost	17,026	26,351
Cost for the year	103,490	110,727

39.10 Charge for the year has been allocated as follows:

	2021	2020
Cost of sales (note 29)	68,151	59,170
Distribution and marketing expenses (note 30)	20,123	27,195
Administrative expenses (note 31)	15,216	24,362
	103,490	110,727

39.11 Principle actuarial assumptions used are as follows:

	2021	2020
Financial assumptions		
- Discount rate - per annum compound	12.25%	10.25%
- Expected rate of increase in salaries - per annum		
- First year	11.25%	9.25%
- Long-term	11.25%	9.25%
Demographic assumptions		
- Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)
- Withdrawal rates / rate of employees turnover	Moderate	Moderate

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	1%	(875,683)	1,078,662
Expected rate of increase in salaries - long term	1%	1,078,662	(874,120)

The above sensitivity analyses 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 gratuity liability recognized within the statement of financial position.

39.13 Plan assets comprise of following:

	2021				2020			
	Quoted	Un-Quoted	Total	(%)	Quoted	Un-Quoted	Total	(%)
	Rupees				Rupees			
Equity Instruments								
Quoted Shares	165,008	-	165,008	22%	156,929	-	156,929	23%
Debt Instruments								
Government Bonds	-	486,922	486,922	65%	-	538,159	538,159	77%
Cash and cash equivalents	-	107,368	107,368	14%	-	16,300	16,300	2%
Other assets	-	2,267	2,267	-	-	2,267	2,267	-
Other liabilities	-	(6,824)	(6,824)	(1%)	-	(16,832)	(16,832)	(2%)
Total	165,008	589,733	754,741	100%	156,929	539,894	696,823	100%

39.14 The Fund is exposed to a number of risks, the most significant of which are explained below.

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform in comparison to this yield, this will create a deficit in the Fund. The Fund believes that due to long-term nature of plan liabilities and the strong liquidity position of the Company, the current investment strategy manages this risk adequately.

Inflation risk

The majority of the plan's benefit obligations are linked to inflation through salary increases. However, the Fund manages plan assets to off-set inflationary impacts on the obligations.

Life expectancy / withdrawal rate

The majority of the plan's obligations are to provide benefits on severance with the Company or on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

39.15 Expected contributions to the Fund for the year ending December 31, 2022 are Rs. 113,070.

39.16 The weighted average duration of the defined benefit obligation is 10.41 years.

39.17 Historical information of staff retirement benefits:

	2021	2020	2019	2018	2017	2016
	Rupees					
Present value of obligations	(969,092)	(868,008)	(750,529)	(685,281)	(620,927)	(610,231)
Fair value of plan assets	754,741	696,823	521,214	460,641	480,266	469,331
Deficit	(214,351)	(171,185)	(229,315)	(224,640)	(140,661)	(140,900)

(Amounts in thousand)

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount in respect of remuneration and benefits to the Chief Executive, directors and executives are as follows:

	2021			2020		
	Directors			Directors		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	---------- Rupees ----------					
Managerial remuneration	69,990	-	1,430,160	65,424	-	1,218,841
Contribution for staff retirement benefits	10,035	-	144,555	8,968	-	119,849
Bonus paid	18,365	-	46,388	27,897	-	163,306
Fees	-	3,095	-	-	3,059	-
Total	98,390	3,095	1,621,103	102,289	3,059	1,501,996
Number of persons, including those who worked part of the year	1	6	367	1	6	312

40.1 The Company also provides Company maintained vehicles for use of the Chief Executive and certain executives.

40.2 Premium charged in respect of non-executive directors indemnity insurance amounts to Rs. 1,056 (2020: Rs. 499).

41. FINANCIAL INSTRUMENTS BY CATEGORY

41.1 Financial assets at Amortized cost

	2021	2020
	--------Rupees--------	
Long term deposits	60,688	43,758
Trade debts	1,305,122	801,387
Advances and deposits	61,791	38,558
Short term investments	2,000,000	-
Accrued mark-up	21,264	-
Other receivables	185,040	158,247
Cash and bank balances	346,185	570,462
	3,980,090	1,612,412

41.2 Financial liabilities at Amortized cost

	2021	2020
Long term finances	4,782,647	5,902,506
Lease liability against right-of-use assets	533,105	498,316
Trade and other payables	10,325,216	7,527,714
Unclaimed dividend	6,943	8,507
Accrued interest / mark-up	195,792	153,366
Short term finances	463,007	-
	16,306,710	14,090,409

41.3 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

42.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's risk management program focuses on unpredictability of the financial markets for having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to the shareholders. Risk management is carried out by the Company's finance department under the policies approved by the Company's Board of Directors.

a) Market risk

i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is limited as all the foreign purchases are made against on-sight letters of credit where the payment is made on the date of delivery with no credit period. The Company imports plant and machinery and certain raw materials which exposes it to currency risk, primarily with respect to liabilities denominated in US Dollars.

At December 31, 2021, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, the effect on profit after tax for the year would have been immaterial.

ii) Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises primarily from long, short term borrowings and short term investments. Borrowings at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available. For borrowing at variable rates, the rates are determined in advance for stipulated periods with reference to KIBOR.

At December 31, 2021, if interest rates on the Company's borrowings and investments had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 72,960 (2020: Rs. 50,793) mainly as a result of higher / lower interest exposure on variable rate borrowings.

iii) Other price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to price risk as it carries no price sensitive financial instrument.

(Amounts in thousand)

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge their obligations.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

The Company is not materially exposed to credit risk on trade debts and other receivables since credit is only granted to few reputed customers with good credit standings, with whom the Company has written terms of arrangement. The Company has also entered into Standing Instruction for Debit of Account (SIDA) arrangement with a few of its customers.

Further, the bank balances of the Company are held with banks having minimum credit rating of A1, except for Summit Bank Limited having credit rating of A-3. As at December 31, 2021, the Company maintains immaterial balance with Summit Bank Limited.

c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities. The Company's liquidity management involves projecting cash flows and considering the level of liquid funds necessary to meet these, monitoring statement of financial position liquidity ratios against external regulatory requirements and maintaining debt financing plans. These objectives are achieved by maintaining sufficient cash and readily marketable securities and availability of funding through committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

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

	2021			2020		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	-------------------------- Rupees --------------------------					
Long term finances	2,582,647	2,200,000	4,782,647	1,239,502	4,663,004	5,902,506
Lease liability against right-of-use assets	285,090	248,015	533,105	240,097	258,219	498,316
Trade and other payables	10,325,216	-	10,325,216	7,527,714	102,885	7,630,599
Accrued interest / mark-up	195,792	-	195,792	153,366	-	153,366
Unclaimed dividend	6,943	-	6,943	8,507	-	8,507
Short term finances	463,007	-	463,007	-	-	-
	13,858,695	2,448,015	16,306,710	9,169,186	5,024,108	14,193,294

42.2 Fair value estimation

42.2.1 The different valuation levels / basis are defined as follows:

- 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 or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

42.2.2 The Company's biological assets are carried at fair values using valuation level 2. There were no changes in valuation techniques during the year.

43. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to provide expected returns to its shareholders by maintaining optimum capital structure to minimize the cost of capital.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new equity, manage dividend payouts to its shareholders or sell assets to reduce debt. The Company also manages capital by maintaining gearing and current ratios at certain levels.

The Company manages capital by maintaining gearing ratio at certain level. The ratio is calculated as long term debt divided by total capital. Total capital is calculated as 'equity' in the statement of financial position plus long term debt. The gearing ratio as at December 31 is as follows:

	2021	2020
	--------Rupees--------	
Long-term:		
- finances (note 21)	2,200,000	4,663,004
- lease liability against right-of-use assets (note 22)	248,015	258,219
Total long term debt	2,448,015	4,921,223
Total equity	10,327,244	8,547,644
Total capital	12,775,259	13,468,867
Debt to equity ratio	0.19:1	0.37:1

(Amounts in thousand)

44. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

44.1 Following are the details of associated companies, related parties and associated undertakings with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Direct Shareholding	Relationship
FrieslandCampina Pakistan Holdings B.V.	51.00%	Holding Company / Major Shareholder
Engro Corporation Limited	39.93%	Associated Company / Major Shareholder
FrieslandCampina Nederland B.V.	N/A	Associated Undertaking
FrieslandCampina AMEA Pte Ltd	N/A	Associated Undertaking
Friesland Campina Dairy Sourcing	N/A	Associated Undertaking
PT Frisian Flag Indonesia	N/A	Associated Undertaking
Alaska Milk Corporation	N/A	Associated Undertaking
Dutch Lady Milk Industries Berhad	N/A	Associated Undertaking
Engro Fertilizer Limited	N/A	Associated Company
Engro Foundation	N/A	Associated Company
Pakistan Dairy Association	N/A	Common Directorship
The Pakistan Business Council	N/A	Common Directorship
Engro Foods Limited - Defined Benefit Gratuity Fund	N/A	Post Employement Benefits
Engro Corporation Limited - Provident Fund	N/A	Post Employement Benefits
Engro Corporation Limited - Defined Contribution Gratuity Fund	N/A	Post Employement Benefits
Mr. Abdul Samad Dawood	N/A	Director / Chairman
Mr. Ali Ahmed Khan	N/A	Director / CEO
Mr. Abrar Hasan	N/A	Director
Mr. Zouhair Abdul Khaliq	N/A	Director
Mr. Edward Lambertus Holtzer	N/A	Director
Mr. Roeland Francois Van Neerbos	N/A	Director
Ms. Petra Attje Zinkweg	N/A	Director
Mr. Syed Saud Ahmed Pasha	N/A	Key Management Personnel
Mr. Imran Husain	N/A	Key Management Personnel
Mr. Faisal Razi Azeem	N/A	Key Management Personnel
Mr. Ali Tanveer Khan	N/A	Key Management Personnel
Mr. Muhammad Ali Ata	N/A	Key Management Personnel
Ms. Muneeza Iftikar	N/A	Key Management Personnel
Mr. Saleem Lallany	N/A	Key Management Personnel
Mr. Syed Talha Imam	N/A	Key Management Personnel
Mr. Muhammad Shoaib	N/A	Key Management Personnel

44.2 Following are the names of associated companies, subsidiaries, joint ventures or holding company incorporated outside Pakistan with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Company	Country of incorporation	Aggregate percentage of shareholding including through other companies	Basis of association
FrieslandCampina Pakistan Holdings B.V.	Netherlands	51%	Holding Company / Major Shareholder
FrieslandCampina Nederland B.V.	Netherlands	N/A	Associated Undertaking
Dutch Lady Milk Industries Berhad	Malaysia	N/A	Associated Undertaking
FrieslandCampina AMEA Pte. Ltd.	Singapore	N/A	Associated Undertaking
FrieslandCampina Dairy Sourcing	Netherlands	N/A	Associated Undertaking
PT Frisian Flag Indonesia	Indonesia	N/A	Associated Undertaking
Alaska Milk Corporation	Philippines	N/A	Associated Undertaking

44.2.1 Registered address of FrieslandCampina Nederland B.V. is Stationsplein 4, 3818 LE, Amersfoort, the Netherlands (note 29.4).

44.3 Transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transactions	2021	2020
		----------Rupees	----------
Associated companies / undertakings	Arrangement for sharing of premises, utilities, personnel and assets	120,247	110,392
	Purchase of goods and services	1,177,300	1,231,861
	Reimbursement of expenses incurred on behalf of the Company	172,556	170,900
	Reimbursement of expenses paid by the Company	22,268	27,122
Contribution for staff retirement funds	Managed and operated by Engro Corporation Limited		
	- Provident fund	388,336	364,138
	- Gratuity fund	131,235	169,450
Key management personnel including the Chief Executive Officer but not other Directors	Managerial remuneration	236,327	209,084
	Contribution for staff retirement benefits	33,927	29,315
	Bonus payments	27,039	67,029
	Other benefits	1,056	499

44.4 The related party status of outstanding receivables and payables as at December 31, 2021 / 2020 are included in respective notes of the financial statements.

45. SEGMENT INFORMATION

45.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organized into the following two operating segments:

- Dairy and beverages; and
- Ice cream and frozen desserts.

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from statement of profit or loss in these financial statements. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated assets includes assets which can not be allocated to a specific segment on a reasonable basis. Liabilities are not segment-wise reported to the Board of Directors. All the unallocated results and assets and liabilities are reported to the Board of Directors at entity level. Inter-segment revenue of processed milk and powder are made by Dairy and Beverages segment to Ice cream and frozen desserts segment.

(Amounts in thousand)

The following information presents operating results information regarding operating segments for the year ended December 31, 2021 / 2020 and asset information regarding operating segments as at December 31, 2021 / 2020:

	2021			2020		
	Dairy and Beverages	Ice cream and frozen desserts	Total	Dairy and Beverages	Ice cream and frozen desserts	Total
	---- Rupees ----					
Results for the year						
Revenue from contracts with customers - net	47,064,646	5,223,870	52,288,516	40,546,350	3,677,628	44,223,978
Inter-segment revenue	(194,319)	-	(194,319)	(68,955)	-	(68,955)
	46,870,327	5,223,870	52,094,197	40,477,395	3,677,628	44,155,023
Depreciation, impairment and amortization	1,848,563	449,125	2,297,688	1,818,635	463,510	2,282,145
Finance cost	643,786	217,588	861,374	974,931	263,909	1,238,840
Net profit / (loss) after tax	1,622,017	182,061	1,804,078	226,558	(49,632)	176,926
Assets						
- Segment assets	13,924,028	2,373,060	16,297,088	13,434,322	2,267,417	15,701,739
- Un-allocated assets	-	-	10,841,024	-	-	7,596,187
	13,924,028	2,373,060	27,138,112	13,434,322	2,267,417	23,297,926

46. SEASONALITY

The Company's 'Ice cream & frozen desserts' and 'Beverages' businesses are subject to seasonal fluctuation, with demand of these products increasing in summer. The Company's Dairy business is also subject to seasonal fluctuation due to lean and flush cycles of milk collection.

47. PRODUCTION CAPACITY

	Designed Annual Capacity (note 47.1)		Actual Production		Remarks
	2021	2020	2021	2020	
	---- Liters in thousand ----				
Dairy and Beverages	533,645	617,888	334,986	314,979	Production planned as per market demand
Ice cream & frozen desserts	44,064	44,064	24,218	18,157	

47.1 Represents capacity as at the reporting date.

(Amounts in thousand)

48. NUMBER OF EMPLOYEES

	Number of employees as at		Average number of employees	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Management employees	1,095	1,147	1,114	1,160
Non-management employees	155	163	158	167
	1,250	1,310	1,272	1,327

49. RETIREMENT CONTRIBUTORY FUNDS

The contributory provident and gratuity funds are being maintained by Engro Corporation Limited which has made investments out of the funds in accordance with the provisions of section 218 of the Companies Act, 2017.

50. SUPPLEMENTARY INFORMATION

50.1 Details of expenses allocated to export business during the year are as follows:

	2021	2020
	--------Rupees--------	
Cost of sales	5,574	12,071
Salaries, wages and staff welfare	15,346	16,624
Communication, utilities and other office expenses	5,326	3,895
Travelling	434	325
Legal charges	1,302	1,546
Bank charges	48	40
	28,030	34,501

50.2 Represents all expenses directly attributable to exports and incremental expenses incurred due to exports.

51. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

52. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 7, 2022 by the Board of Directors of the Company.

Abdul Samad Dawood
Chairman

Ali Ahmed Khan
Chief Executive Officer

Imran Husain
Chief Financial Officer

PKR 52,000,000,000
revenue generated*

With the unwavering commitment to Nourish Pakistan, this milestone was attained after facing unprecedented challenges last year due to the pandemic and adapting to it by developing new channels, increasing market penetration, improving route to market, and enhancing investment across brands.

52,000,000,000

*Revenue earned in 2021

ANNEXURE

Employee Share Option Scheme 2013

The Company in the Extra Ordinary General Meeting held on March 22, 2013, has approved an Employee Share Option Scheme (ESOS) for granting of options to its certain critical employees. As disclosed in note 20 to the financial statements time period under the Scheme for granting of share options expired in April 2015. However, the Company obtained approval of shareholders for extension in share options grant period for further 3 years in the Annual General Meeting held on April 27, 2015 and the Securities and Exchange Commission of Pakistan approval on August 31, 2015. The fair value of the option was determined by management using the Black-Scholes model.

According to this scheme, 16,900,000 shares can be granted to certain critical employees. 50% of the options granted will vest in two years whereas the remaining 50% will vest in three years from the date of the grant of options. Granted options are exercisable within 3 years from the end of vesting period. There has been no variation in the terms of the options during the year.

As at December 31, 2021, options for 1,453,125 shares have been vested while options for remaining 15,446,875 shares have lapsed till December 31, 2021 with the expiry of the Scheme.

During the year, 300,000 previously granted share options lapsed due to resignation of an employee. Further, during the year, 1,778,125 vested share options, granted in 2015 and 2016 expired due to non-exercise by ex-employees within the exercise period. Till date 1,453,125 share options have been granted, out of which, 400,000 options have been granted to the following senior management personnel:

S.No	Name	No. of Options
1	Syed Saud Ahmed Pasha	400,000

All of the above personnel were given more than 5% of total options issued.

None of the employees were issued with options exceeding 1% of the paid-up capital of Company

Proxy Form

I/We____

of ____________________________________ being a member of FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED and holder of _______________ Ordinary shares as per share.

(Number of Shares)

Register Folio No. _______________ and/or CDC Participant I.D. No. _______________ and Sub Account No_______________, hereby appoint_______________of _______________or failing him ____________________of ____________________ as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held on the 20th day of April, 2022 and at any adjournment thereof.

Signed this ______________________day of ______________________ 2022.

WITNESSES:

1. Signature: ____________________
Name: ____________________
Address: ____________________
____
CNIC or: ____________________
Passport No: ____________________

2. Signature: ____________________
Name: ____________________
Address: ____________________
____
CNIC or: ____________________
Passport No: ____________________

____

Signature

Signature should agree with the specimen registered with the Company

Note: 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.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

Standard Request Form
Circulation of Annual Audited Accounts.

The Share Registrar
FrieslandCampina Engro Pakistan Limited.
FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran
Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal
Karachi.
E-mail: info.shares@famco.com.pk
Telephone No. (9221) 3438 0101-5, 3438 4621-3

Dated: ________________

Dear Sirs,

Subject: **Request for Hard Copy of Annual Report of FrieslandCampina Engro Pakistan Limited.**

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 470(I)/2016 dated May 21, 2016 and approved by the Shareholders in the Annual General Meeting of the Company held on March 24, 2017, the Company shall circulate its annual balance sheet, and profit and loss account, auditor's report and directors report etc. ("Annual Audited Accounts") to its members through CD/DVD/USB at their registered addresses, save for those who opt for a hardcopy of the Annual Audited Accounts by filling out the details below and sending it to the Company's share registrar and Company Secretary.

I, ______________________________ S/o, D/o, W/o ______________________ being a registered shareholder of FrieslandCampina Engro Pakistan Limited. with the particulars as mentioned below would request that my name be added to the list of Shareholders of the Company who opt for delivery of a hardcopy of the Annual Audited Accounts of the Company and hereby request you send to me the Annual Audited Accounts in hard copy form at my registered address as contained in the member register instead of providing the same through CD/DVD/USB.

Particulars	
Name of Shareholder	
Folio No. / CDC ID No.	
CNIC/NICOP/ Passport No.	
Land Line Telephone No. (if any)	
Cell No. (if any)	

Yours truly,

____
Shareholder's Signature

Copy to:
Ms. Muneeza Iftikar
Company Secretary
FrieslandCampina Engro Pakistan Limited.
5th Floor, The Harbour Front, Dolmen City
HC-3, Block 4, Clifton, Karachi-75600.
E-mail: muneeza.iftikar@frieslandcampina.com

Electronic Transmission Consent Form

The Securities and Exchange Commission of Pakistan through SRO 787(I)/2014 of September 8, 2014 allowed the company to circulate its annual balance sheet and profit & loss accounts, auditor's report and director's report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

CDC shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to the broker (participant)/CDC; while shareholders having physical shares are to send the forms and a copy of their CNIC to the Company's Registrar, FAMCO Associations (Pvt) Limited, 8-F, Block 6, P.E.C.H.S, next to Hotel Faran, Nursery, Shahrah-e-Faisal, Karachi.

Electronic Transmission Consent Form

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I, Mr./Ms. ___________S/o, D/o, W/o _______________ hereby consent to have FrieslandCampina Engro Pakistan Limited's Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below.

Name of Member/Shareholder	
Folio/CDC Account Number	
CNIC	
Email Address	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of the Meeting.

_______________________________ Date: ___________________

Signature of Member/Shareholder

Request for Video Conferencing Facility Form

Members can also avail video conferencing facility in Lahore and Islamabad. If the Company receives consent at least 10 days prior to date of meeting, from members holding in aggregate 10% or more shareholding and residing at either Lahore and/or Islamabad to participate in the meeting through video conference, the company may arrange video facility in that city.

In this regard please fill up the following form and submit it to registered address of the Company 10 days before holding of the annual general meeting.

I/We,______________________ of___________________ being a member of FrieslandCampina Engro Pakistan Limited, holder of Ordinary Share(s) as per Register Folio No/CDC/ A/c No._______ hereby opt for video conference facility at_________.

_______________________________ Date:___________________

Signature of Member/Shareholder

اسٹینڈرڈ درخواست فارم
سالانہ آڈٹ کی گردش

شیئر رجسٹرار
فریز لینڈ کیمپینا اینگرو پاکستان لمیٹڈ
فیمکو ایسوسی ایٹس پرائیویٹ لمیٹڈ
F-8-سی، نرسری، بلاک-6، پی ای سی ایچ ایس،
شاہراہ فیصل، کراچی۔
ای میل: info.shares@famco.com.pk
ٹیلی فون نمبر: (9221) 3438 0101-5, 3438 4621-3

عنوان: فریز لینڈ کیمپینا اینگرو پاکستان لمیٹڈ کی سالانہ رپورٹ کے لیے ہارڈ کاپی کی درخواست

محترم گرامی،

جیسا کہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے ایس آر او 470(I)/2016 مورخہ 21 مئی 2016 کے ذریعے اجازت دی ہے اور شیئر ہولڈرز نے 24 اپریل 2017 کو منعقد ہونے والے سالانہ اجلاس عام میں منظوری دی ہے کہ کمپنی اپنی سالانہ مالیاتی معلومات مشتمل بیلنس شیٹ، منافع و خسارے کے کھاتے، آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ اراکین کو ان کے رجسٹرڈ پتوں پر سی ڈی/ڈی وی ڈی/یو ایس بی کی شکل میں ارسال کرے گی، تاہم جو کمپنی کے مالیاتی گوشواروں کی ہارڈ کاپی چاہتے ہیں انہیں اس درخواست فارم میں اپنی معلومات پر کر کے کمپنی کے شیئر رجسٹرار اور کمپنی سیکریٹری کو فراہم کرنا ہوں گی۔

میں............ولد/زوجہ/دختر............بطور فریز لینڈ کیمپینا اینگرو پاکستان کا رکن/رجسٹرڈ شیئر ہولڈر اپنا نام اس فہرست میں شامل کروانا چاہتا/چاہتی ہوں جنہیں کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس ہارڈ کاپی کی شکل میں ارسال کیے جائیں۔ لہٰذا میری گزارش ہے کہ مجھے سالانہ آڈٹ شدہ اکاؤنٹس بجائے سی ڈی/ڈی وی ڈی/یو ایس بی کے ہارڈ کاپی میں ارسال کیے جائیں۔

معلومات	
شیئر ہولڈر کا نام	
فولیو نمبر/سی ڈی سی آئی ڈی نمبر	
قومی شناختی کارڈ نمبر/پاسپورٹ نمبر	
لینڈ لائن ٹیلی فون نمبر (اگر کوئی ہے)	
موبائل نمبر (اگر کوئی ہے)	

شکریہ

____
شیئر ہولڈر کے دستخط

نقل برائے:
محترمہ منیزہ افتخار، کمپنی سیکریٹری، فریز لینڈ کیمپینا اینگرو پاکستان لمیٹڈ، پانچویں منزل، ہاربر فرنٹ بلڈنگ، پلاٹ نمبر
HC-3، مرین ڈرائیو، بلاک 4، کلفٹن، کراچی، پاکستان
ای میل: muneeza.iftikar@frieslandcampina.com

ویڈیو کانفرنسنگ کی سہولت کے فارم کی درخواست

لاہور اور اسلام آباد میں اراکین ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ لاہور اور اسلام آباد میں مقیم وہ شیئر ہولڈرز جو مجموعی طور پر 10 فیصد یا اس سے زیادہ شیئرز کے حامل ہوں، اجلاس میں ویڈیو کانفرنسنگ کے ذریعے شامل ہونا چاہتے ہوں تو اجلاس کی تاریخ سے کم از کم 10 روز قبل کمپنی کو ان کی طرف سے اجازت موصول ہو جاتی ہے تو کمپنی ان میں سے کسی بھی شہر میں ان کے لیے ویڈیو کانفرنس کی سہولت مہیا کر سکتی ہے۔

اس ضمن میں براہ مہربانی مندرجہ ذیل فارم پر کر کے کمپنی کے رجسٹرڈ پتے پر سالانہ اجلاس عام کے انعقاد کی تاریخ سے کم از کم 10 روز قبل ارسال کر دیجیے

میں/ہم______________________فریز لینڈ کیمپینا اینگرو پاکستان لمیٹڈ کے رکن ہونے اور رجسٹر کے
فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر............کے مطابق............عام شیئر(ز) کے حامل کی حیثیت سے
______________________میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا ہوں/چاہتے ہیں۔

تاریخ______________________

____

____
دستخط رکن/شیئر ہولڈر

پراکسی فارم

میں/ہم ______________ ساکن ______________ فریز لینڈ کیمپینا اینگرو پاکستان لمیٹڈ کے رکن اور عام شیئرز

کے حامل کی حیثیت سے ______________ (شیئرز کی تعداد)

بمطابق رجسٹرڈ فولیو نمبر ______ اور/یا سی ڈی سی پارٹیسپنٹ آئی ڈی نمبر ______ اور ذیلی اکاؤنٹ نمبر ______ کے

______________ یا ______________ کے ______________

کو کمپنی کے سالانہ اجلاس عام 20 اپریل 2022 کو منعقد ہوگا میں میرے/ہمارے لیے اور میری/ہماری طرف سے بحیثیت پراکسی ووٹ دینے کے لیے نامزد کرتا ہوں / کرتے ہیں۔

دستخط ______________ بروز ______________ بتاریخ ______ / ______ 2022ء

دستخط: ______________

نام: ______________

پتہ: ______________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______________

پاسپورٹ نمبر: ______________

دستخط شیئر ہولڈر

(دستخط کو کمپنی میں رجسٹرڈ نمونے کے دستخط کے مطابق ہونا ضروری ہے)

دستخط: ______________

نام: ______________

پتہ: ______________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______________

پاسپورٹ نمبر: ______________

نوٹ: نمائندے کو فعال ہونے کے لیے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیے۔ نمائندے کو کمپنی کا رکن ہونا ضروری ہے۔

سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

مستقبل کے خدوخال

کاروباری ماحول COVID-19 وبائی مرض کی وجہ سے ایک مشکل مرحلے میں ہے۔ مزید برآں، سپلائی چین میں رکاوٹیں اور صارفین کی متحرک ضروریات کاروباری صلاحیت میں صارفین کی موثر خدمات کو متاثر کر سکتی ہیں۔ تاہم، ایک چست کاروباری ماڈل کے ساتھ، انتظامیہ کو یقین ہے کہ وہ مارکیٹ میں قیادت کو آگے بڑھانے اور آنے والے سالوں میں ترقی کی فراہمی کو جاری رکھے گی۔ کاروبار، اپنے برانڈز کی ترقی کے پیچھے سرمایہ کاری کو جاری رکھے گا تاکہ منافع بخش پورٹ فولیو کو وسعت دینے کے لیے مواقع کا فائدہ اٹھایا جا سکے۔

فریز لینڈ کیمپینا اینگرو پاکستان لمیٹڈ میں، ہمارا مقصد پاکستانیوں کی موجودہ اور آنے والی نسلوں کے لیے صحت اور ترقی کو یقینی بنانا ہے اور اسی لیے، کمپنی پاکستان ڈیری ایسوسی ایشن (پی ڈی اے) اور حکومت کے ساتھ مختلف اقدامات پر شراکت داری جاری رکھے گی، تاکہ صحت کے لئے دودھ کے بارے میں صارفین کو آگاہ کریں اور محفوظ پیک شدہ دودھ کی مثبت خصوصیات کو تقویت بخشیں۔

ڈیری فارمر کمپنی کی سپلائی چین میں ریڑھ کی ہڈی کی حیثیت رکھتے ہیں اور کمپنی اپنی صنعت کے معروف ڈیری ڈویلپمنٹ پروگرام (ڈی ڈی پی) پر فخر کرتی ہے، جو کہ جامع ترقی اور منافع میں اضافے کو یقینی بنانے کے لیے مرتب کیا گیا ہے۔ یہ کسانوں کی بہتر تربیت اور پیداواری صلاحیت، پیداوار اور منافع کو بہتر بنانے کے لئے جاری ہے تاکہ کسان برادریوں کو وسعت اور بہتر بنایا جا سکے جن میں ہم کام کرتے ہیں۔

کمپنی اپنی عالمی مہارت، تقریباً 145 سے زائد سالوں کی تجربے کی میراث سے فائدہ اٹھاتے ہوئے، پاکستان میں صحت کے اعلیٰ معیار، غذائی تحفظ اور استحکام کے لئے پرعزم ہے اور کروڑوں پاکستانیوں کو محفوظ، سستی اور غذائیت سے بھرپور ڈیری مصنوعات فراہم کرنے کے لئے کاوشوں کو جاری رکھے گی۔

عبدالصمد داؤد
چیئرمین

علی احمد خان
چیف ایگزیکٹو آفیسر

بورڈ آف ڈائریکٹرز:

ڈائریکٹرز کی ذمہ داریوں کا بیان:

ڈائریکٹرز درج ذیل کے لیے ایس ای سی پی کے انتظامی ضابطے سے مشترکہ اور مالی رپورٹنگ کے نظام کی تعمیل کی تصدیق کرتے ہیں۔

1۔ کمپنی کی انتظامیہ کے ذریعہ تیار کردہ مالی بیانات، اس کی امور کی منصفانہ حیثیت، اس کے آپریشن کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

2۔ کمپنی کے حسابات کے کھاتے صحیح طور پر ترتیب دیئے گئے ہیں۔

3۔ مالی بیانات کی تیاری کے لیے مناسب حساباتی پالیسیاں مستقل طور پر لاگو کی گئی ہیں سوائے اس کے جو کہ ابتدائی اطلاق کے معیاروں اور ترمیم یا موجودہ معیارات کی تشریح کے ابتدائی اطلاق کے نتیجے میں ہونے والی تبدیلیوں کے نتیجے میں ہوں۔ حسابات کا تخمینہ معقول اندازوں پر مبنی ہے۔

4۔ بین الاقوامی مالیاتی رپورٹنگ کے معیارات جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی بیانات کی تیاری میں عمل کیا گیا ہے اور ان معیارات سے انحراف کا مناسب طور پر انکشاف کیا گیا ہے۔

5۔ اندرونی اختیاری نظام کا خاکہ مستحکم ہے اور اس کو موثر انداز میں نافذ اور نگرانی کی گئی ہے جس میں مناسب اندرونی مالی اختیارات بھی شامل ہیں۔

6۔ کمپنی کے مسلسل کاروبار جاری رکھنے کی اہلیت پر کوئی شک و شبہات نہیں ہیں۔

7۔ ادارہ جاتی نظم و نسق کے بہترین طریقہ کار سے کوئی مادی انحراف نہیں ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔

بورڈ کے اجلاس اور حاضری

2021 میں بورڈ آف ڈائریکٹرز کے 6 اجلاس منعقد کیے گئے تاکہ کاروبار کی کارکردگی کا جائزہ لیا جا سکے۔ ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے۔

ڈائریکٹر کا نام	1 8 فروری 2021	2 20 اپریل 2021	3 26 اپریل 2021	4 18 اگست 2021	5 19 اکتوبر 2021	6 21 دسمبر 2021	اجلاس میں حاضری	
عبدالصمد داؤد	✔	✔	✔	✔	✔	✔	6	6
علی احمد خان	✔	✔	✔	✔	✔	✔	6	6
سید ذاکر حسین	✖	✔	✔	✔	✔	✔	5	6
ایڈورڈ لیمبرٹس ہولور	✔	✔	✔	✔	✖	✔	5	6
پیٹر اینجے زکوگ	✔	✔	✔	✖	✔	✔	5	6
ابرار حسن	✔	✔	✔	✖	✔	✔	5	6
زوہیر عبدالخالق	✔	✔	✔	✔	✔	✔	6	6

تمام ڈائریکٹرز 26 اپریل 2021 کو دوبارہ منتخب ہوئے۔

بورڈ کی ساخت اور دائرہ اختیار:

31 دسمبر 2021 تک، بورڈ سات ڈائریکٹرز (6 مرد، 1 خاتون) پر مشتمل ہے جس میں ایک ایگزیکٹو ڈائریکٹر، دو آزاد ڈائریکٹرز اور چار غیر ایگزیکٹو ڈائریکٹرز شامل ہیں۔ بورڈ کی بنیادی ذمہ داری ہے کہ وہ یہ یقینی بنائیں کہ فرائز لینڈ کیمپینا اینگرو پاکستان لمیٹڈ کے امور کا اہلیت اور دیانت کے ساتھ انتظام کیا جائے۔ جناب عبدالصمد داؤد ایک غیر ایگزیکٹو ڈائریکٹر بورڈ کے چیئرمین ہیں، اور جناب علی احمد خان چیف ایگزیکٹو آفیسر ہیں۔ ڈائریکٹرز کی سوانحی تفصیلات اس رپورٹ میں شامل ہیں۔ بورڈ آف ڈائریکٹرز کے اجلاس کی تقویم کو سالانہ جاری کیا جاتا ہے جو جائزے اور منظوری کے لیے مخصوص معاملات کا شیڈول بتاتا ہے۔

بورڈ معاوضہ کمیٹی:

کمیٹی اجلاس میں اعلیٰ افسران کے معاوضے سے متعلق معاوضہ، تنظیم اور ملازمین کی ترقیاتی پالیسیوں کے تمام عناصر کا جائزہ لینے اور تجویز کرنے کے لیے اور ایگزیکٹو ڈائریکٹرز اور انتظامی کمیٹی کے ممبروں کے معاوضوں سے متعلق تمام امور کے لیے ملاقات کرتی ہے۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

زوہیر عبدالخالق	چیئرمین
پیٹر اینجے زکوگ	ممبر
علی احمد خان	ممبر

ڈائریکٹر ایچ آر جناب محمد شعیب کمیٹی کے سیکریٹری ہیں۔

بورڈ آڈٹ کمیٹی

بورڈ آڈٹ کمیٹی بورڈ کو اپنی نگرانی کی ذمہ داریوں کو پورا کرنے میں معاونت کرتی ہے، جو بنیادی طور پر حصص یافتگان، اندرونی اختیارات اور خطرات سے نمٹنے کے نظام اور آڈٹ کے عمل کی مالی اور غیر مالی معلومات کا جائزہ لینے اور ان کی رپورٹنگ کرنے میں مدد کرتی ہے۔ یہ انتظامیہ سے معلومات طلب کرنے اور بیرونی آڈیٹرز یا مشیروں کے ساتھ مناسب سمجھا جائے وہاں سے براہ راست مشورہ کرنے کی مجاز ہے۔ چیف فنانشل آفیسر حسابات پیش کرنے کی دعوت کے ذریعہ باقاعدگی سے بورڈ آڈٹ کمیٹی کے اجلاس میں شریک ہوتے ہیں۔ ہر اجلاس کے بعد کمیٹی کے چیئرمین بورڈ کو رپورٹ پیش کرتے ہیں۔ کمیٹی نے 2021 کے دوران 4 ملاقاتیں کیں۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

ابرار حسن	چیئرمین
ایڈورڈ لیمبرٹس ہولور	ممبر
زوہیر عبدالخالق	ممبر

کمیٹی کے سیکریٹری ہیڈ آف انٹرنل آڈٹ سلیم اللہ ہیں۔

اندرونی جانچ پڑتال:

کمپنی کی اندرونی جانچ پڑتال کا ایک خودمختار شعبہ ہے۔ بورڈ آڈٹ کمیٹی ہر سال وسائل کی مناسبت اور اس شعبے کے اختیارات کا جائزہ لیتی ہے۔ اندرونی جانچ پڑتال کا سربراہ آڈٹ کمیٹی کو فعال طور پر جواب دہ ہے۔ بورڈ آڈٹ کمیٹی کارکردگی کے شعبوں میں سالانہ اندازوں کے تعین کی جانچ پڑتال پر مشتمل تدابیر کی منظوری دیتی ہے۔ اندرونی جانچ پڑتال کے طریقے سے مالیاتی، نظم ونسق کا نظام اور عمل کے اختیارات اور تجاویز کی رپورٹس بورڈ آڈٹ کمیٹی، مینیجنگ ڈائریکٹر اور اعلیٰ انتظامیہ کو دی جاتی ہے۔

خطرات سے نمٹنا:

دنیا کے سیاسی اور معاشی ماحول کے تناظر میں درپیش خطرات کا جائزہ لینے کے لیے کمپنی کے پاس خطرات سے نمٹنے کا باقاعدہ نظام ہے۔ خطرات سے نمٹنے کا نظام کمپنی کی کاروباری سرگرمیوں سے متعلق حکمت عملی، سرمایہ کاری، ترسیلی سلسلہ، آپریشنل، مسابقتی اور پائیداری کے خطرات کی نشاندہی کرتا ہے۔ خطرات کا جائزہ ان کی ممکنہ امکانی تاثیر اور شدت، مقاصد اور اہداف اور کارکردگی کو مد نظر رکھتے ہوئے لیا جاتا ہے۔ تشخیص شدہ خطرات کے اثرات کو کم سے کم کرنے کے لیے مناسب حکمت عملی تیار کی جاتی ہے اور ان پر عمل درآمد کیا جاتا ہے۔ کمپنی نے اپنے خطرات سے نمٹنے کے ڈھانچے کو عالمی طریقہ عمل کی بنیاد پر تشکیل دیا ہے جس کی قیادت فریز لینڈ کمپینا کرتی ہے جس کا مقصد کاروبار سے وابستہ خطرے کے انتظام کے ساتھ کمپنی کی ترقی کو آگے بڑھانا ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی سبکدوش ہوئے اور خود کو کمپنی کے قانونی آڈیٹرز کی حیثیت سے دوبارہ تقرری کے لیے پیش کیا۔ کمپنی کے بورڈ آف ڈائریکٹرز نے میسرز اے ایف فرگوسن اینڈ کمپنی کی دوبارہ تقرری کے لیے بورڈ آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

شیئر ہولڈنگ کا اسلوب:

کمپنی کے بڑے حصص یافتگان فریز لینڈ کمپینا پاکستان ہولڈنگ بی وی (51%) اور اینگرو کارپوریشن لمیٹڈ (39.93%) ہیں۔ دوسرے حصص یافتگان مقامی ادارے اور عام عوام ہیں۔

حصص یافتگان کے پاس حصص کی شیئر ہولڈنگ کے اسلوب کے حصص یافتگی کے عمومی اسلوب کا بیان جس کا انکشاف رپورٹنگ فریم ورک کے تحت ضروری ہے اور ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات کی طرف سے 2021 کے دوران ہونے والی حصص کی خرید و فروخت کا بیان آگے دکھایا گیا ہے۔

اندرونی اختیاری نظام:

ذمہ داری:

بورڈ کمپنی کے اندرونی اختیاری نظام اور اس کی تاثیر کا جائزہ لینے کے لیے ذمہ دار ہے۔ تاہم ایسا نظام کاروباری مقاصد کے حصول میں ناکامی کے خطرے کو ختم کرنے کے بجائے اس کو کم کرنے کے لیے بنایا گیا ہے اور یہ مادی غلط استعمال یا نقصان کے خلاف صرف معقول لیکن مطلق یقین دہانی فراہم نہیں کر سکتا ہے۔ بورڈ کے تحت، کمپنی کے اندر خطرات کے انتظام کے لیے اپنی مجموعی ذمہ داری کو برقرار رکھتے ہوئے، اندرونی اختیاری نظام کی تشکیل اور عمل چیف ایگزیکٹو کو سونپا ہے۔

نظام:

کمپنی واضح ڈھانچے، اختیارات کی حدود، احتساب، واضح منصوبہ بندیوں اور طریقہ عمل پر مشتمل ایک واضح اختیاری نظام کو برقرار رکھتی ہے۔ بورڈ تنظیمی حکمت عملی اور کمپنی کے کاروباری مقاصد کا تعین کرتا ہے۔ اعلیٰ انتظامیہ ان مقاصد کی ہدایت کے ساتھ اعلیٰ کاروباری حکمت عملی میں ضم کرتی ہے۔

جائزہ:

کمپنی کی مالی کارکردگی، مالی اور انتظامی معیارات، اہم کاروباری امور میں اضافے اور تبدیلی، منصوبوں، سرمایہ کاری کی تجاویز اور دیگر اہم کارکردگی کے اشاریوں پر غور کرنے کے لیے سہ ماہی اجلاس ہوتا ہے۔ بورڈ آڈٹ کمیٹی بیرونی اور اندرونی جانچ پڑتال کنندگان سے اندرونی اختیاری نظام کے بارے میں رپورٹس حاصل کرتی ہے اور اندرونی اختیارات کی تاثیر کی نگرانی کے عمل کا جائزہ لیتی ہے۔

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2- [illegible]	32
3- [illegible]	263
4- [illegible]	176
5- [illegible]	17
6- [illegible]	14
7- [illegible]	(7)
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ڈائریکٹرز رپورٹ

Rs. 46.9 bn

Revenue with 16% Growth in Dairy & Beverages Segment

Rs. 52 bn

Revenue in 2021

Over 61,000
patients treated*

We are committed to improving access to quality healthcare in the communities in which we operate. Through our interventions to improve healthcare, we strive to help our farmers, their families and community members, lead healthier and happier lives.

Over 61,000

*from date of inception