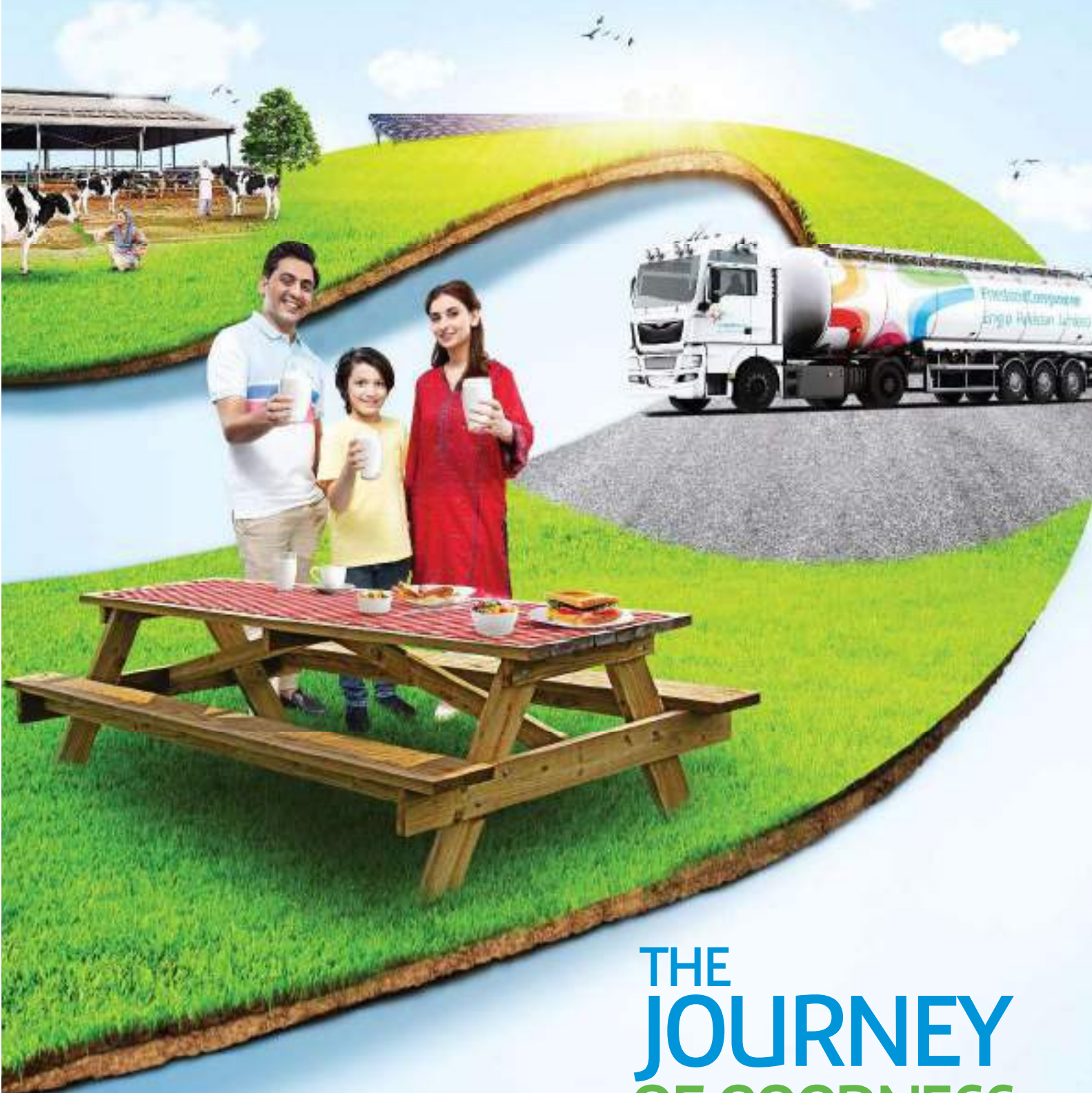




**FrieslandCampina**   
Engro Pakistan Limited



# THE JOURNEY OF GOODNESS

ANNUAL REPORT 2022



**FrieslandCampina** 

Engro Pakistan Limited



At FCEPL, we ensure sustainable practices in our value chain to provide safe and healthy dairy nutrition to the rapidly evolving needs of Pakistan's population. From taking care of our cows, to deploying renewable energy in our operations, to empowering our farmer communities, each part of our 'grass to glass' journey is full of goodness.





## ABOUT THE REPORT

FrieslandCampina Engro Pakistan Limited is committed to Nourishing Pakistan by combining its knowledge of the local market with global dairy expertise of over **150** years.

At FCEPL, our vision is to enrich the health and well-being of Pakistanis, now and for generations to come, by improving the livelihoods of our farmers, producing in balance with nature and nourishing millions of Pakistanis.

Over the years, **FCEPL** has served and nourished the people of Pakistan while achieving numerous operational and financial milestones and establishing sustainable supply chains that include more than 1300 milk collection centres to provide affordable, safe, and nourishing dairy products. Inspiring every individual to bring out their best, we reaffirm our dedication towards **Nourishing Pakistan** better.



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# PRODUCING MILK

AND KEEPING OUR  
COWS HAPPY

Research shows that happy cows produce the healthiest milk. Olper's Milk is produced from our own and partner farms, where we go above and beyond in order to guarantee that our cows are well-cared for and produce nutritious milk.



# 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 Frozen Desserts 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  
Edward 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)  
Edward 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

## 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

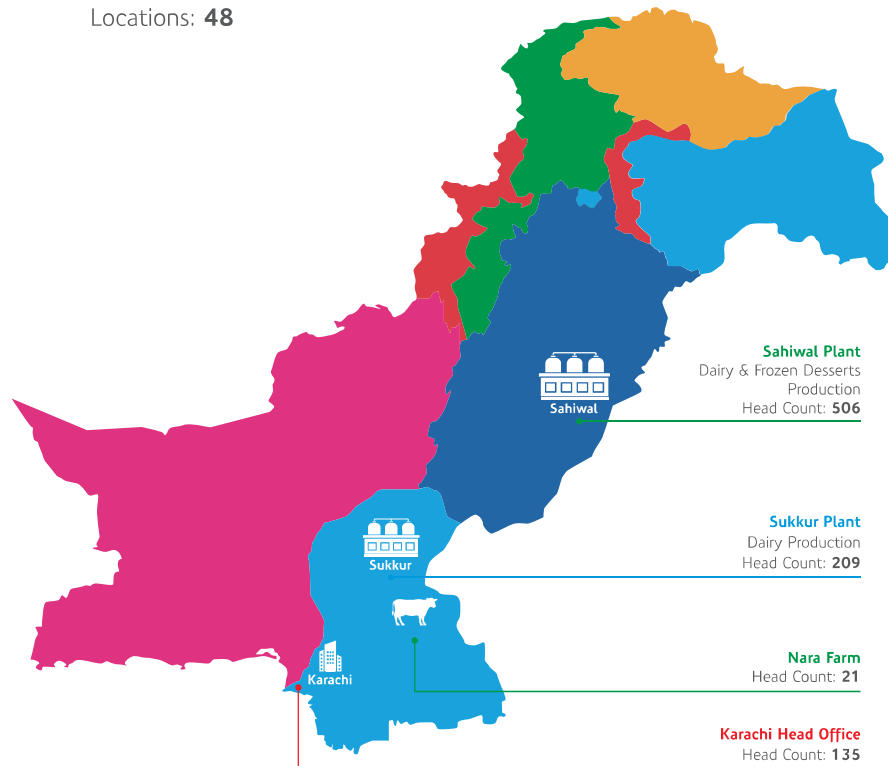
FrieslandCampina Engro Pakistan Limited  
The Harbor Front Building, 5th Floor,  
HC-3, Block-4, Near Marine Drive,  
Clifton Karachi - 75600, Pakistan  
Phone: +92 213 529 6000 (Ext.: 9 Lines)  
Email: [shareholders.pk@frieslandcampina.com](mailto:shareholders.pk@frieslandcampina.com)  
Web: [www.frieslandcampina.com.pk](http://www.frieslandcampina.com.pk)



**FrieslandCampina**   
**Engro Pakistan Limited**

# THE FRIESLANDCAMPINA ENGRO PAKISTAN FAMILY

Head Count: **1271**  
Locations: **48**



**Agri Business**  
Zones: **4**  
Areas: **20**  
MCCs: **1300+**  
Head Count: **178**

**Sales Offices**  
Regions: **09**  
Areas: **28**  
Head Count: **222**





# FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED

## NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN** that the Eighteenth 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 Tuesday, April 18, 2023 at 03:00 p.m. to transact the following business:

### VIDEO CONFERENCE FACILITY

Members are encouraged to attend the AGM through a video conference facility managed by the Company (please see the notes section for details).

### A) ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2022 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
- (2) To appoint Auditors and fix their remuneration for the year ended December 31, 2023. The present auditors A.F. Ferguson and Co. Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

### N.B.

#### (1) Closure of Share Transfer Book

The Share Transfer Book of the Company will be closed from Tuesday April 11, 2023 to Tuesday April 18, 2023 (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, Shakra-e-Faisal, Karachi PABX Nos. (92-21) 34380101-5 and email [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk) by the close of business (5:00 p.m) on Monday April 10, 2023 will be treated as being in time to attend and vote at the meeting.

#### (2) Participation in the AGM proceeding via video conferencing facility

Members are encouraged to attend the AGM proceedings via video-conferencing facility, which shall be made available by the Company.

All shareholders/members interested in attending the AGM through a video-conferencing facility are requested to register at <https://forms.office.com/e/bZ3YFkSkNa> their Name, Folio Number, Cell Number, CNIC / Passport number. A confirmation email for video link and login credentials will be shared only with the shareholders who register themselves at least 48 hours prior the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address [shareholders.pk@frieslandcampina.com](mailto:shareholders.pk@frieslandcampina.com).

#### (3) Proxy

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, with respect to attending, speaking and voting at the Meeting as are available to a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. A proxy needs not be a member of the Company.

#### (4) 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.

#### (5) Distribution of Annual Report through Email

Pursuant to the provision of Section 223(6) of the Companies Act, 2017, the companies are permitted to circulate their annual financial statements, along with auditor's report, directors' review report etc. ("Annual Report") and the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and Notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form (available on the Company's website), to the Company's Share Registrar.

The audited financial statements of the Company for the year ended December 31, 2022, have been made available on the Company's website <https://frieslandcampina.com.pk/financial-reporting/>

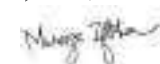
#### (6) Updation of Particulars

The shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar. In case of corporate entity, the shareholders are requested to promptly notify change in their particulars of their authorized representative, if applicable.

#### (7) Submission of copies of CNIC not provided earlier

Non CDC Individual Shareholders are once again reminded to submit a copy of their valid CNIC to Share Registrar, if not provided earlier to the Company's Share Registrar, FAMCO Associates (Private) Limited, and in case of CDC IAS or Participant Account holders, please submit copy of CNIC to CDC IAS or relevant participant.

By order of the Board



Muneeza Iftikar  
Company Secretary

Karachi  
February 08, 2023

MAKING  
**NUTRITION**  
ACCESSIBLE  
FOR ALL

We ensure the safety and quality of our processes to provide safe and healthy milk which is important for the growth and development of children.



# CORPORATE GOVERNANCE



BOARD OF  
DIRECTORS



## DIRECTORS' PROFILES

### ABDUL SAMAD DAWOOD

Chairman

Since 2015, Mr. Abdul Samad Dawood has served as Chairman of the Board of FrieslandCampina Engro Pakistan (previously Engro Foods). He is also presently Vice Chairman of the Board of Dawood Hercules Corporation (DH Corp), an investment company of the Dawood Group. Prior to this role, he was Vice Chairman of the Board of Engro Corporation which remains one of DH Corp's largest investments to date.

Mr. Abdul Samad Dawood's experience of management and governance spans over 20 years with a special interest in mergers and acquisitions. He has led more than US\$4 billion of M&A deals, including the Dawood Group's acquisition of HUBCO from National Power International Holdings in 2012 and the sale of DH Fertilizers to Fatima Fertilizer Company in 2015. Mr. Abdul Samad Dawood was also entrusted with the responsibility of leading the merger of Engro Foods (a subsidiary of Engro Corporation) into global dairy giant Royal FrieslandCampina based on the convergence of their values, goals, and abilities to address Pakistan's nutritional challenges; he has since served as the Chairman of the Board of the merged entity. These efforts are a culmination of the values advocated by the Group Chairman, Mr. Hussain Dawood, who believes that a strong code of values builds the foundation for effective problem-solving and human prosperity.

Mr. Abdul Samad Dawood is also 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. His corporate governance journey spans various sectors including financial investments, energy, and education; in line with his interests, he is also Chairman of the Board of Cyan Ltd., and a Director on the Boards of The Dawood Foundation, KSBL, Dawood Lawrencepur Ltd., and Reon (Pvt.) Ltd. In addition to governance, Mr. Dawood has served as Chief Executive Officer for Dawood Hercules Corporation Ltd., and Cyan Ltd., and is an active member of the Young Presidents Organization.

Aside from work, Mr. Abdul Samad Dawood has a keen interest in music and plays the piano and guitar. He is an Economics graduate 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

Ali Ahmed Khan has built a rich career over the last thirty years, both within Pakistan as well as abroad, serving in top management positions in leading FMCG companies. He has a strong track record of business turnaround and success, demonstrating strong leadership as CEO in Reckitt Benckiser Pakistan and Iffco Personal Care/Oleo UAE, as well as playing a key role in the success of Pakistan Tobacco Company and Pepsi Cola International as a member of the Management Team.

As Managing Director of FrieslandCampina Engro, Ali has led a strong transformation of the business, which has delivered strong top line and bottom line growth. He has brought sharp focus to the Company's purpose, driven by his strong belief in delivering nutrition and safe dairy to the people of Pakistan, as well as growing livelihood and prosperity for the country's farmers. Under Ali's leadership, the Company is prioritizing initiatives on farmer development, improving access to nutrition, transparency in business conduct, sustainability, and diversity & inclusion, whilst continuing to drive business results.

Ali is also a strong believer in developing talent, and in his tenure as MD of FCEPL, he has become a strong contributor to FrieslandCampina's senior management pool of employees.



# PETRA ATTJE ZINKWEG

Director

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 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.



# ROELAND FRANCOIS VAN NEERBOS

Director

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 natural when it comes to leading the way.





# EDWARD HOLTZER

Director

Edward 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

Director

Zouhair is an international business executive with 38 years of global experience in Telecom, Technology, Operations, Strategy and Board Governance. He is a Founder and General Partner at Teamup Ventures a Venture Capital Fund investing in startups in the MENAP+T Region and a co-founder and partner at Teamup@NIC, the service delivery partner at the National Incubation Centre that is a public/private partnership which incubates and trains technology entrepreneurs in building successful businesses. He was a Member of the Pakistan Prime Minister's Task Force on IT & Telecom till April 2022.

As CEO of Mobilink 2003–2008, he led the turnaround and exponential growth from 1 million to 31 million customers building it in to a US\$10 billion company, growing revenues from US\$80 million to US\$1.4 billion, investing US\$3 billion in infrastructure for over 5 years making it one of the 5 fastest growing companies in the Asia Pacific Region and the largest private sector company in the country, which maintains its status today with 75 million customers. In 2009–10 he led the licensing and initial setup of Mobilink Microfinance Bank in Pakistan and mobile banking operations in Bangladesh, Greece and Tunisia. In 2011–14 he led the successful restructuring and turnaround of Warid and Wateen Telecom leading to the successful merger of Warid with Mobilink.

Zouhair is managing partner at ICE Advisory LLP in the UK advising technology companies. Earlier in 2014–15, as Managing Director, Mobile for Development, GSM Association, he managed a US\$150 million technology fund investing globally in startup eco-systems for mobile financial services, mobile health, mobile agriculture and FinTech innovation.

Zouhair started his corporate career in 1984 at ICI Pakistan in various finance roles. In 1993 at Mobilink as CFO he was employee #1 and a key member of the founding team. In late 1996 he moved to the UK with Motorola Network Management Group as Director Operations, Europe Middle East and Africa where he led the development of mobile operations over the next 6 years to an addressable population of over half a billion people, in Egypt, Algeria, Tunisia, Pakistan, Bangladesh, Lithuania, Iraq and Jordan.

He has served on Non-Executive Boards of mobile cellular operators through the Middle East, Africa, Pakistan and Bangladesh, on the Board of Islamabad Stock Exchange, the Ignite Technology Fund and as Senior Advisor to Better Than Cash Alliance, UN Capital Development Fund.

He is currently a Member of the Board of Regents of Harris Manchester College, Oxford University. Since 2009, he is a Non-Executive Director on the Board of FrieslandCampina Engro Pakistan and till recently a Non Executive Director on PTV and Pakistan Radio Corporation. He is a member of the Institute of Chartered Accountants in England and Wales and Pakistan since 1984, an Alumni of INSEAD, France and a Fellow of Harris Manchester College, University of Oxford.





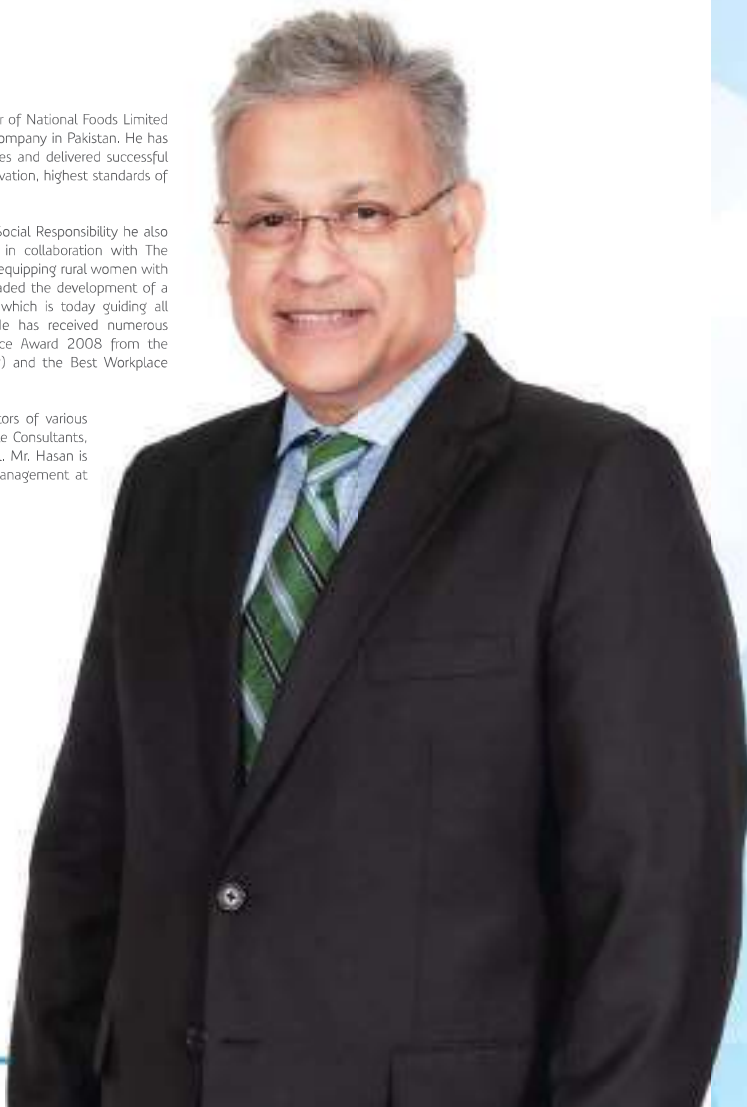
# ABRAR HASAN

Director

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



# MESSAGE FROM THE CHAIRMAN

## Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present the Annual Report of FrieslandCampina Engro Pakistan Limited (FCEPL) for the year ended 31st December 2022.

As every year passes, the sense that we are living through one of the most uncertain periods of history grows. From dealing with a global pandemic to facing disrupted energy supply-chains to shouldering super-flood damages, human society is being tested with events of compounding magnitude. Behind these are millions of stories of human loss and suffering and our prayers remain with all affected communities. Our resolve to uplift the most vulnerable sections of society has only strengthened as a result of these events.

It takes tremendous determination and character to steer organizations through uncertainty, especially in middle-income countries that are facing global and local headwinds. FCEPL has been able to sustain growth momentum despite macroeconomic constraints, with a topline increase of 41% and gross profit growth of 37%, which is a testament to the organization's determination to succeed. The Board commends our management teams for these achievements, especially Ali Ahmed Khan, who has ably led from the front. We also congratulate him on his elevation to Vice President of the MENAP Cluster (Middle-East, North Africa and Pakistan) and wish him success in this role of regional leadership.

The Board would further like to thank Edward Holtzer for his service as a Director as he moves on to a new role at FrieslandCampina. Edward has been instrumental in instituting high standards of financial rigour while cementing the foundation for a healthy relationship between FCEPL's Board and management teams. We wish him all the best in his new role at FrieslandCampina.



Ultimately, it has been our people – directors, executives, and management teams – that remain the driving force behind FCEPL's commitment to affordable nutrition. This has never been more important given the increased need for nutrition in a world challenged by ailments and displacements. A nutritious diet is the foundation for a strong immune system and FCEPL continues to play a vital role in strengthening Pakistan against fundamental changes to the world we inhabit. As super-floods washed away critical food infrastructure, including the loose-milk supply-chain, packaged milk reinforced itself as a dependable source of nutrition for Pakistan. It has been a key component of flood-relief efforts and the company has also continued its priority of converting users to safe packaged milk through the School Milk Program, Pakistan Medical Association awareness campaigns, and farmer development programs. At the same time, interventions to build mental and physical availability of Olper's have strengthened brand equity and led to a topline of PKR 66 billion for the Dairy segment. These combined efforts reinforce the link between rural farmers and urban buyers, especially women who lead key roles in the dairy value chain. Every choice to develop Pakistan's dairy sector builds connections between people across the country who all do their job to bring nutritious food closer to our citizens.

We are also heartened by the performance of our value-added dairy-adjacencies which serve the varied requirements of consumers. The launch of Olper's Cheese, promotion of dairy creams and flavoured milk, and addition of frozen-dessert innovations have contributed significantly to FCEPL's profitability. Double-digit growth in these segments has been made possible because of our collaboration with FrieslandCampina which brings 150 years of R&D expertise, leading the way for us to provide products to nourish Pakistan. We will continue investing in these areas so that FCEPL is recognized as a leading provider of quality food products to serve a nation with the potential of 230 million healthy and productive people.

The turnaround story of FCEPL's performance brings joy to both FrieslandCampina and Engro Corporation. An alignment of purpose between the Board and management teams has been core to building the organization as a stable value engine. We are delighted to have an engaged Board that hosts sponsors and independent directors who have led conversion efforts in other markets; their guidance has been a pivotal part of our results, the other part being our teams' dedication to organizational pursuits. We are also happy to see the Government increasingly prioritize nutrition which will ease access to healthy products for our citizens. We look forward to deeper engagement with stakeholders to play our role in unleashing the demographic potential of our country.

We are especially grateful to our shareholders for your continued trust in FCEPL. Your confidence in us as stewards of your capital has fueled our passion to focus on sustainable value creation. I must also call out our gratitude to the Government, service providers, partners, regulators, customers, and our people who have collaborated in our success. This cooperation has enabled us to help parents make better choices about their children's nutritional needs and we look forward to your continued trust to build a healthier and more prosperous country.

Sincerely,

A handwritten signature in black ink, appearing to read 'Samad'.

Abdul Samad Dawood  
Chairman

## MESSAGE FROM THE CEO

### Dear Shareholders,

Following the pandemic, we have faced various challenges such as geopolitical instability, economic issues and natural disasters. By meticulously implementing a sound, cohesive strategy, our team has laid the foundation for the next phase of expansion. From product and category innovation, to improving processes and operational excellence, to integrating sustainability and strengthening human capital, we have spent the last year growing in multiple directions, in an all-encompassing manner.

I am pleased to share several highlights, including many firsts, from another record year, which have culminated in our highest-ever revenue and operating profit of Rs 73.5 billion and Rs 5.3 billion respectively.

- Our flagship brand OLPER's remains the market leader, as we continue to leverage FrieslandCampina's global expertise to introduce new products and innovations as key drivers of future business growth. We launched OLPER's Cheese to deepen OLPER's association with the morning occasion and broaden our consumer base.
- The Frozen Desserts segment reported revenue of Rs. 7.18 billion, reflecting year-over-year growth of 37%. By orienting itself around, and aggressively pursuing the Summer occasion, Omoré is carving a distinctive and scalable niche for itself, which sets the stage for the future and increases brand equity.
- Our Sahiwal and Sukkur plants operated seamlessly, exceeding the year's targets by 2% and the previous year's volume by 7%. Our Sukkur plant also received the FrieslandCampina global award for 1,000 days without a quality incident, and the Pakistan team was recognized in the FrieslandCampina universe for outstanding performance in Supplier Quality Management (SQM).
- We achieved the Gold Standard rating in the One Audit Program of FrieslandCampina for both Sukkur and Sahiwal manufacturing facilities in 2022. Additionally, we also achieved Zero Lost Time Accident (LTA) in 2022 across all our operations.
- We are in the process of exploring opportunities to expand our footprint in the global market by exporting dairy products from Pakistan, which will have a positive impact on the lives of our farmers, while bringing in foreign exchange for Pakistan in its hour of need.
- At FrieslandCampina Engro Pakistan, our promise of 'Nourishing Pakistan' is also expressed in our sustainability practices which aim to transform the livelihoods of farmers, empower rural women, uplift communities, and increase knowledge, access and opportunities while reducing our carbon footprint.



- We announced the first Pakistan-Netherlands Dairy Development Center (PNDDC) in 2022. We welcomed dairy farmers from the Netherlands to share global best practices with our local farmers, under our Farmer2Farmer initiative.
- At the heart of our efforts is our Dairy Development Program (DDP), which focuses on improving the livelihoods of our farmers and ensuring inclusive growth in the dairy sector. As part of capacity-building exercises, we trained over 36,000 farmers in animal health, nutrition, and farm management, including 1,275 female farmers.
- Through our Enhancing Women's Income via interventions in Dairy (EWID) project – co-funded by the Department of Foreign Affairs and Trade, Government of Australia – we are witnessing the effects of investing in women in rural communities. An impact study undertaken by Pakistan Business Council-CERB further explores the positive impact our EWID project has on the lives of participating women, and their communities. We remain committed to training and helping women gain employment as Female Livestock Extension Workers (FLEW) and Milk Collection Agents (MCAs), and celebrating their successes as they rise to challenge the status quo, and inspire us and those around them.
- Elsewhere, we continued to improve our gender diversity ratio, and took initiatives to support the development of female employees on the shop floor level and in field roles. We are very pleased to announce our first batch of female apprentices hired at the Sahiwal factory, and we look forward to developing female talent across all levels in our value chain.
- FCEPL won the Gold Standard Award 2022 for Corporate Citizenship (CSR and Sustainability), awarded by the Public Relations & Communications Association Asia Pacific (PRCA APAC) in Singapore. Competing against renowned, global brands, this award is in recognition of our efforts to embed sustainability into our business and the transformative impact of our Dairy Development Program.
- Under our initiatives for Better Nutrition, we aspire to promote healthy habits and improve the state of nutrition in Pakistan. Our School Milk Program, launched in 2021, has been instrumental in generating research-based evidence on the benefits of daily milk consumption on children. The results of this project, implemented in collaboration with University of Education and UVAS, reiterated the need to develop a national policy for providing milk in schools to improve the status of nutrition in Pakistan, as findings demonstrated improvements in physical health indicators, as well as children's attendance and educational performance in schools. We will further partner with the Government and Development agencies to expand this program throughout Pakistan and provide lasting nutrition to our children.
- Our corporate responsibility extends to all areas where we can contribute value in times of need. During the catastrophic floods in Sindh and Balochistan, we provided food, shelter, and free animal treatment camps for flood affectees.
- Moreover, when the communities in Cholistan were facing drought, we refurbished our milk tankers to supply water to the affected areas. We believe that it is our responsibility to support our communities in such challenging times, and we will continue to do so by leveraging our expertise and resources to make a positive impact in the lives of Pakistanis.

Businesses are intertwined with the wider society and environment in which they operate. As corporate citizens, it is our responsibility to address local challenges including poverty, hunger, inequality, the effects of climate change, and environmental degradation. By aligning our operations with the United Nations' Sustainable Development Goals (SDGs), we hope to make contributions which ameliorate these stresses, and mitigate their impact in our operating environment.

We pledge to continue partnering with the government to educate citizens on safe nutrition and personal health, while tackling the challenge of unsanitary loose milk which has a myriad of negative consequences. As the dairy sector evolves, we believe legislation and regulation should enable growth and improve quality standards.

The future of Pakistan depends on the development of our children, and we look forward to working with the government and industry leaders to create a safer, healthier, more equitable, and progressive future for our Country.

I express my gratitude to the Chairman, Board of Directors, and our global team at FrieslandCampina for their leadership and guidance. I extend my appreciation to our shareholders and stakeholders, including our consumers and our partners, for their continued trust and confidence.

To every member of the FCEPL team, I thank you for your unyielding commitment and passion for our shared purpose of nourishing a healthy, sustainable, and food-secure Pakistan.

Sincerely,

Ali Ahmed Khan  
Chief Executive Officer



# PRODUCING GOODNESS IN BALANCE WITH NATURE

Sustainability is embedded in our ethos. From implementing environment-friendly methods in our value chains such as water conservation and renewable energy, to embedding environmental-consciousness in our farmers and our communities, we remain committed to creating a more sustainable future for everyone.





# 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, 2022.

## Business Overview

Building upon the growth trajectory, the Company delivered another record year with highest ever topline and operating profit of Rs. 73.5 Billion and Rs. 5.3 billion respectively.

The topline reflects a growth of 41% over last year driven by volume growth, mix improvement and expansion of the retail footprint despite aggressive competition and distribution challenges.

The Company witnessed gross profit growth of 37% while the gross margin declined by 50bps due to higher commodity prices, global geo-political environment, foreign exchange constraints, Rupee devaluation and floods. While the gross margin has declined, the operating margin improved by 70bps over last year due to initiatives such as cost rationalization and driving efficiencies across the value chain.

Growth of profit after tax however is lower compared to growth of operating profit due to higher interest rates and imposition of super tax.

Rs. **73.5** billion  
Revenue in 2022

## Dairy-based Products Segment

The segment reported a revenue of Rs. 66.3 billion, reflecting a growth of 41% versus last year. Olper's led the growth in the segment by strengthening its market leadership position through brand and trade investments. Olper's UHT Milk, Olper's Cream, Dobala, Flavoured Milk and Tarang all posted a double-digit growth. Total Cream Portfolio had the highest growth amongst all the brands.

Rs. **66.3** billion  
Revenue with 41% Growth in  
Dairy-based Products Segment

The segment deployed various physical availability initiatives along with capitalizing on category captaincy in the Modern Trade channel. Through targeted consumer promotions, investment in trade activations and consumer engagement, our retail footprint expanded by 4500+ outlets. Moreover, Perfect Store emerged as the fastest growing channel with ever highest volume achievement. The Company accelerated its profitable growth by driving its Value-Added Brands in the market.

Olper's UHT continued to maintain presence on air with its new 'Happy Mornings' campaign across key touchpoints including TV, Digital, social media and In-store. The new campaign strengthened Olper's brand equity and resulted in accelerating conversion from loose milk. The campaign establishes Olper's as an enabler of Happy Mornings for consumers by offering the high-quality milk that is nutritious, delicious, and creamy.

In 2022, a major campaign for Olper's Flavoured Milk was launched under the "No Break in Performance" theme to encourage milk consumption in children. The campaign targeted consumers through key touchpoints with TV, Digital airing along with PR, Influencer marketing campaign and activations. Olper's Flavoured Milk has also been launched in a convenient 6x110ml positioned as a weekly School Bundle pack. This was to further drive the Company's commitment to provide value propositions to its consumers.

We continue to leverage FrieslandCampina's global expertise to introduce new products and innovations as a key driver of future business growth. Morning is a key occasion for dairy in Pakistan as around 62% Pakistanis have breakfast daily. To drive penetration of Olper's in the morning occasion and leverage on this huge opportunity of dairy food occasions, Olper's Cheese was launched. Every slice of Cheese (~20g) provides nutrition of one glass of Olper's Milk (~200ml).



## Frozen Desserts Segment

The segment reported a revenue of Rs. 7.18 billion, reflecting a growth of 37% 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. Owing summers, the most relevant occasion for the category, enabled Omoré to carve out a space for itself that is distinctive and scalable with a strong association to the brand and increased the equity of Omoré.

The business also continued to create excitement on the consumer front by introducing new innovations. In order to engage our consumers, we embarked on a journey through activation complimented by digital presence. Omoré signature thematic campaign "Wow Bhara Bite" continues to be on air and 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 is dedicated to upholding the highest standards of Health, Safety, and Environment (HSE) to safeguard the well-being of its employees and the communities in which it operates. With safety and health of its people its topmost priority, FrieslandCampina remains committed to a safe working environment in which everyone involved in the value chain, from employees to farmers to business partners, take responsibility for their own safety and that of others. Through clear and frequent communication of safety rules and processes, the Company aims for a zero-incident culture and strives to make every working day a healthy and safe experience for its employees and business partners.

## Ensuring Employee Safety at the Workplace

The Company's employees and contractors are required to abide by its HSE management systems and processes which are designed in line with 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 substantially in employee engagement by conducting trainings that spanned over the year, with a cumulative total of 7000+ 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, awareness campaigns, programs to boost hazard identifications, and safety champions of the month.

To further increase awareness of employees on serious injuries and threatening risks at the workplace, 'Life Saving Rules' have been implemented as the focal point for making workplaces and operations even safer. To improve compliance of 'Internal transport', physical segregation was provided between pedestrian and vehicle movement. To make its factories compliant on ATEX (EU Directives for controlling explosive atmospheres), ATEX masterclass training was conducted for managers followed by formal assessment to qualify for a formal site 'ATEX knowledge holder'. Along with this, a gap assessment of 'Powder Dust Explosion Hazard' was carried out followed by an action plan. To further improve process safety related to Ammonia and fire, Ammonia detection and Fire suppression systems were installed in 2022. 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 deployed 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. Positive Reinforcement was introduced to encourage safe behaviors.

A Culture Scan was run to find out the areas of improvement to further strengthen the safety culture at manufacturing sites. All these efforts resulted in zero Lost Time Accident (LTA) in 2022 across the Company's Operations with Total Recordable Frequency Rate (TRFR) of 0.06. During the year 2021, Gold Standard was achieved in One Audit Program of FrieslandCampina for both Sukkur and Sahiwal manufacturing facilities. In 2022, both manufacturing facilities further strengthened the safety culture and practices while sustaining the Gold Standard. "One Audit" is FrieslandCampina's Global 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 components. This makes the Company one of the few Operating Companies within FrieslandCampina to receive a Gold Rating at all its Manufacturing Facilities in "One Audit."

Additionally, to nurture a road safety mindset amongst the drivers, the Company trained the Inbound Raw Milk Truck Logistics Drivers on Defensive Driving in collaboration with Motorway Police.

#### Sustainability at FrieslandCampina Engro Pakistan Limited

The Company's 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".

In its pursuit of a healthy, nourished, and green Pakistan, the Company strives 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.

Sustainability is embedded in the Company's promise of 'Nourishing Pakistan'. Stemming from FrieslandCampina's global ambitions of nourishing a better planet, sustainability at FCEPL focuses on transforming the livelihoods of farmers and their families, empowering rural women (in the dairy value chain), and making nutrition accessible by nourishing the world's growing population with better nutrition while producing in balance with nature.

#### Better Nature: Ensuring Responsible Environmental Practices

The Company recognizes the need to protect and preserve the planet by going an 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 resources, the Company has optimized the processes, thereby minimizing the water consumption by 3% and energy consumptions by 12%.



Various continuous improvement initiatives enabled water and energy savings for the Company. This includes optimization of the steam mix by replacement of waste heat recovery boiler; optimization of water usage in CIP (Clean in place) and the number of CIPs; and increased usage of rejected water at WOG (Water, Oil & Gas).

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. To manage waste responsibly and reduce environmental impact, the Company strives to embed the 3Rs (reuse, reduce, and recycle) into our value chain as a process as well as a mindset. It is using reusable plastic pallets in its operations and 97% of the packaging materials are Forest Stewardship Council (FSC) certified as they come from responsibly managed forests.



In line with the Company's ambitions for net climate-neutral dairy, it has installed 3MW solar panels at Sahiwal plant, and has employed biomass fuel for steam generation to promote clean, green energy which is locally available and enables cost saving.

In light of climate change and the need for collective action, FCEPL supported the shift to solar energy for 52 farms. By revamping its fleet of inbound logistics using modern technology and capacity enhancement of milk tankers to

30 tonnes, FCEPL reduced kilometres travelled and hence its carbon footprint.

To promote environmental consciousness & sustainability discourse among employees and the communities in which we operate, the Company organized plantation drives, volunteering initiatives, community engagements and sustainability trainings in partnership with organizations including WWF and Trashit. In 2022, FCEPL planted over 15,000 trees in various locations in Pakistan, including the factories, Nara farm, milk collection centers, as well as our adopted schools.

Various engagements, including Environment Day, Earth Day, and Earth Hour celebrations, were carried out throughout the year wherein employees participated in sustainable actions and shared best practices.

#### Better Sourcing

The Company aims to source raw materials sustainably and responsibly. The raw materials – cocoa powder, palm oil, sugar – are sourced with globally recognised certificates, that either comply with sustainability standards or a plan for sustainable development has been developed in cooperation with suppliers.



#### Better Living for Farmers

##### Dairy Development Program

Dairy farmers are the backbone of the Company's supply chain, and it takes great pride in its industry-leading Dairy Development Program (DDP), which is designed to ensure inclusive growth and increased profitability for its farmers. The overarching goal is to aid the farmers in growing their farms and increasing the quantity and quality of their yield. Though there are numerous concurrent projects covering the farming spectrum, from veterinary guidance to educational assistance, the Company's core focus is on capability building



in best farming practices, as well as financial aid in capital investment.

FCEPL's nationwide milk footprint extends to 1300+ collection centers encompassing 116,000 independent farmers and milk suppliers. Through numerous dairy development initiatives, the Company directly contributes 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 2022, 36,000+ farmers were trained in animal health, nutrition, and farm management, including 1275 female farmers. Leveraging the global dairy expertise of 150 years, 2 Dutch farmers visited the Company's dairy farmers in Sahiwal to share global dairy best practices under the Farmer2Farmer initiative. The Company also supported 52 Dairy farmers shifting to solar energy on their farms through bank financing and technical assistance.



Furthermore, to augment the efforts of the Dairy Sector, FCEPL continued to provide financial support on subsidized mark-up through our partner banks such as HBL and SEDF. To address the challenge of access to credit for farmers, the Company facilitated access to subsidized loans for 45 farms and paid short-term (interest free) advances to over 338 farms.



Extending support to farmers families, the Company awarded scholarships to 2 of its farmers' daughters for higher studies under its FC Scholars initiative and in line with its focus on women empowerment.





### Empowering Women in Our Value Chain

The Company remains committed to driving social progress in its communities through initiatives to empower women. Co-funded by Department of Foreign Affairs & Trade – Government of Australia, Enhancing Women's Income via interventions in Dairy (EWID) project aimed to improve the socio-economic development of rural women. Following the successful completion of the EWID project in 2021, the Company continues to see long-term impact of investing in women in rural communities in the form of economic empowerment and financial independence for rural women, as well as improved standards of living for their families and their communities. An impact study published by Pakistan Business Council-CERB featuring EWID project further elaborates on the long-term impact of investing in women in the dairy value chain.



FCEPL continues to train rural women to build their capabilities as female farmers and help them gain employment as Female Livestock Extension Workers (FLEW) or Milk Collection Agents (MCAs). In 2022, FCEPL trained 1275 female farmers, and increased the number of female-led milk collection centers to 6 centers in Pakistan.



### Better Nutrition

#### School Milk Program

University of Education, UVAS and FCEPL announced research results of their collaborative project, School Milk Program, which was launched in 2021. By providing milk to 8000+ children in 89 primary schools in Attock and Sheikhupura, School Milk Program generated research-based evidence on the benefits of daily milk consumption on children and highlighted the need to develop a policy for providing milk in schools at a national level to improve the status of nutrition in Pakistan.



#### School Activations

Under its School Activation Program led by Olper's Flavoured Milk, the Company engaged with over 250,000 students to create awareness about nutrition and inculcate healthy habits of milk consumption in children. FCEPL worked with experts and nutritionists to educate people, especially mothers, on the importance of including milk in the diets of school children.

#### Raast School

FCEPL also partnered with Raast School in Karachi to provide milk to over 300 underprivileged children in Qayyumabad. 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 students and staff community. The Company supports this initiative by donating milk on a weekly basis and engaging with the students on the topics of nutrition and sustainability. In 2022, FCEPL also supported the renovation efforts of the Raast School premises.



### Community Investments: School Adoption & Health Center

The School Adoption Program was launched in 2011. Since then, FCEPL has supported 6 schools in the communities surrounding its facilities in Sukkur and Sahiwal. Additionally, FCEPL employees conduct periodic community engagement sessions at the schools on the importance of environment, nutrition, cleanliness, and health. Furthermore, the healthcare center in Sukkur treats thousands of patients every year.



#### Standing With Our Communities in Times of Crisis

In light of the recent floods in Pakistan which displaced over 33 million Pakistanis, FCEPL undertook flood relief efforts to support the affectees in Sindh and Balochistan with food, shelter, and free animal treatment camps. Working closely with the District Administrations and local government authorities, the Company donated 3000+ ration bags, 100 tents, and 11,000+ litres of Olper's milk, serving 15,000+ people and medically treating 12,000+ animals in Sukkur, Khairpur, Nara, Larkana, Dadu, and Sanghar.



FCEPL also partnered with Roshan Pakistan Academy (RPA) for flood relief in Balochistan. The Company donated dairy-based products – Olper's Full Cream Milk Powder equivalent to ~8,000 glasses of milk – to the ration packs being distributed by RPA to the affected areas. Additionally, FCEPL organized a voluntary donation drive inviting employees to generate more funds and scale the impact of relief efforts. Driven by its purpose of Nourishing Pakistan, FCEPL continues to stand with the people of Pakistan.

Additionally, to support the communities in Cholistan during the drought in May 2022, FCEPL refurbished its milk tankers to supply water to the affected areas of Cholistan.

### Global Recognition for Sustainability at FCEPL

FCEPL won the Gold Standard Award 2022 for Corporate Citizenship (CSR and Sustainability) by the Public Relations & Communications Association Asia Pacific (PRCA APAC) in Singapore. The award recognizes FCEPL's Dairy Development Program for integrating sustainability into the dairy value chain and playing a transformative role in Pakistan's dairy sector.



The Company's sustainability, CSR & community outreach interventions contribute to United Nations' SDGs of no poverty, zero hunger, quality education, gender equality, decent work and economic growth, climate action and partnership for the goals.

Staying true to its purpose of transforming the health and well-being of Pakistanis, now and for generations to come, FCEPL remains committed to the highest standards of hygiene, food safety and sustainability to provide safe, affordable, and nourishing dairy products to millions of Pakistanis, everyday.



### Our Human Resource

#### Overview

FrieslandCampina Engro Pakistan aspires to attract, recruit, develop and retain 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, the Company strives to build a working culture that nourishes growth, collaboration, engagement and a winner's mindset. Its 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. FCEPL aims to enable its people to bring their true nature to work and contribute everyday towards our purpose of nourishing by nature.



#### Our Culture, Code and Values

FrieslandCampina Engro Pakistan Ltd. builds on a high performance and inclusive culture. That means people at FCEPL are open, friendly, straightforward, and pragmatic. Our employees are team players that seek collaborations built on trust and respect and embrace the power of differences in order to grow together. Our people are encouraged 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 on an annual basis to share their opinions via a 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 wellbeing and growth and development. In comparison to last year, FCEPL has scored higher in almost all categories covered in the annual survey which demonstrates an engaged and enabled workforce. Based on the latest scores, our people believe they have a good sense of belonging at work and feel no limitations in voicing their opinions and challenging the status quo.

At FCEPL, Compass, our code for good business conduct, is an integral part of our strategy and ways of working. Compass provides guidance to all FrieslandCampina employees to understand their responsibilities, and ensure strong business and professional ethics. As part of our onboarding journey, all new joiners are provided a detailed understanding of our code and values and provided key information to support them in their day-to-day professional lives. They are also required to complete e-learning modules on Compass as part of their onboarding journey. Every year, organization

wide learning sessions are conducted around various aspects of our code of conduct to instill a culture of compliance, ethics and integrity. These sessions are interactive in nature and they encourage dialogues between teams to fully integrate the messages around our code.

#### Diversity and Inclusion

At FCEPL, the company values the impact that diversity brings to the table. FrieslandCampina Engro Pakistan strives to work towards building a culture which inspires people to collaborate and leverage each other's strengths without discrimination or bias. In 2022, our gender diversity ratio positively increased going above and beyond the initial ambitions. In a first-of-its-kind initiative, Sahiwal plant inducted a batch of 20 female apprenticeship trainees to strengthen the commitment to support development of females on the shop floor level, promoting a more balanced workforce ratio at the plants. This program included a detailed onboarding journey to equip the trainees with the necessary skills, capability and knowledge to perform in their roles.



In the Agri business function, our first ever batch of female small farmer dairy development workforce has been onboarded to strengthen our resolve towards developing a more gender balanced working environment in field roles. To further support the D&I agenda, the company has also renewed the maternity leaves to 4.5 months with full pay and provides daycare and nanny assistance allowances. While building a more inclusive culture, company-wide unconscious bias trainings have been conducted to provide context, awareness, and discussion forums for employees to gain a better understanding and develop more ownership on this topic. In addition, FCEPL also takes pride in recognizing and celebrating all forms of religious occasions throughout the year truly enabling our 'power of we' mantra.

#### Recruitment and Onboarding

As Covid-19 dwindled out, our talent acquisition efforts were realigned according to the post-pandemic era. As a result, 2022 was all about "Unleash Your Nature" where we

established our employer brand. Under this transformation, our flagship Management Trainee program was launched, designed to provide fresh graduates the opportunity to accelerate their careers and unleash their true potential. Fifteen exceptionally talented management trainees were onboarded after going through a rigorous application process including 3500+ applicants. In addition, the company leveraged its academia linkages to actively participate in university career fairs and recruitment drives to target fresh graduates and enhance our employer brand. Furthermore, the onboarding process has been revamped to ensure all new joiners go through a comprehensive orientation experience, equipping them with the necessary tools to help them hit the ground running from their very first day, a true testament to our win-win culture across the board.

#### Employee Wellness and Engagement

At FCEPL, Employee wellbeing is of utmost importance in our ways of working. This year, the company placed special focus in prioritizing employee wellness under the banner of 'Nourishing You'. Several webinars were arranged on topics around better nutrition, heart health, healthy habits, stress management, diabetes, breast cancer awareness etc. In addition, opportunities were also created to promote physical wellness by introducing online yoga classes and celebrating nationwide sports days for all employees.

Throughout 2022, FCEPL also created multiple moments of celebratory occasions to connect and engage with our employees such as Women's Day, Independence Day, Mother's/Father's Day, Employee birthday bashes, and indulged them in activities and celebrations like Milk Day, Mango Day and Movie Day. In addition, this year various occasions were also setup for employees and their families to connect, engage and socialize at family galas and musical evenings across the region.

#### Learning and Development

Learning is at the heart of our organization. At FCEPL, the vision is to ensure that employees keep developing and learning because the belief is that 'when you grow, we grow'. The Company strongly believes in the development of our people by providing opportunities that focus on improving their skills, knowledge and capabilities. Various interventions were rolled out to build manager capabilities to help leaders assess and support their team's development. This included a company-wide training program for middle and senior level line managers on continuous dialogues and feedback to support their role in developing a culture that promotes conversations, feedback and employee development. Employees were also educated on building their own personal development plans to help them identify

and focus on areas they wanted to develop upon to achieve their career aspirations. These plans are supported by line managers and relevant 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 employees to leverage as part of their learning plans.



In addition to local opportunities, our talent and high potential employees are nominated for FrieslandCampina's Global Flagship Leadership and Expert programs that are designed to develop leadership and behavioural capabilities in line with the global competency framework to help build future talent pipeline for the organization.

FCEPL also plays a vital role in exporting its talent to other markets within the FrieslandCampina world. Pakistan is known to be one of the biggest exporters of talent working 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 19 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-22
<b>Net Assets as per Audited Financial Statements</b>	<b>722</b>
Breakup of Net Assets	
1 Regular Income Certificates	178
2 Defence Saving Certificates	36
3 Pakistan Investment Bonds	323
4 Shares	174
5 Bank Deposits	10
6 Receivables	16
7 Payables	(15)
<b>Total</b>	<b>722</b>

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, 2022, and the financial statements of these have been audited up to June 30, 2022.

## AUDITORS

The present auditors, M/s A.F. Ferguson & Co. retired and offered themselves for reappointment 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 2022, 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 of 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 Directors' Responsibilities

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the SECP Code of Corporate 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 2022, the Board of Directors held 5 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended					Total
	1	2	3	4	5	
	(7 Feb 2022)	( 20 Apr 2022)	( 24 Aug 2022)	(24 Oct 2022)	(14 Nov 2022)	
Abdul Samad Dawood	✓	✓	✓	✓	✓	5
Ali Ahmed Khan	✓	✓	✓	✓	✓	5
Roeland Francois Van Neerbos	✓	✓	✓	✓	✓	5
Edward Holtzer	✓	✓	✓	x	x	3
Petra Attje Zinkweg	✓	✓	✓	x	✓	4
Abrar Hasan	✓	✓	✓	✓	✓	5
Zouhair Abdul Khaliq	✓	✓	✓	✓	x	4

## Board Composition and Governance

As at December 31, 2022, 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 remuneration of the Executive Directors and members of the management committee. The Head of HR of the Company is the secretary of the Board Compensation Committee. The committee comprises of the following members:

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

## 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 2022. The committee comprises of the following members:

Abrar Hasan	Chairman
Edward Holtzer	Member
Zouhair Abdul Khaliq	Member

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

# FUTURE OUTLOOK

The macroeconomic environment remains challenging for businesses and consumers alike. The Company's profitability will remain adversely impacted by rising inflation, foreign exchange constraints, currency devaluation, higher finance cost and imposition of Super Tax. Moreover, rising natural disasters due to climate change and dynamic consumer needs can affect business 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.

At FrieslandCampina Engro Pakistan Limited, 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. 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 drive business growth through conversion from unsafe loose milk to 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. The Business will also continue to remain committed to improving farmers livelihood with women focused initiatives by empowering women through dairy value chain and helping them become successful dairy entrepreneurs.

The business will continue to invest behind brand equity and expand its profit accretive portfolio to leverage margins. 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, everyday.



Abdul Samad Dawood  
Chairman



Ali Ahmed Khan  
Chief Executive Officer



# NOURISHING MORNINGS FOR MILLIONS OF PAKISTANIS

We believe that nourished mornings build the foundation for a healthy community. Through our promise to unlock the goodness of milk from grass to glass, we aim to provide safe and nutritious milk to millions every day – nourishing Pakistan now and for generations to come.



# OUR BRANDS





A family of three (mother, daughter, and son) is shown in a circular frame, smiling and enjoying a breakfast meal. The son is wearing a red 'CAPTAIN' cap and drinking from a glass of milk. The mother is holding a bowl of fruit. The daughter is also smiling. In the foreground, there is a red carton of OLPER'S FULL CREAM MILK, a glass of milk, a bowl of fruit, and a cup of tea. A circular logo on the left says '100% PURE GOODNESS'.

**Banao Har Subha  
OLPER'S Happy Subha**

## OLPER'S FULL CREAM MILK

### Happy Subha Campaign

OLPER'S launched its 'Happy Subha' thematic campaign in January 2022, which continued to drive ownership of morning occasion while consistently building upon Nutrition & Purity credentials.

The TVC showcased the role of a mother by showing her as an enabler of her family's 'Happy Subha' as she turns a dull morning into a happy morning for her family through the help of OLPER'S and a nutritious breakfast. The campaign was launched on all relevant consumer touchpoints resulting in remarkable results for the brand in 2022 with OLPER'S becoming the leading dairy equity brand in Pakistan.







**Ab Performance Mein  
Koi Break Na Ho**

## OLPER'S FLAVOURED MILK

### No Break in School Performance Campaign

2022 was an exciting year for OLPER'S Flavoured Milk, with the launch of our new campaign 'No Break in School Performance', establishing itself as a beverage that delivers nutrition in school breaks.

The new campaign helps establish the need for nutrition in school lunch breaks, presenting OLPER'S Flavoured Milk as a drink that delivers the energy and nutrients (i.e. Protein, Calcium, Vitamins) for children at school, which helps them perform their best. Its catchy jingle delivers the message in a fun and engaging style while 'Ab Performance Mein Koi Break Na Ho' tagline encapsulates the brand promise.

The campaign's launch was aligned with the back-to-school season, targeting consumers through key touchpoints: TV, Digital, PR, Influencer Marketing & School Activations. OLPER'S Flavoured Milk has also introduced convenient 110ml x 6 Weekly School Bundle Pack to fulfill the requirement for the target occasion.







**1 GLASS\***  
↓  
**1 SLICE**

**NEW**

**OLPER'S  
CHEESE**

**Breakfast  
Ki Jaan**

\*1 slice of cheese (20g) is produced from 1 glass of milk (~200ml).

## OLPER'S CHEESE

### Breakfast Ki Jaan Campaign

Olper's Cheese was launched in Karachi and Lahore as a pilot in approximately 200 stores in H1 2022. The launch campaign built association of Olper's Cheese with breakfast nutrition highlighting that 1 slice of cheese (~20g) is produced from 1 glass of milk (~200ml).

In H2 2022 Olper's Cheese distribution was expanded to top stores across Karachi, Lahore and Islamabad and the expansion was supported with Digital, Radio and Out of Home campaigns in KLI. The launch has been highly successful, and Olper's Cheese has now become a strong favorite amongst consumers seeking high quality nutritious and tasty Cheese and is growing in distribution and volumes every month.





## OLPER'S DAIRY CREAM

### Goodness Barh Jaye Campaign

Olper's Cream launched its new campaign in Q1 2022 focusing on dairy goodness which it brings to a variety of occasions. The campaign was launched on all relevant consumer touchpoints including TV, Digital and Radio and product integration was done on various food channels on TV and Digital. The campaign received a positive response from consumers which has also reflected in sales growth.





## OLPER'S UHT MILK

OLPER'S milk was launched in 2006 and has grown over the years to become the leading brand in the UHT milk category. This success has been achieved over the years by staying true to our philosophy of providing high quality nutritious milk to our consumers.

Our promise of 'Grass to Glass' ensures that the milk collected is free of preservatives, UHT treated, and goes through 28 stringent quality tests so that our consumers get nutritious milk that is safe and healthy. OLPER'S is the leading dairy equity brand in Pakistan where mothers use it for all-purposes such as neat drinking, in making tea and preparing delicious desserts.



## OLPER'S FLAVOURED MILK

OLPER'S Flavoured Milk was launched in 2020 as a nutritious and tasty drink for children and is now available in three delicious flavours of Chocolate, Strawberry and Badam Zafran.

In 2022, OLPER'S Flavoured Milk launched a new campaign 'No Break in School Performance' based on the consumer insight that children need to fulfil their nutritional requirements in school lunch breaks to help them perform their best. OLPER'S also introduced a 110ml x 6 'Weekly School Bundle Pack' as an appropriate solution to School Lunch Breaks. The new campaign has generated a lot of interest and excitement in the category, establishing Flavoured Milk as a drink of choice as part of the school lunch box to fulfil children's nutritional requirements at school.

OLPER'S Flavoured Milk has already made a mark in the category with its promise of nutrition and great taste. It has become a favourite amongst children and mothers who seek balanced nutrition for their children.

## OLPER'S CREAM



OLPER'S Cream is deliciously thick and creamy with 100% pure goodness of milk. It is the perfect all-purpose cream whether used as a spread or dip for breakfast, as an ingredient for cooking savory or sweet dishes or as a whipping cream for desserts. It is available in two SKU sizes: 200ml and 125ml.

## OLPER'S FCMP

OLPER'S Full Cream Milk Powder is made from 100% natural cow & buffalo milk and is a high source of Protein, Calcium, Vitamin A & B2. It provides all the delicious goodness and versatility of milk since it is great for drinking, making tea, making desserts and all other dairy applications. It is available in two SKU sizes: 800gm and 390gm.



## OLPER'S CHEESE

Breakfast is a key consumption occasion for Pakistanis seeking nutritious and tasty food options to kick start their day. Olper's Cheese was launched in 2022 as the perfect solution to address this need since it brings the nutrition of Olper's Milk in every slice. Currently, it is available in three variants; Cheddar Cheese slices (200g), Cheddar Cheese block (200g) and Mozzarella Cheese block (200g).



## OLPER'S TARRKA DESI GHEE

Since 2007, OLPER's Tarrka has been adding a luxurious taste to consumers' dishes. Olper's Tarrka is a premium desi ghee known for its distinct taste and utmost richness. Everyday meals turn into a treat when cooked in the richness of Tarrka.



## OLPER'S PROCAL+

OLPER'S Procal+ is high in both Protein & Calcium with less than 1% fat. Protein and Calcium together support the growth and maintenance of muscles and bones, helping to keep you and your family strong and active. Two servings of OLPER'S Procal+ provide for 27% of daily Protein and 80% of daily Calcium needs.



## TARANG

A cup of tea is an invitation to unwind. A cup of tea made with Tarang is to pour energy back into you and provide 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.



## DAIRY OMUNG

Dairy Omung is a brand targeted towards the economy segment of Pakistani households in their pursuit for an unadulterated and hygienic milk for their families.

Dairy Omung is affordable low-fat UHT milk which is used by consumers in neat drinking, tea-creaming and a range of dessert-making.







Over the years, frozen desserts have become an important part of the Pakistani household's snacking occasion. Whether people want a quick refreshing treat in summer, or a filling snack to indulge in, OMORÉ provides novel experiences to suit everyone's desires.

**With our portfolio of creamy flavourful treats in multiple formats such as cups, sticks, cones, & family packs, OMORÉ has something for everyone!**

Desserts and snacks specific categories have been growing over the past few years. The frozen dessert category has also benefited from increased consumption.

## Season Opening Campaign

The frozen dessert category is seasonal. It often loses relevance with consumers during winters. As the mercury begins to rise at the end of Q1, consumers start to return to the freezer. To accelerate the footfall to the freezer and create excitement, we launched a Season Opening Campaign.

Across the world consumers welcome Summers. And while the world smiles when the sun is out in all its glory, Pakistanis complain endlessly. Pakistanis hate Summers – the load-shedding, the exorbitant cost of electricity, but most importantly the unbearable heat, make summers a bitter experience for Pakistanis. We wanted them to feel differently about Summers and we were determined to celebrate it with them across innumerable bite sized fun OMORÉ moments that are an antidote to the primary culprit: the heat, the unbearable relentless garmi!

Our effort began with the TVC airing of the beloved OMORÉ Signature Thematic Campaign. The campaign cleverly weaves the brand promise with the distinctive assets of OMORÉ set against the backdrop of Summer Blockbuster Excitement.

To truly activate the relationship between OMORÉ & Summers, we embarked on a journey to engage with consumers through activation complimented by digital presence. We partnered with several influencers across the genres of lifestyle, fashion, food, motherhood to trigger the conversation regarding the antidote to heat that helps reinstate the WOW in Summers. Once the message began to penetrate, we planned trial of our Hero SKUs with consumers during peak summer hours. We went to schools, because we knew our young audience needed to hear from us. We went to food streets and petrol pumps capitalizing on the desire to be entertained while waiting for food and refuel respectively. To culminate this effort, we crafted a celebration with our owned media (trike), we went to public places to add excitement to a family outing when heat was at play.

Owning summers, the most relevant occasion for the category, enabled OMORÉ to carve out a space for itself that is distinctive and scalable with a strong association to the brand and increased the equity of the OMORÉ mother brand (+1400 BPS increase in spontaneous awareness Q3 '22 vs Same Period Last Year).

# INNOVATIONS OF THE YEAR



## Double Choco Chips Cone

This innovation became a runaway success for OMORÉ as it addressed a consumer pain point of rising inflation. The cone offered the ever-green combination of double chocolate with creamy chocolate chips as a topping. This was the first time that such a cone was offered at an accessible price point therefore it became an instant favourite for kids as well as young adults.

## Shahi Mango Brick

This flavour was launched in 2021 in the tubs format and became an overnight success due to the indulgence it offered in a flavour that is beloved and indigenous to Pakistan. In 2022, we introduced the brick pack to cater to our price conscious multi-serve consumers. Luscious Mango and Crunchy Almonds have proved to be a mouth-watering combination enabling several Pakistanis to share a dessert post dinner and at family gatherings.



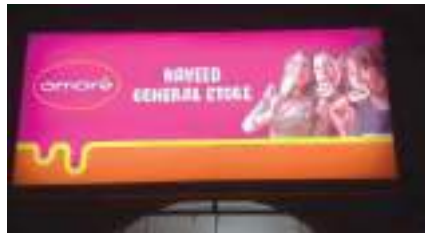
## Crunch Kulfa Tub

Eid is a beloved family festival that is celebrated across Pakistan with zeal and excitement. OMORÉ knows that the consumers are anticipating this celebration. OMORÉ Crunch Kulfa Tub was the perfect innovation this Eid. The flavour was announced for consumer purchase and trial through a TVC copy with an interesting theme that also helped educate the consumer regarding the other flavours in the 750ml range.

# FROZEN DESSERT SALES HIGHLIGHTS

## RECORD BREAKING SEASON

The team opened this year's season, emphasizing on creating excitement and buzz in the market on each festive occasion. Our speed to market and clutter breaking visibility remained our key pillars of success and we managed to deliver a record-breaking performance, breaking all previous volume and value records. Our Double Choco Chip Cone was a resounding success with the consumer and in the market, driven by our execution capabilities and visibility, the innovation proved to be a great value proposition for the shopper.



### FOCUSING ON THE SHOPPER

Phase 2 of the Perfect Store Program was launched this year where we increased its scope and expanded into more cities. The program delivered exceptional returns by ensuring best in class execution and gave us a competitive edge in the market.



# DAIRY SALES HIGHLIGHTS

## VALUE ADDED BIG WINS

One of the topmost priorities for dairy sales in 2022, was to ensure that value added brands are driven in a way that they play a pivotal role in spurring profitable growth. To achieve this, several physical availability initiatives were employed including best in class visibility for flavoured milk, Olper's Cheese, Tarrka and Olper's Cream along with deployment of Brand Ambassadors for Olper's Cheese, Ramadan event participation and partnering with E-Commerce Platforms.

Dairy business was successful in achieving record growth on both gross profit and NSR in 2022 largely because of revenue growth initiatives such as Mix Management, Win-Win trade terms and effective promotions.



### Launch of Olper's Cheese

2022 saw us entering the cheese category with the successful launch of Olper's Cheese. With the aim of becoming 'Breakfast ki Jaan', Olper's Cheese was launched in Karachi and Lahore this March, with the addition of Islamabad in October. Consistent efforts have thus far been put in by both management and on ground sales team to establish Olper's Cheese place in the market including swift induction of retail outlets, placing dedicated Brand Ambassadors, deployment of visibility units and listing on E-commerce platforms. Despite being in its first year Olper's Cheese is continuously on the rise.





### Flavoured Milk Big Wins

The third year for Flavoured Milk was quite eventful, where the brand captured a growth of 25% versus last year. The brand also saw the addition of two new School Pack SKUs to further fuel this growth.



### Olper's Big Wins

Despite market leadership, the dairy sales team continued to leverage whitespaces in the market to catalyze double-digit growth this year. Olper's UHT achieved the highest ever productivities, and the highest ever Net Sales Revenue.



### Breakfast Stations

This year, the breakfast stations were taken up a notch, through the activation of five breathtaking spots in the Northern spectrum of Pakistan. The team capitalized upon the high tourist influx in the areas of Hunza, Skardu, Nathia Gali, Malam Jabba and Naran to serve nutritious meals to the tourists.



### E-commerce Journey

Dairy Sales continued to build on the positive momentum of this channel to advance onto greater heights this year. Despite the downturn in the venture capital funds and unrestrained inflation, the channel continued to prosper on the premise of Joint Business Planning and Brand Building activities with E-tailers.



### Channel Academy

The Channel Academy was conducted with the same zeal as of last year, with additional modules and engagement activities to develop future commercial leaders from amongst the field force. The Channel Academy continues to develop a commercial sense of channels and distinctive shopper missions to help the team unlock pockets of growth across all channels.



### ACE Academy – Field Sales

The ACE Academy Field Sales is an online learning platform developed primarily for the field sales personnel to develop their competencies in line with the ways of working at FCEPL. Its pilot was launched at 5 Distributions nationally in the month of June 2022 with an aspiration of expanding it nationally in the months to come. Our People are Our Responsibility!



### Sustainability and Preserving the Environment

As a team, we have ensured that each action we take at the workplace or at home is such that it falls in line with sustainable practices. Dairy sales celebrated the Global Environment Day on the 5th of June across the nation with the theme of 'Only One Earth'. Under this theme different activities like tree plantation, switching off unnecessary lights to promote electricity conservation and sustainability took place to encourage awareness and action.









DRIVING SOCIAL  
**PROGRESS**  
BY EMPOWERING  
**WOMEN**

Through trainings and capability-building initiatives, we hope to help rural women become financially independent and improve standards of living for themselves, their families as well as their communities.

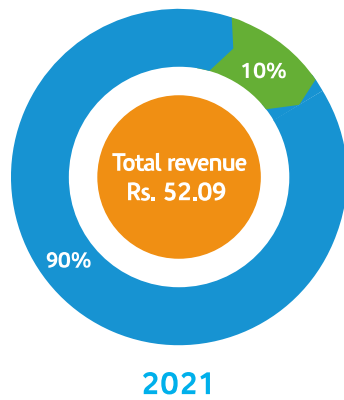
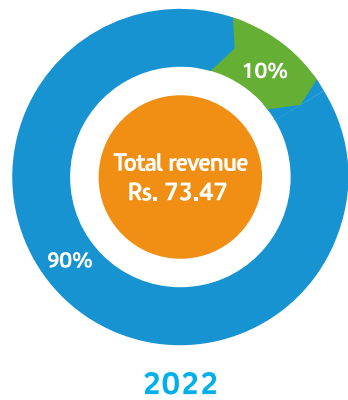


# FINANCIAL REVIEW

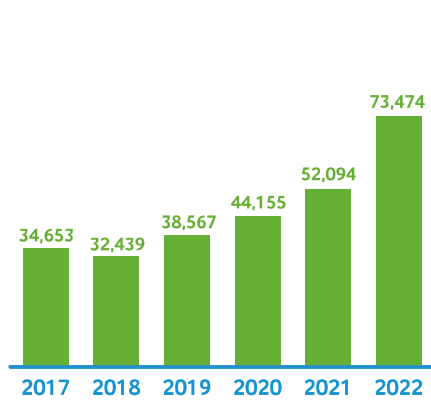
## FINANCIAL REVIEW

Business Revenue (Rs. in billions)  
% Segment Share

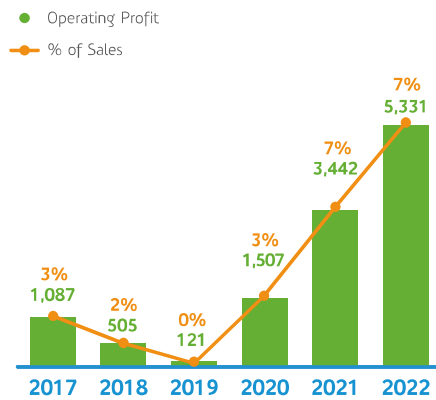
- Dairy based products
- Frozen desserts



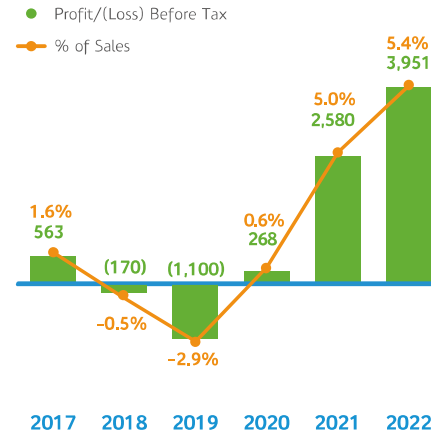
Sales  
(Rs. In Million)



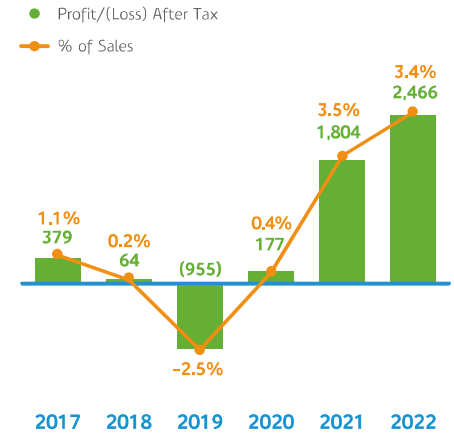
Operating Profit & % of Sales  
(Rs. in million)



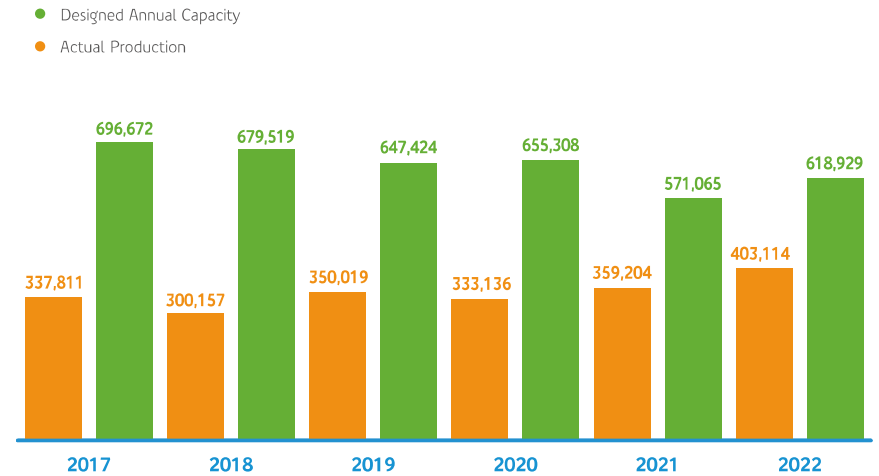
Profit/(Loss) Before Tax (Rs. in millions)



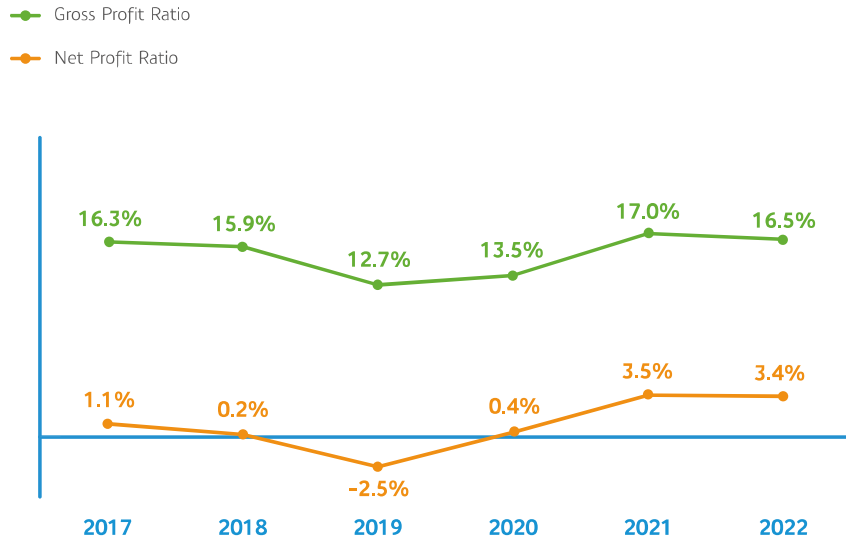
Profit/(Loss) After Tax (Rs. in millions)



Actual Production vs.  
Designed Annual Capacity ('000 litres)



## Profitability Ratios:



## STATEMENT OF VALUE ADDITION & DISTRIBUTION

WEALTH GENERATED	2022	%	2021	%
	Rs. in millions		Rs. in millions	
Total Revenue inclusive of sales-tax and other income	77,551		55,025	
Bought-in material and services	(62,142)		(41,000)	
	<b>15,409</b>		<b>14,025</b>	
WEALTH DISTRIBUTED				
<b>To employees</b>				
Salaries, benefits and other costs	3,971	25.77%	3,376	24.07%
<b>To Government</b>				
Taxes, duties and development surcharge	5,803	37.66%	5,666	40.40%
<b>To Society</b>				
Donations towards education, health, environment and natural disaster	32	0.21%	20	0.14%
<b>To Providers of Capital</b>				
Mark up/interest expense on borrowed money	1,380	8.95%	861	6.14%
Retained for reinvestment and future growth, depreciation, amortization and retained profit	4,223	27.41%	4,102	29.25%
	<b>15,409</b>		<b>14,025</b>	

## FINANCIAL SUMMARY

### Description

2022	2021	2020	2019	2018	2017
Rupees in million					

### Statement of Financial Position

Share capital	7,666	7,666	7,666	7,666	7,666
Share premium	865	865	865	865	865
Employee compensation reserve	1	43	100	116	218
Remeasurement of post employment benefits - Remeasurement loss	(274)	(171)	(146)	(132)	(81)
Unappropriated profit / (loss)	4,431	1,924	62	(130)	730
Shareholders' funds / Equity	12,690	10,327	8,548	8,385	9,341
Long term borrowings	750	2,200	4,663	3,200	4,000
Capital employed	13,440	12,527	13,211	11,585	13,341
Property, plant & equipment	9,858	9,513	10,448	10,913	11,819
Long term advances and deposits	129	61	44	59	71
					84

### Statement of Profit or Loss

Revenue from contracts with customer - net	73,474	52,094	44,155	38,567	32,439
Gross profit	12,108	8,837	5,953	4,880	5,154
Operating profit	5,331	3,442	1,507	121	505
Profit / (loss) before tax	3,951	2,580	268	(1,100)	(170)
Profit / (loss) after tax	2,466	1,804	177	(955)	64
					379

### Statement of Cash Flows

Net cash flow from operating activities	6,223	3,683	1,934	1,522	1,231
Net cash flow from investing activities	(1,445)	(884)	(1,316)	(838)	(1,113)
Net cash flow from financing activities	(2,836)	(1,486)	1,703	(458)	(958)
Changes in cash & cash equivalents	1,941	1,313	2,321	226	(840)
Cash & cash equivalents - Year end	3,825	1,883	570	(1,750)	(1,136)

### Others

Market capitalisation	50,392	64,988	63,101	60,823	61,145
Number of shares issued	767	767	767	767	767

### Quantitative Data

#### Designed Annual Capacity

Dairy based products	581,509	533,645	617,888	610,004	642,540
Frozen Desserts	37,420	37,420	37,420	37,420	36,979
					34,156

#### Actual Production

Dairy based products	373,722	334,986	314,979	328,627	281,903
Frozen Desserts	29,392	24,218	18,157	21,392	18,254
					17,467



## FINANCIAL PERFORMANCE INDICATORS

### RATIOS

#### Profitability Ratios:

	2022	2021	2020	2019	2018	2017
Gross profit ratio	16.5%	17.0%	13.5%	12.7%	15.9%	16.3%
Net profit / (loss) to sales	3.4%	3.5%	0.4%	-2.5%	0.2%	1.1%
EBITDA margin to sales	9.6%	11.0%	8.6%	6.3%	7.7%	8.7%
Return on equity	19.4%	17.5%	2.1%	-11.4%	0.7%	3.9%
Return on capital employed	18.5%	13.7%	1.4%	-7.5%	0.5%	2.4%
Operating leverage ratio	1.34	7.14	78.87	(4.02)	8.38	3.42

#### Liquidity Ratios:

Current ratio	1.0	1.1	1.1	0.9	1.1	1.2
Quick / acid test ratio	0.7	0.7	0.6	0.5	0.7	0.7
Cash to current liabilities	0.1	0.0	0.1	0.0	0.0	0.0
Cash flow from operations to sales	0.1	0.1	0.0	0.0	0.0	0.1

#### Activity / Turnover Ratios:

No. of days inventory	36.4	34.6	34.7	36.5	37.9	40.3
No. of days receivables	8.0	7.4	7.1	6.2	3.2	1.3
No. of days payables	97.9	96.1	98.6	100.8	98.8	73.8
Operating cycle	(53.6)	(54.1)	(56.8)	(58.0)	(57.7)	(32.2)
Inventory turnover	10.0	10.5	10.5	10.0	9.6	9.1
Debtors turnover	45.8	49.5	51.4	58.6	113.6	288.4
Creditors turnover	3.7	3.8	3.7	3.6	3.7	4.9
Total assets turnover ratio / fixed assets turnover ratio	2.1	1.9	1.9	1.6	1.4	1.6

#### Investment / Market Ratios:

Earnings per share (EPS) – basic & diluted	3.22	2.35	0.23	(1.25)	0.08	0.49
Price earnings ratio	20.40	36.06	357.70	(63.44)	996.50	165.71
Cash dividend per share (Rs.)	–	–	–	–	–	0.40
Market value per share at the end of the year	65.70	84.73	82.27	79.30	79.72	81.20
Highest market value during the year	93.52	124.24	95.32	91.49	107.34	211.00
Lowest market value during the year	63.21	76.27	43.20	42.10	69.00	69.00
Breakup value per share	16.55	13.47	11.15	10.94	12.19	12.68

#### Capital Structure Ratios:

Long-term debt to equity	8.6%	19.2%	37.1%	30.1%	30.0%	29.8%
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## 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	35,447
4. Public sector companies and corporations	–
5. Banks, Development Financial Institutions, Non-Banking Financial Institutions	4,013,711
6. Insurance Companies	3,000
7. Modarabas and Mutual Funds	

Shareholder's Category	No. of shares held
Name	Holding
Trust Modaraba	5,000
B.F. Modaraba	10,000
CDC – Trustee AKD Index Tracker Fund	19,724
B.R.R. Guardian Modaraba	19,308
CDC – Trustee NIT-Equity Market Opportunity Fund	54,900
CDC – Trustee National Investment (Unit) Trust	34,400
Total	143,332

### 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. There were no purchase/sale of shares by Directors, Executives\* and their spouse(s) / minor children during 2022.

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

## PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2022

No. of Shareholders	No. of Shareholdings From	No. of Shareholdings To	Total Shares
767	1	100	36,609
2,980	101	500	1,365,654
1,203	501	1,000	1,139,870
1,375	1,001	5,000	3,745,633
341	5,001	10,000	2,693,155
115	10,001	15,000	1,499,520
77	15,001	20,000	1,404,122
55	20,001	25,000	1,309,891
37	25,001	30,000	1,023,095
35	30,001	35,000	1,150,932
26	35,001	40,000	988,828
11	40,001	45,000	474,359
27	45,001	50,000	1,324,020
8	50,001	55,000	422,908
4	55,001	60,000	228,151
7	60,001	65,000	438,521
12	65,001	70,000	817,793
6	70,001	75,000	432,739
4	75,001	80,000	316,000
5	80,001	85,000	417,100
5	85,001	90,000	440,410
5	90,001	95,000	470,188
8	95,001	100,000	797,000
1	100,001	105,000	105,000
1	105,001	110,000	108,000
2	110,001	115,000	223,602
3	115,001	120,000	357,047
4	120,001	125,000	493,828
1	125,001	130,000	130,000
1	135,001	140,000	140,000
3	140,001	145,000	428,500
4	145,001	150,000	596,000
3	150,001	155,000	458,000
1	155,001	160,000	160,000
2	160,001	165,000	322,588
3	165,001	170,000	503,480
2	170,001	175,000	349,000
2	175,001	180,000	356,984
7,192			766,596,075

## CATEGORIES OF SHAREHOLDING

AS AT DECEMBER 31, 2022

Shareholders' Category	No. of Shareholders	No. of Shares	Percentage of Holding
Directors, Chief Executive Officer, and their spouse(s) and minor children.	5	16,002	0.00
Associated companies, undertakings and related parties.	3	697,039,946	90.93
Banks, Development Financial Institutions, Non-Banking Financial Institutions.	2	4,013,711	0.52
Insurance Companies	1	3,000	0.00
Modarabas and Mutual Funds	6	143,332	0.02
Shareholders holding 10% or more shares	2	697,039,446	90.93
General Public (Individuals)			
a. Local b. Foreign	7,017	44,307,886	5.78
Others	158	19,872,046	2.75
			100%

## SHAREHOLDERS' INFORMATION

### Annual General Meeting

The annual shareholders meeting will be held at 03:00 p.m. on April 18, 2023 at Karachi.

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

Shareholders as of April 11, 2023 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, 2022 there were 7,192, 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 2023 are:

1st quarter: April 18, 2023

2nd quarter: August 11, 2023

3rd quarter: October 16, 2023

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

INSPIRING EVERY  
**INDIVIDUAL**  
TO BRING OUT  
**THEIR BEST**

By encouraging each individual to leverage their strengths, we strive to build a diverse and inclusive working culture that nourishes growth, collaboration, engagement and a winner's mindset.





# FINANCIAL STATEMENTS





A.F. FERGUSON & CO.

## 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 Friesland Campina Engro Pakistan Limited for the year ended December 31, 2022 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, 2022.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: March 06<sup>th</sup>, 2023

UDIN: CR202210069fhdZJWwTu

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  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended December 31, 2022

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

- The total number of directors are seven (7) as per the following:
  - Male: Six (6)
  - Female: One (1)

- The composition of Board is as follows:

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

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. 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;
- 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;
- 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;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- No director attended the Directors' Training program during the year. However, three directors have already completed the Directors' Training program in prior years;
- There was no fresh appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year ended December 31, 2022. 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;
- 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
AbRAR Hasan (Chairman)	Zouhair Abdul Khaliq (Chairman)
Zouhair Abdul Khaliq	Petra Attje Zinkweg
Edward Holtzer	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:
- Audit Committee: Four quarterly meetings during the financial year ended December 31, 2022;
  - Human Resource and Remuneration Committee: one meeting during the financial year ended December 31, 2022;
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 08<sup>th</sup>, 2023



A.F. FERGUSON & Co.

## 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, 2022, 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, 2022 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)	<p><b>Valuation of dairy livestock</b></p> <p>[Refer notes 2.3, 3(c) and 5 to the financial statements]</p> <p>As at December 31, 2022, the fair value of the Company's biological assets – dairy livestock amounts to Rs. 2,167,920 thousand.</p> <p>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 the Company's dairy livestock.</p> <p>Due to the level of judgment involved in determining fair values of dairy livestock, we considered this a key audit matter.</p>	<ul style="list-style-type: none"> <li>Our audit procedures amongst others, included the following:</li> <li>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;</li> <li>assessed management expert's report including the process and methodology of valuation in the light of our knowledge of the business;</li> <li>checked source data of dairy livestock provided by the Company's management to the external expert on a sample basis; and</li> <li>assessed the adequacy of related disclosures made in the financial statements with respect to the applicable accounting and reporting standards.</li> </ul>

### 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 06<sup>th</sup>, 2023

UDIN: AR202210069dh1QIAXtD

**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, 2022

(Amounts in thousand)

	Note	2022	2021
		-----Rupees-----	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	9,857,619	9,512,746
Biological assets	5	2,167,920	1,533,562
Intangibles	6	29,622	53,876
Right-of-use assets	7	729,465	521,898
Deferred tax asset - net	8	-	184,917
Long term deposits		129,489	60,688
		12,914,115	11,867,687
<b>Current Assets</b>			
Stores, spares and loose tools	9	413,963	369,152
Stock-in-trade	10	7,566,388	4,664,820
Trade debts	11	1,902,141	1,305,122
Advances, deposits and prepayments	12	656,501	538,795
Accrued mark-up / interest		25,767	21,264
Other receivables	13	355,747	185,040
Sales tax recoverable	14	4,891,189	2,764,518
Taxes recoverable		2,196,246	3,075,529
Short term investments	15	2,000,000	2,000,000
Cash and bank balances	16	1,824,554	346,185
		21,832,496	15,270,425
<b>TOTAL ASSETS</b>		<b>34,746,611</b>	<b>27,138,112</b>

(Amounts in thousand)

	Note	2022	2021
		-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	7,665,961	7,665,961
Share premium	18	865,354	865,354
Employee share option compensation reserve	19	1,267	43,093
Remeasurement of post employment benefits - Remeasurement loss		(274,156)	(170,910)
Unappropriated profit		4,431,245	1,923,746
		12,689,671	10,327,244
<b>Non-Current Liabilities</b>			
Long term:			
- finances	20	750,000	2,200,000
- lease liability against right-of-use assets	21	437,691	248,015
Deferred tax liability - net	8	41,597	-
		1,229,288	2,448,015
<b>Current Liabilities</b>			
Current portion of long term:			
- finances	20	1,569,643	2,582,647
- lease liability against right-of-use assets	21	268,338	285,090
- other payables		-	15,567
Trade and other payables	22	17,916,403	10,710,082
Contract liabilities	23	765,448	103,725
Unclaimed dividend		6,882	6,943
Accrued interest / mark-up on:			
- long term finances		72,287	81,285
- short term finances		228,651	114,507
Short term finances	24	-	463,007
		20,827,652	14,362,853
		22,056,940	16,810,868
Contingencies and Commitments	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>34,746,611</b>	<b>27,138,112</b>

The annexed notes 1 to 50 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 PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2022

[Amounts in thousand except for earnings per share]

	Note	2022	2021
		-----Rupees-----	
Revenue from contracts with customers - net	26	73,473,687	52,094,197
Cost of sales	27	(61,365,299)	(43,256,759)
<b>Gross profit</b>		12,108,388	8,837,438
Distribution and marketing expenses	28	(5,934,021)	(4,553,982)
Administrative expenses	29	(1,718,343)	(1,322,508)
Other operating expenses	30	(446,721)	(314,934)
Other income	31	1,321,478	795,749
<b>Operating profit</b>		5,330,781	3,441,763
Finance cost	32	(1,379,787)	(861,374)
<b>Profit before taxation</b>		3,950,994	2,580,389
Taxation	33	(1,485,321)	(776,311)
<b>Profit for the year</b>		2,465,673	1,804,078
<b>Earnings per share - basic and diluted</b>	34	3.22	2.35

The annexed notes 1 to 50 form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

	Note	2022	2021
		-----Rupees-----	
<b>Profit for the year</b>		2,465,673	1,804,078
<b>Other comprehensive loss:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement loss on post employment benefits obligation	37.6	(120,756)	(34,476)
Less: Income tax relating to remeasurement loss		17,510	9,998
Other comprehensive loss for the year, net of tax		(103,246)	(24,478)
<b>Total comprehensive income for the year</b>		2,362,427	1,779,600

The annexed notes 1 to 50 form an integral part of these financial statements.



Abdul Samad Dawood  
Chairman



Ali Ahmed Khan  
Chief Executive Officer



Imran Husain  
Chief Financial Officer



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, 2022

(Amounts in thousand)

	Share capital	RESERVES				Total
		CAPITAL		REVENUE		
		Share premium (note 18)	Employee share option compensation reserve (note 19)	Remeasurement of post employment benefits	Unappropriated profit	
-----Rupees-----						
Balance as at 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 / January 1, 2022	7,665,961	865,354	43,093	(170,910)	1,923,746	10,327,244
Transfer of employee share option compensation reserve to unappropriated profit	-	-	(41,826)	-	41,826	-
Profit for the year	-	-	-	-	2,465,673	2,465,673
Other comprehensive loss for the year	-	-	-	(103,246)	-	(103,246)
Total comprehensive income / (loss) for the year	-	-	-	(103,246)	2,465,673	2,362,427
Balance as at December 31, 2022	7,665,961	865,354	1,267	(274,156)	4,431,245	12,689,671

The annexed notes 1 to 50 form an integral part of these financial statements.

Abdul Samad Dawood  
Chairman

Ali Ahmed Khan  
Chief Executive Officer

Imran Husain  
Chief Financial Officer

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, 2022

(Amounts in thousand)

	Note	2022	2021
		----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	7,941,631	5,174,765
Finance costs paid		(1,186,782)	(736,390)
Taxes paid		(362,013)	(644,118)
Contribution to retirement benefits fund	37.8	(100,900)	(94,800)
Long term advances and deposits - net		(68,801)	(16,907)
<b>Net cash generated from operating activities</b>		6,223,135	3,682,550
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of:			
- property, plant and equipment	4.5	(1,763,033)	(1,131,048)
- intangibles	4.5	(15,459)	(15,850)
Proceeds from disposal of:			
- property, plant and equipment	4.4	93,218	169,427
- biological assets		180,592	93,560
Income received on short term investments		59,223	-
<b>Net cash utilized in investing activities</b>		(1,445,459)	(883,911)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term finances	20.2	(2,478,571)	(1,158,928)
Dividend paid		(61)	(1,564)
Repayment of lease liability against right-of-use assets		(357,668)	(325,431)
<b>Net cash utilized in financing activities</b>		(2,836,300)	(1,485,923)
<b>Net increase in cash and cash equivalents</b>		1,941,376	1,312,716
Cash and cash equivalents at beginning of the year		1,883,178	570,462
<b>Cash and cash equivalents at end of the year</b>	36	3,824,554	1,883,178

The annexed notes 1 to 50 form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

(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) on April 26, 2005, 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 Harbour 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 Pakpattan Bypass 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 based products 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 financial 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**

(Amounts in thousand)

There are certain amendments to the accounting and reporting standards that became effective during the year ended December 31, 2022, 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**

The new standards and amendments to the accounting and reporting standards that are not yet effective, are not expected to have a significant impact on the Company's financial reporting and operations 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.

#### (Amounts in thousand)

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.

#### (Amounts in thousand)

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.

(Amounts in thousand)

## 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.

(Amounts in thousand)

## 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.

(Amounts in thousand)

## 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.

(Amounts in thousand)

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. 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 the 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 using 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.



(Amounts in thousand)

### 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.

(Amounts in thousand)

#### d) Stock-in-trade

The Company regularly reviews the net realizable value of stock-in-trade to assess 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.

#### 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

	2022	2021
	-----Rupees-----	
Operating assets (note 4.1)	9,053,759	8,727,531
Capital work-in-progress (note 4.5)	605,888	632,323
Major spare parts and stand-by equipment (note 9)	197,972	152,892
	<u>9,857,619</u>	<u>9,512,746</u>

(Amounts in thousand)

#### 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) Owned	Computer equipment (note 4.2)	Office equipment and furniture & fittings	Vehicles (note 4.2) Owned	Total
----- Rupees -----							
<b>As at January 1, 2021</b>							
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
<b>Year ended December 31, 2021</b>							
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, 27, 28 and 29)	-	-	(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
<b>Annual rate of depreciation (%)</b>	-	5 to 33.3	8.33 to 25	20 to 33.3	20	25	
<b>As at December 31, 2021</b>							
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
<b>Year ended December 31, 2022</b>							
Opening net book value	416,136	2,230,421	5,317,112	88,580	81,343	593,939	8,727,531
Additions, including transfers (note 4.5)	-	90,943	1,335,977	130,804	73,042	171,167	1,801,933
Disposals (note 4.4)							
Cost	-	-	(98,965)	(95,183)	(11,235)	(132,101)	(337,484)
Accumulated depreciation	-	-	93,786	94,864	11,051	94,516	294,217
Accumulated impairment	-	-	-	-	-	-	-
	-	-	(5,179)	(319)	(184)	(37,585)	(43,267)
Depreciation (note 4.3)	-	(174,191)	(971,945)	(51,505)	(28,821)	(192,430)	(1,418,892)
Impairment charge / (reversal) (notes 4.6, 27, 28 and 29)	-	(739)	(10,383)	(1,657)	(823)	56	(13,546)
Write-off							
Cost	-	-	(14,029)	-	-	-	(14,029)
Accumulated depreciation	-	-	9,364	-	-	-	9,364
Accumulated impairment	-	-	4,665	-	-	-	4,665
Closing net book value	416,136	2,146,434	5,665,582	165,903	124,557	535,147	9,053,759
<b>As at December 31, 2022</b>							
Cost	416,136	4,593,983	20,487,534	474,625	433,498	1,204,903	27,610,679
Accumulated depreciation	-	(2,446,004)	(14,606,000)	(308,651)	(304,033)	(670,709)	(18,335,397)
Accumulated impairment	-	(1,545)	(215,952)	(71)	(4,908)	953	(221,523)
Net book value	416,136	2,146,434	5,665,582	165,903	124,557	535,147	9,053,759
<b>Annual rate of depreciation (%)</b>	-	5 to 33.3	8.33 to 33.3	20 to 33.3	10 to 33.3	25	

(Amounts in thousand)

- 4.1.1** During the year, the Company re-assessed useful lives of certain classes of its operating assets as at January 01, 2022. For this purpose, the Company engaged an independent expert / valuer and, based on the assessment carried out by the expert, has increased the useful lives of these operating assets from 3 to 10 years. This change in the accounting estimate of useful lives has resulted in reduction in depreciation charge for the year by Rs. 487,481 and resultant increase in carrying value of property, plant and equipment by the same amount.
- Had there been no change in the estimate of useful lives of relevant operating assets, the profit after tax for the year would have been lower by Rs. 303,750.

#### 4.2 Includes following assets held by third parties:

Description	2022		2021		Reason (note 4.2.1)
	Cost	Net Book Value	Cost	Net Book Value	
	----- Rupees -----				
Plant, machinery and related equipment	405,102	198,567	324,239	147,288	Equipment mounted on transport contractors' vehicles.
Plant, machinery and related equipment	2,069,775	1,079,546	1,738,601	944,862	Freezers held with third parties and retailers.
Computer equipment	-	-	16,597	-	Computer equipment managed by a third party for disaster recovery.
Vehicles	296,204	130,353	252,841	110,788	Trikes held with third parties for sale of frozen desserts.
	2,771,081	1,408,466	2,332,278	1,202,938	

- 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.

	2022	2021
----- Rupees -----		
<b>4.3 The depreciation charge has been allocated as follows:</b>		
- Cost of sales (note 27)	995,736	1,632,005
- Distribution and marketing expenses (note 28)	387,321	360,106
- Administrative expenses (note 29)	35,835	27,404
	1,418,892	2,019,515

(Amounts in thousand)

## 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	Sales proceed	Gain / (Loss)
-----Rupees-----						
<b>Vehicles</b>						
Under Company policy to existing / separating employees						
	- Ghulam Ahmed	2,231	(1,506)	725	1,011	286
	- Amirzada Muhammad Mumtaz	2,590	(1,263)	1,327	1,873	546
	- Irfan Ali	2,590	(1,263)	1,327	1,871	544
	- Muhammad Wasim	1,427	(428)	999	830	(169)
	- Dr. Muhammad Rafiq	2,013	(1,512)	501	1,182	681
	- Ather Hussain Changazi	2,238	(1,595)	643	448	(195)
	- Muhammad Yasin	1,269	(405)	864	728	(136)
	- Muhammad Tahir	2,588	(1,262)	1,326	1,167	(159)
	- Tahir Abbas	1,351	(735)	616	728	112
	- Sabir Ali Shakir	1,433	(510)	923	744	(179)
	- Muhammad Hussain	1,433	(510)	923	744	(179)
	- Asghar Ali	2,829	(1,538)	1,291	1,544	253
	- Shamsuddin Memon	1,418	(532)	886	814	(72)
	- Muhammad Naveed	1,434	(538)	896	728	(168)
	- Muhammad Irfan Ali	1,427	(535)	892	741	(151)
	- Hafiz Sajjad Hussain	2,356	(1,767)	589	744	155
	- Mian Arshad Mehmood	1,443	(649)	794	652	(142)
	- Syed Azhar Ali	3,051	(1,388)	1,663	1,906	243
	- Imran Khalid	1,432	(590)	842	651	(191)
	- Ubaidullah Channa	1,418	(585)	833	652	(181)
	- Pervaiz Iqbal	1,434	(592)	842	655	(187)
	- Adnan Dosani	1,337	(777)	560	715	155
	- Jahanzeb	1,351	(834)	517	647	130
	- Imran Qasim	1,351	(785)	566	563	(3)
	- Abbas Ali	1,433	(645)	788	656	(132)
	- Siraj Ur Rehman	2,533	(1,805)	728	1,543	815
	- Muhammad Naeem	1,432	(671)	761	627	(134)
Sold through auction under the Company policy having NBV more than Rs. 500						
	- Hakim Sons	14,200	(12,780)	1,420	11,345	9,925
Under Company policy to existing / separating employees having NBV less than Rs. 500						
		63,042	(38,000)	25,042	36,509	11,467
Insurance claim NBV less than Rs. 500						
	- EFU General Insurance	1,579	(1,347)	232	1,026	794
Scrap sales NBV less than Rs. 500						
	- Various	16,774	(12,097)	4,677	5,655	978
<b>Plant, machinery and related equipment - owned</b>						
Sold through bidding/auction under the Company policy having NBV less than Rs. 500						
	- Various	97,635	(93,247)	4,388	30,371	25,983
Insurance claim NBV less than Rs. 500						
	- Various	1,330	(539)	791	1,088	297
<b>Office equipment</b>						
Sold through bidding/auction under the Company policy having NBV less than Rs. 500						
	- Various	98,965	(93,786)	5,179	31,459	26,280
<b>Computer equipment</b>						
Sold through bidding/auction under the Company policy having NBV less than Rs. 500						
	- Various	11,235	(11,051)	184	531	347
December 31, 2022						
		337,484	(294,217)	43,267	93,218	49,951
December 31, 2021						
		550,182	(496,717)	53,465	169,427	115,962

(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-----							
<b>Year ended December 31, 2021</b>							
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)
<b>Balance as at December 31, 2021</b>	-	<b>57,735</b>	<b>507,187</b>	-	<b>67,401</b>	-	<b>632,323</b>
<b>Year ended December 31, 2022</b>							
Balance as at January 1, 2022	-	57,735	507,187	-	67,401	-	632,323
Additions during the year	-	143,140	1,243,278	15,459	156,718	219,897	1,778,492
Transferred to:							
- operating assets (note 4.1)	-	(90,943)	(1,335,977)	-	(203,846)	(171,167)	(1,801,933)
- intangibles (note 6)	-	-	-	(2,994)	-	-	(2,994)
<b>Balance as at December 31, 2022</b>	-	<b>109,932</b>	<b>414,488</b>	<b>12,465</b>	<b>20,273</b>	<b>48,730</b>	<b>605,888</b>

4.6 During the year, the Company has recognized an impairment charge (net of reversal) amounting to Rs. 13,546 (2021: Rs. 3,144) 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 based products 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 (2021: 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 operating assets (i.e. land and buildings) are as follows:

Description of location	Addresses	Total Area of Land in Square Yards
Production Plant	8 km Pakpattan Bypass 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

	2022	2021
-----Rupees-----		
<b>5. BIOLOGICAL ASSETS</b>		
Dairy livestock (note 5.1):		
- mature	1,054,388	911,914
- immature	1,210,225	684,164
	2,264,613	1,596,078
Provision for culling (notes 5.2)	(96,693)	(62,516)
	<b>2,167,920</b>	<b>1,533,562</b>

(Amounts in thousand)

	2022	2021
	-----Rupees-----	
<b>5.1 Reconciliation of gross carrying amounts of livestock</b>		
Gross carrying amount at the beginning of the year	1,596,078	1,255,319
Add:		
Changes in fair value due to biological transformation:		
- Gain due to new births [inclusive of cost of feeding immature herd of Rs. 514,557 (2021: Rs. 325,500)]	591,952	386,388
- Loss due to increase in age of livestock	(321,522)	(251,310)
	270,430	135,078
Changes in fair value due to price changes:		
- Gain due to currency devaluation	498,695	154,459
- Gain due to change in international market prices	169,840	186,300
	668,535	340,759
Total gain (note 31)	938,965	475,837
Less:		
- Decrease due to deaths / disposals	(270,430)	(135,078)
- Provision for culling (note 5.2)	(96,693)	(62,516)
Carrying amount at the end of the year, which approximates the fair value	2,167,920	1,533,562

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

Balance as at January 1	62,516	57,702
Add: Provision recognized during the year (note 30)	116,102	39,341
Less: Provision reversed/utilized against disposal of animals	(81,925)	(34,527)
Balance as at December 31	96,693	62,516

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, 2022, the Company held 3,265 (2021: 3,433) mature assets able to produce milk and 3,161 (2021: 2,619) immature assets that are being raised to produce milk in the future. During the year, the Company produced approximately 24,008,642 (2021: 22,380,794) gross litres of milk from these biological assets.

**5.4** As at December 31, 2022, the Company held 101 (2021: 63) immature male calves.

**5.5** The valuation of dairy livestock as at December 31, 2022 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, 2022. 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)

**6. INTANGIBLES – Computer software**

**Net carrying value**

Balance at beginning of the year	53,876	67,084
Add: Additions at cost (note 4.5)	2,994	15,850
Less: Amortization charge for the year (notes 6.1 and 29)	(27,159)	(29,058)
Less: Impairment charge for the year (note 29)	(89)	-
Balance at end of the year	29,622	53,876

**Gross carrying value**

Cost	483,119	480,125
Less: Accumulated amortization	(453,408)	(426,249)
Less: Accumulated Impairment	(89)	-
Net book value	29,622	53,876

**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-----			
<b>Year ended December 31, 2021</b>				
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
<b>At December 31, 2021</b>				
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
<b>Year ended December 31, 2022</b>				
Opening net book value	197,908	176,617	147,373	521,898
Additions	214,965	40,233	230,534	485,732
Disposals / Termination				
- Cost	(214,647)	(50,120)	(16,641)	(281,408)
- Accumulated depreciation	226,120	70,302	16,641	313,063
	11,473	20,182	-	31,655
Depreciation charge (note 7.1)	(144,917)	(69,093)	(83,700)	(297,710)
Remeasurement	59,286	(46,026)	(25,370)	(12,110)
Closing net book value	338,715	121,913	268,837	729,465
<b>At December 31, 2022</b>				
Cost	647,073	349,819	434,633	1,431,525
Accumulated depreciation	(308,358)	(227,906)	(165,796)	(702,060)
Net book value	338,715	121,913	268,837	729,465
Rate of depreciation (%)	10 – 40	9 – 52	25	



(Amounts in thousand)

	2022	2021
	-----Rupees-----	
<b>7.1 The depreciation charge has been allocated as follows:</b>		
- Cost of sales (note 27)	143,043	122,836
- Distribution and marketing expenses (note 28)	34,203	28,416
- Administrative expenses (note 29)	120,464	94,719
	<u>297,710</u>	<u>245,971</u>
<b>8. DEFERRED TAX LIABILITY / (ASSET) - Net</b>		
Debit balances arising due to:		
- Provisions for stock-in-trade, stores and spares and receivables	(179,186)	(108,715)
- Accelerated tax depreciation / amortization	(357,635)	(517,921)
- Minimum turnover tax (note 8.1)	(149,338)	-
- Share issuance cost, net to equity	(12,784)	(11,234)
- Lease liability against right-of-use assets	(232,990)	(154,601)
	<u>(931,933)</u>	<u>(792,471)</u>
Credit balances arising due to:		
- Right-of-use assets	240,723	151,351
- Biological assets	715,083	444,732
- Others	17,724	11,471
	<u>973,530</u>	<u>607,554</u>
	<u>41,597</u>	<u>(184,917)</u>

**8.1** The Company has recognized deferred tax asset on recoupable Minimum turnover tax as the Company, based on its financial projections, expects to recoup it in the ensuing years. The Company carries out periodic assessments to determine if the Company would be able to recoup minimum turnover tax paid against the liability of the Company for future years. This process relies on the assessment of the Company's profitability forecast, which in turn is based on assumptions concerning future economic conditions and business performance.

	2022	2021
	-----Rupees-----	
<b>9. STORES, SPARES AND LOOSE TOOLS</b>		
Stores	142,447	102,978
Spares and loose tools, including in-transit	880,384	741,852
	<u>1,022,831</u>	<u>844,830</u>
Less: Provision for slow moving spares and loose tools (note 9.2)	(410,896)	(322,786)
	<u>611,935</u>	<u>522,044</u>
Less: Major spare parts and stand by equipment - classified under property, plant and equipment (note 4)	(197,972)	(152,892)
	<u>413,963</u>	<u>369,152</u>

(Amounts in thousand)

	2022	2021
	-----Rupees-----	
<b>9.1</b> The movement of stores, spares and loose tools is as follows:		
Balance as at January 1	844,830	832,052
Add: Purchases	2,600,479	1,720,273
Less:		
- Capitalized during the year	(70,393)	(15,720)
- Consumed during the year	(2,352,085)	(1,691,775)
Balance as at December 31	<u>1,022,831</u>	<u>844,830</u>
<b>9.2</b> The movement in provision during the year is as follows:		
Balance as at January 1	322,786	244,302
Add: Provision recognized during the year (note 27)	88,110	78,881
Less:		
- Stores and spares written-off against provision	-	(25)
- Provision reversed against disposal of spares	-	(372)
Balance as at December 31	<u>410,896</u>	<u>322,786</u>
<b>10. STOCK-IN-TRADE</b>		
Raw and packaging material (notes 10.1 and 10.4)	4,158,358	2,412,938
Work in process (note 10.2)	1,177,704	1,404,670
Finished goods (note 10.3)	2,350,185	888,440
	<u>7,686,247</u>	<u>4,706,048</u>
Less: Provision for expired / obsolete stock (note 10.4)	(119,859)	(41,228)
	<u>7,566,388</u>	<u>4,664,820</u>
<b>10.1</b> Includes Rs. 389,599 (2021: Rs. 42,840) in respect of raw and packaging material held by third parties.		
<b>10.2</b> Includes Rs. 431,819 (2021: Rs. 473,675) in respect of semi-finished stock held by third parties.		
<b>10.3</b> Include Rs. 3,137,660 (2021: Rs. 54,977) in respect of finished goods held by third parties and Rs. 87,459 (2021: 62,197) in respect of finished goods stock carried at net realizable value.		
<b>10.4 The movement in provision during the year is as follows:</b>		
Balance as at January 1	41,228	31,329
Add: Provision recognized during the year (note 27)	89,599	45,954
Less: Stock-in-trade written-off	(10,968)	(36,055)
Balance as at December 31	<u>119,859</u>	<u>41,228</u>
<b>11. TRADE DEBTS - Unsecured</b>		
Considered good (notes 11.1 and 11.2)	1,902,141	1,305,122
Considered doubtful (note 11.3)	12,235	10,866
	<u>1,914,376</u>	<u>1,315,988</u>
Less: Provision for impairment (note 11.3)	(12,235)	(10,866)
	<u>1,902,141</u>	<u>1,305,122</u>

(Amounts in thousand)

- 11.1** As at December 31, 2022, trade debts aggregating to Rs. 366,972 (2021: Rs. 95,294) 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.
- 11.2** As at December 31, 2022, trade debts aggregating to Rs. 1,535,169 (2021: Rs. 1,209,828) 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.
- 11.3** As at December 31, 2022, 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. 12,235 (2021: Rs. 10,866) has been recognized thereagainst. The movement in provision during the year is as follows:

	2022	2021
	-----Rupees-----	
Balance as at January 1	10,866	17,772
Receivables written-off against provision	(387)	(1,858)
Provision / (Reversal of provision) for impairment of trade debts (note 29)	1,756	(5,048)
Balance as at December 31	12,235	10,866

- 11.4** This includes trade receivable from Engro Eximp FZE, a related party, amounting to Rs. 33,860.

**12. ADVANCES, DEPOSITS AND PREPAYMENTS**  
**– Unsecured, considered good**

	2022	2021
	-----Rupees-----	
Advances to employees (note 12.1)	60,016	48,256
Advances to suppliers	470,928	343,018
Deposits	35,789	13,535
Prepayments	89,768	133,986
	656,501	538,795

- 12.1** These include advances to key management personnel amounting to Rs. 17,914 (2021: Rs. 15,751). The maximum aggregate amount due from them at the end of any month during the year was Rs. 17,914 (2021: Rs. 15,751).
- 12.2** 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.

**13. OTHER RECEIVABLES**

	2022	2021
	-----Rupees-----	
Receivable from related parties (note 13.1):		
– FrieslandCampina Nederland B.V.	176,978	98,325
– Engro Corporation Limited – Provident Fund	4,278	4,818
– Engro Corporation Limited	3,369	-
– FrieslandCampina AMEA Pte Limited	35,870	-
	220,495	103,143
Others	135,252	81,897
	355,747	185,040

(Amounts in thousand)

- 13.1** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 220,495 (2021: Rs. 103,413).
- 13.2** 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.

**14. SALES TAX RECOVERABLE**

- 14.1** 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.

- 14.2** The DCIR issued show cause notices for sales tax on tea whitener and dairy drink product i.e. 'Tarang' and 'Omung' respectively for the 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 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 filed an appeal against this decision with respect to Omung in the Supreme Court of Pakistan (SCP). Further, FBR also challenged the order dated November 18, 2020 in the SCP. Subsequent to year end, SCP disposed-off cross appeals filed against the HSC order dated November 18, 2020. SCP has allowed the Company's appeals and has set aside the notices related to Omung, whereas SCP dismissed the appeals of tax department against 'Tarang'. After the SCP order, show cause notices issued to the Company have been completely set aside.

On March 15, 2022, the Classification Committee (CC) issued ruling, effective prospectively, on tea whiteners including 'Tarang'. CC therein reviewed its previous rulings and decided the matter against the taxpayers. On October 28, 2022, the Lahore High Court (LHC) passed an order setting aside the ruling dated March 15, 2022 and remanded back the case to the Collector of Customs to re-adjudicate the matter as per the procedure prescribed under the law. Pursuant to the order of the LHC if any classification ruling is issued, the same would be applicable prospectively from the date of the final decision by the Collector of Customs. Some dairy companies have further challenged LHC order in SC on the ground that LHC direction to Collector of Customs to re-adjudicate the matter afresh is void and illegal.

- 14.3** 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.

- 14.4** The DCIR passed an order on October 25, 2022 for the period July 2020 to June 2021 against the inappropriate apportionment of input tax in the monthly sales tax returns. On appeal filed by the Company, Commissioner Inland Revenue Appeals [CIR (Appeals)] remanded back the order issued by DCIR on November 23, 2022. However, no remand back proceedings have been initiated by the department to date.

(Amounts in thousand)

	2022	2021
	-----Rupees-----	
<b>15. SHORT TERM INVESTMENTS</b>		
Term deposits	2,000,000	2,000,000

**15.1** These investments carry interest ranging from 16% to 16.5% per annum having maturity period of less than 3 months.

	2022	2021
	-----Rupees-----	
<b>16. CASH AND BANK BALANCES</b>		
Cash at bank on:		
- current accounts - conventional [including foreign currency account of Rs. 83,857 (2021: Rs. 69,279)]	97,740	88,091
- current accounts - islamic	27,421	9,790
- savings accounts	1,699,393	248,304
	1,824,554	346,185

## 17. SHARE CAPITAL

### Authorized capital

850,000,000 (2021: 850,000,000) ordinary shares of Rs. 10 each	8,500,000	8,500,000
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### Issued, subscribed and paid-up capital

766,596,075 (2021: 766,596,075) ordinary shares of Rs. 10 each fully paid in cash (note 17.1)	7,665,961	7,665,961
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**17.1** As at December 31, 2022, FrieslandCampina Pakistan Holdings B.V. (the Holding Company) held 390,963,999 (2021: 390,963,999) ordinary shares of Rs. 10 each and Engro Corporation Limited held 306,075,947 (2021: 306,075,947) ordinary shares of Rs. 10 each.

**17.2** 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.

## 18. SHARE PREMIUM

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

## 19. 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. As at December 31, 2022, options for 62,500 shares are still vested while options for remaining 16,837,500 shares have lapsed with the expiry of the Scheme. During the year, options for 1,390,625 shares lapsed resulting in transfer of Rs. 41,826 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, 2022 are as follows:

- number of options	62,500
- exercise price	Rs. 308.61
- weighted average remaining contractual life	0.25 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. 17.25 per option. The following assumptions have been used in calculating the fair values of the options:

	Options granted in 2017
<b>Options granted and outstanding:</b>	
- number of options	62,500
- share price	Rs. 168.19
- exercise price	Rs. 268.36
- expected volatility	25.74%
- expected life	3.5 years
- annual risk free interest rate	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.

## 20. LONG TERM FINANCES, Secured (Non-participatory)

Long term finances utilized under mark-up arrangements:

	Installments		Interest Rate	2022	2021
	Number	Commencing from		-----Rupees-----	
<b>Long term finances</b>					
Bank Al-Habib Limited	4 half yearly	October 7, 2021	6 months KIBOR + 0.05%	700,000	1,700,000
Habib Bank Limited	4 half yearly	October 7, 2021	6 months KIBOR + 0.05%	500,000	1,500,000
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 20.3)	8 quarterly	March 31, 2021	2% - 3%	119,643	582,647
				2,319,643	4,782,647
Less: Current portion shown under current liabilities				(1,569,643)	(2,582,647)
				750,000	2,200,000

(Amounts in thousand)

**20.1** 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 (2021: Rs. 10,000,000).

**20.2** 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:

	2022	2021
	-----Rupees-----	
Balance as at January 1	4,782,647	5,902,506
Less: Repayment of long term finances	(2,478,571)	(1,158,928)
Add: Amortization of long term finance (notes 20.3 and 31)	15,567	39,069
Balance as at December 31	2,319,643	4,782,647

**20.3** 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 instalments, 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 recognized as Government grant has been fully amortized during the year as disclosed in note 31.

	2022	2021
	-----Rupees-----	
<b>21. LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS</b>		
Non-current portion	437,691	248,015
Current portion	268,338	285,090
Total lease liability as at December 31	706,029	533,105
Maturity analysis:		
within 1 year	268,338	285,090
between 1 to 2 years	36,481	175,437
between 2 to 3 years	94,296	56,504
between 3 to 4 years	287,377	16,074
more than 4 years	19,537	-
	706,029	533,105

**22. TRADE AND OTHER PAYABLES**

Trade payables (notes 22.1 and 22.3)	13,542,642	7,258,658
Accrued liabilities	3,705,336	3,048,232
Retention money	1,037	1,513
Suppliers' security deposits (note 22.4)	98	98
Customers' security deposit (note 22.5)	1,100	2,350
Withholding tax payable	104,178	63,769
Payable to provident fund	-	46
Payable to defined benefit gratuity fund (note 37.4)	347,276	214,351
Payable to defined contribution gratuity fund	-	5,600
Workers' profits participation fund (note 22.2)	8,957	10,319
Workers' welfare fund	148,962	90,781
Others	56,817	14,365
	17,916,403	10,710,082

(Amounts in thousand)

	2022	2021
	-----Rupees-----	
<b>22.1 Include payable to following related parties:</b>		
- FrieslandCampina Nederland B.V.	1,932,350	420,953
- FrieslandCampina AMEA Pte Ltd	3,094	1,058
- PT Frisian Flag Indonesia	8,342	228
- Alaska Milk Corporation	681	-
	1,944,467	422,239
<b>22.2 Workers' profits participation fund</b>		
Balance as at January 1	10,319	10,915
Add: Allocation for the year (note 30)	210,957	142,147
	221,276	153,062
Less: Amount paid to the Fund	(212,319)	(142,743)
Balance as at December 31	8,957	10,319

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

**22.4** 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.

**22.5** 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.

**23. 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, 2021 amounting to Rs. 103,725 have been fully recognized as revenue during the current year.

**24. SHORT TERM FINANCES - secured**

**24.1** 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. 7,750,000 (2021: Rs. 9,000,000). The unutilized balance against these facilities as at year end was Rs. 7,750,000 (2021: Rs. 8,536,993). The rates of mark-up on these finances are KIBOR based and range from 15.71% to 17.08% (2021: 7.78% to 10.02%) per annum. These facilities are secured by way of floating charge upon all the present and future current assets of the Company.

**24.2** The facilities for opening letters of credit and bank guarantees as at December 31, 2022 amounts to Rs. 17,150,000 (2021: Rs. 13,600,000), of which the amount remaining unutilized as at December 31, 2022 was Rs. 12,682,582 (2021: Rs. 10,383,477).

**25. CONTINGENCIES AND COMMITMENTS**

**25.1 The Company has provided bank guarantees to:**

- Sui Southern Gas Company Limited amounting to Rs. 84,722 (2021: Rs. 83,074) under the contract for supply of gas;
- Sui Northern Gas Pipeline Company Limited amounting to Rs. 40,446 (2021: Rs. 34,350) under the contract for supply of gas;



(Amounts in thousand)

- Collector of Sales Tax, Large Tax Payers Unit (LTU), Karachi amounting to Rs. 258,712 (2021: Rs. 258,712) under the Sales Tax Rules 2006, against refund claims of input sales tax. Against these guarantees, sales tax refunds amounting to Rs. 90,820 (2021: Rs. 90,820) have been received to date;
  - Parco Pearl Gas Co. (Private) Limited amounting to Rs. 1,000 (2021: Rs. 1,000) as collateral against supplies; and
  - The Government of Sindh, amounting to Rs. 323,386 (2021: Rs. 268,387) in relation to Sindh Infrastructure Development Cess (SIDC). In 2021 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.
- 25.2** 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.
- 25.3** Commitments in respect of capital expenditure contracted for but not incurred as at December 31, 2022 amounts to Rs. 1,239,977 (2021: Rs. 750,200).
- 25.4** Commitments in respect of purchase of certain commodities as at December 31, 2022 amounts to Rs. 309,439 (2021: Rs. 1,798,840).
- 25.5** Details of the tax related matters are given in notes 14 and 33.2 of these financial statements.

**26. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET**

	2022	2021
	-----Rupees-----	
Revenue from contracts with customers - gross	80,844,726	58,375,662
Less:		
- Sales tax	(2,756,219)	(2,134,928)
- Trade and other discounts	(4,614,820)	(4,146,537)
	<u>73,473,687</u>	<u>52,094,197</u>

- 26.1** This includes export sales amounting to Rs. 66,546 (2021: Rs. 8,584).

(Amounts in thousand)

**27. COST OF SALES**

	2022	2021
	-----Rupees-----	
Raw and packaging material consumed (note 27.1)	51,612,216	35,106,848
Salaries, wages, and staff welfare (note 27.2)	2,006,039	1,759,598
Fuel and power	2,347,925	1,579,481
Repair and maintenance	1,005,487	820,313
Freight inwards	1,163,434	705,310
Depreciation on property, plant and equipment (note 4.3)	995,736	1,632,005
Depreciation on right-of-use assets (note 7.1)	143,043	122,836
Impairment / (Reversal of impairment) of operating assets (note 4.6)	10,088	(548)
Travelling	195,648	112,827
Communication and other office expenses	141,956	117,395
Insurance	159,773	135,848
Rent and utilities (note 27.3)	263,727	188,097
Research and business development	36,176	23,581
Fee for technical assistance (note 27.4)	1,596,684	1,234,682
Legal and professional	8,461	8,341
Purchased services	735,976	656,304
Provision against:		
- stock-in-trade (note 10.4)	89,599	45,954
- slow moving spares (note 9.2)	88,110	78,881
Manufacturing cost	62,600,078	44,327,753
Add: Opening stock of work-in-process	1,404,670	355,030
Less: Closing stock of work-in-process	(1,177,704)	(1,404,670)
Cost of goods manufactured	62,827,044	43,278,113
Add: Opening stock of finished goods manufactured	888,440	867,086
Less: Closing stock of finished goods manufactured	(2,350,185)	(888,440)
	<u>61,365,299</u>	<u>43,256,759</u>

**27.1 Raw and packaging material consumed**

Opening stock of raw and packaging material	2,412,938	2,348,105
Add: Purchases	53,357,636	35,171,681
Less: Closing stock of raw and packaging material	(4,158,358)	(2,412,938)
Raw and packaging material consumed	<u>51,612,216</u>	<u>35,106,848</u>

- 27.2** These include Rs. 174,072 (2021: Rs. 165,375) in respect of staff retirement benefits.

- 27.3** These include rentals for short-term leases, rentals for leases of low-value assets and variable lease payments amounting to Rs. 12,590, Rs. 73,594 and Rs. 162,964 (2021: Rs. 42,556, Rs. 66,912 and Rs. 47,951), respectively.

- 27.4** This represents charges for technical assistance and royalty paid / payable to FrieslandCampina Nederland B.V., related party.

(Amounts in thousand)

## 28. DISTRIBUTION AND MARKETING EXPENSES

	2022	2021
	-----Rupees-----	
Salaries, wages and staff welfare (note 28.1)	1,024,210	869,387
Advertising	2,042,050	1,636,401
Freight outward	2,084,285	1,293,024
Travelling	189,920	119,136
Communication and other office expenses	54,198	134,723
Depreciation on property, plant and equipment (note 4.3)	387,321	360,106
Depreciation on right-of-use assets (note 7.1)	34,203	28,416
Impairment of operating assets (note 4.6)	3,151	3,589
Fuel and power	9,844	5,737
Repairs and maintenance	71,924	59,320
Rent, rates and taxes (note 28.2)	2,092	5,907
Insurance	18,317	17,700
Software maintenance	10,131	18,455
Research and business development	208	252
Legal and professional	168	1,314
Purchased services	1,999	515
	<u>5,934,021</u>	<u>4,553,982</u>

**28.1** These include Rs. 77,448 (2021: Rs. 73,417) in respect of staff retirement benefits.

**28.2** These include rentals for short-term leases and variable lease payments amounting to Rs. 348 and Nil (2021: Nil and Rs. 567), respectively.

## 29. ADMINISTRATIVE EXPENSES

	2022	2021
	-----Rupees-----	
Salaries, wages and staff welfare (note 29.1)	940,541	746,766
Training and development	14,223	18,597
Communication and other office expenses	198,249	121,162
Rent, rates and taxes (note 29.2)	34,922	23,557
Travelling	74,951	17,874
Depreciation on property, plant and equipment (note 4.3)	35,835	27,404
Depreciation on right-of-use assets (note 7.1)	120,464	94,719
Impairment of operating assets (note 4.6)	307	103
Impairment of intangible assets (note 6)	89	-
Amortization of intangible assets (note 6)	27,159	29,058
Fuel and power	2,832	2,086
Repairs and maintenance	4,160	2,823
Insurance	7,741	6,137
Legal and professional	57,023	77,730
Auditor's remuneration (note 29.3)	7,241	6,921
Software maintenance and license cost	3	2,608
Provision for impairment / (Reversal of provision) of trade debts (note 11.3)	1,756	(5,048)
Purchased services	190,847	150,011
	<u>1,718,343</u>	<u>1,322,508</u>

(Amounts in thousand)

**29.1** These include Rs. 81,178 (2021: Rs. 65,971) in respect of staff retirement benefits.

**29.2** These include rentals for short-term leases amounting to Rs. 1,360 (2021: Rs. 205).

## 29.3 Auditor's remuneration

	2022	2021
	-----Rupees-----	
Fee for:		
- audit of annual financial statements and group reporting	4,462	3,997
- review of half yearly financial information	775	725
- review of compliance with the Code of Corporate Governance	160	145
- special certifications and other services	770	710
	<u>6,167</u>	<u>5,577</u>
Reimbursement of expenses and taxes	1,074	1,344
	<u>7,241</u>	<u>6,921</u>

## 30. OTHER OPERATING EXPENSES

Workers' welfare fund	58,180	85,676
Donations (note 30.1)	32,189	20,000
Provision for culling of biological assets (note 5.2)	116,102	39,341
Loss on disposal of biological assets	7,913	7,059
Workers' profits participation fund (note 22.2)	210,957	142,147
Exchange loss	21,188	20,701
Others	192	10
	<u>446,721</u>	<u>314,934</u>

**30.1** These include donation to Engro Foundation, a related party, amounting to Rs. 20,000 (2021: Rs. 20,000). The directors including the Chief Executive and their spouses do not have any interest in the donee.

## 31. OTHER INCOME

### From financial assets

Interest on bank deposits / saving accounts	142,263	60,280
Interest income on short term investments	63,726	21,241
	<u>205,989</u>	<u>81,521</u>

### From other than financial assets

Gain arising from changes in fair value of biological assets (note 5.1)	938,965	475,837
Gain on disposal of operating assets (note 4.4)	49,951	115,962
Gain on disposal of right of use assets	46,977	-
Scrap sales	64,029	45,123
Amortization of government grant on long term finances (note 20.2)	15,567	39,069
Others	-	38,237
	<u>1,115,489</u>	<u>714,228</u>
	<u>1,321,478</u>	<u>795,749</u>

(Amounts in thousand)

### 32. FINANCE COST

Mark-up on:

- Short-term finances (note 32.1)
- Long-term finances
- Lease liability against right-of-use assets

Bank charges

	2022	2021
	-----Rupees-----	
	851,032	369,469
	434,590	426,900
	72,292	43,489
	1,357,914	839,858
	21,873	21,516
	1,379,787	861,374

**32.1** This includes finance cost on local letters of credit. The rates of mark-up on these finances are KIBOR based and range from 15.71% to 17.08% (2021: 7.78% to 10.02%) per annum.

### 33. TAXATION

Current (note 33.1)

- for the year
- for prior year

Deferred

	2022	2021
	-----Rupees-----	
	1,090,871	154,984
	167,936	-
	1,258,807	154,984
	226,514	621,327
	1,485,321	776,311

**33.1** Includes provision made in accordance with section 4C "Super tax on high earning persons" introduced in the Income Tax Ordinance, 2001 (ITO 2001) through the Finance Act, whereby super tax at the rate of 4% has been levied on income exceeding Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) and for the year ended December 31, 2022 (tax year 2023).

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

**33.2.1** 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.

**33.2.2** 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.

(Amounts in thousand)

**33.2.3** 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 February 14, 2022 CIR (A) passed an order against the appeal filed for the tax year 2012 against the order issued by DCIR on October 27, 2020 and remanded back issues of deduction on maintenance expenses, provision for retirement benefits, labour charges and adjustment of brought forward losses pertaining to the tax year 2006. DCIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR(A), has preferred an appeal before the ATIR 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.

**33.2.4** 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.

**33.2.5** 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.

**33.2.6** 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). On February 14, 2022 CIR (A) passed an order against the appeal filed for the tax year 2010 and remanded back issues of adjustment of income tax refunds pertaining to the tax years 2006 and 2009. The Company, being aggrieved with the decision of the CIR(A), has filed an appeal before the ATIR 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.

**33.2.7** 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.

**33.2.8** 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.

(Amounts in thousand)

**33.2.9** 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.

**33.2.10** On September 30, 2020, ACIR raised demand of Rs. 65,522 by disallowing certain items e.g. tax credits claimed under section 65B, depreciation on freezers, written-off inventory and Gas Infrastructure Development Cess for tax year 2017. On June 22, 2022, CIR (A) issued an order against the appeal filed for the tax year 2017 and upheld the decision of ACIR in respect of loss on sale of disposal of fixed assets, while remanded the issues of depreciation and addition on account of inventory written off for reexamination to ACIR. The remaining issues have been decided in favour of the Company. ACIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A) in respect of the order, has preferred appeal before the ATIR 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.

**33.2.11** On September 30, 2020, ACIR raised demand of Rs. 70,592 by disallowing certain items e.g. tax credits claimed under section 65B, depreciation on freezers, written-off inventory and Gas Infrastructure Development Cess for tax year 2018. On June 14, 2022, CIR (A) issued an order against the appeal filed for the tax year 2018 remanded back the issues of disallowance of inventory write off, short allowance of tax credit for re-adjudication to the ACIR. The remaining issues have been decided in favour of the Company. ACIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A) in respect of the order, has filed appeal before the ATIR 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.

**33.2.12** On September 30, 2020, ACIR raised demand of Rs. 85,358 by disallowing certain items e.g. deduction claimed on account of donations, impairment of operating assets and accounting loss on disposal for tax year 2019. On April 19, 2022, CIR (A) issued an order against the appeal filed for the tax year 2019 and upheld the decision of Additional Commissioner Inland Revenue (ACIR) in respect of super tax while remanded back the issue of disallowance of depreciation, short allowance of tax credit for re-adjudication to ACIR. The remaining issues have been decided in favour of the Company. The ACIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A), has filed appeal before the ATIR 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.

**33.2.13** 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.

**33.2.14** The DCIR conducted examination of withholding obligation of the Company for tax year 2020 and passed an order on December 29, 2022 raising a demand of Rs. 30,712, which has been paid by the Company under protest. The Company intends to file an appeal to CIR (A) against the order. 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.

**33.2.15** The DCIR issued order on September 20, 2020 for tax year 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 claim to the extent of Rs. 12,859 for tax year 2018. Being aggrieved with the impugned order, the Company has filed an appeal before CIR (A) October 15, 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.

(Amounts in thousand)

**33.2.16** The DCIR issued order on September 20, 2020 for tax year 2019 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 claim to the extent of Rs. 23,117 for tax year 2019. On February 14, 2022 CIR (A) issued an order against the appeal filed by the Company and remanded back the proceedings to DCIR for further verification of tax credits claimed by the Company. The DCIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A), has preferred an appeal before the ATIR 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.

**33.2.17** The DCIR issued orders dated February 22, 2021 and February 18, 2021 for tax years 2009 and 2020, respectively, in respect 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. On February 14, 2022 CIR (A) issued order against the appeal filed for the tax years 2009 and 2020 and remanded back the proceedings to DCIR for further verifications of tax credits claimed by the Company. DCIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A), has preferred an appeal before the ATIR 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 remand-back proceedings.

**33.2.18** 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 has filed an 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.

**33.2.19** 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. On April 19, 2022, CIR (A) issued an order against the appeal filed for the tax year 2020 and upheld the decision of ACIR in respect of disallowance of tax loss on disposal of assets, while remanded back the issue of short tax credit allowed for re-adjudication to the ACIR. ACIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR(A), has preferred appeal before the ATIR 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.

**33.2.20** On November 25, 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order under section 4C of the ITO to recover Super tax for tax year 2022 @ 4% amounting to Rs.158,802. The Company has filed an appeal against the aforementioned order before CIR (A) and obtained a stay from CIR (A) till February 07, 2023. Recently, the High Court of Sindh in response to a petition filed by various taxpayers challenging the levy of super tax, has issued a decision in favour of the taxpayers declaring that the super tax shall be applicable from tax year 2023 onwards.

### 33.3 Relationship between tax expense and accounting profit

	2022	2021
	-----Rupees-----	
Profit before taxation	3,950,994	2,580,389
Tax at the applicable tax rate of 29% (2021: 29%)	1,145,788	748,313
Tax effect of:		
- transactions taxed at different rates	169,838	5,720
- prior year charge for super tax	167,936	-
- others	1,759	22,278
	339,533	27,998
	1,485,321	776,311



(Amounts in thousand)

### 34. EARNINGS PER SHARE – Basic and diluted

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

	2022	2021
	-----Rupees-----	
Profit for the year	2,465,673	1,804,078
	Number of shares in thousand	
Weighted average number of ordinary shares in issue during the year	766,596	766,596

### 35. CASH GENERATED FROM OPERATIONS

Profit before taxation	3,950,994	2,580,389
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment (note 4.3)	1,418,892	2,019,515
- Depreciation on right-of-use assets (note 7.1)	297,710	245,971
- Impairment of operating assets – net (note 4.1)	13,546	3,144
- Amortization of intangibles (note 6)	27,159	29,058
- Impairment of intangibles (note 6)	89	-
- Gain on disposal of operating assets (note 4.4)	(49,951)	(115,962)
- Gain on disposal of right of use assets	(46,977)	-
- Operating assets written-off (note 4.1)	-	11
- Gain arising from changes in fair value of biological assets (note 5.1)	(938,965)	(475,837)
- Loss on death / disposal of biological assets (note 30)	7,913	7,059
- Provision for culling of biological assets (note 5.2)	116,102	39,341
- Provision for staff retirement and other service benefits note (37.10)	113,069	103,490
- Provision for impairment of stock-in-trade (note 10.4)	89,599	45,954
- Provision for impairment of slow moving spares (note 9.2)	88,110	78,881
- Provision/(Reversal of provision) for impairment of trade debts (note 11.3)	1,756	(5,048)
- Government grant recognized as income (note 31)	(15,567)	(39,069)
- Interest income on short term investments (note 31)	(63,726)	(21,241)
- Finance cost on short term and long term		
finances including bank charges (note 32)	1,307,495	817,885
- Finance cost on lease liability against right-of-use assets (note 32)	72,292	43,489
- Exchange loss (note 30)	21,188	20,701
Working capital changes (note 35.1)	1,530,904	(202,966)
	7,941,631	5,174,765

(Amounts in thousand)

### 35.1 Working capital changes

Decrease / (Increase) in current assets:

- Stores, spares and loose tools	(178,001)	(13,175)
- Stock-in-trade	(2,991,167)	(1,171,882)
- Trade debts	(598,775)	(498,687)
- Advances, deposits and prepayments	(117,706)	(273,194)
- Other receivables	(170,707)	(26,793)
- Sales tax recoverable	(2,126,671)	(836,224)
	(6,183,027)	(2,819,955)

Increase / (Decrease) in current liabilities:

- Trade and other payables	7,052,208	2,728,408
- Contract liabilities	661,723	(111,419)
	1,530,904	(202,966)

### 36. CASH AND CASH EQUIVALENTS

Cash and bank balances (note 16)	1,824,554	346,185
Short term investments (note 15)	2,000,000	2,000,000
Short term finances (note 24)	-	(463,007)
	3,824,554	1,883,178

### 37. STAFF RETIREMENT AND OTHER SERVICE BENEFITS

**37.1** 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.

**37.2** During the year, an amount of Rs. 33,827 (2021: Rs. 27,745) has been charged in respect of defined contribution gratuity scheme maintained by ECL.

**37.3** 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, 2022 using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	2022	2021
	-----Rupees-----	
<b>37.4 Reconciliation for statement of financial position</b>		
Present value of defined benefit obligation (note 37.7)	(1,150,604)	(969,092)
Fair value of plan assets (note 37.8)	803,328	754,741
Net liability at end of the year	(347,276)	(214,351)

### 37.5 Movement in net liability in the statement of financial position

Net liability at beginning of the year	(214,351)	(171,185)
Charge for the year (note 37.9)	(113,069)	(103,490)
Contribution made during the year to the Fund (note 37.8)	100,900	94,800
Remeasurement loss recognized in		
Other Comprehensive Income (OCI) (note 37.6)	(120,756)	(34,476)
Net liability at end of the year	(347,276)	(214,351)

(Amounts in thousand)

### 37.6 Remeasurement recognized in other Comprehensive Income

	2022	2021
	-----Rupees-----	
Loss from changes in financial assumptions	(1,027)	(1,846)
Experience loss	(83,077)	(2,288)
Remeasurement of defined benefit obligation	(84,104)	(4,134)
Actual return on plan assets	58,249	43,534
Expected return on plan assets	(94,901)	(73,876)
Remeasurement of fair value of plan assets	(36,652)	(30,342)
	(120,756)	(34,476)

### 37.7 Movement in present value of defined benefit obligation

Present value of defined benefit obligation at beginning of the year	969,092	868,008
Current service cost	87,414	86,464
Interest cost	120,556	90,902
Benefits paid during the year	(110,562)	(80,416)
Remeasurement on obligation (note 37.6)	84,104	4,134
Present value of defined benefit obligation at end of the year	1,150,604	969,092

#### 37.7.1 Analysis of present value of defined benefit obligation

Vested benefits	1,150,604	969,092
Non-vested benefits	-	-
	1,150,604	969,092
Accumulated benefit obligation	443,322	377,593
Amounts attributed to future salary increases	707,282	591,499
	1,150,604	969,092

### 37.8 Movement in fair value of plan assets

Fair value of plan assets at beginning of the year	754,741	696,823
Expected return on plan assets	94,901	73,876
Contributions for the year	100,900	94,800
Benefits paid during the year	(110,562)	(80,416)
Remeasurement loss (note 37.6)	(36,652)	(30,342)
Fair value of plan assets at end of the year	803,328	754,741

### 37.9 Cost charged to profit or loss:

Current service cost	87,414	86,464
Net interest cost	25,655	17,026
Cost for the year	113,069	103,490

### 37.10 Charge for the year has been allocated as follows:

Cost of sales (note 27)	68,341	68,151
Distribution and marketing expenses (note 28)	20,563	20,123
Administrative expenses (note 29)	24,165	15,216
	113,069	103,490

(Amounts in thousand)

### 37.11 Principle actuarial assumptions used are as follows:

	2022	2021
<b>Financial assumptions</b>		
- Discount rate - per annum compound	13.25%	12.25%
- Expected rate of increase in salaries - per annum		
- First year	12.25%	11.25%
- Long-term	12.25%	11.25%
<b>Demographic assumptions</b>		
- Expected mortality rate	SLIC (2001-05)	SLIC (2001-05)
- Withdrawal rates / rate of employees turnover	Moderate	Moderate

### 37.12 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%	(1,044,628)	1,274,340
Expected rate of increase in salaries - long term	1%	1,274,340	(1,042,866)

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.

### 37.13 Plan assets comprise of following:

	2022				2021			
	Quoted	Un-Quoted	Total	(%)	Quoted	Un-Quoted	Total	(%)
	-----Rupees-----				-----Rupees-----			
<b>Equity Instruments</b>								
Quoted Shares	153,743	-	153,743	19%	165,008	-	165,008	22%
<b>Debt Instruments</b>								
Government Bonds	-	636,120	636,120	79%	-	486,922	486,922	65%
Cash and cash equivalents	-	23,421	23,421	3%	-	107,368	107,368	14%
Other assets	-	6,657	6,657	1%	-	2,267	2,267	-
Other liabilities	-	(16,613)	(16,613)	-2%	-	(6,824)	(6,824)	-1%
Total	153,743	649,585	803,328	100%	165,008	589,733	754,741	100%

(Amounts in thousand)

**37.14** 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.

**37.15** Expected contributions to the Fund for the year ending December 31, 2023 are Rs. 137,707.

**37.16** The weighted average duration of the defined benefit obligation is 9.93 years.

#### 37.17 Historical information of staff retirement benefits:

	2022	2021	2020	2019	2018	2017
	-----Rupees-----					
Present value of obligations	(1,150,604)	(969,092)	(868,008)	(750,529)	(685,281)	(620,927)
Fair value of plan assets	803,328	754,741	696,823	521,214	460,641	480,266
Deficit	(347,276)	(214,351)	(171,185)	(229,315)	(224,640)	(140,661)

#### 38. 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:

	2022			2021		
	Directors			Directors		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	-----Rupees-----					
Managerial remuneration	67,977	-	1,700,942	69,990	-	1,430,160
Contribution for staff retirement benefits	9,985	-	175,681	10,035	-	144,555
Bonus	39,768	-	363,621	50,358	-	259,114
Fees	-	3,431	-	-	3,095	-
Total	117,730	3,431	2,240,244	130,383	3,095	1,833,829
Number of persons, including those who worked part of the year	1	6	418	1	6	367

(Amounts in thousand)

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

**38.2** Premium charged in respect of non-executive directors indemnity insurance amounts to Rs. 972 (2021: Rs. 1,056).

	2022	2021
	-----Rupees-----	
<b>39. FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>39.1 Financial assets at amortized cost</b>		
Long term deposits	129,489	60,688
Trade debts	1,902,141	1,305,122
Advances and deposits	95,805	61,791
Short term investments	2,000,000	2,000,000
Accrued mark-up	25,767	21,264
Other receivables	355,747	185,040
Cash and bank balances	1,824,554	346,185
	6,333,503	3,980,090

#### 39.2 Financial liabilities at amortized cost

Long term finances	2,319,643	4,782,647
Lease liability against right-of-use assets	706,029	533,105
Trade and other payables	17,307,030	10,325,216
Unclaimed dividend	6,882	6,943
Accrued interest / mark-up	300,938	195,792
Short term finances	-	463,007
	20,640,522	16,306,710

#### 39.3 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.

#### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### 40.1 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.

(Amounts in thousand)

At December 31, 2022, 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, 2022, 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. 68,551 (2021: Rs. 72,960) 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.

## 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.

## 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.

(Amounts in thousand)

	2022			2021		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	-----Rupees-----					
Long term finances	1,569,643	750,000	2,319,643	2,582,647	2,200,000	4,782,647
Lease liability against right-of-use assets	268,338	437,691	706,029	285,090	248,015	533,105
Trade and other payables	17,307,030	-	17,307,030	10,325,216	-	10,325,216
Accrued interest / mark-up	300,938	-	300,938	195,792	-	195,792
Unclaimed dividend	6,882	-	6,882	6,943	-	6,943
Short term finances	-	-	-	463,007	-	463,007
	19,452,831	1,187,691	20,640,522	13,858,695	2,448,015	16,306,710

## 40.2 Fair value estimation

40.2.1 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).

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

## 41. 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:

	2022	2021
	-----Rupees-----	
Long-term:		
- finances (note 20)	750,000	2,200,000
- lease liability against right-of-use assets (note 21)	437,691	248,015
Total long term debt	1,187,691	2,448,015
Total equity	12,689,671	10,327,244
Total capital	13,877,362	12,775,259
Debt to equity ratio	0.09:1	0.19:1



(Amounts in thousand)

## 42. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

**42.1** 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 Eximp FZE	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 Employment Benefits
Engro Corporation Limited – Provident Fund	N/A	Post Employment Benefits
Engro Corporation Limited – Defined Contribution Gratuity Fund	N/A	Post Employment 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 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. Muneza Iffkar	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
Mr. Sohail Sarwar Chaudhary	N/A	Key Management Personnel
Mr. Muhammad Mudassar Cheema	N/A	Key Management Personnel

**42.2** Following are the names of associated companies, subsidiaries, joint ventures and 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

(Amounts in thousand)

**42.2.1** Registered address of FrieslandCampina Nederland B.V. is Stationsplein 4, 3818 LE, Amersfoort, the Netherlands (note 27.4).

**42.3** 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	2022	2021
		-----Rupees-----	
Associated companies / undertakings	Arrangement for sharing of premises, utilities, personnel and assets	58,780	120,247
	Purchase of goods and services	108,177	1,177,300
	Sale of goods	33,860	-
	Reimbursement of expenses incurred on behalf of the Company	252,009	172,556
	Reimbursement of expenses paid by the Company	24,541	22,268
Contribution for staff retirement funds	Managed and operated by Engro Corporation Limited		
	- Provident fund	426,916	388,336
	- Gratuity fund	143,430	122,545
Key management personnel including the Chief Executive Officer but not other Directors	Managerial remuneration	286,020	236,327
	Contribution for staff retirement benefits	41,285	33,927
	Bonus	119,087	106,701
	Other benefits	971	1,056

**42.4** The related party status of outstanding receivables and payables as at December 31, 2022 / 2021 are included in respective notes of the financial statements.

## 43. SEGMENT INFORMATION

**43.1** 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 based products; 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.

(Amounts in thousand)

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 based products segment to Frozen desserts segment.

The following information presents operating results information regarding operating segments for the year ended December 31, 2022 / 2021 and asset information regarding operating segments as at December 31, 2022 / 2021:

	2022			2021		
	Dairy based products	Frozen desserts	Total	Dairy based products	Frozen desserts	Total
	-----Rupees-----					
<b>Results for the year</b>						
Revenue from contracts with customers - net	66,504,241	7,243,830	73,748,071	47,064,646	5,223,870	52,288,516
Inter-segment revenue	(211,654)	(62,730)	(274,384)	(194,319)	-	(194,319)
	66,292,587	7,181,100	73,473,687	46,870,327	5,223,870	52,094,197
Depreciation, impairment and amortization	1,354,727	402,669	1,757,396	1,848,563	449,125	2,297,688
Finance cost	1,021,655	358,132	1,379,787	643,786	217,588	861,374
Profit / (Loss) for the year	2,436,679	28,994	2,465,673	1,622,017	182,061	1,804,078
<b>Assets</b>						
- Segment assets	18,678,211	3,765,144	22,443,355	15,457,590	2,373,060	17,830,650
- Un-allocated assets	-	-	12,303,256	-	-	9,307,462
	18,678,211	3,765,144	34,746,611	15,457,590	2,373,060	27,138,112

#### 44. SEASONALITY

The Company's 'Frozen desserts' and 'Dairy based products' 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.

#### 45. PRODUCTION CAPACITY

	Designed Annual Capacity (note 45.1)		Actual Production		
	2022	2021	2022	2021	Remarks
	-----Liters in thousand-----				
Dairy based products	581,509	533,645	373,722	334,986	Production planned as per market demand
Frozen desserts	37,420	37,420	29,392	24,218	

45.1 Represents capacity as at the reporting date.

#### 46. NUMBER OF EMPLOYEES

	Number of employees as at		Average number of employees	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Management employees	1,117	1,095	1,086	1,114
Non-management employees	154	155	154	158
	1,271	1,250	1,240	1,272

(Amounts in thousand)

#### 47. 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.

#### 48. SUPPLEMENTARY INFORMATION

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

	2022	2021
	-----Rupees-----	
Cost of sales	60,338	5,574
Salaries, wages and staff welfare	16,494	15,346
Communication, utilities and other office expenses	3,021	5,326
Travelling	410	434
Legal charges	507	1,302
Bank charges	100	48
	80,870	28,030

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

#### 49. CORRESPONDING FIGURES

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

#### 50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 08, 2023 by the Board of Directors of the Company.

  
Abdul Samad Dawood  
Chairman

  
Ali Ahmed Khan  
Chief Executive Officer

  
Imran Husain  
Chief Financial Officer

# ENSURING THE **WELL-BEING** OF THE **CARETAKERS**

Our goal is to educate farmers on best dairy farming practices and latest technologies that equip them to take good care of their animals, improve yield and increase farmers' incomes.



# ANNEXURES



## 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 19 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, 2022, options for 62,500 shares have been vested while options for remaining 16,837,500 shares have lapsed till December 31, 2022 with the expiry of the Scheme.

During the year, 1,390,625 vested share options, granted in 2016 and 2017 expired due to non-exercise by employees within the exercise period. Till date 62,500 share options have been granted.

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 18th day of April, 2023 and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

### 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 Ltd. 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.

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

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.

\_\_\_\_\_  
Signature of Member/Shareholder

Date: \_\_\_\_\_

## 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 \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member/Shareholder

Date: \_\_\_\_\_



## اسٹینڈرڈ درخواست فارم سالانہ آڈٹ کی گردش

شیخ رجب طراز

فریز لینڈ کیمپنا اینگرویا کستان لمیٹڈ

فیمکو ایسوسی ایٹس برائٹوٹ لمیٹڈ

8-F، نزد ہوٹل فاران، نرسری، بلاک 6، بی ای سی ایچ ایس،

شاہراہ فیصل، کراچی۔

ای میل [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)

ٹیلی فون نمبر 3-3438 4621، 5-3438 0101 (9221)

عنوان: فریز لینڈ کیمپنا اینگریو پاکستان لمیٹڈ کی سالانہ رپورٹ کے لیے ہارڈ کاپی کی درخواست

محترم گرامی،

جیسا کہ ریکورڈ میں ایڈاپٹیشن کے بذریعہ اس آرڈر 470(1) بتا رہا ہے 21 مئی 2016 مطلع کیا ہے اور شیڈولڈ کرنے 24 مارچ 2017 کو منعقد کی جانے والے سالانہ اجلاس میں عام سماعت منظور دی تھی کہ کوئی اپنی مالیاتی معلومات بشمول بینکس شیٹ، متاع خراسے کے کھاتے، آڈیٹرز رپورٹ اپنے آرکائیو کوان کے رجسٹرڈ چوٹی پر ڈی او ڈی وی آر ایس ایس کی شکل میں ارسال کرے گی تاہم وہ جو کچھ کے مالیاتی گوشوارہ کی ریکارڈنگ کی جانے سے قبل فارم میں داخلہ نامی معلومات پر کر کے کچھ کے شیڈولڈ رجسٹر آرڈر کو اپنی سیکریٹری کو فزیکل نمبر کرنا ہوں گے۔

[illegible]

معلومات	
شیر ہوٹل رکنا نام	
فولیو نمبر/سی ڈی سی آئی ڈی نمبر	
قومی شناختی کارڈ نمبر/ پاسپورٹ نمبر	
لینڈ لائن، ٹیلی فون نمبر (اگر کوئی ہے تو)	
موبائل نمبر (اگر کوئی ہے تو)	

شکر

شیخ ہولڈر کے دستخط

نقل پر اے:

محترمہ منیزہ افتخار کمپنی سیکرٹری، فرز لینڈ کیمینا اینگرو پاکستان لمیٹڈ، مانجوس منزل، دی مار برفرنٹ، ڈولمن سٹی،

ایچ سی۔ 3، میرین ڈرائیو، بلاک 4، کلفٹن، کراچی، پاکستان

ای میل: [muneeza.iftikar@frieslandcampina.com](mailto:muneeza.iftikar@frieslandcampina.com)

## ویڈیو کانفرنسنگ کی سہولت کے فارم کی درخواست

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

اس ضمن میں براہ مہربانی درج ذیل فارم پر کیجئے اور اسے کمپنی کے رجسٹرڈ پتے پر سالانہ اجلاس عام کے انعقاد کی تاریخ سے کم از کم 10 روز قبل داخل کروا دیجیے

میں انہم۔۔۔ فریڈ لینڈ کہنا یا نیگرو پاکستان لمینڈ کے رکن اور جسر کے صفحہ نمبر اسی ڈی سی اکاؤنٹ نمبر۔۔۔ کے مطابق۔۔۔ عام شیر (ز) کے حامل کی حیثیت سے میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا ہوں / چاہتے ہیں۔

تاریخ: \_\_\_\_\_

دستخط رکن / شیئر ہولڈرز

پراکسی فارم

[illegible]

روز و تاریخ: \_\_\_\_\_ / \_\_\_\_\_ / 2023

..... دستخط:

نام: \_\_\_\_\_

~~~~~ ❧ ~~~~~

.....

کمیوٹراز ڈقومی شناختی کارڈ نمبر: \_\_\_\_\_

یاسپورٹ نمبر: \_\_\_\_\_

دستخط شیئر ہولڈر

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

..... دستخط:

نام: \_\_\_\_\_

.....

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کمیوٹراژ و قومی شناختی کارڈ نمبر: \_\_\_\_\_

یا سپورٹ نمبر: \_\_\_\_\_

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

سی ڈی سی شیئرز ہولڈرز اور ان کے نمائندوں سے فردا فردا درخواست ہے کہ وہ اپنے کمپوز انرز کو قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، پر کسی غامض داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

## مستقبل کے خود خال Future Outlook

میکرو اکنامک ماحول کاروبار اور صارفین کے لیے یکساں طور پر چیلنجنگ ہے۔ بڑھتی ہوئی افراط زر، زرمبادلہ کے ذخائر میں قلت، کرنسی کی قدر میں کمی، اعلیٰ مالیاتی لاگت اور پرنٹنگس کے نفاذ سے کمپنی کا منافع منفی طور پر متاثر رہے گا۔ مزید برآں، موسمیاتی تبدیلیوں اور صارفین کی متحرک ضروریات کے باعث بڑھتی ہوئی قدرتی آفات کاروبار کے لیے صارفین کو موثر طریقے سے خدمت کرنے کی صلاحیت کو متاثر کر سکتی ہے۔ تاہم، ایک باصلاحیت کاروباری ماڈل کے ساتھ، انتظامیہ کو یقین ہے کہ وہ ویلیو چین میں افادیت کو آگے بڑھانے کے قابل ہوگی اور آنے والے سالوں میں ترقی کی راہوں پر کامزن رہے گی۔

فریڈ لینڈ کمپنا انیگرو پاکستان لمیٹڈ میں، ہمارا مقصد پاکستانیوں کی موجودہ اور آنے والی نسلوں کے لیے صحت اور تندرستی کو یقینی بنانا ہے، اور اسی لیے، کمپنی پاکستان ڈیری انیسوسی ایشن (پی ڈی اے) اور حکومت کے ساتھ مختلف اقدامات پر شراکت داری جاری رکھے گی۔ تاکہ صحت کھلے دودھ کے بارے میں صارفین کو آگاہ کرے اور محفوظ ٹیک شدہ دودھ کی مثبت خصوصیات کو تقویت بخشنے۔

ڈیری فارمز کمپنی کی سپلائی چین میں ریڈھ کی ہڈی کی حیثیت رکھتے ہیں اور کمپنی اپنی صنعت کے معروف ڈیری ڈیولپمنٹ پروگرام (ڈی ڈی پی) پر فخر کرتی ہے، جو کہ جامع ترقی اور منافع میں اضافہ کو یقینی بنانے کے لیے مروجہ کیا گیا ہے۔ یہ کاروبار کسانوں کی بہتر تربیت اور پیداواری صلاحیت، پیداوار اور منافع کو بہتر بنانے کے لئے جاری رہے گا تاکہ ان برادر یوں کی سپورٹ کو اور بہتر بنایا جاسکے جن میں ہم کام کرتے ہیں۔ کمپنی ڈیری ویلیو چین کے ذریعے خواتین کو بااختیار بنانا کر انہیں کامیاب ڈیری انٹر پرائیز بننے میں مدد دے کر خواتین پر مرکوز اقدامات کے ساتھ کسانوں کے روزگار کو بہتر بنانے کے لیے پرعزم بھی رہے گی۔

انیسی ای سی پی ایل کاروبار براڈ ایکویٹی پراسرماپہ کاری جاری رکھے گا اور مارجن سے فائدہ اٹھانے کے لیے اپنے منافع بخش پورٹ فولیو کو وسعت دے گا۔ اپنی عالمی مہارت اور 150 سال کے ورثے کو بروئے کار لاتے ہوئے کمپنی حفظان صحت، خوراک کی حفاظت اور پائیداری کے اعلیٰ ترین معیارات کے لیے پرعزم ہے اور لاکھوں پاکستانیوں کو روزانہ محفوظ، سستی اور صحت بخش ڈیری مصنوعات فراہم کرتی ہے۔

محمد علی احمد خان

محمد علی احمد خان  
چیف ایگزیکٹو آفیسر

عبدالصمد داؤد

عبدالصمد داؤد  
چیرمین



# بورڈ آف

## ڈائریکٹرز:

### Board of Directors

#### ڈائریکٹرز کی ذمہ داریوں کا بیان

#### Statement of Directors' Responsibilities

ڈائریکٹرز مندرجہ ذیل کے لیے ایس ای سی پی کوڈ آف گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

- 1- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی بیانات، ان کی صورتحال، کاروائیوں، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کے نتائج کو پیش کرتے ہیں۔
- 2- کمپنی کے اکاؤنٹ کی مناسب کتب برقرار رکھی گئی ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے علاوہ ان تبدیلیوں کے جو معیارات کے ابتدائی اطلاق اور موجودہ معیارات میں ترامیم یا ترمیمات کے نتیجے میں ہوئی ہیں۔ اکاؤنٹنگ کے تخمینے مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالیاتی گوشواروں کی تیاری پر 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 جسے موثر انداز میں نافذ کر کے اس کی نگرانی کی گئی ہے جس میں اندرونی مالیاتی اختیارات بھی شامل ہیں۔
- 6- کمپنی کے سلسل کار و بار جاری رکھنے کی اہلیت پر کوئی شک و شبہات نہیں ہیں۔
- 7- کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی مادی انحراف نہیں ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔

#### بورڈ کے اجلاس اور حاضری

#### Board Meetings and Attendance

2022 میں، بورڈ آف ڈائریکٹرز کے 5 اجلاس منعقد کیے گئے تاکہ سرگرمیوں کا دائرہ کار مکمل کیا جاسکے۔ ڈائریکٹرز کی حاضری کاریکارڈ درج ذیل ہے۔

| ڈائریکٹر کا نام               | 1<br>7 فروری<br>2022 | 2<br>20 اپریل<br>2022 | 3<br>24 اگست<br>2022 | 4<br>24 اکتوبر<br>2022 | 5<br>14 نومبر<br>2022 | ٹوٹل |
|-------------------------------|----------------------|-----------------------|----------------------|------------------------|-----------------------|------|
| عبدالصمد داؤد                 | ✓                    | ✓                     | ✓                    | ✓                      | ✓                     | 5    |
| علی احمد خان                  | ✓                    | ✓                     | ✓                    | ✓                      | ✓                     | 5    |
| روہینہ فریڈنگٹن ویلنٹیئر ہاؤس | ✓                    | ✓                     | ✓                    | ✓                      | ✓                     | 5    |
| ایڈورڈ ہولٹور                 | ✓                    | ✓                     | ✓                    | ×                      | ×                     | 3    |
| جیٹرالٹے ڈیوگلیک              | ✓                    | ✓                     | ✓                    | ×                      | ✓                     | 4    |
| ابراہنسن                      | ✓                    | ✓                     | ✓                    | ✓                      | ✓                     | 5    |
| زہیر عبداللہ                  | ✓                    | ✓                     | ✓                    | ✓                      | ×                     | 4    |

#### بورڈ کی ساخت اور دائرہ اختیار:

#### Board Composition and Governance

31 دسمبر 2022 تک بورڈ سات ڈائریکٹرز (6 مرد، 1 خاتون) پر مشتمل راجس میں ایک ایگزیکٹو ڈائریکٹر، دو آزاد ڈائریکٹرز اور چار نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ بورڈ کی اجتماعی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ ایف سی ای پی ایل کے معاملات کو قابلیت اور دیانتداری کے ساتھ عمل میں لایا جائے۔ جناب عبدالصمد داؤد نان ایگزیکٹو ڈائریکٹر بورڈ کے چیئرمین ہیں جبکہ جناب علی احمد خان چیف ایگزیکٹو آفیسر ہیں اور ڈائریکٹرز کی سوانح حیات کی تفصیلات اس رپورٹ میں شامل ہیں۔ بورڈ آف ڈائریکٹرز کا مینٹنگ کلیئر ہر سال جاری کیا جاتا ہے جو منظور کرنے اور منظوری دینے کے لیے مختص معاملات کو شیڈول کرتا ہے۔

#### بورڈ معاوضہ کمیٹی:

#### Board Compensation Committee

کمپنی سینئر ایگزیکٹوز سے متعلق معاوضے، تنظیم اور ملازمت کی ترقی کی پالیسیوں کے تمام تر عناصر کا جائزہ لینے، ان کے لیے جوہر کرنے اور ایگزیکٹو ڈائریکٹرز کے ساتھ ساتھ انتظامی کمیٹی کے اراکین کے معاوضوں سے متعلق تمام معاملات کی منظوری کے لیے اجلاس کرتی ہے۔ کمیٹی کے ایچ آر ہیڈ بورڈ معاوضہ کمیٹی کے سیکریٹری کا کردار ادا کرتے ہیں۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

زہیر عبداللہ (چیئرمین)

پیٹر الٹی ڈیوگلیک (ممبر)

علی احمد خان (ممبر)

#### بورڈ آڈٹ کمیٹی:

#### Board Audit Committee

بورڈ کی آڈٹ کمیٹی بنیادی طور پر شیئر ہولڈرز کو مالیاتی اور غیر مالیاتی معلومات کا جائزہ لینے، رپورٹ کرنے، اندرونی کنٹرول سسٹم، رسک مینجمنٹ اور آڈٹ کے عمل کے لیے اس کا جائزہ لینے کی ذمہ داریوں کو پورا کرنے میں بورڈ کی معاونت کرتی ہے۔ آڈٹ کمیٹی کمپنی انتظامیہ سے معلومات طلب کرنے اور مناسب سمجھے جانے والے بیرونی آڈیٹرز یا مشیروں سے براہ راست مشورہ کرنے کے لیے خود مختار ہے۔ چیف فنانس افسر حسابات پیش کرنے کی دعوت کے ذریعہ باقاعدگی سے بورڈ آڈٹ کمیٹی کے اجلاسوں میں شریک ہوتے ہیں۔ ہر اجلاس کے بعد کمیٹی کے چیئرمین بورڈ کو رپورٹ پیش کرتے ہیں۔ کمیٹی نے 2022 کے دوران 4 بار ملاقات کی۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

ابراہنسن (چیئرمین)

ایڈورڈ ہولٹور (ممبر)

زہیر عبداللہ (ممبر)

کمیٹی کے سیکریٹری جی ایم انٹرنل آڈٹ سلیم لالانی ہیں۔

## آڈیٹرز: Auditors

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

### شیئر ہولڈنگ کا اسلوب:

#### Pattern of Shareholding

کمپنی کے بڑے شیئر ہولڈرز فری لینڈ کمپنیا پاکستان ہولڈنگز پی وی (51%) اور اینگریو کارپوریشن لمیٹڈ (39.93%) ہیں۔ دوسرے شیئر ہولڈرز مقامی ادارے اور عام عوام ہیں۔

شیئر ہولڈنگ کے عمومی اسلوب کا بیان اور شیئر ہولڈرز کے مخصوص حصوں کی شیئر ہولڈنگ کے اسلوب کا بیان جس کا انکشاف رپورٹنگ فریم ورک کے تحت ضروری ہے اور ڈائریکٹرز، ایگزیکٹو اور ان کے شریک حیات کی طرف سے 2022 کے دوران نا بالغ بچوں سمیت حصص کی خرید و فروخت کا بیان آگے دکھایا گیا ہے۔

### اندرونی اختیاری نظام:

#### ذمہ داری:

#### Internal Control Framework

#### Responsibility

بورڈ کمیٹی کے اندرونی اختیاری نظام اور اس کی تاثیر کا جائزہ لینے کے لیے ذمہ دار ہے۔ تاہم، ایسا نظام کاروباری مقاصد کے اصول میں ناکامی کے خطرے کو ختم کرنے کے بجائے اس کو کم از 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 کا تفصیلی خاکہ اور عمل چیف ایگزیکٹو کو سونپا ہے۔

### نظام:

#### Framework

کمپنی واضح ڈھانچے، اختیارات کی حدود، احتساب، واضح منصوبہ بندیوں اور طرز عمل پر مشتمل ایک واضح اختیاری نظام کو برقرار رکھتی ہے۔ بورڈ تنظیمی حکمت عملی اور کمپنی کے کاروباری مقاصد کو قائم کرتا ہے۔ ذیلی انتظامیہ ان مقاصد کو مالی مقاصد کی حمایت کے ساتھ ذیلی کاروباری حکمت عملی میں ضم کرتی ہے۔

### جائزہ:

#### Review

کمپنی کی مالی کارکردگی، مالی اور انتظامی میزبان اور چیئرمن گوئی، کاروبار میں اضافے اور ترقیاتی منصوبوں، سرمایہ خرچ کی تباہی اور دیگر اہم کارکردگی کے اشارے پر غور کرنے کے لیے سہ ماہی اجلاس ہوتا ہے۔ بورڈ آڈٹ کمیٹی بیرونی اور اندرونی پڑتال کنندگان سے اندرونی اختیاری نظام کے بارے میں رپورٹس حاصل کرتی ہے اور اندرونی اختیاری نظام کی تاثیر کی نگرانی کے عمل کا جائزہ لیتی ہے۔

### اندرونی جانچ پڑتال:

#### Internal Audit

کمپنی کی اندرونی جانچ پڑتال کا ایک خود مختار شعبہ ہے۔ بورڈ آڈٹ کمیٹی ہر سال وسائل کی مناسبات اور اس شعبے کے اختیار 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 اندیشوں کے تجزیے کی پڑتال پر مشتمل تدابیر کی منظوری دیتی ہے۔ اندرونی جانچ پڑتال کے طریقے سے مالیاتی نظر ثانی، کام اور تکمیل کے اختیارات اور تجاویز کی رپورٹس بورڈ آڈٹ کمیٹی، چیف ایگزیکٹو اور ذیلی انتظامیہ کو دی جاتی ہے۔

### خطرات سے نمٹنا:

#### Risk Management

وسیع تر 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، ریگولیٹری، مالی آپریشنل، ساکھ اور پائیداری کے خطرات کی نشاندہی کرتا ہے۔ خطرات کا جائزہ پاکستانی قائدانہ ٹیم حکیمانہ مقاصد، اہداف اور کارکردگی کو مد نظر رکھتے ہوئے لیتی ہے۔ تفتیش 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 طرز عمل کی بنیاد پر وضع کیا ہے جس کی بیرونی فری لینڈ کمپنیا کرتی ہے، جس کا مقصد کاروبار سے وابستہ خطرے کے انتظام کے ساتھ کمپنی کی ترقی کو آگے بڑھانا ہے۔



مزید برآں، مئی 2022 میں خشک سالی کے دوران چولستان میں کمیونٹیز کی مدد کرنے کے لیے ایف سی ایی اینی نے بلوچستان کے متاثرہ علاقوں میں پانی کی فراہمی کے لیے اپنے ٹینکروں کی سترے سے تین وائرلش کی ہے۔



ایف سی ای پی ایل میں پائیداری کے لیے عالمی شناخت  
Global Recognition for  
Sustainability at FCEPL

[illegible]

کمپنی کی پائیداری، ہی ایس آر اور کیونٹی آؤٹ ریج میں خلل اقوام متحدہ کے ایس ڈی جی میں بنا غربت، بنا بھوک، معیاری تعلیم، صحتی

میں نے اپنے دوستوں کو بتایا کہ اگر انہیں میری بات سنی تو انہیں بھی اس بات پر آمین کہہ کر دعا کریں۔

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روزنامہ کیسے لکھتے تھے؟

وہاں کے اعلیٰ ترین معیار کے لیے ۲۰۰۰



Our Human Resource Overview

[illegible]

کیونٹی کی سرمایہ کاری: اسکول ایڈاپشن اور ہیلتھ سینٹر

## Community Investments: School Adoption & Health Center

سکول ایڈاپشن پروگرام کا آغاز سال 2011 میں کیا گیا تھا۔ اس کے بعد سے ایف سی ای پی ایل نے سکھ اور سواہل میں اپنی سہولیات کے آس پاس کی کمیونٹیز کے 16 سکولوں میں ماحولیات، غذائیت، صاف صفائی اور صحت کی اہمیت پر وقتاً فوقتاً کمیونٹی گینج منٹ کے سیشن منعقد کیے ہیں۔ مزید برآں، سکھ میں ہیلتھ کیئر سٹریٹجی ہرسال ہزاروں مریضوں کا علاج کرتا ہے۔



بحرانوں میں اپنی کمیونٹی کے ساتھ کھڑے ہونا

## Standing With Our Communities in Times of Crisis

پاکستان کی حالیہ سیاسی صورتحال میں 3 کروڑ 30 لاکھ سے زیادہ پاکستانیوں کو بھر کھڑے ہے۔ اندازہ اور جوچستان میں خوراک، رہائش اور جانوروں کی صحت علاج کے کچھوں کے ذریعے حائثرین کی متعلق امدادی سرگرمیاں شروع کی گئی ہیں۔ شملی انتظامیہ اور حکومتی امدادوں کے ساتھ مل کر کام کرتے ہیں۔

خوراک، رہائش، اور جانور کا دوا سائیکل میں 3,000 سے زائد کامرے ہیں، 100 نئے جانوروں، 11,000 سے زیادہ جانوروں کی دوا سائیکل میں 15,000 سے زائد جانوروں کی خدمت کی گئی اور 12,000 سے زائد جانوروں کا طبی



ایسی ہی ایلی بی بی نے لوہستان میں سب سے بچات کے بعد جن آستان اکیڈمی (آر اے) کے ساتھ بھی شراکت داری کی ہے۔ یہ سچنے کے ذری پختی معلومات۔ اوپر کمرنگ کریم بالہ درجہ 8,000 گلاس دودھ کے برابر ہے۔ آر بی ای کے ساتھ سب سے سٹارڈوٹو میں تنظیم کے جانے والے دانشور بیک مہدیہ علیہ بی بی آر اس ایلی بی بی نے اپنے لئے رضا کارانہ تنظیم کے اجراء میں ایس جی میں ماڈرن کوسمز ذریعہ جمع کرنے کے ارادہ اور پیشوں کے اثرات پر نظر ثانی کی وجہ سے بھی دی۔ پاکستان کی ترقی کے لئے مقصد کے تحت ایسی ہی ایلی بی بی پاکستانی عوام کے ساتھ کھڑا ہے۔



مذاہبت:

بول ملک پروگرام  
 Better Nutrition  
 School Milk Program

روشنی آف ایکٹویشن، بقیہ ایس او ایف سی ای سی ایل نے اپنے اشتراکی منصوبے ’اسکول ملک پرگرام‘ کے حقیقی نتائج کا اعلان کیا جس کا آغاز سال 2021 میں کیا گیا تھا۔ آٹک اور شیوہ پر 89 ہزار بچے اسکولوں میں 8,000 سے زائد کو دودھ فراہم کر کے، اسکول ملک پرگرام کے حقیقی نتائج شواہد پر پکا بنے۔ بچے کی صحت پر روزانہ دودھ کے استعمال کے علاوہ پاکستان بھر میں غذائیت کی صورتحال کو بہتر بنانے کے لیے قومی سطح پر اسکولوں میں دودھ کی فراہمی کے لیے پالیسی کو تیل دینے کی ضرورت پر روشنی ڈالی ہے۔



ول ایکٹویشنز

## School Activation

وزیر فیروز ملک کی قیادت میں اپنے اسکول انٹیلیجنس پروگرام کے تحت چینی سے 250,000 روپے زائد امداد کے ساتھ  
 قریبی ریاست کے حوالے سے ہوا ری کپڑے کے درجوں میں دودھ کے استعمال کی سخت پیش عادات پر کرنے میں کام کیا ہے  
 یہی سی ای پی ایل نے ماہرین کے ساتھ کام کر کے ہوئے لوگوں بالخصوص اسکول جانے والے بچوں کے لیے مافوق ان  
 ایک میں دودھ کو کھانا کرنے کی اہمیت سے آگاہ کیا گیا ہے۔

مت اسکول

## Raast School

[illegible]

کسانوں کے خاندانوں کو معاہدہ فراہم کرتے ہوئے کینیڈا نے اپنے ایف سی اسکا لرز اقدام کے تحت خواتین کو بااختیار بنانے پر اپنی توجہ مرکوز رکھتے ہوئے کسانوں کی 2 بیٹیوں کو اعلیٰ تعلیم کے لیے اسکا لرشپس سے نوازا گیا ہے۔



خواتین کو ہماری ویلیو چین میں بااختیار بنانا

## Empowering Women in Our Value Chain

[illegible]

ایف ای سی ای کی ایل اسٹون کے طور پر دیکھیں تو خاتمین کی صلاحیتوں کو برحانے میں آئے۔ ایل این اسٹاک ایکسچینج وکٹر (ایف ایف ای سی ای کی ایل ای ڈیو) ایک کلکشن ایجنسی (ایف ایف ای سی ای کے طور پر درود کا حاصل کرنے کے لیے ان کی تربیت جاری رکھے ہوئے ہے۔ سال 2022ء، ایف ای سی ای کی ایل نے 1275 خاتمین کسانوں کو تربیت دی اور پاکستان بھر میں خاتمین کی زیر قیادت دو دستہ مع کرنے والے راز کی تعداد کو آڑکھ کر بڑھا دیا ہے۔







## ڈائریکٹرز رپورٹ

### Directors' Report

ہم فریز لینڈ کمپنا انگریز پاکستان بولڈنگ (فریز لینڈ کمپنا پاکستان بولڈنگز) کی ایک پبلک کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے رپورٹ اور معیاری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

#### کاروبار کا جائزہ

#### Business Overview

پاکستان اور ترکی کی راہ پر کام کرنے والی کمپنی نے بائیسویں سال 173.5 ارب روپے اور 5.3 ارب روپے تک کے سب سے زیادہ ٹاپ لائن اور آپریشنل نتائج کے ساتھ ایک اور کامیاب سال پیش کیا ہے۔

ٹاپ لائن نتائج گزشتہ سال کے مقابلے میں 41 فیصد نمو کا مظاہر کرتا ہے جو کہ سخت مسابقت اور تقسیم کے چیلنجز کے باوجود قائم رہی۔ اضافے میں بکس میں بھری اور ریشل فٹ پرنٹ کی قوتیج کے باعث ہے۔

کمپنی نے مجموعی نتائج میں 37 فیصد اضافہ دیکھا جبکہ مجموعی مارجن میں اجناس کی بڑھتی قیمتوں، عالمی بھڑائی کی سیاسی ماحول، زرمبادلہ کے ڈھانڈے میں قلت کے ساتھ ساتھ روپے کی قدر میں کمی اور سیلاب کے باعث مجموعی مارجن میں 50 فیصد تنگی پانچ کی کمی دیکھنے میں آئی ہے۔ آپریٹنگ مارجن میں گزشتہ سال کے مقابلے میں 60 فیصد تنگی پانچ کی بھری آئی ہے جو قیمتوں کی مسابقت اور دیگر چیلن میں مسائل کے نتیجے میں استعمال جیسے اقدامات کے باعث ہے۔

شرح سود اور سو پر ٹیکس کے لحاظ سے باعث آپریٹنگ نتائج کے مقابلے میں بعد ازاں نتائج میں کمی ہوئی ہے۔

Rs. **73.5** billion  
Revenue in 2022

#### ڈیری پر مبنی مصنوعات کا شعبہ

#### Dairy-based Products Segment

اس شعبہ نے 66.3 ارب روپے کی آمدنی ریکارڈ کی جو گزشتہ سال کے مقابلے میں 41 فیصد کی نمو کا مظاہر کرتا ہے۔ شعبہ میں اوپر لڑنے والی کمپنی کی شرح کو بڑھاتے ہوئے مارکیٹ میں بطور براہ راست اور تھائی سرمایہ کاری کے ذریعے مضبوط پوزیشن کو برقرار رکھا۔ اوپر لڑنے والی کمپنی 2022 اوپر لڑ کر کم دہ پالہ، فلیورڈ ملک اور ٹرنگ نے نمونوں کو نکالنا اضافی کیا ہے جبکہ کریم کے کل پورٹ فولیو نے تمام براہ راست سب سے زیادہ ترقی کی ہے۔

Rs. **66.3** billion  
Revenue with 41% Growth in  
Dairy-based Products Segment

اس شعبہ نے جدید فریز چینل میں اپنی قیادت سے فائدہ اٹھاتے ہوئے کئی مختلف عالمی اقدامات اٹھائے جن میں ٹارگیٹڈ کسٹمر پریہ مضبوطی، تجارتی سرگرمیوں میں سرمایہ کاری اور کسٹمر انگیجمنٹ کے ذریعے ریشل فٹ پرنٹ کو 4500 سے زائد آؤٹ لیس تک بڑھانا شامل ہے۔ مزید برآں، پراجیکٹ اسٹوراب بک کے سب سے زیادہ حجم کے ساتھ سب سے تیزی سے ترقی کرنے والے چینل کے طور پر سامنے آیا ہے۔ کمپنی نے اپنے ویلڈ براڈ زکی مارکیٹ میں دستیابی کے ساتھ اپنی نتائج پیش ترقی کی رفتار کو تیز کیا ہے۔

اوپر لڑنے والی کمپنی نے اپنی تمام کھپائی، کوئی وی، ڈیجیٹل، سوشل میڈیا اور ان اسٹور سب سے زیادہ ترقی یافتہ اور ایجنٹوں کا جس کا مقصد براڈ زکی ایکٹیو کسٹمر پر مشروط بنانا اور کھلے دودھ کے استعمال سے تھیں کرنا ہے۔ اس کام کے ذریعے اوپر لڑنے والی کمپنی اور معیاری دودھ کے ساتھ پاکستان بھر کے کھانوں کی ترجیح کو مضبوطی میں اور انہیں غذائیت سے بھر پور مزے دار اور کریمی دودھ فراہم کرتی ہیں۔

سال 2022 میں، کمپنی نے کچن میں دودھ کے استعمال کو بڑھانے کے لئے "ٹو بیک ان پرفارمنس" کام کے تحت اوپر لڑنے والی کمپنی کو ساتھ ساتھ ایف۔ ڈی۔ ای کے ساتھ گائیڈی ٹریکٹ جیسے بی آر کے ساتھ ڈیجیٹل ٹریٹات، انٹیکسٹ مارکیٹنگ کم اور ایکٹیویشن کے ذریعے اس کام کو مضبوط بنانے کی پالیسی، اوپر لڑنے والی کمپنی کے ساتھ ایک سٹراب 110x6 لیٹر میں لاڈ لیا گیا ہے جو دنیا دار اسکول بڈل ٹیک کے طور پر پیش کیا گیا ہے۔ اس کا مقصد صارفین کو اپنی خریداری کو مزید فراہم کرنے کے لئے کام کو بڑھانا تھا۔

کمپنی مستقبل میں کاروباری ترقی کے لیے کئی ٹریک کے طور پر اپنی مصنوعات اور جدید حفاظت کرانے کے لئے فریز لینڈ کمپنا کی عالمی مہارتوں سے مستفید ہوتی رہے گی۔ پاکستان میں بڑی کے لیے کام کا وقت گزرتا ہے اس کا حال ہے کہ کئی گزریا 62 فیصد پاکستانی روزانہ تازہ کرتے ہیں۔ سچ کے وقت اوپر لڑنے والی کمپنی کو بڑھانے اور بڑی فروڈ کے اس بڑے موقع سے فائدہ اٹھانے کے لیے اوپر لڑنے کو لاڈ لیا گیا۔ لیٹر (200 گرام) کا برلاس ایک گاں اوپر لڑنے 200 لیٹر) کی تعدادیت سے بھر پور ہے۔



#### جمدہ میٹوں کا شعبہ

#### Frozen Desserts Segment

اس شعبہ نے 7.18 ارب روپے کی آمدنی کا مظاہر کیا جبکہ گزشتہ سال کی اسی مدت کے مقابلے میں یہ 37 فیصد کی نمو کا مظاہر کرتا ہے۔ کاروبار نے نیشن کی افتتاحی سرگرمیوں اور تھائی مہارتوں پر سرمایہ کاری کے ذریعے بھارت میں غذائیت فراہم دینے کے ساتھ ساتھ دنیا میں دستیاب قوتیج کے لئے مارکیٹ میں مزید اضافوں کو شامل کیا ہے۔ موسم گرما جو جمدہ میٹوں کے شعبے کے لیے ایک بھارتی نیشن ہے جس نے مارکیٹ میں اوپر لڑنے والے لیے ایک ایسی جگہ بنانے کے قابل بنایا جو براڈ کے ساتھ مضبوط مخصوص اور قابل قوتیج فراہم کرتی ہے اور اس سرگرمیوں میں کمی اضافی کرتا ہے۔



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