



Delivering

growth

ANNUAL REPORT
2025

DELIVERING GROWTH

Fauji Foods Limited (FFL) has moved beyond recovery; we are now leading the sector. With a robust balance sheet, a tech-enabled sales force, and a clear mission of national service, FFL is uniquely positioned to deliver sustainable growth while living its purpose of "unleashing the promise of Pakistan"

2026 STRATEGIC PILLARS

PILLAR	FOCUS AREA
Dominance	Owning the "Culinary Occasion" through brand equity.
Synergy	Deepening integration between Dairy, Cereal, and Pasta Supply Chains and leveraging scale.
Innovation	Scaling premium and specialized dairy exports.
Efficiency	Digitizing the "Route-to-Market" for faster, data-driven execution.



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VISION

Unleashing Pakistan's promise
in everything we touch.





MISSION

We provide delicious food products that nourish and provide moments of joy to the people of Pakistan. We are committed to producing our products in a way that is sustainable commercially and environmentally.

CORE VALUES

CARING

We care deeply about our employees, our customers, and our community

EXCELLENCE

We hold ourselves to the highest standards of competence, always striving to improve and exceed expectations

AGILITY AND PERSEVERANCE

We embrace ambiguity and never give up, even in the face of adversity

CUSTOMER FOCUS

Our customers are *AT* the heart of everything we do

OWNERSHIP AND ACCOUNTABILITY

We hold ourselves accountable for our own actions and those of our team

TRY **TASTE** LOVE





 **fauji foods** Ltd.

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CORPORATE INFORMATION

Board of Directors

Lt Gen Anwar Ali Hyder, HI(M) (Retd)
Chairman

Lt Gen Ali Amir Awan, HI(M) (Retd)

Mr. Jahangir Piracha

Syed Bakhtiyar Kazmi

Mr. Mohammad Majid Munir

Ms. Nosheen Akhtar

Mr. Basharat Ahmad Bhatti

Mr. Javed Kureishi

Mr. Yasir Ilyas Khan

Audit Committee

Mr. Javed Kureishi

Chairman

Syed Bakhtiyar Kazmi

Mr. Mohammad Majid Munir

Mr. Basharat Ahmad Bhatti

HR&R Committee

Mr. Basharat Ahmad Bhatti

Chairman

Mr. Mohammad Majid Munir

Ms. Nosheen Akhtar

Mr. Yasir Ilyas Khan

Chief Executive Officer

Mr. Usman Zaheer Ahmad

Chief Financial Officer

Mr. Waseem Haider

Company Secretary

Brig Naveed Azam Cheema (Retd)

Shares Registrar

M/s Corplink (Pvt.) Limited

Wings Arcade, 1-K, Commercial,
Model Town, Lahore.

Tel: +92-42-35916714, 35916719,
35839182

Fax: +92-42-35869037

E-mail: shares@corplink.com.pk

Registered Office

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

Tel: +92-42-37136315-17

E-mail: info@faujffoods.com

Auditors

A.F. Ferguson & Co.,
Chartered Accountants

Legal Adviser

Mr. Naveed Zafar Khan
Advocate

Website

www.faujffoods.com

Plant

Bhalwal, District Sargodha

Bankers

Askari Bank Limited

Bank Alfalah Limited

Bank Al-Habib Limited

Faysal Bank Limited

JS Bank Limited

MCB Bank Limited

National Bank of Pakistan Limited

Soneri Bank Limited

Bank of Punjab

Habib Bank Limited

Habib Metropolitan Bank Limited

BOARD OF DIRECTORS



Lt Gen Anwar Ali Hyder, HI(M) (Retd) | Chairman / Director

With nearly four decades of distinguished military service, Lieutenant General Anwar Ali Hyder (Retired) brings consummate skill and experience in planning, organization and administration to his present assignment. Throughout his distinguished career he held prestigious positions in various command, staff and instructional roles, culminating in the position of Principal Staff Officer to the Chief of Army Staff as Adjutant General of Pakistan Army. A role in which he provided leadership and spearheaded several important welfare initiatives and large-scale commercial projects at the Army and national level, including strategizing the development and growth of Fauji Foundation Companies and serving as the Chairman of Army Welfare Trust.

His extensive experience in Pakistan Army includes noteworthy contributions in planning and development of Defence Housing Authorities (DHAs) all over the country and supervising development and management of countrywide mega housing projects such as Askari Housing Colonies.

He also had the distinctive opportunity of making contributions in the academic domain as President National Defence University and as member of the Board of Governors of NUST, NUMS and NUTECH.

Transitioning seamlessly into civilian leadership role, Lieutenant General Anwar Ali Hyder (Retired) assumed the chairmanship of Naya Pakistan Housing and Development Authority (NAPHDA) and played an important role in the interim Federal Cabinet as the Caretaker Minister for Defence and Defence Production. He also served as a member of the Apex Committee of Special Investment Facilitation Council (SIFC), where he made multifaceted contributions to national economic growth initiatives and in the process remained engaged with several public and private sector entities and multinational organizations.

His strategic prowess and commitment to excellence is complimented by his professional and academic qualifications, which include Masters in Strategic Studies from United States Army War College, Carlisle, Pennsylvania and MSc in War Studies from National Defence University, Islamabad. His dedication to duty and meritorious services in Pakistan Army were duly recognized through conferment of the Chief of Army Staff Commendation Card and the prestigious Hilal-e-Imtiaz (Military) by the President of Pakistan.



Lt Gen Ali Amir Awan, HI(M) (Retd) | Director

A seasoned leader with 37 years of distinguished service in the Pakistan Army, with expertise in defence production, corporate governance, international diplomacy, contract negotiations, and military strategy. A proven track record in national policy formulation, large-scale industrial management, and high-level negotiations. Skilled in overseeing complex projects, ensuring regulatory compliance, and driving institutional reforms in the defence and corporate sectors.

As Chairman of the Pakistan Ordnance Factories Board, led defence manufacturing, contract structuring, and policy implementation. As Inspector General Communication & IT and Chairman of the Special Communication Organisation, played a key role in shaping national defence communication policies. As Additional Secretary and Secretary In-Charge, Ministry of Defence Production, oversaw industrial production, regulatory affairs, and international sales.

Corporate leadership experience includes serving as Chairman of Wah-Nobel (Pvt) Ltd. and Wah Industries Limited, focusing on corporate strategy and industrial expansion. As Deputy Chairman of the National Radio & Telecommunication Corporation and Karachi Shipyard & Engineering Works, managed corporate governance, industrial policy, and strategic partnerships.

International roles include Army & Airforce Attaché at the Embassy of Pakistan in London, Advisor and Liaison Officer at CENTCOM, Florida, USA, and participation in the United Nations peacekeeping mission in Haiti, contributing to international defence cooperation and treaty negotiations.

Education includes graduation from the National Defence University, Islamabad, and the Command & Staff College, Quetta. Certified Director accredited by the Securities & Exchange Commission, Ministry of Finance, Government of Pakistan, with expertise in corporate governance and regulatory compliance.

Currently serving as the Managing Director of the Food Vertical at Fauji Foundation, Lt Gen Ali Amir Awan is spearheading strategic initiatives to transform the Fauji Foundations' food sector into a commercially viable and export-oriented business. Under his leadership, the Food Vertical—comprising key entities such as Fauji Foods Limited, Fauji Fresh n Freeze Limited, Fauji Meat Limited and Fongrow (Private) Limited has achieved profitability through comprehensive restructuring, enhancing operational efficiency, product quality, and market competitiveness. He is leading efforts to expand international partnerships, revitalize core operations, and ensure financial sustainability, with a strong focus on governance, innovation, and value creation across the food value chain.



Mr. Jahangir Piracha | Director

With over three decades of experience, Jahangir Piracha has built a career dedicated to leading and transforming some of Pakistan's most influential companies in chemicals, energy, and agri business. Currently serving as the Managing Director and CEO of FFC Ltd. Jahangir is focused on driving growth and innovation while supporting Pakistan's agricultural development and food security. Jahangir's journey includes CEO roles at Engro Polymer & Chemicals Ltd., Engro Vopak & Elengy Terminal Ltd., and Engro Powergen Qadirpur Ltd., where he gained a deep understanding of commercial, manufacturing, human resources, finance and supply chain management. These diverse roles shaped his approach to leadership, emphasizing the importance of viewing challenges from multiple perspectives and balancing immediate needs with a long-term vision.

Beyond his executive roles, Jahangir is serving on multiple boards, where he has played a key role in decisions impacting the future of energy, infrastructure, and community support across Pakistan. His commitment to sustainability, inclusion, and adaptive growth is evident in the initiatives he supports and the teams he builds.

A Chemical Engineering graduate from the University of Engineering and Technology, Lahore, Jahangir also completed the Advanced Management Program from INSEAD, Fontainebleau, France. His formal education laid a strong foundation, but his leadership style has been shaped by decades of hands-on experience and a dedication to creating positive, lasting change. Known for his commitment to diversity, equity, and inclusion, as well as his advocacy for digital transformation, Jahangir continues to lead with purpose, building organizations that are resilient, agile, and prepared for the future.

Other Directorships

- IFA Board Member
- Fauji Fertilizer Company Limited
- FFBL Power Company Limited
- OLIVE Technical Services (Pvt) Ltd
- FFC Energy Limited
- Foundation Wind Energy - I Ltd
- Foundation Wind Energy - II Ltd
- Foundation University Islamabad
- Thar Energy Limited
- Fauji Meat Limited
- Pakistan Maroc Phosphore SA
- International Fertilizer Association (IFA)
- Agritech Limited
- Fauji Fresh n Freeze Limited



Syed Bakhtiyar Kazmi | Director

Mr. Kazmi is a fellow chartered accountant with over 35 years of experience in a diverse range of sectoral and functional strata within national and regional economies. The key areas of his specialization are fiscal policy and macroeconomic research, greenfield and brownfield projects, strategic collaborations, mergers and acquisitions, outliers in accounting and finance, strategic level audit and assurance, tax reforms and strategic level advisory.

Mr. Kazmi served KPMG for 35 years; interacted with the leadership in almost every industry, understanding their vision, their insights, business and strategies. His rigorous exposure to a diverse range of sectors and projects, enabled him to conceive and culminate strategic value additions for his clients. He successfully implemented a comprehensive service delivery framework that ensures quality assured service provision to KPMG's clients. As an auditor and an advisor, Mr. Kazmi successfully delivered best-in-class and integrity driven services and branched into macroeconomic research with a focus on contributing towards fiscal and regulatory policies of Pakistan. He has served on a number of diverse forums / boards in the private sector, public sector & civil society

organizations. As a thinker, he actively spreads his thoughts and ideas through his articles on national economics, business & taxation matters and issues, regularly published in reputable dailies.

He holds the directorship on the boards of other companies along with FFL, some of which are as follows:

- Fauji Fertilizer Company Limited
- Fauji Cement Company Limited
- Askari Bank Limited
- Mari Energies Limited
- The Hub Power Company Limited
- Agritech Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Oil Terminal and Distribution Company Limited
- Mari Technologies Limited
- Sky47 Limited
- Fauji Fresh n Freeze Limited



Mr. Mohammad Majid Munir | Director

Mohammad Majid Munir is an accomplished professional in the fields of Investment Banking and Strategy, having amassed extensive experience in strategy consulting, mergers and acquisitions, private equity, public equity, and capital restructuring across a wide range of industries, including industrials, financials, logistics, real estate, consumer goods, and entertainment.

Majid successfully designed and executed strategic initiatives, driving impactful results both at the sectoral and national levels. At Arthur D. Little, he advised the Economic Development Board of Bahrain on formulating the country's industrial policy, using quantitative tools. Other notable macro strategy initiatives include a climate finance strategy mapping the interconnected roles of clean energy, mobility, infrastructure, and capacity building, and a national education reform strategy advocating employer-driven, modular learning ecosystems.

Majid has led high-impact transaction advisory assignments across emerging markets. These include securing equity and hybrid investments in transport infrastructure, structuring a cross-border

M&A deals and raising growth capital from European impact investors. Majid has engaged with FIs and private investors and driven deals from origination through to close.

Majid has worked with renowned organizations such as Credit Suisse, Arthur D. Little, and Bank Alfalah across Pakistan, Middle East and Far East. Majid has also held leadership positions as President and Vice President of the Board of the LUMS alumni association.

He holds an MBA in Finance from Lahore University of Management Sciences (LUMS) and a BSc in Finance and International Business from New York University's (NYU) Stern School of Business.

He holds the directorship on the boards of following companies along with FFCL:

- Fauji Cement Company Limited (FCCL)
- Fauji Foods Limited (FFL)
- FFBL Power Company Limited (FPCL)
- Foundation Power Company Daharki Limited (FPCDL)
- Fongreen Silicon Technologies Limited (FOST)
- Fauji Akbar Portia Marine Terminals Limited (FAP)
- Eastridge Prime Care (Private) Limited
- Entertainment Pakistan Limited
- Treet Battery Limited



Ms. Nosheen Akhtar | Director

Ms. Nosheen Akhtar is an accomplished Human Resource professional with over 17 years of diversified experience across the aviation, FMCG, and education sectors. She joined Fauji Foundation in 2019 and currently serves as General Manager – Human Resources, leading strategic initiatives in Organizational Design & Development, Talent Management, and HR Transformation.

She is responsible for aligning HR strategy with organizational objectives, strengthening governance frameworks, and modernizing HR systems and processes. Her portfolio includes workforce planning, succession management, performance management, compensation & benefits, policy development, employee engagement, and change management. Under her leadership, Fauji Foundation successfully executed comprehensive HR Transformation, including the in-house development of an integrated Performance Management System to foster accountability and a high-performance and learning culture.

Ms. Akhtar also devised and implemented a detailed Diversity, Equity & Inclusion (DE&I) Strategy at Fauji Foundation, positioning the organization as an inclusive employer. Notably, Fauji Foundation achieved recognition in eight categories of the Global Diversity, Equity & Inclusion Benchmarks (GDEIB) Awards in its first participation, an accomplishment that reflects her strategic vision and excellence.

Prior to joining Fauji Foundation, she served as Group Head HR at Gourmet Group and held senior HR leadership roles at Airblue & Aircial, leading organizational restructuring and talent optimization initiatives.

She holds a postgraduate degree in Economics and Finance, along with multiple postgraduate certifications in Human Resource Management. A SHRM-SCP certified professional, she has also completed executive training, including the Leadership Development Program- Brown University, USA.



Mr. Basharat Ahmad Bhatti | Director Independent

Mr. Basharat Ahmad has diversified business experience, with the Country's foremost Multinational Conglomerate – Unilever Pakistan Limited, engaged in manufacturing, marketing and Sales of world-class Fast Moving Consumer Products. In addition, he has at his credit valuable experience of Hoechst Pharmaceuticals and Bunny's Foods Ltd.

His practical experience includes Sales, Sales Operations (Retail & Bulk Sales), Consumer Marketing, Trade Marketing, Customer Relations, Factory operations, Industrial Relations, Supply Chain Management, Corporate Regulatory Affairs, Negotiations, Corporate Social Responsibility, Corporate Communication.

He has 19 years, experience of teaching at various renowned universities as well as training to middle and Senior Management.

He authored a book on "Successful Retailing".

Mr. Basharat Ahmad remained Vice Chairman & Director, Pakistan Dairy Association, Director, Pakistan Halal Product Development Board, Executive Committee Member, Duke of Edinburg Award Pakistan, Member Pakistan Soap Manufacturers Association, and Member Pakistan Tea Association.

Presently Chief Executive Officer, Progressive Associates & Director, Fauji Foods Limited.



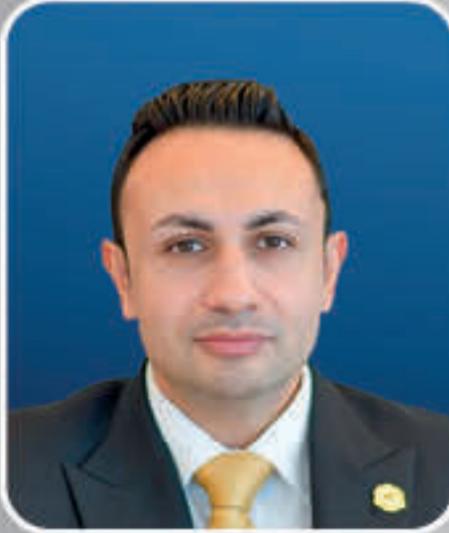
Mr. Javed Kureishi | Director Independent

Mr. Javed is a seasoned, international banker having spent 34 years with Citibank. He has held a number of senior, leadership roles across corporate banking, country management, risk and public sector coverage. He worked for Citibank in 6 different locations including Pakistan, Egypt, South Africa, Czech Republic, UAE and Singapore where he spent the last 9 years before returning to Pakistan in oct 2019. His last assignment was Head of Public Sector Senior Coverage Group for Asia Pacific covering 14 countries. Javed has travelled extensively across the Asia Pacific and has a good working knowledge of the region.

Mr. Javed is presently working for the IFC as an external consultant responsible for Senior client coverage and business origination. He is also on 3 other company boards including the Pakistan Stock Exchange.

Mr. Javed has also been a keen cricketer. He captained Pakistan Under 19 in 1978-79 on its tour of Sri Lanka and India. He also played first class Cricket for PIA, and Sind and represented Sussex under 25 and combined English Universities.

He has a BA Hons from Sussex University UK and is married with 2 children.



Mr. Yasir Ilyas Khan | Director Independent

Sardar Yasir Ilyas Khan is the CEO of Centaurus group and former President of Islamabad Chamber of Commerce and Industry. He is also currently the President of Islamabad Developers Association, a community led organization comprising of developers and stakeholders involved in the development sector of Islamabad. He has done master's in business administration (MBA) from Kingston University London, graduated with a commendation on his thesis and Bachelors of Business Administration (BBA) from the American University of Dubai graduating with honors. A young and dynamic leader who is actively involved in diversified business activities, having a vast array of experience in developing renowned projects around Pakistan and the Middle East including retail, hospitality management, residential and commercial ventures. He has been called an innovative reformer in the business field and he has given special attention to promoting real commerce and trade in the region. He has received various awards in recognition of his great services for the business community and the country including several accolades by the President of Pakistan.

As a visionary businessman he has recently developed a flagship six star hotel in Islamabad which

was inaugurated by the Prime Minister of Pakistan in Jan 2025 and the highest restaurant floor at 450ft was inaugurated by the acting President Yousaf Raza Gillani. During his tenure as President of Islamabad Chamber of Commerce & Industry he organized the largest Pakistan property, construction, housing and industrial expo through which 1 million housing units were committed towards the Naya Pakistan concept of the PM which showcased projects worth over Rs. 250 billion. He also Inaugurated a Double Decker Tourism Bus for Islamabad in addition to the inauguration of Technology parks, organized the largest mango festival showcasing over 200 varieties of mangos and 40 exporters from Multan. He also organized the largest automotive festival of the twin cities consecutively for the past 7 years along with the largest IT expo which generates millions in sales. He has organized the largest international cycling gala in which several foreigners also participated. To better deal with covid 19 he initiated the Corona Vaccination Drive through which door to door camps were established free of charge across ICCI, Centaurus, F-6, F-7, F-10, Blue Area, Sihala, Kahuta Triangle, I-9, PWD Islamabad.

Sardar Yasir Ilyas Khan has also served as a member on the following boards:

- Independent Director on State Engineering Corporation (SEC) Board, Ministry of Industries & Production, Government of Pakistan, Islamabad.
- Member, Regional Integrity Committee, Directorate General Intelligence & Investigation (IR), Government of Pakistan, Islamabad.
- Focal Person in the Group of Focal Persons on Islamic Refinance Schemes of State Bank of Pakistan, Karachi
- Vice Chairman, Regional Integrity Committee (RIC), Large Taxpayer's office, Islamabad
- Vice Chairman, Regional Integrity Committee Corporate Tax Office, Islamabad
- Vice Chairperson, Integrity Committee of Regional Tax Office, Islamabad
- Member of committee constituted for the Complaint Cell, Model Custom Collectorate, Islamabad
- Member of Facilitation Committee for Economic Zones along Rawalpindi Ring Road Project, Rawalpindi Development Authority, Government of Punjab, Rawalpindi.
- Member Board of Directors of Quaid-e-Azam Thermal Power (Pvt) Ltd. Lahore
- Observer on Deign Vetting Committee (DVC), Building Control Directorate, CDA, Islamabad
- Member of Advisory Committee, Federal Tax Ombudsman Secretariat, Islamabad.
- External Member on First IIU's Advisory and Steering of ORIC and Business Incubation Centre, International Islamic University, Islamabad.
- Member of Corporate Advisory Board, Air University, Islamabad.
- Member of the Board of Trustees, Bahria University Endowment Fund Trust (BUEFT), Bahria University, Islamabad.
- Member of the Board of SSBC Management Committee of COMSATS, Islamabad.
- Member corporate advisory board Fatima Jinnah Women University.

CHAIRMAN'S MESSAGE

Dear Shareholders,

Building upon the strategic foundation laid in our previous review, I am pleased to report that Fauji Foods Limited (FFL) has achieved a significant milestone by crossing 1 bn PAT for the first time. The year ended December 31, 2025, represents a defining chapter in our corporate history, one where our long-term blueprint transitioned from vision into a high-impact reality. Notably, the Company delivered its highest-ever sales revenue of PKR 28.89 billion, reflecting a growth of 23.4% and a corresponding 75.8% increase in Profit After Tax.

Strategic Resilience in an Evolving Landscape

The economic landscape of 2025 was defined by a steady transition toward structural stability. While Pakistan's economy signaled recovery, the formal dairy industry faced significant fiscal hurdles, most notably the 18% GST on packaged milk. Despite these industry-wide headwinds, the Board's rigorous focus on governance and strategic oversight ensured that FFL did not merely navigate volatility but actively thrived. These outcomes underscore the strength of our leadership and our unwavering commitment to operational excellence.

A Multi-Category Powerhouse

The Board takes great satisfaction in FFL's successful evolution from a specialized dairy player into a multi-category consumer powerhouse. By integrating our Cereal and Pasta businesses with our Dairy core, we have leveraged iconic brands like Nurpur and Opa to own the "culinary occasion." This strategic consolidation has not only broadened our margin base but has also created a tech-enabled, well-primed route to market.

Governance, Sustainability, and Social Impact

At FFL, the Board has instituted a strong governance framework that ensures full compliance with ethical business practices. Our commitment to sustainability is now a tangible reality; our 1 MW solar power plant and biomass initiatives have significantly enhanced energy efficiency while reducing our carbon footprint.

Furthermore, as a cornerstone of the Fauji Foundation, our mission extends beyond the balance sheet. Through Project GRIDD, we are transforming rural economics by empowering small-scale farmers, while our landmark partnership with the Government of Punjab for the CM Punjab School Milk Program has reached massive scale. By providing premium UHT milk to over 440,000 students daily, we have catalyzed a 28% increase in school enrollment, ensuring that as FFL grows, the cognitive and physical health of the next generation flourishes alongside us.

The Path Ahead: Sustainable Value Creation

I assure all stakeholders that the Board remains fully committed to safeguarding shareholder interests and upholding the highest standards of corporate governance. Looking toward 2026, our focus will remain on driving operational excellence and seizing new opportunities in the Dairy, Cereal, and Pasta categories to strengthen national food security.

On behalf of the Board of Directors, I would like to extend my sincere appreciation to our shareholders for their continued support and unwavering confidence. I also commend the management team and our dedicated employees for their dedication and disciplined execution of the Board's vision. Together, we have established a new standard of corporate excellence and long-term value creation.



Lt Gen Anwar Ali Hyder, HI(M) (Retd)
Chairman





EXECUTIVE DIRECTOR'S MESSAGE

A Legacy of Excellence

Dear Stakeholders,

On behalf of the Fauji Foods Limited team, it is my privilege to present the Annual Report for FFL for the year 2025, fiscal Year 2025 marks a defining moment in the evolution of our company. It is the year where our long-term strategic patience met exceptional execution, transforming Fauji Foods Limited (FFL) from a turnaround story into a high-performance engine. As we reflect on a journey that began amidst a "perfect storm" of global and local crises in 2022, FFL has emerged as a resilient leader in Pakistan's consumer landscape.

The Multi Category Triumph

In 2024, we identified our evolution into a broad-based food business as a "watershed" year. Today, that vision is a reality. By consolidating Dairy, Cereal, and Pasta under a single powerhouse, we have built a diversified portfolio that owns the "culinary occasion" for millions of households.

This strategic synergy delivered a historic Revenue of PKR 28.89 billion and a 75.8% increase in Profit After Tax. These results are not accidental; they are the direct result of a structural shift toward a margin-accretive portfolio and an uncompromising culture of efficiency.

A Mission Beyond the Balance Sheet

As a cornerstone of the Fauji Group, FFL's mission is inextricably linked to the prosperity of Pakistan. Our success is measured by our national impact:

- **Tackling Malnourishment:** Through our expanded portfolio and participation in initiatives like the school milk program, we continue to fight stunting and malnourishment, ensuring a healthier future for the next generation.
- **Agrarian Transformation:** Our benchmark GRIDD program has now reached thousands of farmers, providing essential inputs and genetic support to revolutionize livestock productivity and uplift rural economies.
- **Environmental Stewardship:** By operationalizing 1 MW of solar power and biomass solutions, we are demonstrating that industrial growth and environmental responsibility can and must go hand-in-hand.

Navigating Challenges with Fortitude

While the industry faced a shrinkage in demand due to inflation and tax disparities, where the formal sector continues to face an unlevel playing field, exacerbated by the 18% GST on packaged milk which drives consumers toward unregulated segments. However, FFL's resilience is built on a foundation of "Lean and Rigorous Cost Control". Our ability to deliver record-breaking profits despite these fiscal pressures is a testament to the strength of our brands and the loyalty of our consumers.

The Road Ahead

As we look toward 2026, our focus remains firmly on the domestic landscape. Our strategy is built on the principle of Locally Led Growth, investing in our people, our local farmers, and our domestic infrastructure. By scaling our multi-category presence and owning more "culinary occasions" within the Pakistani home, FFL is set to become an even more integral part of the national success story. We are no longer just building a business; we are scaling a localized ecosystem that empowers Pakistan from the ground up.

We are no longer just building a business; we are unleashing Pakistan's promise on the world stage.

I extend my deepest gratitude to our Board, our shareholders, and especially the dedicated team at FFL. Together, we have turned a period of transformation into a legacy of excellence.



Lt Gen Ali Amir Awan, HI(M) (Retd)
Executive Director

CEO'S MESSAGE

From Resilience to Dominance

Dear Shareholders,

The fiscal year 2025 has been a landmark chapter in the story of Fauji Foods Limited (FFL). It was the year we transitioned from a period of turnaround and stabilization into a new era of aggressive, margin-accretive growth.

While the national economy navigated a "calm after the storm" marked by a sharp decline in inflation to 4% and a historic current account surplus, the formal dairy sector faced its own headwinds. The imposition of an 18% GST on packaged milk shifted consumer demand toward the unregulated informal sector. Yet, even in this challenging landscape, FFL didn't just persevere; we surged ahead.

Historic Financial Performance

Metric	FY 2025 (PKR - Bn)	FY 2024 (PKR - Bn)	Change (%)
Net Revenue	28.89	23.40	+ 23.4%
Gross Profit	4.98	4.09	+ 21.6%
Profit After Tax	1.15	0.66	+ 75.8%

I am pleased to report that FFL has delivered its highest-ever Sales Revenue of PKR 28.9 billion, in a tightening market, representing a robust growth of 23% over the previous year. Our relentless focus on cost optimization and a high-margin portfolio allowed us to grow our Gross Margin by over 22%. Most significantly, our bottom line reflects the success of our strategy, with a Profit After Tax (PAT) of PKR 1.15 billion, a 76% increase over 2024.

A Multi-Category Consumer Powerhouse

The year 2025 marked our evolution from a specialized dairy company into a multi-category food business. By integrating our new Dairy, Cereal, and Pasta pillars, we have secured a permanent place in the consumer's daily grocery basket. This synergy is not just about variety; it's about scale. We are leveraging our unified supply chain to drive efficiencies that few in the industry can match.

Nurturing the Future with School Nutrition Program

At FFL, we believe our growth must be inclusive of the nation's health. In 2025, we addressed Pakistan's critical nutritional challenges, where nearly 40% of children are stunted, by scaling our School Nutrition Program. We are currently serving over 440,000 students daily across 3,500+ schools, delivering premium nutrition to the youth who need it most. This initiative has already led to a 28% increase in school enrollment and a significant boost in student attendance. As we look forward to 2026, we aim to expand this reach to one million students, solidifying our role as a leader in national nutritional security.

Route-to-Market (RTM) Revolution

We have deployed cutting-edge, AI-enabled automation tools across our sales force to drastically enhance execution speed and field productivity. By integrating advanced data analytics directly into our core platforms, we have achieved a seamless, data-driven sales ecosystem. This digital transformation hasn't just improved efficiency; it has acted as a primary driver for capturing increased market share through precision and agility.

Innovation & Global Footprint

Looking forward, our growth will be fueled by "Margin-Accretive Innovation." We are moving beyond local boundaries to capture international markets with premium offerings, including Buffalo milk exports. We have plans place to broad base the value oriented exports going forward.

Sustainability

Our commitment to the nation is embedded in our operations. Through Project GRIDD, we are empowering small-scale rural farmers with the tools and vaccinations needed to improve livestock yields and alleviate poverty. On the environmental front, we are leading the transition to green energy. With a 1 MW solar power system and biomass-based boilers already operational, we are reducing our carbon footprint while supporting a circular economy by repurposing waste into agricultural fertilizer.

Future Outlook

As we enter 2026, the focus remains on margin accretive growth. We are doubling down on our commitment to the Pakistani consumer by accelerating the rollout of new products tailored to local tastes and nutritional needs. Our goal is to lead the domestic market through our brands. While we remain vigilant regarding climate risks and the tax disparity between the formal and informal sectors, our foundation is stronger than ever. We are no longer just recovering; we are leading the charge to own the "culinary occasion" for every Pakistani household, delivering superior taste and quality in everything we touch.

I want to thank our shareholders for their continued trust and our employees for their unwavering dedication to making Fauji Foods Limited a powerhouse of excellence.



Usman Zaheer Ahmad
Chief Executive Officer





LEADERSHIP TEAM

Sitting From Left To Right

Brig Naveed Azam Cheema (Retd)	Company Secretary
Lt Gen Ali Amir Awan, HI(M) (Retd)	Executive Director
Usman Zaheer Ahmad	Chief Executive Officer
Waseem Haider	Chief Financial Officer



Standing From Left To Right

Faisal Sheikh	Chief Human Resource Officer
Abdul Rehman Butt	Chief Supply Chain Officer
Faisal Nisar	Director Sales
Lt Col M. Babar Rashid (Retd)	Head of Administration
Rao Muhammad Imran	Head of R&D/Innovation, QA & Regulatory Affairs
Hafiz Sajjad Hussain	Head of Milk Collection & Agri Services
Muhammad Ifzal Akhtar	Head of Manufacturing
Muneeza Jamil Khan	Head of Marketing

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of the shareholders of Fauji Foods Limited will be held on Friday, March 13, 2026 at 12:00 p.m. at FFL Head Office, 42 CCA, Ex Park View, DHA Phase- VIII, Lahore and also virtually through video-link to transact the following business:

Ordinary Business:

1. To confirm the minutes of Annual General Meeting held on March 20, 2025.
2. To consider, approve and adopt Unconsolidated and Consolidated audited financial statements of FFL together with Directors' Reports and Auditors' Reports thereon for the year ended December 31, 2025.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring auditors A.F. Ferguson & Co. Chartered Accountants have offered themselves for re-appointment.

Other Business:

4. To transact any other business with the permission of the Chair.

Closure of Share Transfer Books:

Share transfer books of the Company will remain closed from **March 07, 2026 to March 13, 2026** (both days inclusive) for the purpose of holding the Annual General Meeting.

By Order of the Board



Brig Naveed Azam Cheema (Retd)
Company Secretary

Lahore.
January 27, 2026

Notes:-

Circulation of Annual Report Through QR Code and Through Weblink:

In accordance with the Section 223 of the Companies Act, 2017 and pursuant to SRO 389(I)/2023 dated March 21, 2023 of the Securities & Exchange Commission of Pakistan, the Company has obtained Shareholders' approval in the Extraordinary General Meeting of the Company held on December 28, 2023 to circulate the Annual Report of the Company to Members through QR enabled Code and Weblink. The Annual Report is available through following QR Code and Weblink.

Weblink	QR Code
https://www.faujifoods.com/investors	

Participation in the AGM Proceedings:

1. Any member of the Company entitled to attend and vote at the General Meeting may appoint a person/ representative as proxy to attend and vote in place of member at the meeting. Proxies in order to be effective must be received at Company's registered office duly stamped and signed not later than 48 hours before time of holding the meeting. A member cannot appoint more than one proxy. Attested copy of shareholder's CNIC must be attached with the proxy form.
2. The CDC/sub account holders are required to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan: -
 - (a) **For attending the meeting:**
 - i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his / her original

national identity card or original passport at the time of attending the meeting.

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

(b) For appointing proxies:

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

3. Members, having physical shares, are advised to intimate any change in their registered address and the shareholders who have not yet submitted photocopies of their Computerized National Identity Cards (CNIC) are requested to send the same at the earliest to the Share Registrar of the Company.
4. Shareholders who wish to receive annual reports and notice of the General Meeting through e-mail are requested to provide, through a letter duly signed by them, their particulars, i.e. Name, Folio/ CDC A/C No., E-mail Address, Contact Number, CNIC Number (attach copy). Shareholders are also requested to notify immediately any change in their e-mail address to the Share Registrar of the Company i.e., M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.

Consent for Video Conference Facility

Members can also avail video conference facility in Karachi and Islamabad. In this regard please fill the

following and submit to registered address of the Company 07 days before holding the general meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 07 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

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

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

Signature of member

5. E-Voting

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

6. Participation in the AGM through video-link:

Video-link for participation virtually in the AGM shall be available on Company's website i.e., www.faujifoods.com.

Members are also requested to participate in the Annual General Meeting through the following means:

1.	WhatsApp No.	[0321-8318007] for queries & suggestions)
2.	Email ID	[secretary@faujifoods.com] (for queries & suggestions)
3.	Video Link	[Join Through Below Zoom Link] https://us06web.zoom.us/j/6512817456?pwd=S2NFWDAXenVwNHQ1Qj9NWjEYVTJCZz09
	Meeting ID:	651 281 7456
	Passcode:	335335

DIRECTOR'S REPORT

For the year ended December 31, 2025



DIRECTOR'S REPORT

Economic Overview

In FY 2025, Pakistan's economy transitioned from crisis toward stabilization and initial recovery, characterized by sharply declining inflation, a current account surplus, and strong stock market performance, though challenges like high public debt remained. There was a sharp decline in inflation at ~4% for the year, significantly lower than the previous year's levels. While global commodity prices and regional tensions remained a concern, the government maintained fiscal discipline through structural reforms. GDP growth saw a modest recovery, reaching ~3.0% in FY 2025. The current account recorded its first surplus in 14 years, reaching \$1.9 billion by June, bolstered by record remittances. Pakistan Stock Exchange (PSX) delivered exceptional returns, continuing its bullish momentum closing the year at ~174,000 points. Investor confidence was further strengthened by a stable exchange rate and an upgrade in the country's sovereign credit rating. Foreign Direct Investment (FDI) improved during the fiscal year, with primary interests focused on the energy and financial services sectors. In response to the significant dis-inflation, the State Bank of Pakistan (SBP) aggressively cut the policy rate, bringing the policy rate to 10.5% by year end.

The economic performance in FY 2025 was a "calm after the storm" scenario, with stability measures paying off. The government and SBP's coordinated approach to fiscal and monetary policies, along with support from the IMF, were crucial in anchoring the economy. Despite these gains, the economy continues to face long-term challenges, including high public debt and the need for sustained reform to fully bridge the trade deficit.

Moving into 2026, the government's focus has shifted from stabilization towards growth and export expansion. However, the outlook for FY 2026 is tempered by challenges, including the significant impact of recent floods on the agriculture sector and an expanding trade deficit due to rising imports, which necessitate continued structural reforms for sustainable, long-term growth.

Business Review

FY 2025 saw Fauji Foods Limited (FFL) shift from turnaround to growth mode. FFL continued to execute its Cost Reduction & Margin Accretive Growth centric strategy in 2025, becoming a leading powerhouse in Pakistan's food sector. The company successfully navigated a challenging landscape marked by drop in consumption, market conservatism and the continued impact of imposition of a Goods and Services Tax (GST) on packaged milk.

The business has delivered its highest ever Sales Revenue, closing at Pkr 28.89 Bn, growth of 23.4% over 2024, despite overall business challenges. FFL's continued focus on channel & margin accretive portfolio and cost efficiencies played a significant role in improving the absolute gross margin from Pkr 4.09 Bn in 2024 to Pkr 4.98 Bn in 2025, an increase of 21.62%. It is a monumental year for the company, which delivered the highest-ever Profit After Tax (PAT) of Pkr 1.15 Bn vs SPLY PAT of Pkr 0.66 Bn.

PKR million	2025	2024	Increase/ (Decrease) %
Net Revenue	28,887	23,404	23.43%
Gross profit	4,979	4,094	21.62%
Profit after Tax	1,154	656	75.82%

REVENUE

PKR Mn



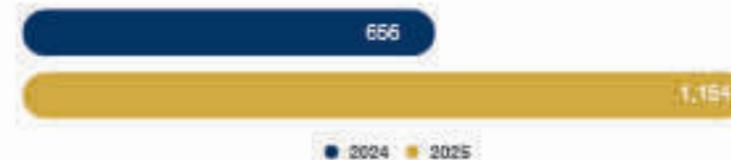
GROSS PROFIT

PKR Mn



PROFIT AFTER TAX

PKR Mn



Operational efficiency

Our core strategy remains centered on cost optimization and efficiency, utilizing lean management principles throughout the value chain. This mind-set & cultural shift has already delivered substantial cost benefits across Sales Operations, Production, and Supply Chain procurement & logistics.

Looking ahead to FY 2026, synergy across our Dairy, Cereal, and Pasta business pillars, combined with powerful economies of scale, will be crucial growth drivers.

Future Outlook

In 2025, Fauji Foods (FFL) completed its transformation from a specialized dairy company into a multi-category consumer powerhouse. By expanding into Cereals and Pasta, we now secure a dominant presence in the consumer's daily grocery basket and breakfast table, becoming the preferred choice for quality food brands across Pakistan.

As we pivot from a turnaround phase to a mindset of aggressive growth, our strategy for FY 2026 is built on the following pillars:

Portfolio Synergy & Scale: We are leveraging the combined strength of our Dairy, Cereal, and Pasta portfolios to drive operational efficiencies and brand dominance.

Winning with Consumers: We are investing heavily in brand equity across all consumer touchpoints, delivering a clear message of superior taste and owning multiple culinary occasions.

Focus on In-market Fundamentals: Growth will be fueled by targeted channel programs and a tailored route-to-market strategy that leverages state-of-the-art digitization for efficient and fast execution.

Margin-Accretive Innovation: In line with our focus on high-value products, the launch of premium offerings, specifically Buffalo and Camel milk for export, is set to accelerate FFL's financial performance and foreign exchange earnings.

Sustainable Growth: Our shift towards a value-added portfolio, investment in brands & a continuous focus on operational efficiencies ensures long-term sustainability and profitability of FFL. Driven by our vision of "Unleashing Pakistan's promise in everything we touch", FFL is committed to building a legacy of excellence that resonates on both the national and international stage.

Principle Risks and Uncertainties Facing the Company

Company's risk exposure for FY 2026 is largely consistent with broader formal sector in Pakistan, though certain macroeconomic and industry-specific pressures have evolved. Key challenges continue to include the impact of cautious consumer behavior, volatile input costs, climate change events (especially floods), and the lack of level

playing field due to high taxation giving rise to informal segment.

The imposition of an 18% GST on packaged milk continues to pose a significant market risk, impacting consumer purchasing power and channeling demand toward the informal, unregulated sector, which in turn compresses the formal industry's volume and growth potential. Despite easing overall inflation, high production costs, and potential global commodity price spikes & supply chain related challenges due to geopolitical instability, remain a key challenge for maintaining healthy operating margins. The sector continues to grapple with fragmented supply chains, low milk yields from local breeds, and inadequate cold chain infrastructure. Climate and environmental risks due to unforeseen weather events (floods, droughts) linked to climate change present a physical risk to livestock health, milk yield, and supply chain stability.

Management utilizes a robust business and risk management framework to continuously review and address these exposures. Appropriate strategies and contingency plans are regularly assessed to minimize potential impacts. There are no other significant risks and uncertainties posed to the business and operations of the Company, except as disclosed in the Contingencies and Commitment notes to the audited financial statements.

Transaction with related parties

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

Sustainability:

At Fauji Foods Limited (FFL), we believe in creating a positive impact on communities as part of our social responsibility. Through Project GRIDD (Grass Root Incentivized Dairy Development), we work closely with small-scale rural farmers, providing them with affordable access to essential resources such as quality agricultural inputs, vaccinations, and tools to improve livestock breeds. These efforts aim to enhance dairy and meat production, uplift livelihoods, and combat poverty. By empowering small farmers, we are unlocking Pakistan's true agricultural potential, contributing to sustainable rural development, and fostering inclusive economic growth.

Environmental stewardship lies at the heart of FFL's operations. To champion clean energy, we have installed

a 1 MW solar power system and biomass-based biofuel boiler at our plant, reducing our dependence on fossil fuels. In line with our closed-loop recycling approach, we repurpose ash from biofuel boilers as a partial replacement for fertilizer, supporting sustainable farming practices and minimizing waste. These initiatives underscore our commitment to reducing our carbon footprint and advancing a circular economy, as we strive to unleash Pakistan's promise in everything we touch, creating a greener, more sustainable future for generations to come.

Composition of Board of Directors

1.	Total number of Directors including CEO:	
a)	Male:	9
b)	Female:	1
2.	Composition:	
i.	Non-Executive Directors	5
ii.	Independent Directors	3
iii.	Executive Director	1
iv.	Chief Executive Officer	1
3.	The members of the Board along with their composition are:	
i.	Non-Executive Directors	Lt Gen Anwar Ali Hyder, HI(M) (Retd) (Chairman) Syed Bakhtiyar Kazmi Mr. Mohammad Majid Munir Mr. Jahangir Piracha
	Female Director	Ms. Nosheen Akhtar
ii.	Independent Directors	Mr. Basharat Ahmad Bhatti Mr. Javed Kureishi Mr. Yasir Ilyas Khan
iii.	Executive Director	Lt Gen Ali Amir Awan, HI(M) (Retd)
iv.	Chief Executive Officer	Mr. Usman Zaheer Ahmad

Corporate and Financial Reporting Framework:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment except as disclosed in the financial statements.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored with continuous improvements taking place.
- There are no significant doubts upon the Company's ability to continue as a 'going concern'.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2025, except those disclosed in the financial statements.
- The Board has approved the remuneration of non-executive directors including independent directors.
- The pattern of shareholding and additional information regarding pattern of shareholding is included in this annual report.

Shares held by:		No. of Shares held	Percentage
I.	Associated Companies, Undertakings and Related Parties:		
1.	Fauji Fertilizer Company Limited (CDC)	1,205,576,237	47.8410
2.	Committee of Admin. Fauji Foundation (CDC)	67,371,916	2.6735
3.	FFC Energy Limited (CDC)	465,000,000	18.4527
4.	FFBL Power Company Limited (CDC)	400,000,000	15.8732
II.	Mutual Funds:		
1.	CDC – Trustee AFVF-Alfalah Financial Value Plan-I (CDC)	71,500	0.0028
2.	CDC – Trustee AKD Index Tracker Fund (CDC)	183,600	0.0073
3.	CDC – Trustee AKD Opportunity Fund (CDC)	250,000	0.0099
4.	CDC – Trustee Alfalah Consumer Index Exchange Traded Fund (CDC)	67,969	0.0027
5.	CDC – Trustee Alfalah GHP Income Fund – MT (CDC)	3,825	0.0002
6.	CDC – Trustee Alfalah GHP Income Multiplier Fund – MT (CDC)	858,770	0.0341
7.	CDC – Trustee Alfalah MTS Fund – MT (CDC)	947,012	0.0376
8.	CDC – Trustee FIAAF-III Faysal Shariah Flex Paln-1 (CDC)	650,000	0.0258
9.	CDC – Trustee First Capital Mutual Fund (CDC)	15,000	0.0006
10.	CDC – Trustee Golden Arrow Stock Fund (CDC)	400,072	0.0159
11.	CDC – Trustee KSE Meezan Index Fund (CDC)	1,248,323	0.0495
12.	CDC – Trustee Lakson Tactical Fund (CDC)	1,600	0.0001
13.	CDC – Trustee NBP Mahana Amdani Fund – MT (CDC)	923,337	0.0366
14.	CDC – Trustee NBP Savings Fund – MT (CDC)	241,470	0.0096
III.	Directors, CEO and their Spouse and Minor Children:		
1.	Lt Gen Anwar Ali Hyder, HI(M) (Retd)	1	0.0000
2.	Lt Gen Ali Amir Awan, HI(M) (Retd)	1	0.0000
3.	Mr. Usman Zaheer Ahmad (CDC)	200,000	0.0079
4.	Syed Bakhtiyar Kazmi	1	0.0000
5.	Mr. Mohammad Majid Munir	1	0.0000
6.	Mr. Jahangir Piracha	1	0.0000
7.	Ms. Nosheen Akhtar	1	0.0000
8.	Mr. Basharat Ahmad Bhatti	1	0.0000
9.	Mr. Javed Kureishi	1	0.0000
10.	Mr. Yasir Ilyas Khan	1	0.0000
IV.	Executives:	5,000	0.0002
V.	Public Sector Companies & Corporations:	-	-
VI.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	7,010,270	0.2782
	Shareholders holding five percent or more voting interest in the listed company:		
VII.			
1.	Fauji Fertilizer Company Limited (CDC)	1,205,576,237	47.8410
2.	FFC Energy Limited (CDC)	465,000,000	18.4527
3.	FFBL Power Company Limited (CDC)	400,000,000	15.8732

Detail of trade in the shares of the Company carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year ended December 31, 2025.

Name	Purchased	Sold
1. Mr. Jahangir Piracha (Director) Purchased Physical Ordinary Share through Off Market	1	-
2. Mr. Waseem Haider (Chief Financial Officer) Purchased Ordinary Shares through CDC	5,000	-

Board of Directors / Committees meetings during the year 2025:

Five meetings of the Board of Directors were held. Attendance by each director was as follow:

Name of Directors		No. of Meeting(s) Attended
Lt Gen Anwar Ali Hyder, HI(M) (Retd)	- Re-Elected on November 26, 2024	5
Lt Gen Ali Amir Awan, HI(M) (Retd)	- Re-Elected on November 26, 2024	5
Syed Bakhtiyar Kazmi	- Re-Elected on November 26, 2024	5
Mr. Mohammad Majid Munir	- Appointed on September 17, 2025	2
Mr. Jahangir Piracha	- Appointed on March 21, 2025	3
Ms. Nosheen Akhtar	- Re-Elected on November 26, 2024	4
Mr. Basharat Ahmad Bhatti, (Independent)	- Re-Elected on November 26, 2024	5
Mr. Javed Kureishi, (Independent)	- Re-Elected on November 26, 2024	5
Mr. Yasir Ilyas Khan, (Independent)	- Elected on November 26, 2024	3
Mr. Arif ur Rehman	- Resigned w.e.f March 18, 2025	1
Mr. Mazhar Abbas Hasnani	- Resigned w.e.f June 24, 2025	2

Five meetings of the Audit Committee were held. Attendance by each director was as follow:

Name of Directors	No. of Meeting(s) Attended
Mr. Javed Kureishi	5
Syed Bakhtiyar Kazmi	4
Mr. Mohammad Majid Munir	1
Mr. Basharat Ahmad Bhatti	5
Mr. Mazhar Abbas Hasnani	0

Four meetings of the HR&R Committee were held. Attendance by each director was as follow:

Name of Directors	No. of Meeting(s) Attended
Mr. Basharat Ahmad Bhatti	4
Mr. Mohammad Majid Munir	2
Ms. Nosheen Akhtar	4
Mr. Yasir Ilyas Khan	1
Mr. Mazhar Abbas Hasnani	0

Auditors:

The Audit Committee reviewed the consent of retiring auditors A.F. Ferguson & Co. Chartered Accountants being eligible for re-appointment to provide external audit services to the Company. The Audit Committee has recommended the appointment of retiring auditors, A.F. Ferguson & Co. Chartered Accountants as statutory auditors of the Company for the ensuing year. The Board has endorsed the recommendation.

Compliance with the Code of Corporate Governance:

The requirements of the Listed Companies (Code of Corporate Governance) regulations 2019, relevant for the year ended December 31, 2025 have been duly complied with. A statement to this effect is annexed with the report.

FFL follows a policy framework conducive to more environmentally friendly practices and proper waste management practices have been adopted for solid and liquid waste, air emission, soil pollution and noise.

Company's objective towards corporate social responsibility is to prioritize social good alongside the traditional corporate goal of generating profits.

Directors are under fiduciary responsibility to operate business under a system of governance and controls, which reinforces stakeholders' trust and confidence in the Company.

The remuneration to the Non-executive Directors (including independent Directors) is paid according to the remuneration approved by the Board as follows:

Chairman: Rs. 135,000 for attending each Board meeting

Directors: Rs. 130,000 for attending each Board and Committee meeting

Dividend:

The Board has not recommended any dividend during the year.

Annual General Meeting:

The 59th Annual General Meeting will be held on March 13, 2026 at 12:00 p.m. at Lahore to approve annual financial statements of the Company for the year ended December 31, 2025.

Acknowledgement:

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

For and on behalf of the Board



Lt Gen Anwar Ali Hyder, HI(M) (Retd)
Chairman



Usman Zaheer Ahmad
Chief Executive Officer

Dated: January 27, 2026

STATEMENT OF COMPLIANCE

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

Name of Company: Fauji Foods Limited

Year ended: December 31, 2025

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

1. The total number of directors are 09 as per the following:

a. Male:	08
b. Female:	01

2. The composition of Board is as follows:

Category	Names
Non-Executive Directors	Lt Gen Anwar Ali Hyder, HI(M) (Retd) (Chairman) Syed Bakhtiyar Kazmi Mr. Mohammad Majid Munir Mr. Jahangir Piracha
Female Director	Ms. Nosheen Akhtar
Independent Directors	Mr. Basharat Ahmad Bhatti Mr. Javed Kureishi Mr. Yasir Ilyas Khan
Executive Director	Lt Gen Ali Amir Awan, HI(M) (Retd)
Chief Executive Officer	Mr. Usman Zaheer Ahmad

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured a complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters

have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations which has been approved by BOD.
9. The following Directors have completed their Director's Training Program during the year:
- | | |
|-----------------------------|----------|
| 1) Mr. Mohammad Majid Munir | Director |
| 2) Mr. Yasir Ilyas Khant | Director |
10. CEO and CFO duly endorsed the financial statements before approval of the Board.
11. The Board has formed committees comprising of members given below:

Audit Committee

Mr. Javed Kureishi	Chairman
Syed Bakhtiyar Kazmi	Member
Mr. Mohammad Majid Munir	Member
Mr. Basharat Ahmad Bhatti	Member

HR & Remuneration Committee

Mr. Basharat Ahmad Bhatti	Chairman
Mr. Mohammad Majid Munir	Member
Mr. Yasir Ilyas Khan	Member
Ms. Nosheen Akhtar	Member

12. The Terms of Reference of the Audit Committee and Human Resource & Remuneration Committee have been formed, documented and advised to the Committees for Compliance.

13. The frequency of meetings of the committees as per following:

	Board Committees	No.	Frequency
a)	Audit Committee	05	Quarterly
b)	HR and Remuneration Committee	04	Quarterly

14. The Board has set up an effective internal audit function staffed with persons who are suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Company.
15. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as

adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

16. 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.
17. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
18. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

S. No.	Requirement	Explanation for Non-Compliance	Reg. No.
1.	Responsibilities of the Board and its members Adoption of the corporate governance practices.	All mandatory requirements of Code are complied with, and Company has adopted good corporate governance practices by complying with majority of the non-mandatory provisions.	10(1)
2.	Role of Board and its members to address sustainability Risks and Opportunity The Board is responsible for governance and oversight of sustainability risks and opportunities and takes appropriate measures to address it. Further, the Board ensures that the Company's sustainability and DE&I related strategies are periodically reviewed and monitored. The Board may establish a dedicated sustainability committee or assign additional responsibilities to an existing Board committee.	The Board acknowledges the Code's sustainability and DE&I requirements, and the Board remains committed to addressing emerging sustainability risks and opportunities relevant to the company and its business and overseeing the implementation of DE&I policies to align with our long-term strategic goals and is currently evaluating whether to establish a dedicated committee or the board will perform this role itself.	10(A)
3.	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The Board performs all the functions of the Nomination Committee itself.	29(1)
4.	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Audit Committee performs all the functions of the Risk Management Committee.	30(1)
5.	Director's Training: Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training program.	The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.	19(3)

S. No.	Requirement	Explanation for Non-Compliance	Reg. No.
6.	<p>Annual Evaluation of Board Performance:</p> <p>The Board of the Company shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.</p>	The annual performance evaluation of the Board, members of the Board and its Committees was not conducted during the financial year 2025, as the Board was reconstituted in November 2024. The Board intends to conduct the evaluation in financial year 2026.	10(3)
7.	<p>Disclosure of significant policies on website</p> <p>The company may post key elements of its significant policies on its website.</p>	The Company has posted some of the significant policies on its website.	35(1)



Lt Gen Anwar Ali Hyder, HI(M) (Retd)

Chairman



Usman Zaheer Ahmad

Chief Executive Officer

Dated: January 27, 2026

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF FAUJI FOODS LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

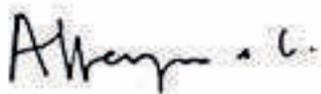
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Fauji Foods Limited (the Company) for the year ended December 31, 2025 in accordance with the requirements of regulation 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, 2025.



Chartered Accountants
Place: Lahore
Date: February 19, 2026
UDIN: CR202510884mqrHXgbWk

FOOD SERVICES
BUSINESS



PARTNERSHIPS

We hold various licenses, enabling us to trade a wide range of products both domestically and internationally. Our robust partnerships with renowned global brands like KFC and McDonald's highlight our commitment to quality and reliability.



OUR CERTIFICATIONS AND LICENSES



EXPORT LANDSCAPE



SUSTAINABILITY

DAIRY DEVELOPMENT

- Supporting farmers with affordable inputs, vaccinations, and improved livestock breeds.
- Boosting income with better dairy and meat yields.



+60,000
Farmers Trained
on Breed Improvement



+25,000 Farmers
2,000,000 lives
impacted



+300,000
Animal Feed Supplied



3.5 MW Solar Systems at 40 Farms
3,100 MT CO₂ Reduction
990 MT Fossil Fuel Reduction



+400,000
Medicines Supplied

SOLAR POWER GENERATION



1 MW @ Dairy Plant
360 KW @ Cereal &
Pasta Plant



323 MT
Fossil Fuel
Reduction



959 MT CO₂
Reduction



49 M PKR
Annual Savings

BIOMASS BOILER & THERMAL OIL HEATER – DAIRY PLANT



4,803 MT Reduction
in Coal



11,528 MT CO₂
Reduction



Air quality
improvement



102.5 M PKR Annual
Savings

SUSTAINABLE LOGISTICS OPERATIONS

- Using double-deck vehicles to increase outbound payload
- 148 K reduction in KM travelled
- Reducing CO₂ emissions



111 MT CO₂
Reduction



18.9 M PKR
Annual Savings

- E2E Collection & recycling of used milk cartons
- Converted to tables, chairs, geometry boxes etc., for schools
- To be redistributed in H1 2026



182 MT Cartons
Recycled



Converted at
Recycling Plant

GENDER PAY GAP STATEMENT

As required under the SECP circular no. 10 of 2024, the following is the Gender Pay Gap calculated for the year ended December 31, 2025. The pay gap has been calculated for all full-time employees' based on gross hourly salary.

FY 2025	Mean	Median
Gender Pay Gap	14.94%	-4.76%

UNCONSOLIDATED
**FINANCIAL
STATEMENTS**

Crave Cook Enjoy



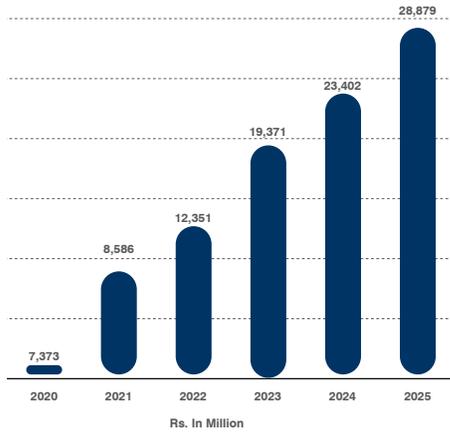
FINANCIAL PERFORMANCE

		2025	2024	2023	2022	2021	2020
				Annual			
Production							
Liquid Production - litres ('000)		69,125	67,225	58,527	59,041	57,078	61,144
Non - Liquid Products - Kgs ('000)		4,230	2,828	3,454	2,791	2,830	1,940
Financial Performance - Profitability							
Gross profit margin	%	17.4	17.6	13.1	7.8	10.7	0.8
EBITDA margin to revenue	%	7.7	7.3	5.6	(2.6)	(0.2)	(5.8)
Pre tax margin	%	6.4	5.3	1.4	(16.3)	(17.9)	(41.3)
Net profit margin	%	4.3	3.1	3.1	(17.6)	(14.6)	(41.5)
Return on equity	%	11.4	7.5	4.3	(53.6)	(35.5)	76.7
Return on capital employed	%	11.1	7.3	4.3	(22.6)	(12.9)	(127.8)
Operating Performance / Liquidity							
Total assets turnover	Times	1.4	1.3	1.2	0.9	0.6	0.6
Fixed assets turnover	Times	3.1	2.6	2.1	1.5	1.0	1.0
Debtors turnover	Days	25	18	10	17	19	13
Inventory turnover	Days	34	39	37	31	30	50
Creditors turnover	Days	26	25	21	25	25	39
Operating cycle	Days	33	32	25	23	24	24
Return on assets	%	5.9	3.9	3.7	(15.4)	(8.8)	(26.1)
Current ratio		1.2	1.1	3.4	1.3	1.3	0.4
Quick / Acid test ratio		0.9	0.8	2.3	1.0	1.1	0.4
Capital Market / Capital Structure Analysis							
Market value per share	Rs.	20.7	17.9	11.1	4.7	9.2	17.4
Breakup value / share	Rs.	4.3	3.8	5.6	2.6	2.2	(5.0)
Earning per share (after tax)	Rs.	0.5	0.3	0.3	(1.4)	(0.8)	(3.9)
Earnings growth	%	72.4%	9.6%	119.0%	(73.1%)	79.8%	64.2%
Price earning ratio		42.2	63.0	42.9	(3.4)	(11.6)	(4.4)
Market price to breakup value		4.8	4.7	2.0	1.8	4.1	(3.5)
Debt : Equity		0.6	0.6	0.0	1.9	2.3	(3.6)

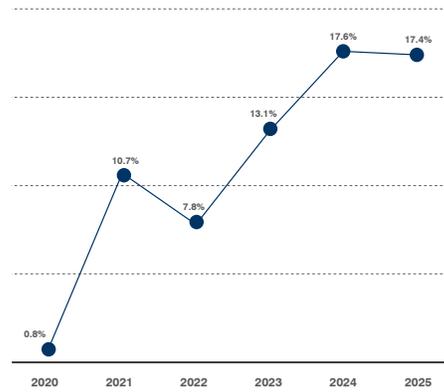
		2025	2024	2023	2022	2021	2020
Annual							
Financial Position							
Share capital	Rs. (000)	25,199,631	25,199,631	25,199,631	15,840,882	15,840,882	8,032,936
Reserves	Rs. (000)	(16,522,874)	(17,871,249)	(13,590,766)	(13,925,332)	(14,541,006)	(13,265,668)
Revaluation surplus	Rs. (000)	2,123,068	2,247,212	2,446,561	2,131,899	2,225,644	1,243,724
Share holder's fund / Equity	Rs. (000)	10,799,826	9,575,594	14,055,427	4,047,449	3,525,519	(3,989,009)
Long term borrowings	Rs. (000)	232,319	139,926	-	5,536,164	6,117,338	6,304,524
Capital employed	Rs. (000)	11,131,185	9,794,912	14,105,782	9,614,409	9,718,112	2,392,685
Property, plant & equipment	Rs. (000)	9,284,689	9,040,379	9,028,156	8,138,696	8,521,212	7,550,093
Long term assets	Rs. (000)	9,575,951	9,290,124	9,071,160	8,154,165	8,529,390	7,577,052
Net current assets / Working capital	Rs. (000)	1,555,233	504,788	5,034,622	1,460,244	1,188,722	(5,184,367)
Liquid funds - net	Rs. (000)	4,319,298	3,004,097	1,300,840	1,145,482	1,873,907	888,888
Financial Performance							
Revenue	Rs. (000)	28,878,619	23,401,680	19,370,542	12,350,702	8,586,396	7,373,162
Gross profit	Rs. (000)	5,015,861	4,128,336	2,543,825	968,697	922,734	62,262
Operating Profit / (Loss)	Rs. (000)	1,501,053	1,055,135	408,114	(815,763)	(457,148)	(1,147,313)
Profit / (Loss) before levy and tax	Rs. (000)	1,843,026	1,232,055	273,251	(2,009,458)	(1,536,489)	(3,043,795)
Profit / (Loss) after tax	Rs. (000)	1,236,052	717,137	605,112	(2,168,511)	(1,252,942)	(3,058,112)
EBITDA	Rs. (000)	2,218,648	1,711,624	1,092,387	(318,248)	(19,931)	(428,346)
Summary of Cash Flows							
Net cash flow from operating activities	Rs. (000)	1,558,299	2,050,649	161,168	(969,895)	(381,083)	(321,559)
Net cash flow from investing activities	Rs. (000)	(84,726)	(213,961)	(514,536)	20,163	105,945	(67,252)
Net cash flow from financing activities	Rs. (000)	(158,372)	(138,781)	2,214,267	220,591	1,201,499	4,659,344
Changes in cash & cash equivalents	Rs. (000)	1,315,201	1,697,906	1,860,899	(729,141)	926,361	4,270,533
Cash & cash equivalents - Year end	Rs. (000)	4,319,298	3,004,097	1,300,840	(560,059)	169,083	(757,279)

FINANCIAL PERFORMANCE

REVENUE



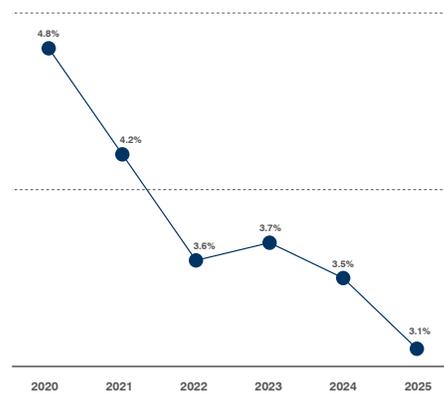
GROSS PROFIT



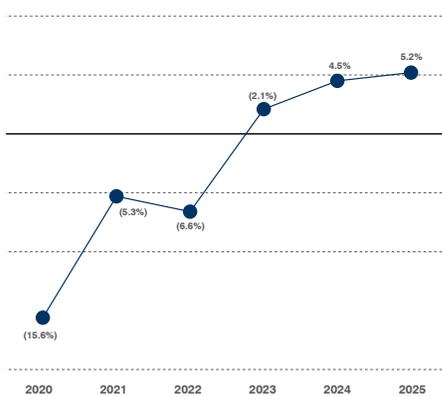
MARKETING & DISTRIBUTION TO REVENUE



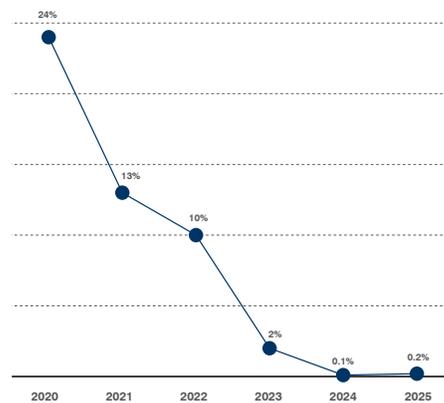
ADMINISTRATIVE EXPENSES TO REVENUE



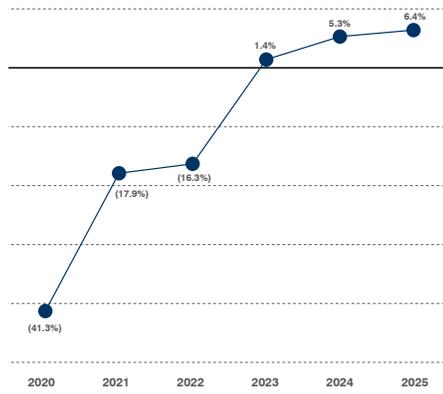
OPERATING PROFIT / (LOSS)



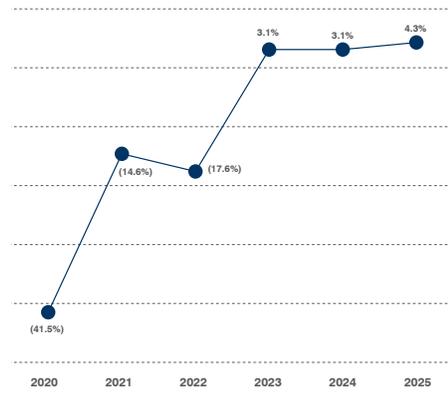
FINANCE COST TO REVENUE



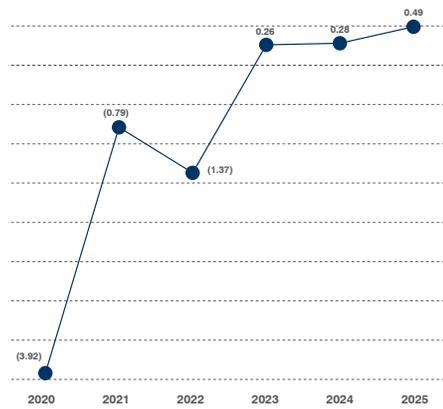
PROFIT / (LOSS) BEFORE LEVY AND TAX



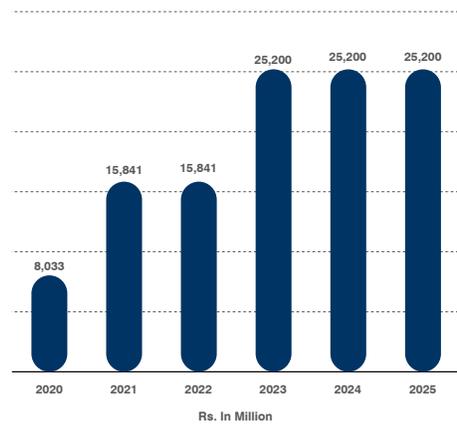
PROFIT / (LOSS) AFTER TAX



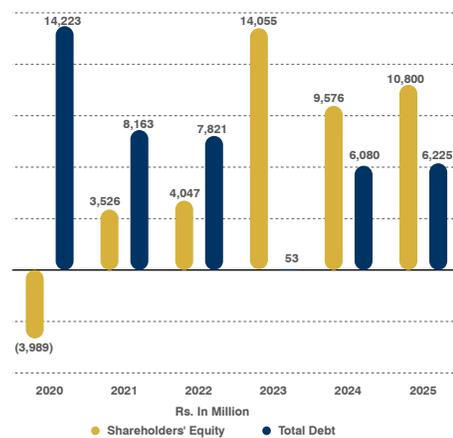
EARNING / (LOSS) PER SHARE



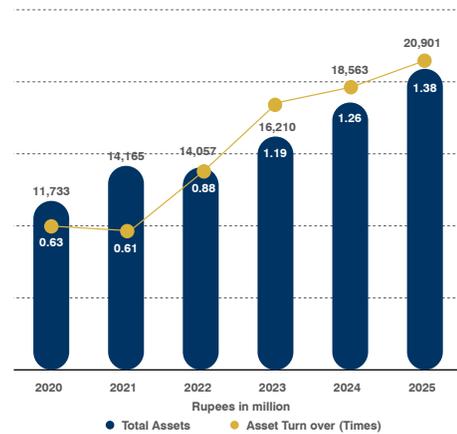
PAID-UP SHARE CAPITAL



SHAREHOLDERS' EQUITY & TOTAL DEBT



ASSET TURNOVER



INDEPENDENT AUDITOR’S REPORT

To the Members of Fauji Foods Limited Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Fauji Foods Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2025, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information 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 unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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, 2025 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 Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated 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:

Sr. #	Key audit matter	How the matter was addressed in our audit
1.	<p>Revenue from Contracts with Customers</p> <p>(Refer note 3.13 and 31 to the annexed unconsolidated financial statements)</p> <p>The Company has recorded total net revenue from contracts with customers amounting to Rs. 28,879 million for the year ended December 31, 2025.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> - Obtained an understanding of the process relating to recording of revenue from contracts with customers, particularly relating to timing and transfer of control of the products, and tested the design, implementation and operating effectiveness of relevant key internal controls;

Sr. #	Key audit matter	How the matter was addressed in our audit
	<p>The Company generates revenue from a wide range of products. The Company also offers various discounts, incentives and allowances to its customers. Revenue is recognized at the point in time when the underlying performance obligation is satisfied i.e. control of the product is transferred to the customer.</p> <p>Due to the significance of revenue to the Company's financial performance and the inherent significant risk of material misstatement in revenue recognition, it was considered a key audit matter.</p>	<ul style="list-style-type: none"> - Assessed the appropriateness of the Company's revenue accounting policies and compliance of those policies with accounting and reporting standards as applicable in Pakistan; - Understood the nature of various discounts, incentives and allowances offered to customers and tested the same on a sample basis with underlying supporting documentation; - Performed verification of sales, on sample basis, with underlying supporting evidence, such as sales orders, dispatch documents, customer acknowledgements and invoices; - Performed cut-off procedures on sample basis to ensure revenue has been recorded in the correct period; and - Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 Muhammad Ahsan Nadeem.



A. F. Ferguson & Co.
Chartered Accountants
Lahore
Date: February 19, 2026
UDIN: AR202510884XhsO9pAQ5

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	Note	2025	2024
		Rupees	Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	5	28,000,000,000	28,000,000,000
Issued, subscribed and paid up share capital	5	25,199,631,390	25,199,631,390
Capital Reserves			
Share premium	6	1,801,082,303	1,801,082,303
Acquisition Reserve	1.1	(2,847,930,692)	(2,847,930,692)
Share deposit money	7	–	–
Surplus on revaluation of property, plant and equipment – net of tax	8	2,123,068,119	2,247,212,282
Revenue Reserve			
Accumulated loss		(15,476,025,399)	(16,824,400,787)
		10,799,825,721	9,575,594,496
Non-current liabilities			
Lease liabilities	9	232,318,997	139,925,997
Employee retirement benefits	10	99,039,968	79,391,513
		331,358,965	219,317,510
Current liabilities			
Current portion of long term liabilities	11	83,808,156	31,118,725
Short term borrowings – secured	12	–	–
Trade and other payables	13	3,095,049,422	2,525,333,459
Contract liabilities	14	586,180,204	299,249,089
Loans payable to Ultimate Parent Company	15	5,908,554,693	5,908,554,693
Income tax provision – net		95,565,229	–
Unclaimed dividend		965,752	965,752
Accrued finance cost	16	–	2,738,384
		9,770,123,456	8,767,960,102
Contingencies and commitments			
	17	20,901,308,142	18,562,872,108

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

	Note	2025	2024
		Rupees	Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	18	9,284,688,997	9,040,378,507
Intangible assets	19	58,462,247	16,945,565
Investment in Subsidiary Company	20	210,000,000	210,000,000
Security deposits	21	22,800,000	22,800,000
Deferred taxation – net	22	–	–
		9,575,951,244	9,290,124,072
Current assets			
Stores, spares and loose tools	23	281,699,086	261,692,900
Stock-in-trade	24	2,444,520,293	1,984,969,925
Trade receivables from contracts with customers	25	2,123,422,761	1,785,932,226
Loans and advances	26	381,400,520	579,032,098
Deposits, prepayments and other receivables	27	853,202,467	540,234,221
Accrued interest	28	167,366,957	326,698,743
Balance with statutory authorities:			
– Sales tax refundable – net	29	754,446,655	516,406,716
– Income tax receivable – net	29	–	273,684,173
Cash and cash equivalents:			
– Cash and bank balances	30	1,869,298,159	304,097,034
– Short term investments	30	2,450,000,000	2,700,000,000
		11,325,356,898	9,272,748,036
		20,901,308,142	18,562,872,108

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
Revenue from contracts with customers – net	31	28,878,618,798	23,401,680,285
Cost of revenue	32	(23,862,757,521)	(19,273,344,251)
Gross profit		5,015,861,277	4,128,336,034
Marketing and distribution expenses	33	(2,627,504,660)	(2,237,505,337)
Administrative expenses	34	(894,241,849)	(818,489,092)
Net impairment reversal / (loss) on financial assets	25	6,938,098	(17,207,097)
Profit from operations		1,501,052,866	1,055,134,508
Other income	35	554,807,808	548,734,693
Other expenses	36	(155,455,217)	(336,879,444)
Finance cost	37	(57,379,281)	(34,934,929)
Profit before levy and income tax		1,843,026,176	1,232,054,828
Levy	38	(57,008,279)	(102,312,146)
Profit before income tax		1,786,017,897	1,129,742,682
Income tax	39	(549,965,607)	(412,605,866)
Profit for the year		1,236,052,290	717,136,816
Earning per share – basic and diluted	40	0.49	0.28

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

	2025	2024
	Rupees	Rupees
Profit for the year	1,236,052,290	717,136,816
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:	–	–
Items that will not be reclassified subsequently to profit or loss:		
– Remeasurement (loss) / gain on defined benefit plans	(11,821,065)	961,313
Other comprehensive (loss) / income for the year	(11,821,065)	961,313
Total comprehensive income for the year	1,224,231,225	718,098,129

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

	Share capital	Capital reserve				Revenue reserve	Total
		Share Premium	Share deposit money	Surplus on revaluation of property, plant and equipment - net of tax	Acquisition reserve	Accumulated loss	
Rupees							
Balance as at January 1, 2024	25,199,631,390	1,801,082,303	2,350,000,001	2,446,561,207	-	(17,741,847,841)	14,055,427,060
Profit after taxation for the year	-	-	-	-	-	717,136,816	717,136,816
Other comprehensive income for the year	-	-	-	-	-	961,313	961,313
Total comprehensive income for the year	-	-	-	-	-	718,098,129	718,098,129
Transactions with owners in their capacity as owners recognised directly in equity:							
Acquisition reserve (note 1.1)	-	-	-	-	(2,847,930,692)	-	(2,847,930,692)
Reclassification of share deposit money into loan (note 6)	-	-	(2,350,000,001)	-	-	-	(2,350,000,001)
	-	-	(2,350,000,001)	-	(2,847,930,692)	-	(5,197,930,693)
Revaluation surplus realized through disposal of operating fixed assets	-	-	-	(86,621,177)	-	86,621,177	-
Incremental depreciation relating to surplus on revaluation – net of tax	-	-	-	(112,727,748)	-	112,727,748	-
Balance as at December 31, 2024	25,199,631,390	1,801,082,303	-	2,247,212,282	(2,847,930,692)	(16,824,400,787)	9,575,594,496
Balance as at January 1, 2025	25,199,631,390	1,801,082,303	-	2,247,212,282	(2,847,930,692)	(16,824,400,787)	9,575,594,496
Profit after taxation for the year	-	-	-	-	-	1,236,052,290	1,236,052,290
Other comprehensive loss for the year	-	-	-	-	-	(11,821,065)	(11,821,065)
Total comprehensive income for the year	-	-	-	-	-	1,224,231,225	1,224,231,225
Revaluation surplus realized through disposal of operating fixed assets	-	-	-	(18,865,062)	-	18,865,062	-
Incremental depreciation relating to surplus on revaluation – net of tax	-	-	-	(105,279,101)	-	105,279,101	-
Balance as at December 31, 2025	25,199,631,390	1,801,082,303	-	2,123,068,119	(2,847,930,692)	(15,476,025,399)	10,799,825,721

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
Cash flows from operating activities			
Profit before income tax		1,786,017,897	1,129,742,682
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	18.1	719,097,408	637,138,786
Amortization of intangible assets	19.1	5,436,012	2,143,332
Sales tax refundable written off	29.2	–	59,090,091
Provision for tax refundable balances	36	–	12,843,244
Loss / (gain) on disposal of property, plant and equipment	18.1.7	1,849,914	(2,648,319)
Provision for obsolete stock	24.1 & 24.2	53,988,775	87,021,304
Write-off of stores, spares and loose tools	23	2,988,921	13,915,510
Write-off of stock in trade		–	102,842,043
Advances to supplier written off		–	15,948,501
Provision for advances to employees	26.2	1,500,000	–
Income tax refundable written off		–	14,229,824
Profit on saving accounts	35	(201,350,369)	(137,142,744)
Profit on Term Deposit Receipts (TDRs)	35	(310,246,028)	(367,171,970)
Income from loan to subsidiary Company	35	(13,219,768)	(3,657,638)
(Reversal) / impairment charge on operating fixed assets	36	(2,411,095)	55,000,000
(Reversal) / provision charge for expected credit losses on trade receivables	25.2	(6,938,098)	17,207,097
Provision for Worker's Profit Participation Fund	36	102,769,359	66,168,358
Provision for Worker's Welfare Fund	36	43,961,807	25,143,976
Provision for sales tax on sale of tea whitener		–	254,622,020
Provision for compensated leave absences	10.1.5	9,981,397	27,700,031
Provision for defined benefit plan	10.2.6	32,827,402	26,775,559
Levy	38	57,008,279	102,312,146
Finance cost	37	57,379,281	34,934,929
Operating profit before working capital changes		2,340,641,094	2,174,158,762
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(22,995,107)	(6,298,291)
Stock-in-trade		(513,539,143)	262,948,960
Trade debts		(330,552,437)	(1,181,006,740)
Loans and advances		196,131,578	(465,938,695)
Deposits, prepayments and other receivables		(312,968,246)	(187,313,168)
Asset held for sale		–	262,655,057
Sales tax refundable		(238,039,939)	642,187,090
		(1,221,963,294)	(672,765,787)
Increase in current liabilities			
Trade and other payables		425,395,892	332,185,606
Contract liabilities		286,931,115	166,070,536
		712,327,007	498,256,142
Cash generated from operations		1,831,004,807	1,999,649,117
Income tax and levy (paid) / refunded – net		(237,724,484)	75,477,284
Employee retirement benefits paid		(34,981,409)	(24,477,578)
Net cash generated from operating activities		1,558,298,914	2,050,648,823
Cash flows from investing activities			
Acquisition of property, plant and equipment		(759,798,713)	(456,480,219)
Acquisition of intangible assets		(46,952,694)	(9,204,130)
Sale proceeds from disposal of property, plant and equipment		37,877,831	8,234,295
Profit on saving accounts		201,350,369	137,142,744
Profit on TDRs		482,797,582	106,345,943
Net cash used in investing activities		(84,725,625)	(213,961,367)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(98,254,499)	(69,639,696)
Finance cost paid		(60,117,665)	(69,141,754)
Net cash flows used in financing activities		(158,372,164)	(138,781,450)
Net increase in cash and cash equivalents		1,315,201,125	1,697,906,006
Cash and cash equivalents – at beginning of the year		3,004,097,034	1,300,840,028
Cash and cash equivalents transferred from Fauji Cereals	1.1	–	5,351,000
Cash and cash equivalents – at end of the year	30	4,319,298,159	3,004,097,034

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

1 LEGAL STATUS AND OPERATIONS

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

Business Unit	Location
Production Plants	Bhalwal, District Sargodha 57 Dhamial Road, Rawalpindi, Punjab
Registered Office and Head Office	42 CCA, Ex Park View, DHA Phase-VIII, Lahore

During the prior year, a Scheme of Arrangement (the Scheme) for merger / amalgamation of Fauji Fertilizer Bin Qasim Limited (FFBL) with and into Fauji Fertilizer Company Limited (FFC) was approved by the Board of Directors and thereafter by the members of the respective Companies. The Scheme was also sanctioned by the Honourable Lahore High Court, Rawalpindi Bench, and was effective from July 1, 2024, i.e. the date at which all assets and liabilities of FFBL were vested with FFC. As a consequence of the proposed merger, upon the sanction the Scheme, and in terms thereof, the Company became a subsidiary of FFC.

1.1 Transfer of Fauji Cereals Project to The Company

With effect from February 19, 2024, the entire business of Fauji Cereals (the Project) got transferred from Fauji Foundation to the Company. Fauji Cereals is engaged in the manufacturing and sales of cereals. The Project started its operations in collaboration with Quaker Oats, England in 1954. The Project's main office is located at Dhamial Road, Rawalpindi and has its regional marketing offices in Lahore and Karachi.

The acquisition of Fauji Cereals Business had been identified as a 'Common Control Transaction' in light of the guidance provided in the financial reporting standard 'Accounting for Common Control Transactions' as developed by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan ('SECP') vide its S.R.O. 53(I)/2022 dated January 12, 2022. In accordance with the said standard, the Company had applied the 'Predecessor Method' of accounting and measured all the assets acquired and the liabilities assumed at their carrying amounts as reflected in the statement of financial position of Fauji Cereals Business as at February 18, 2024.

Following are the details of the assets acquired, liabilities assumed and the consideration transferred:

	Note	Rupees
Assets acquired:		
Property, plant and equipment		26,364,000
Stores, spares and loose tools		3,833,000
Stock-in-trade		306,376,000
Trade receivables from contracts with customers		124,452,000
Loans and advances		2,490,000
Deposits, prepayments and other receivables	1.1.1	197,787,000
Cash and bank balances		5,351,000
		666,653,000

	Note	Rupees
Liabilities assumed:		
Trade and other payables		(107,345,000)
Contract liabilities		(58,684,000)
		(166,029,000)
Net assets acquired		
		500,624,000
Consideration	1.1.2	3,348,554,692
Recognized in equity as acquisition reserve	1.1.3	(2,847,930,692)

1.1.1 An amount of Rs. 120.62 million has been recognized as a receivable from Fauji Foundation pursuant to the finalized terms of the Business Transfer Agreement. Corresponding adjustments have been duly reflected in the measurement of net assets acquired.

1.1.2 The consideration is payable on demand, with an all-time option to convert it into shares in a manner other than right. The conversion will be subject to the approval of the Company's shareholders and the regulator as well as completion of other legal formalities. The conversion which will be at a price per share equal to the lower of par value or the average price per share on the stock exchange during the six months preceding the date on which the Fauji Foundation exercises its option to acquire shares. It has an interest-free grace period of two years ending on February 19, 2026 with an extension of time as mutually agreed upon by the parties. After two years, a markup of six months KIBOR plus spread of 50 basis points will be charged.

1.1.3 As per the "Predecessor Method" of accounting given in the aforementioned Standard, the difference between consideration for acquisition and net carrying amount of the assets and liabilities received is recognized by the receiving entity within its 'equity'. Applying "predecessor method" has resulted in a significant negative acquisition reserve in the financials statement of the Company and has also impacted the standalone and consolidated financial statements of intermediate parent and associated companies namely Fauji Fertilizer Company Limited ('FFC'), Fauji Fertilizer Bin Qasim Limited (FFBL now merged with and into FFC), FFC Energy Limited (FFCEL) and FFBL Power Company Limited (FPCL). As these include listed companies with shareholdings from the general public, the negative acquisition reserve has resulted in equity erosion for non-controlling shareholders of the Company, FFC and FFBL.

Accordingly, during the month of December 2024, the Company applied to the SECP to grant exemption from the mandatory application of "Predecessor Method" so that it may adopt "Acquisition Method" of accounting related to the transfer of Fauji Cereals business to the Company. The exemption request was rejected by the SECP vide its order dated August 29, 2025 and the Company subsequently challenged the order of SECP before the Islamabad High Court in Appeal No.11 of 2025. The operation of the order of SECP was suspended by the Islamabad High Court vide order dated October 16, 2025 and the matter is pending adjudication. The Company will continue to apply the "Predecessor Method" till final decision by the Islamabad High Court.

1.2 Acquisition of Fauji Infraavest Foods Limited

On February 20, 2024, the Company acquired 100% shareholding of Fauji Infraavest Foods Limited from Fauji Foundation against a consideration of Rs. 210 million. The consideration is payable on demand, with an all-time option to convert it into shares in a manner other than right. The conversion will be subject to the approval of the Company's shareholders and the regulator as well as completion of other legal formalities. The conversion which will be at a price per share equal to the lower of par value or the average price per share on the stock exchange during the six months preceding the date on which the Fauji Foundation

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

exercises its option to acquire shares. It has an interest-free grace period of two years ending on February 20, 2026 with an extension of time as mutually agreed upon by the parties. After two years, a markup of 6-Months KIBOR plus spread of 50 basis points will be charged.

The Board of Directors of the Company, in its meeting held on July 22, 2024, approved the merger and integration of Fauji Infraavest Foods Limited with and into the Company. The Company is currently in the process of completing the necessary legal and regulatory formalities required to finalize the integration.

2 BASIS OF PREPARATION

2.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Consolidated financial statements of the Company are prepared and presented separately.

	2025	2024	2025	2024
	(Number of shares)		(Direct holding percentage)	
The Company has the following subsidiary:				
Fauji Infraavest Foods Limited	428,949,000	428,949,000	100%	100%

2.1.1 Fauji Infraavest Foods Limited ("FIFL") was incorporated in Pakistan as public limited company under the repealed Companies Ordinance 1984 (now Companies Act, 2017) on July 2, 2014. The registered office of FIFL is situated at Fauji Towers, 68 Tipu road, Chaklala, Rawalpindi. The principal activity of FIFL is to manufacture macaroni, couscous and similar farinaceous products.

2.2 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

On account of acquisition of Fauji Cereals business during the prior year as referred in note 1.1 to the financial statements, the corresponding figures are not entirely comparable with the prior year.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated.

2.4 Functional and presentation currency

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

2.5 Initial application of standards, amendments or an interpretation to existing standards

2.5.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting period beginning on January 1, 2025, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting year beginning on or after January 01, 2026 but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

a) Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

The amendment clarify the timing for recognizing and derecognizing certain financial assets and liabilities, introduce an exception for some financial liabilities settled via electronic cash transfers, provide additional guidance for assessing if a financial asset meets the Solely Payment of Principal and Interest ('SPPI') criterion, require new disclosures for instruments with cash flow changes linked to Environmental, Social and Governance ('ESG') targets, and update disclosures for equity instruments designated at Fair Value through Other Comprehensive Income ('FVOCI').

The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

The above mentioned amendment is effective for accounting periods beginning on or after January 01, 2026.

b) Amendment to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity

This amendment changes the 'own use' and hedge accounting requirements of IFRS 9 and includes targeted disclosure requirements to IFRS 7. This amendment applies only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). This is described as 'contracts referencing nature-dependent electricity.

The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

The above mentioned amendment is effective for accounting periods beginning on or after January 01, 2026.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

c) **Amendment to IAS 21 – Translation to a Hyperinflationary Presentation Currency**

This amendment focuses on the translation procedures applied when an entity's presentation currency is that of a hyperinflationary economy. They clarify the requirements for translating the results and financial position of an entity with a functional currency of a non-hyperinflationary economy, as well as those of a foreign operation whose functional currency is non-hyperinflationary, into a hyperinflationary presentation currency. The amendment is intended to enhance the usefulness of the resulting information in a cost effective manner, reduce diversity in practice, and provide a clearer and more consistent basis for reporting in a hyperinflationary currency, in response to stakeholder feedback.

This amendment is not expected to have a material impact on the Company's financial statements when it becomes effective.

The above mentioned standard is effective for accounting periods beginning on or after January 1, 2027.

d) **IFRS 18 – Presentation and Disclosure in Financial Statements**

The new standard on presentation and disclosure in financial statements, IFRS 18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management-defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

The above mentioned standard is effective for accounting periods beginning on or after January 1, 2027.

e) **Annual improvements to International Financial Reporting Standards (IFRS) – Volume 11**

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

These improvements are effective for accounting periods beginning on or after January 01, 2026.

f) **IFRS 19 – 'Subsidiaries without Public Accountability: Disclosures'**

The new standard on presentation and disclosure in financial statements, IFRS 19, focuses on reduced disclosure requirements for eligible subsidiaries. It introduces key concepts such as applying the recognition and measurement requirements of other IFRS Accounting Standards while replacing full disclosure requirements with simplified disclosures, and providing a framework that balances the information needs of users with cost savings for preparers. IFRS 19 is voluntary and applies to subsidiaries that do not have public accountability and whose ultimate or intermediate parent produces consolidated financial statements available for public use in compliance with IFRS Accounting Standards.

This standard is not expected to have a material impact on the Company's financial statements when it becomes effective.

The above mentioned standard is effective for accounting periods beginning on or after January 1, 2027.

g) Amendment to IFRS 19 – ‘Subsidiaries without Public Accountability: Disclosures’

This amendment helps eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:

- IFRS 18 Presentation and Disclosure in Financial Statements;
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12);
- Lack of Exchangeability (Amendments to IAS 21); and
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

In the future, IFRS 19 will be amended at the same time as the IASB issues or revises other IFRS Accounting Standards.”

This amendment is not expected to have a material impact on the Company's financial statements when it becomes effective.

The above mentioned standard is effective for accounting periods beginning on or after January 1, 2027.

2.6 Significant Estimates and Judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Useful lives and residual value of property, plant and equipment – note 3.6
- Revaluation of property, plant and equipment – note 3.6
- Valuation of stock in trade – note 3.9
- Impairment of non financial assets – note 3.11
- Provision for taxation – note 3.1
- Allowance for expected credit losses – note 3.11
- Accumulated compensated absences – note 3.3.2
- Defined benefit plan – note 3.3.3
- Determining the rate of discounting for leases – note 3.2
- Carrying value of deferred tax assets – note 3.1
- Classification of balance with statutory authorities – note 3.16
- Recognition and measurement of embedded derivatives – note 3.17
- Variable consideration (discounts and incentives) in relation to revenue from contracts with customers – note 3.13

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been consistently applied to all periods presented in these unconsolidated financial statements.

3.1 Taxation

Levy

In accordance with the application guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) relating to IAS-12 "Income taxes", any amount in excess of normal tax liability and not based on taxable income is to be treated as a levy. Accordingly, the Company classifies any amount over and above the normal tax as per the enacted tax laws as minimum tax differential and same is treated as levy in term of IAS 37 "Provisions, contingent liabilities and contingent assets" and IFRIC 21 "Levies" and not treated as part of income tax balances if any to be recognised under IAS-12. Similarly final taxes which are not based on normal business income of the Company are also designated as levy.

Income tax

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

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted, after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured and accounted for using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty. Such judgements are reassessed whenever circumstances have changed or there is new information that affects the judgements. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Company considers that the most likely outcome will be in favour of the Company, the amounts are shown as contingent liabilities. In making a judgment and / or estimate relating to probability of outcome, the management considers laws, statutory rules, regulations and their interpretations. Where, based on management's estimate, a provision is required, the same is recorded in the financial statements.

Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

3.2 Leases

At the inception of a contract, the Company assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use assets except for plant and machinery is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. Right of use assets in respect of plant and machinery are stated at revalued amount carried out by independent valuers by reference to current market price less accumulated depreciation and any identified impairment loss. The right of use assets are depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in note 17.1 of the financial statements.

The lease liability is initially measured at the present value of the lease payments 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.

To determine the incremental borrowing rate, the Company:

- where possible, uses the recent third party financing received by the Company as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;
- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and
- makes adjustments specific to the lease e.g. terms and security.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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3.3 Employees' retirement benefits

3.3.1 Defined contribution plan

Provident fund

The Company is operating an approved provident fund scheme for all its employees since May 1, 1986. Equal monthly contributions are made by the employer and the employee to the fund in accordance with the fund rules at the rate of 10% of basic salary.

3.3.2 Accumulated compensated absences

The Company provides for compensated absences for all eligible employees in accordance with the rules of the Company. The Company accounts for these benefits in the year in which the absences are earned. Retired army officers and other employees are entitled to earned leaves of 30 days and 20 days per annum respectively. The unutilized leaves are accumulated subject to a maximum of 120 days for ex-servicemen and 20 days for management and 28 days for non-management employees. The unutilized accumulated leaves can be encashed at the time the employee leaves the Company. The accumulated leave balance in excess of above mentioned limits is ignored while determining benefit obligations.

The Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on December 31, 2025. Calculations in respect of unutilized privileged leaves accumulated as at December 31, 2025 require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the statement of profit or loss. The amount recognized in the statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

3.3.3 Defined benefit plan

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

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. The latest valuation was carried out on December 31, 2025.

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

The future contribution rate includes allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

- Discount rate: 12 percent per annum (2024: 12 percent per annum)
- Expected rate of increase in salary level: 11 percent per annum (2024: 11 percent per annum)
- Average duration of the plan: 8 years (2024: 8 years)
- Mortality rates: SLIC (2001–05)”

Calculations are sensitive to changes in the underlying assumptions.

Plan assets include short-term and long-term Government instruments, term finance certificates of financial institutions, investment in mutual funds and deposits with banks. Return on Government instruments and debt is at fixed and floating rates.

The Company’s Policy with regard to actuarial gains/losses is to immediately recognise all actuarial losses and gains in other comprehensive income under IAS 19, ‘Employee benefits’.

3.4 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account balances are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of business if longer). If not, they are classified as non-current liabilities.

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

3.5 Provisions

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

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

3.6 Property, plant and equipment

Property, plant and equipment except for freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other work equipment are stated at cost less accumulated depreciation and identified impairment loss. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less any identified impairment loss. Buildings on freehold land, plant and machinery, electric and gas installations and other work equipment are stated at revalued amount carried out by independent valuers by reference to depreciated replacement values and any identified impairment loss. The latest valuation of these assets was carried out on March 16, 2023 by an independent professional valuer, K.G. Traders (Private) Limited. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

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

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Increase in the carrying amount arising on revaluation of property, plant and equipment is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

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

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors. The Company reviews the useful lives and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

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

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

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

Capital work-in-progress

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

3.7 Intangible assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets with finite useful life are amortized using the straight-line method over the estimated useful life of three years. Amortization of intangible assets shall be charged from the date at which an asset is acquired or capitalized till the date at which the asset is disposed-off.

3.8 Stores, spares and loose tools

Usable stores, spares and loose tools are valued principally at moving average cost, while items considered obsolete are impaired. Items in transit are stated at cost comprising invoice value plus other charges paid thereon up to the reporting date. The Company reviews the carrying amount of stores, spares and loose

tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores. Any change in estimates in future years might affect the carrying amounts of respective items of stores and spares with a corresponding effect on provision.

3.9 Stock-in-trade

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

Stock in transit is stated at invoice value plus other charges incurred thereon up to the reporting date.

The Company reviews the carrying amount of stock-in-trade on an annual basis, and as appropriate, inventory is written down to its net realizable value, or a provision is made for obsolescence if there is any change in the usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 Financial assets other than investments in equity instruments of subsidiaries

3.10.1 Classification

The Company classifies its financial assets other than investments in subsidiaries in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

3.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised 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.

3.10.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

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Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.

ii) Fair value through other comprehensive income ('FVOCI'): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the statement of profit or loss.

iii) Fair value through profit and loss ('FVPL'): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments except for investments in subsidiaries at fair value through other comprehensive income. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, 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 recognised 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 FVPL are recognised in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.10.4 Off-setting of financial assets and liabilities

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

3.11 Impairment

Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and deducted from the gross carrying amount of the assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there

has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and other receivables, general economic conditions and an assessment of both the current as well as the forwarding looking forecast direction of conditions at the reporting date, including time value of money where appropriate. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the purpose of computing ECL, the Company considers overdue balances in excess of 90 days as "default". The financial asset is subsequently written off when there is no reasonable expectation of recovering the contractual cashflows.

The Company recognizes an impairment gain or loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Non – financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ('DCF') model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts, short term borrowings repayable on demand and integral to Company's cash management and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.13 Revenue recognition

The revenue streams of the Company are described as under:

Sale of Goods (Dairy, Cereals, and Pasta)

The Company manufactures and sells dairy products under the brand name "Nurpur", including UHT milk, cheese, cream, skimmed milk powder, and butter, as well as cereals and pasta related products.

Revenue is recognized at the point in time when the underlying performance obligation is satisfied i.e. control of the product is transferred to the customer. This occurs when the products are delivered to the customer's destination or specific location, the risks of loss have transferred, and the customer has accepted the product (either via formal sign-off or lapse of acceptance provisions). Revenue is measured at the transaction price specified in the contract reduced by sales tax, allowance for returns, trade discounts, incentives and volume discounts.

The Company provides volume discounts and other incentives to customers. Accumulated experience is used to estimate and provide for the discounts and incentives, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts and incentives payable to customers in relation to sales made until the end of the reporting period.

Furthermore, certain contracts provide the customers with a right to return damaged stock. A refund liability (included in 'trade and other payables') is recognised for the products expected to be returned, if the amounts are considered material. Accumulated experience is used to estimate such returns at the time of sale (expected value method). Based on past experiences, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur.

The assumptions and estimated amounts of refund liabilities are reassessed at each reporting date and adjusted if considered necessary with a corresponding adjustment to net revenue.

Tolling Services

The Company provides tolling and packaging services to third-party customers. Revenue is measured at the transaction price specified in the contract reduced by sales tax and trade discounts.

Revenue from tolling services is recognized at the point in time when the performance obligation is satisfied. This is deemed to occur upon delivery of the processed and packaged products to the customer, as this represents the point when control of the finished goods is transferred back to the customer and the Company's right to consideration becomes unconditional.

Receivables and Payment Terms

A receivable is recognized when the performance obligations are satisfied (at the point of delivery), as only the passage of time is required before the payment is due. The Company's contracts do not have credit periods in excess of market practices and accordingly, no financing components have been identified in any of the contracts of the Company.

The Company has concluded that it acts as the principal in its revenue arrangements because it controls the goods and services before they are transferred to the customer.

3.14 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

3.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment. All non-current assets of the Company are located in Pakistan and more than 90% of the revenue is derived from sale of dairy and allied products.

3.16 Balance with statutory authorities

This represents various income tax and sales tax refunds due from the Government. Management has classified the whole of the amount of tax refundable as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government within next twelve months from reporting date.

3.17 Loans from Ultimate Parent Company

Loans obtained from ultimate parent company are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

These loans include contractual terms that provide the lender with an option to settle the outstanding amount through the issuance of ordinary shares of the Company. Management has assessed whether such features constitute embedded derivatives requiring separation under IFRS 9.

Where management determines that an embedded derivative exists but that its fair value is not material to the financial statements, the embedded derivative is not separately recognised and the loan is accounted for as a financial liability measured at amortised cost.

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The determination of whether the fair value of the embedded conversion feature is material involves estimation uncertainty. Key assumptions include the Company's share price, expected volatility, probability of obtaining required regulatory and shareholder approvals, and expected timing of any conversion."

As at the year end, the management has determined that the fair value of these features is immaterial, both individually and in the aggregate, to the financial statements. In exercising this judgment, management considered several factors, including the repayable on-demand nature of the loan, the prerequisite for regulatory and shareholder approvals, and the uncertainty regarding the timing of any potential conversion.

Changes in these assumptions could result in the embedded derivative becoming material in future periods, in which case it would be recognised and measured at fair value through profit or loss.

3.18 Investment in subsidiaries

Investment in subsidiary companies is measured at cost as per the requirements of "IAS 27 – Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the unconsolidated statement of profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated statement of profit or loss.

3.19 Accounting of common control transactions – Predecessor method

The Company has adopted 'Predecessor Method' under 'Accounting for Common Control Transactions' (Accounting Standard) as developed by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 53(I)/2022 dated January 12, 2022, as disclosed below:

a) Recognition principle

As at the date of common control transaction, the Company recognises the assets transferred and liabilities assumed of the transferred entity; or received from the transferring entity. The Company recognises, as part of applying the predecessor method, only the consideration transferred for the transferred entity and the assets acquired and liabilities assumed in the exchange for the transferred entity. Other transactions have been accounted for separately in accordance with the relevant International Financial Reporting Standards as notified under the Companies Act, 2017.

b) Measurement principle

The Company measures the assets and liabilities received from the transferred / transferring entity at their carrying amounts as reflected in the financial statements of the transferred / transferring entity, at the date of common control transaction. No fair value adjustments to the assets and liabilities of the transferred / transferring entity or recognition of new assets or liabilities for the transferred / transferring entity are recorded in the financial statements.

The Company recognises within its 'equity' the difference between consideration transferred, measured in accordance with this Accounting Standard and net of carrying amount of the assets and liabilities received from the transferred /transferring entity, measured in accordance with this accounting Standard. There is no recognition of new goodwill while accounting for the common control transaction, under the predecessor method.

3.20 Earning per share

Earning per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue. Diluted earnings per share is calculated by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares for the effects of all dilutive potential ordinary shares. Where the effect of potential ordinary shares is anti-dilutive or the underlying conditions for issuance have not been met, they are excluded from the calculation of diluted earnings per share. As at year end, the effect of options in relation to loan by Ultimate Parent Company has been excluded from the diluted average number of ordinary shares calculation since the underlying conditions (shareholders & regulatory approvals and other legal formalities) were not satisfied. Accordingly, diluted earning per share is equal to basic earning per share.

4 SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

4.1 Foreign currency transactions and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are translated in Pakistan Rupees at exchange rates ruling at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in profit or loss for the year.

4.2 Share capital

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

4.3 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

4.4 Sale of scrap

The Company records revenue from sale of scrap on accrual basis. The net income from sale of scrap is included in "other income".

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5 SHARE CAPITAL

	2025	2024	2025	2024
	(Number of shares)		Rupees	Rupees
5.1 Authorized share capital				
Shares of Rs. 10 each	2,800,000,000	2,800,000,000	28,000,000,000	28,000,000,000
5.2 Issued, subscribed and paid up share capital				
Ordinary share capital				
Ordinary shares of Rs. 10 each fully paid in cash	1,557,228,762	1,557,228,762	15,572,287,620	15,572,287,620
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	2,639,200	2,639,200	26,392,000	26,392,000
Ordinary shares of Rs. 10 each issued on conversion of loans	882,020,197	882,020,197	8,820,201,970	8,820,201,970
Ordinary shares of Rs. 10 each issued on conversion of accrued mark-up	70,874,980	70,874,980	708,749,800	708,749,800
Ordinary shares of Rs. 10 each issued on conversion of cumulative convertible preference shares	7,200,000	7,200,000	72,000,000	72,000,000
	2,519,963,139	2,519,963,139	25,199,631,390	25,199,631,390

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

	2025	2024	2025	2024
	Percentage held		Number of shares	
Ordinary share capital				
Fauji Fertilizer Company Limited – voting ordinary shares	47.84%	47.84%	1,205,576,237	1,205,576,237
FFBL Power Company Limited – voting ordinary shares	15.87%	15.87%	400,000,000	400,000,000
FFC Energy Limited – voting ordinary shares	18.45%	18.45%	465,000,000	465,000,000
Fauji Foundation – voting ordinary shares	2.67%	2.67%	67,371,916	67,371,916
Directors, Officers, their spouse and minor children – voting ordinary shares	0.01%	0.01%	205,009	270,009
			2,138,153,162	2,138,218,162

5.2.2 The holder of ordinary shares is entitled to receive dividends as declared (if any), and to one vote per share at general meetings of the Company. The shareholders of the Company do not have any agreements for voting rights, board selection, rights of first refusal, and block voting.

5.3 There was no movement in share capital during the year.

6 SHARE PREMIUM

This reserve can only be utilized by the Company for the purpose specified in section 81(2) of the Companies Act, 2017.

7 SHARE DEPOSIT MONEY

7.1 Under the terms of the agreement dated August 22, 2022, the Company received an amount of Rs. 2,350 million in prior years from Fauji Foundation. The amount was convertible in ordinary shares at face value. The Company, in its Extraordinary General Meeting held on October 18, 2022, had approved further issue of shares against the said amount, by way of other than right issue. The requisite approval from SECP was obtained on January 23, 2023 for issuance of shares against the above mentioned amount. The approval was valid for a period of 60 days. Prior to lapse of the said approval, a request was received from Fauji Foundation to defer the share allotment. Based on the above request, pursuant to the Board of Directors' approval dated March 01, 2023, the Company deferred the allotment / issuance of Ordinary Shares at par value to Fauji Foundation, till further communication. During the prior year, the Company received a letter from Fauji Foundation dated April 18, 2024 wherein the Foundation withdrew its consent to exercise the option to acquire shares and both the parties agreed on the amount as per the original loan agreement to be treated as a loan through addendum letter dated August 23, 2024. Accordingly, the amount has been reclassified from share deposit money to loan with mutual consent of both the Companies.

The loan is unsecured and repayable on demand, with an all-time option to convert it into fully paid ordinary shares at or below par value (subject to fulfilment of the necessary conditions and the receipts of all approvals under application law). The loan initially carried an interest-free grace period of two years with a provision for further extensions subject to mutual agreement of both the parties. Following the end of grace period, the Company has secured a waiver on interest payments until December 31, 2025.

	Note	2025	2024
		Rupees	Rupees
8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT – NET OF TAX			
Balance at the start of the year		2,247,212,282	2,446,561,207
Net amount transferred to accumulated loss on account of:			
– disposal of plant and machinery – net of deferred tax		(18,865,062)	(86,621,177)
– incremental depreciation charged during the year – net of deferred tax		(105,279,101)	(112,727,748)
		(124,144,163)	(199,348,925)
Balance at the end of the year – net of tax	8.1	2,123,068,119	2,247,212,282

8.1 This represents surplus (net of applicable deferred tax) arising on revaluation of freehold land, buildings on freehold land, plant and machinery (including plant and machinery appearing under right of use assets), electric and gas installation and other works equipment. This has been adjusted by incremental depreciation arising out of revaluation of above-mentioned assets except freehold land. The latest valuation was carried out by an independent professional valuer, K.G. Traders, on March 16, 2023. The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
9 LEASE LIABILITIES			
Present value of lease liabilities against:			
– leased vehicles		224,478,405	82,253,687
– leasehold land		91,648,748	88,791,035
		316,127,153	171,044,722
Less: Current portion shown under current liabilities		(83,808,156)	(31,118,725)
	9.1	232,318,997	139,925,997

	Leased Vehicles	Leasehold Land	Plant and machinery	Leasehold Building	Total
	Rupees				
9.1 Movement of lease liabilities					
2025					
Opening balance	82,253,687	88,791,035	–	–	171,044,722
Lease liability recognized					
during the year	243,336,930	–	–	–	243,336,930
Finance cost charge	24,838,632	20,464,110	–	–	45,302,742
Payments	(125,950,844)	(17,606,397)	–	–	(143,557,241)
Closing balance	224,478,405	91,648,748	–	–	316,127,153
Less: current portion shown					
under current liabilities	(64,441,116)	(19,367,040)	–	–	(83,808,156)
	160,037,289	72,281,708	–	–	232,318,997
2024					
Opening balance	–	–	34,918,252	17,717,041	52,635,293
Lease liability recognized					
during the year	88,782,300	87,096,495	–	–	175,878,795
Finance cost charge	5,601,412	16,478,540	1,775,192	437,804	24,292,948
Payments	(12,130,025)	(14,784,000)	(36,693,444)	(18,154,845)	(81,762,314)
Closing balance	82,253,687	88,791,035	–	–	171,044,722
Less: current portion shown					
under current liabilities	(13,512,325)	(17,606,400)	–	–	(31,118,725)
	68,741,362	71,184,635	–	–	139,925,997

	2025	2024
	Rupees	Rupees
9.2 Commitments in relations to leases recognised under IFRS 16 are payable as follows:		
Payable not later than one year	111,013,749	42,900,412
Payable later than one year but not later than five years	307,480,303	207,818,836
Payable more than five years	75,219,855	106,410,670
	493,713,907	357,129,918
Future finance charges	(177,586,754)	(186,085,196)
Total lease liabilities	316,127,153	171,044,722

9.3 The Company has entered into lease arrangement with Fauji Foundation for land of Fauji Cereals and with the commercial bank for the lease of vehicles. The rentals under these agreements are repayable in 60 to 120 monthly instalments. The lease payments have been discounted at an implicit interest rate of 10.93% to 22.71% (2024: 13.59% to 22.71%) per annum. At the end of the respective lease term, the assets other than land, shall be transferred in the name of the Company. Taxes, repairs and insurance costs are to be borne by the Company.

9.4 The maturity analysis have been disclosed in note 45.7 of these financial statements.

	2025	2024
	Rupees	Rupees
9.5 Amounts recognised in statement of profit or loss		
Finance cost on lease liabilities	45,302,742	24,292,948
Depreciation on right of use assets	61,461,944	37,060,837
Expense relating to leases of short term nature	47,168,536	35,428,022

9.6 The Company had total cash outflows for leases of Rs. 204.53 million (2024: Rs. 117.19 million).

	Note	2025	2024
		Rupees	Rupees
10 EMPLOYEE RETIREMENT BENEFITS			
Accumulated compensated absences	10.1	54,191,501	48,915,991
Defined benefit plan	10.2	44,848,467	30,475,522
		99,039,968	79,391,513
10.1 Accumulated compensated absences			
Present value of defined benefit obligation	10.1.2	54,191,501	48,915,991
Fair value of plan assets		-	-
	10.1.1	54,191,501	48,915,991
10.1.1 Movement in accumulated compensated absences			
Opening balance at the start of the year		48,915,991	27,206,296
Charge to unconsolidated statement of profit or loss	10.1.3	9,981,397	27,700,031
Benefits paid during the year		(4,705,887)	(5,990,336)
Closing balance at the end of the year		54,191,501	48,915,991
10.1.2 Reconciliation of present value of defined benefit obligation			
Opening balance at the start of the year		48,915,991	27,206,296
Current service cost		7,299,294	6,518,738
Interest on defined benefit liability		2,793,783	2,027,682
Benefits paid during the year		(4,705,887)	(5,990,336)
Actuarial (gain) / loss		(111,680)	19,153,611
Closing balance at the end of the year		54,191,501	48,915,991

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
10.1.3 Charge to the unconsolidated statement of profit or loss			
Current service cost		7,299,294	6,518,738
Interest on defined benefit liability		2,793,783	2,027,682
Remeasurement (gain) / loss	10.1.4	(111,680)	19,153,611
	10.1.5	9,981,397	27,700,031
10.1.4 Remeasurement (gain) / loss			
Actuarial (gain) / loss due to changes in financial assumptions		–	(107,952)
Actuarial (gain) / loss due to experience adjustments		(111,680)	19,261,563
		(111,680)	19,153,611
10.1.5 Allocation of expense during the year			
Cost of revenue		3,992,554	11,080,005
Marketing and distribution expense		3,992,554	11,080,005
Administrative expense		1,996,289	5,540,021
		9,981,397	27,700,031
10.1.6 Estimated expense to be charged to unconsolidated statement of profit or loss in next year			
Current service cost		7,495,049	6,817,227
Interest expense on accumulated compensated absences – net		6,208,424	5,510,499
		13,703,473	12,327,726

		2025	2024
10.1.7 The principal actuarial assumptions at the reporting date were as follows:			
Discount rate		12%	12%
Expected per annum growth rate in salaries		11%	11%
Expected mortality rate	SLIC (2001–2005)	SLIC (2001–2005)	SLIC (2001–2005)

As at December 31, 2025, average accumulation of leaves is 8 days per annum (2024: 8 days per annum), subject to a maximum accumulation of 20 working days for management employees, 28 calendar days for non-management employees and 120 working days for ex-servicemen (2024: 20 days for management employees, 28 days for non-management employees and 120 days for ex-servicemen).

10.1.8 Sensitivity analysis

The Company's risk exposure in relation to the defined benefit obligation arises primarily on account of discount rate and salary increases. If these significant actuarial assumptions used to estimate the present value of liability at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the liability as at December 31, 2025 would have been as follows:

	Due to change in assumptions	
	2025	2024
	Rupees	
Present value of liability at the year end		
Discount Rate + 100 bps	50,019,154	45,172,542
Discount Rate – 100 bps	58,680,909	52,968,358
Salary increase + 100 bps	58,778,989	52,969,660
Salary increase – 100 bps	49,950,418	45,173,097

10.1.9 Undiscounted Future Payments

Expected future undiscounted payments are as follows:

	Note	2025	2024
		Rupees	Rupees
Projected payments			
Year 1		6,493,511	5,861,372
Year 2		7,304,207	6,593,147
Year 3		8,273,998	7,468,529
Year 4		9,561,424	8,630,625
Year 5		11,184,148	10,095,378
More than 5 years		83,911,719	75,742,964

10.2 Defined benefit plan

Present value of defined benefit obligation	10.2.2	157,449,639	108,853,348
Fair value of plan assets	10.2.3	(112,601,172)	(78,377,826)
	10.2.1	44,848,467	30,475,522

10.2.1 Movement in net defined benefit liability

Opening balance for the year		30,475,522	23,148,518
Current service cost		30,986,871	24,446,489
Interest on defined benefit liability – net		1,840,531	2,329,070
Total contributions		(30,275,522)	(18,487,242)
Charge to other comprehensive income	10.2.7	11,821,065	(961,313)
Closing balance for the year		44,848,467	30,475,522

10.2.2 Reconciliation of present value of defined benefit obligation

Opening balance for the year		108,853,348	79,401,123
Current service cost		30,986,871	24,446,489
Interest on defined benefit liability		12,654,062	12,080,458
Benefits paid during the year		(6,805,658)	(14,557,970)
Actuarial losses		11,761,016	7,483,248
Closing balance for the year		157,449,639	108,853,348

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For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
10.2.3 Reconciliation of fair value of plan assets			
Opening balance for the year		78,377,826	56,252,605
Total contributions		30,275,522	18,487,242
Interest income for the year		10,813,531	9,751,388
Benefits paid during the year		(6,805,658)	(14,557,970)
Return on plan assets excluding interest income		(60,049)	8,444,561
Closing balance for the year		112,601,172	78,377,826
10.2.4 Fair value of gratuity fund assets			
Asset Management Funds / Term Deposit Receipt		32,338,447	50,000,000
Bank investment instruments		61,044,966	–
Accrued income		–	8,060,000
Bank – Saving Account		19,217,759	20,317,826
		112,601,172	78,377,826
10.2.5 Charge to the unconsolidated statement of profit or loss			
Current service cost		30,986,871	24,446,489
Interest on defined benefit liability – net		1,840,531	2,329,070
	10.2.6	32,827,402	26,775,559
10.2.6 Allocation of expense during the year			
Cost of sales		13,130,963	10,710,226
Marketing and distribution expense		13,130,963	10,710,225
Administrative expense		6,565,476	5,355,108
		32,827,402	26,775,559
10.2.7 Charge to other comprehensive income			
– Actuarial (gains) / losses due to change in financial assumptions		–	(397,096)
– Actuarial losses due to experience adjustments		11,761,016	7,880,344
– Return on plan assets excluding Interest income		60,049	(8,444,561)
		11,821,065	(961,313)
10.2.8 Estimated expense to be charged to unconsolidated statement of profit or loss in next year			
Current service cost		34,830,529	27,602,006
Interest expense on defined benefit plan – net		5,381,816	3,657,063
		40,212,345	31,259,069
		2025	2024
10.2.9 The principal actuarial assumptions at the reporting date were as follows:			
Discount rate		12%	12%
Expected per annum growth rate in salaries		11%	11%
Expected mortality rate	SLIC (2001–2005)	SLIC (2001–2005)	SLIC (2001–2005)

As at December 31, 2025, the weighted average duration of the defined benefit obligation was 8 years (2024: 8 years).

10.2.10 Undiscounted future payments

The Company contributes to the gratuity fund based on the advice of the fund's actuary. Expected future contributions are as follows:

	2025	2024
	Rupees	Rupees
Projected payments		
Year 1	12,887,242	10,175,339
Year 2	15,538,445	12,268,641
Year 3	18,258,457	14,416,273
Year 4	21,175,768	16,719,685
Year 5	24,197,871	19,105,837
More than 5 years	223,285,121	176,298,534

10.2.11 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at December 31, 2025 would have been as follows:

	Due to change in assumptions	
	2025	2024
Present value of defined benefit obligation at year end		
Discount Rate + 100 bps	145,403,886	100,525,475
Discount Rate – 100 bps	170,497,073	117,873,736
Salary increase + 100bps	170,493,303	117,871,130
Salary increase – 100bps	145,402,100	100,524,241

10.2.12 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

Interest rate risk:

The present value of the defined benefit liability is calculated using a discount rate determined by reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.

Salary risk:

The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the liability and vice versa.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

Demographic risks:

Mortality rate risk – The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase/decrease the liability and vice versa depending on the age–service distribution of the exiting employees.

Withdrawal rate risk – The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase/decrease the liability and vice versa depending on the age–service distribution of the exiting employees.

Investment risk:

The risk of the investment underperforming and being not sufficient to meet the liabilities.

	Note	2025	2024
		Rupees	Rupees
11 CURRENT PORTION OF LONG TERM LIABILITIES			
Lease liabilities	9	83,808,156	31,118,725
12 SHORT TERM BORROWINGS – SECURED			
Short term running finance	12.1	–	–

12.1 The facility for short term running finance available to the Company from the Bank of Punjab has aggregate limit of Rs. Nil (2024: 1,000 million) at a markup rate of 3–month KIBOR plus 0.5% payable quarterly (2024: 3–month KIBOR plus 0.5%). Facility is secured by way of first pari passu charge on all present and future fixed assets of the Company (excluding land and building) of Fauji Foods Limited with 25% margin . The unutilized facility at year end amounts to Rs. Nil (2024: Rs. 1,000 million). This facility expired on February 28, 2025 and was not renewed.

	Note	2025	2024
		Rupees	Rupees
13 TRADE AND OTHER PAYABLES			
Trade and other creditors	13.1	1,610,889,912	1,428,920,264
Accrued expenses	13.2	1,193,755,002	937,647,157
Retention money payable		1,006,732	1,006,732
Due to employees		44,913,160	5,310,385
Withholding income tax payable		28,579,538	19,471,062
Withholding sales tax payable		25,958,491	14,694,246
Workers' Profit Participation Fund payable	13.3	113,988,547	78,897,038
Workers' Welfare Fund payable	13.4	74,761,590	30,799,783
Payable to Employees' Provident Fund	13.5	24,088	7,414,433
Others		1,172,362	1,172,359
		3,095,049,422	2,525,333,459

	Note	2025	2024
		Rupees	Rupees
13.1	These include amounts due to the following related parties:		
	Fauji Infraavest Foods Limited	4,568,679	12,502,370
	Askari Bank Limited	–	209,531
	Fauji Fertilizer Company Limited	40,781,451	2,418,453
	FonGrow (Private) Limited	341,452	2,222,469
	Foundation Gas	190,080	–
	Fauji Foundation	50,613,477	33,449,727
	13.1.1	96,495,139	50,802,550

13.1.1 These are un-secured and in the normal course of business activities.

13.2 This includes Rs. 148.75 million (2024: Rs 152.10 million) relating to distributor incentives and allowances. These represent variable consideration in the form of performance-based targets and reimbursements for discounts provided by distributors on behalf of the Company. These obligations are settled in the normal course of business upon the achievement of specified targets or the formal verification of underlying claims.

	2025	2024
	Rupees	Rupees
13.3	Workers' Profit Participation Fund payable	
	Balance at the start of the year	78,897,038
	Acquisition of Fauji Cereals	–
	Charge for the year	102,769,359
	Payment during the year	(67,677,850)
	Balance at the end of the year	113,988,547
13.4	Workers' Welfare Fund payable	
	Balance at the start of the year	30,799,783
	Charge for the year	43,961,807
	Balance at the end of the year	74,761,590

13.4.1 Provision for Workers' Welfare Fund (WWF) is made as per the requirements of the Punjab Workers Welfare Fund Act as promulgated on December 13, 2019. However, payment has not been made due to ambiguity involved regarding institution in favor of whom liability should be discharged i.e. Federal or Provincial.

13.5 Payable to Employees' Provident Fund

All investments out of provident fund have been made in the collective investment schemes, listed equity and listed debt securities in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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For the year ended December 31, 2025

		2025	2024
		Rupees	Rupees
14	CONTRACT LIABILITIES		
	Advances from customers in respect of revenue recognized at a point in time	586,180,204	299,249,089

14.1 This represents advance received from customers for future sale of goods. The balance of contract liability as at December 31, 2025 is expected to be recognized as revenue within one year.

14.2 As of December 31, 2025, contract liabilities amounting to Rs. 263.82 million from the opening balance have been recognized as revenue during the year and Rs. 35.43 million remain unrecognized. This is primarily attributable to the unallocated receipts pertaining to prior years for which no formal claims or notifications have been received from the respective parties. Management continues to monitor these balances and expects to conclude the underlying performance obligations or reach a final settlement, allowing for the recognition of the associated revenue during the fiscal year 2026.

		2025	2024
		Rupees	Rupees
14.3	These include advances received from associated undertaking as follows:		
	Fauji Fresh n Freeze Limited	1,302,000	–
	Askari Bank Limited	70,826,255	–
		72,128,255	–

14.3.1 These balances represent advances received in the normal course of business from related parties for the sale of goods.

		Note	2025	2024
			Rupees	Rupees
15	LOANS PAYABLE TO ULTIMATE PARENT COMPANY			
	On account of acquisition related to Fauji Cereals	1.1	3,348,554,692	3,348,554,692
	On account of acquisition related to Fauji Infraavest Foods Limited	1.2	210,000,000	210,000,000
	Share deposit money reclassified into loan	7	2,350,000,001	2,350,000,001
			5,908,554,693	5,908,554,693
16	ACCRUED FINANCE COST			
	Mark-up based borrowings from conventional banks			
	– Short term borrowings – secured		–	2,738,384

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

Income tax

17.1.1 The Deputy Commissioner Inland Revenue (DCIR), after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.98 million alleging that the Company suppressed its sales. The Commissioner Inland Revenue–Appeals (CIR–A) annulled this assessment order whereas the Appellate Tribunal Inland Revenue (ATIR) had set aside the order of CIR–A and remanded the case back to CIR–A for denovo proceedings. The CIR–A, vide his order dated September 3, 2012 has allowed partial relief of Rs. 11.32 million to the Company. The remaining disputed amount after rectification order under section 221 of the Income Tax Ordinance 2001 dated May 16, 2013 out of Rs. 34.99 million now stands at Rs. 18.28 million. Both the Company and the Department have filed appeals before the ATIR against the order of CIR–A, which are pending adjudications.

17.1.2 The DCIR, passed an order under section 122(5A) raising tax demands of Rs. 21.84 million by making addition to sales of Rs. 177.80 million. Being aggrieved of the order, the taxpayer filed an appeal before CIR–A who vide order dated February 06, 2016 reduce the addition of differential amounts. Being further aggrieved of the CIR–A order, the taxpayer filed 2nd appeal before ATIR Lahore who vide order dated March 03, 2022 deleted the order of CIR–A and DCIR. Against the order of ATIR, department has filed a reference before Lahore High Court on May 30, 2022, which is pending adjudication.

17.1.3 The Company was served with notice under rule 44(4) of the Income Tax Rules 2002 dated March 02, 2021 issued by the DCIR to which the Company filed reply on March 08, 2021. The DCIR served a show cause notice under section 161 (1A) of the Ordinance dated October 04, 2021 for the tax year 2014. The Company filed reply for the same. DCIR passed time barred order under section 161 (1) of the Ordinance dated May 22, 2024 and raised total tax demand amounting to Rs. 10.02 million. Being aggrieved of the said order, the Company filed an appeal before CIR–A against the above mentioned order on June 12, 2024. The CIR–A remanded back the case to the DCIR vide order dated October 07, 2024. The DCIR issued a notice u/s 129 dated November 08, 2024 to which the Company filed reply dated November 15, 2024. The matter is currently pending adjudication before the DCIR.

17.1.4 The income tax return filed for the tax year 2012 was initially treated as an assessment order u/s 120 of the Ordinance. Subsequently, the taxpayer was selected for audit under Section 177. Following the audit, the Assistant Commissioner Inland Revenue ('ACIR') passed an order under Section 122, resulting in a revised taxable income and tax liability of Rs. 30 million. The Company filed an appeal before the CIR(A), who subsequently, vide order dated December 31, 2018, upheld the demand. The said demand was adjusted against the refunds available to the Company in tax year 2017.

Being aggrieved, the Company filed an appeal before the ATIR, which declared the orders passed by the ACIR and CIR(A) void–ab–initio vide order dated March 3, 2022. Consequently, the refund of tax year 2017 previously adjusted, amounting to Rs. 30 million, as well as the refund of tax year 2012 amounting to Rs. 10.99 million, was restored vide letter dated March 29, 2024. The Department has filed a reference against the order of the ATIR before the Lahore High Court, which is pending adjudication.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

Sales tax

- 17.1.5** ADCIR issued a show cause notice, dated February 17, 2021 against inadmissible adjustment of input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement. Against the show cause notice, the ADCIR raised a sales tax demand of Rs. 99.46 million. Being aggrieved of the said order, the Company filed an appeal before the CIR-A. On August 22, 2024, the CIR-A upheld the order passed by the ADCIR. Being aggrieved by the appellate order, the taxpayer filed an appeal before the Appellate Tribunal Punjab Revenue Authority on December 24, 2024, which remains pending adjudication.
- 17.1.6** Department vide order dated November 14, 2016 raised sales tax demand of Rs. 4.84 million under section 11(2) and 11(3) of the Sales Tax Act 1990 against inadmissible input tax claimed and non-realization of sales tax on sale of scrap. The Company preferred an appeal before CIR-A who confirmed the demand vide order dated May 08, 2017. Being aggrieved the Company preferred an appeal before ATIR. ATIR decided the case in favor of the Company vide order dated May 22, 2018 and waived off the whole tax demand. Department has filed reference before the Honorable Lahore High Court dated December 9, 2020 which is pending adjudication.
- 17.1.7** The DCIR has concluded the assessment and proceeding through its order u/s 11(2) for the period from July 2019 to December 2019 and has created sales tax demand amounting Rs. 14 million. The Company being aggrieved by the order filed appeal before CIR-A who, through order dated October 29, 2020 remanded the case back to DCIR for re-assessment. The department has filed appeal before ATIR which is pending adjudication.
- 17.1.8** DCIR passed an order dated March 14, 2022, and served the same after one year on March 14, 2023, creating a demand of Rs. 103.37 million on account of claims for inadmissible input sales tax in sales tax returns. Being aggrieved, the Company preferred an appeal before the CIR(A). The CIR(A) remanded the case to the DCIR for fresh proceedings. The Company filed an appeal before the ATIR on July 27, 2023, on the grounds that the appellate authority should have annulled the assessment order instead of remanding it to the DCIR. The ATIR upheld the decision of the CIR(A) to remand the case. Being aggrieved, the Company filed a reference before the Lahore High Court against the remand, maintaining the stance that the assessment should have been annulled. Consequently, the Lahore High Court remanded the proceedings to the Department vide order dated June 24, 2025, with directions to the assessing officer to first address the issue of limitation. In response, the Company filed replies vide letters dated September 8, 2025, and October 16, 2025, respectively. The matter is currently pending adjudication.
- 17.1.9** The department issued show cause notice alleging adjustment of inadmissible input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement services. Against the show cause notice, Department raised sales tax demand of Rs. 138.74 million along with default surcharge and penalty. The Company preferred an appeal before CIR-A. CIR-A decided the case in favor of the Company through order dated October 29, 2020 and annulled the department's order. The department has filed an appeal before ATIR which is pending adjudication.

17.1.10 DCIR passed an assessment order u/s 33(5) of the Sales Tax Act, 1990 dated August 23, 2025 creating a demand of Rs. 96.02 million and penalty of Rs. 4.80 million on non-apportionment of input tax regarding taxable and exempt supplies. Being aggrieved, the Company filed an appeal before CIR-A dated October 17, 2025 which is pending adjudication.

Based on the opinion of the legal and tax advisors handling the above litigations as referred to in note 17.1, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these financial statements.

17.2 Commitments

17.2.1 Commitments in respect of capital expenditure outstanding at the year end amounted to Rs. 223.09 million (2024: Rs. 272.71 million).

17.2.2 Commitments in respect of letter of credit for the purchase of raw and packing material outstanding at the year end amounted to Rs. 131.01 million (2024: Rs. 89.50 million).

17.2.3 Guarantees aggregating to Rs. 368.00 million (2024: Rs. 194.75 million) have been issued by banks of the Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil, Naval Accounts Karachi, Pakistan Oxygen Limited, Director General Special Education, Director General Remount Veterinary and Programme Director PMIU-PESRP.

	Note	2025	2024
		Rupees	Rupees
18	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets			
Owned assets	18.1	8,112,844,100	8,441,416,512
Right of use assets		358,362,094	172,657,614
		8,471,206,194	8,614,074,126
Capital work-in-progress	18.1.9	813,482,803	426,304,381
		9,284,688,997	9,040,378,507

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

18.1 Operating fixed assets

December 31, 2025														
As at 01 January	Cost / Revalued Amount					Depreciation					Rate of depreciation (%)			
	Acquisition of Fuji Cereals - Cost	Additions / transfers	Disposals	Write - offs	As at 31 December	As at 01 January	Acquisition of Fuji Cereals - Accumulated depreciation	Charges for the year	Disposals	Write - offs		As at 31 December	Accumulated Impairment	Book value
Rupees														
Owned assets:														
Freehold land	781,625,000	-	-	-	781,625,000	-	-	-	-	-	-	-	781,625,000	-
Buildings on freehold land	1,158,050,076	45,814,530*	-	-	1,203,864,606	163,980,571	-	80,533,513	-	-	244,514,084	-	959,350,522	3 - 6
Plant and machinery	7,203,082,072	148,936,381**	(58,323,774)	(92,540,567)	7,201,154,112	1,134,300,062	-	472,808,241	(23,689,015)	(45,498,126)	1,537,921,152	-	5,663,232,960	6 - 20
Electric and gas installation	234,550,210	56,696,676	-	(2,128,409)	289,118,477	46,108,225	-	16,044,633	-	(1,340,111)	60,812,447	-	228,305,730	10 - 15
Other works equipment	210,107,971	53,228,238	-	(1,325,334)	262,010,875	33,924,812	-	17,072,981	-	(524,171)	50,473,622	-	211,537,253	10 - 15
Office and IT equipment	239,162,557	52,726,207	(4,655,404)	(6,477,090)	280,756,270	122,942,498	-	39,521,505	(2,803,577)	(4,743,906)	154,916,520	-	125,839,750	10 - 33.33
Furniture and fixture	96,463,871	6,374,587***	-	(3,498,835)	99,339,603	32,029,775	-	7,370,242	-	(1,678,859)	37,721,158	-	61,618,445	10
Vehicles	235,793,604	63,732	(1,816,909)	(4,356,923)	229,683,504	129,132,916	-	24,284,349	(1,115,121)	(3,953,800)	148,349,064	-	81,334,440	20 - 25
10,158,835,361	363,840,331	(64,796,087)	(110,327,158)	10,347,552,447	11,662,418,849	657,635,464	(27,607,719)	(57,738,253)	2,234,708,347	-	8,112,844,100	-	-	-
Right of use assets ("ROUA"):														
Building	133,686,254	-	-	-	133,686,254	133,686,254	-	8,709,647	-	-	133,686,254	-	70,403,005	10
Land	87,096,498	-	-	-	87,096,498	7,983,846	-	52,752,297	(230,849)	-	59,929,113	-	287,959,089	20
Vehicles	100,952,827	249,705,795	(2,770,220)	-	347,883,202	7,407,665	-	61,461,944	(230,849)	-	210,308,860	-	358,362,094	-
321,735,579	249,705,795	(2,770,220)	-	568,670,954	149,077,765	-	-	(57,738,253)	2,445,017,207	-	-	-	-	-
10,480,570,740	613,546,126	(67,566,307)	(110,327,158)	10,916,223,401	11,811,496,614	719,087,408	-	657,635,464	(27,607,719)	(57,738,253)	2,445,017,207	-	8,471,206,194	-
December 31, 2024														
As at 01 January	Cost / Revalued Amount					Depreciation					Rate of depreciation (%)			
	Acquisition of Fuji Cereals - Cost	Additions / transfers	Disposals	Transfer from ROUA to owned assets	As at 31 December	As at 01 January	Acquisition of Fuji Cereals - Accumulated depreciation	Charges for the year	Disposals	Transfer from ROUA to owned Asset		As at 31 December	Accumulated Impairment	Book value
Rupees														
Owned assets:														
Freehold land	781,625,000	-	-	-	781,625,000	-	-	-	-	-	-	-	781,625,000	-
Buildings on freehold land	1,103,625,066	41,463,927	12,961,083	-	1,158,050,076	60,788,646	25,337,871	77,874,054	-	-	163,980,571	-	994,069,505	3 - 6
Plant and machinery	6,337,147,287	292,070,341	360,997,321	-	7,203,082,072	388,042,283	289,951,735	440,424,398	-	15,881,636	1,134,300,062	55,000,000	6,013,782,020	6 - 20
Electric and gas installation	182,907,583	28,008,411	23,634,236	-	234,550,210	8,126,508	27,215,374	10,766,343	-	-	46,108,225	-	188,441,985	10 - 15
Other works equipment	178,887,446	4,285,484	26,935,041	-	210,107,971	17,982,672	1,886,063	14,076,077	-	-	33,924,812	-	176,183,159	10 - 15
Office and IT equipment	174,227,875	8,555,050	56,516,132	(136,500)	239,162,557	89,800,351	6,259,402	26,966,161	(83,416)	-	122,942,498	-	116,220,059	10 - 33.33
Furniture and fixture	53,978,039	2,282,278	40,193,554	-	96,463,871	27,000,412	1,278,500	3,750,863	-	-	32,029,775	-	64,434,096	10
Vehicles	204,092,846	42,759,470	1,006,388	(12,064,900)	235,793,604	68,305,215	41,139,654	26,220,053	(6,532,006)	-	129,132,916	-	106,660,688	20 - 25
9,016,480,922	419,434,961	522,243,755	(12,201,400)	212,867,123	10,158,835,361	660,006,087	393,068,599	600,077,949	(6,615,422)	15,881,636	1,662,418,849	55,000,000	8,441,416,512	-
Right of use assets ("ROUA"):														
Building	133,686,254	-	-	-	133,686,254	122,545,734	-	11,140,520	-	-	133,686,254	-	-	20
Land	212,867,123	-	87,096,498	-	87,096,498	7,983,846	-	7,983,846	-	-	7,983,846	-	79,112,652	10
Plant and machinery	346,553,377	188,049,125	-	(212,867,123)	321,735,379	127,898,564	-	37,060,837	(15,881,636)	-	149,077,765	-	172,657,614	6
Vehicles	9,363,044,239	710,292,880	(12,201,400)	-	10,480,570,740	767,904,651	393,068,599	637,138,786	(6,615,422)	-	1,811,496,614	55,000,000	8,614,074,126	20

* These include capital expenditure amounting to Rs. 24.05 million (2024: Nil) transferred from capital work in progress.

** These include capital expenditure amounting to Rs. 4.11 million (2024: Rs. 207.45 million) transferred from capital work in progress.

*** These include capital expenditure amounting to Rs. Nil (2024: Rs. 5.31 million) transferred from capital work in progress.

	Net Book Value	
	2025	2024
	Rupees	
18.1.1 This includes assets not in possession of the Company:		
Milk tankers – in possession of milk collection centers	116,820,255	111,916,681

Due to large number of milk collection centers, it is impracticable to disclose the name of each person having possession of these assets, as required by 4th Schedule to the Companies Act, 2017.

	Note	2025	2024
		Rupees	Rupees
18.1.2 The depreciation charge has been allocated as follows:			
Cost of revenue	32	605,302,571	556,287,019
Marketing and distribution expenses	33	54,974,409	39,420,971
Administrative expenses	34	58,820,428	41,430,796
		719,097,408	637,138,786

18.1.3 The gross carrying value of fully depreciated assets that are still in use amounted to Rs. 633.36 million (2024: Rs. 408.36 million).

18.1.4 The manufacturing facility of Dairy is located at Sargodha Road, Bhalwal, District Sargodha. Total owned area is 120 kanals and 5 marlas and covered area of building is 191,050 square feet.

18.1.5 The manufacturing facility of Cereals is located at 57 Dhamial Road, Rawalpindi. Total leased area is 31 kanals and 3 marlas under lease arrangement with Fauji Foundation.

18.1.6 During the previous year, the Company recognized an impairment loss of Rs. 55.00 million relating to certain idle and scrap assets. During the current year, the Company completed fixed asset verification activity and consequently, assets with a gross carrying amount of Rs. 52.59 million were written off against the accumulated impairment.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

18.1.7 Disposal of property, plant and equipment

December 31, 2025							
Cost / Revalued amount	Net book value	Proceeds from disposal/ Impairment	Gain / (Loss)	Mode of disposal	Particulars of buyer	Relationship of purchaser with Company or any of its directors	
Rupees							
Fixed assets sold having book value greater than Rs. 500,000							
Year ended December 31, 2025							
Vehicles - right of use							
Suzuki Alto	2,770,220	2,539,371	2,800,000	260,629	Insurance claim	EFU Insurance	No relationship
Vehicles - owned							
SS milk road tanker	1,816,909	701,788	3,342,373	2,640,585	Scrap sale	Khalid Engineering	No relationship
Office and IT equipment							
Visi cooler	4,530,404	1,851,827	789,858	(1,061,969)	Scrap sale	Mehboob Hussain	No relationship
Plant and machinery							
Dryer	2,412,211	847,782	847,458	(324)	Scrap sale	Dairy Engineering	No relationship
Ecolean EL6	17,127,300	10,645,057	16,270,000	5,624,943	Insurance claim		No relationship
Ammonia chiller	4,126,882	2,487,938	2,300,000	(187,938)	Scrap sale	Six-B Food Industries (Private) Limited	No relationship
Assets having net book value less than Rs. 500,000							
	34,782,381	20,653,982	11,528,142	(9,125,840)			
	67,566,307	39,727,745	37,877,831	(1,849,914)			

December 31, 2024							
Cost / Revalued amount	Net book value	Proceeds from disposal	Gain	Mode of disposal	Particulars of buyer	Relationship of purchaser with Company or any of its directors	
Rupees							
Fixed assets sold having book value greater than Rs. 500,000							
Year ended December 31, 2024							
Vehicles							
Suzuki Alto	2,655,950	2,346,089	2,600,000	253,911	Accidental	EFU Insurance	No relationship
Suzuki Alto	2,655,950	2,257,558	2,600,000	342,442	Accidental	EFU Insurance	No relationship
Assets having net book value less than Rs. 500,000							
	6,889,500	982,329	3,034,295	2,051,966			
	12,201,400	5,585,976	8,234,295	2,648,319			

18.1.8 The latest revaluation of freehold land, building on freehold land, plant and machinery, electric and gas installations and other work equipment was carried out on March 16, 2023, by an independent professional valuer, K.G. Traders (Private) Limited. As per the revaluation report, forced sale value of freehold land and buildings on freehold land was Rs. 664.38 million and Rs. 939.25 million, respectively and forced sales value of plant and machinery, electric and gas installations and other works equipment was Rs. 5,523 million.

Had these assets not been revalued, the carrying amount of freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other work equipment would have been as follows:

	Note	2025	2024
		Rupees	Rupees
Freehold land		73,448,429	73,448,429
Buildings on freehold land		727,455,318	650,169,694
Plant and machinery – (including plant and machinery appearing under right of use assets)		3,832,970,137	4,057,571,049
Electric and gas Installations		232,372,733	191,225,097
Other works equipment		153,664,147	114,106,481
		5,019,910,764	5,086,520,750
18.1.9 Capital work-in-progress			
Plant and machinery	18.1.9.1	813,482,803	426,304,381

18.1.9.1 Plant and machinery

December 31, 2025				
	As at January 1, 2025	Additions	Transfers	As at December 31, 2025
	Rupees			
Plant & machinery	395,417,573	316,683,046	(4,106,216)	707,994,403
Buildings on freehold land	30,886,808	41,027,774	(24,053,696)	47,860,886
Electric and gas installation	–	44,742,824	–	44,742,824
Computer & accessories	–	12,884,690	–	12,884,690
	426,304,381	415,338,334	(28,159,912)	813,482,803

December 31, 2024				
	As at January 1, 2024	Additions	Transfers	As at December 31, 2024
	Rupees			
Plant & machinery	437,067,915	165,802,389	(207,452,731)	395,417,573
Buildings on freehold land	–	30,886,808	–	30,886,808
Furniture & fixtures	–	5,310,000	(5,310,000)	–
	437,067,915	201,999,197	(212,762,731)	426,304,381

	Note	2025	2024
		Rupees	Rupees
19 INTANGIBLE ASSETS			
Softwares and licenses	19.1	17,108,147	7,819,489
Capital work-in-progress (CWIP)	19.2	41,354,100	9,126,076
		58,462,247	16,945,565

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

19.1 Softwares and licenses

	December 31, 2025								
	Cost				Amortization			Book value	Rate of amortization (%)
	As at January 1, 2025	Additions	Transfer from CWIP	As at December 31, 2025	As at January 1, 2025	Charge for the year	As at December 31, 2025		
	Rupees								
Softwares & licenses	78,215,811	-	14,724,670	92,940,481	70,396,322	5,436,012	75,832,334	17,108,147	33.33

	December 31, 2024								
	Cost				Amortization			Book value	Rate of amortization (%)
	As at January 1, 2024	Additions	Transfer from CWIP	As at December 31, 2024	As at January 1, 2024	Charge for the year	As at December 31, 2024		
	Rupees								
Softwares & licenses	72,794,181	5,421,630	-	78,215,811	68,252,990	2,143,332	70,396,322	7,819,489	33.33

	Note	2025	2024
		Rupees	Rupees
19.1.1 The amortization charge has been allocated as follows:			
Marketing and distribution expenses	33	658,999	658,999
Administrative expenses	34	4,777,013	1,484,333
		5,436,012	2,143,332

19.1.2 The gross carrying value of fully amortized assets that are still in use amounts to Rs. 68.84 million (2024: Rs. 66.86 million).

	Note	2025	2024
		Rupees	Rupees
19.2 Capital work-in-progress			
Softwares & licenses	19.2.1	41,354,100	9,126,076

19.2.1 Softwares & licenses

	December 31, 2025			
	As at January 1, 2025	Additions	Transfers	As at December 31, 2025
		Rupees		
Softwares & licenses	9,126,076	46,952,694	(14,724,670)	41,354,100

	December 31, 2024			
	As at January 1, 2024	Additions	Transfers	As at December 31, 2024
		Rupees		
Softwares & licenses	5,343,576	3,782,500	-	9,126,076

	2025	2024
	Rupees	Rupees
20 INVESTMENT IN SUBSIDIARY COMPANY		
Investment – at cost	210,000,000	210,000,000

20.1 The Company holds 100% (2024: 100%) shares in Fauji Infraavest Foods Limited, a wholly owned subsidiary of the Company.

	2025	2024
	Rupees	Rupees
21 SECURITY DEPOSITS		
Long term deposits	22,800,000	22,800,000

21.1 These long term deposits are not recorded at present value as per IFRS – 9 “Financial Instruments” because of practical limitation to estimate the timing of cashflows.

	Note	2025	2024
		Rupees	Rupees
22 DEFERRED TAXATION – NET			
The deferred tax asset comprises of the following:			
Deductible temporary differences:			
– business losses		470,962,974	408,695,541
– unabsorbed depreciation losses		1,488,770,508	1,488,650,294
– lease liabilities		120,620,511	66,707,442
– provisions		46,954,825	35,054,903
		2,127,308,818	1,999,108,180
Less: Taxable temporary differences:			
– accelerated tax depreciation allowances		1,017,850,420	947,850,761
– accrued interest		65,147,090	–
– surplus on revaluation of property, plant and equipment		904,550,091	983,920,950
– right of use assets		139,761,217	67,336,469
		2,127,308,818	1,999,108,180
Deferred taxation – net	22.3	–	–

22.1 As at December 31, 2025, the aggregate unrecognized unused tax losses and minimum tax credit available to the Company for set off against future taxable profit amount to Rs. 3,406.20 million (2024: Rs. 7,246.62 million) and Rs. 1,094.38 million (2024: Rs. 723.21 million) respectively.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

22.2 The expiry of tax losses for which no deferred tax asset has been recognized is as follows:

		2025
Expiry tax year	Nature	Rupees
2027	Business loss – TY 2021	2,353,326,086
2028	Business loss – TY 2022	1,052,877,321
2029	Business loss – TY 2023	–
		3,406,203,407
2026	Minimum tax – TY 2023	158,641,265
2027	Minimum tax – TY 2024	256,337,806
2028	Minimum tax – TY 2025	308,534,520
2028	Minimum tax – TY 2026	370,867,486
		1,094,381,077

22.3 Movement in deferred tax balances is as follows:

December 31, 2025				
	Opening	Reversal from / (charge to)		Closing
		Profit or loss	OCI	
Rupees				
Deferred taxation				
Deductible / (taxable) temporary difference				
Unabsorbed depreciation losses	1,488,650,294	120,214	–	1,488,770,508
Business losses	408,695,541	62,267,433	–	470,962,974
Provisions	35,054,903	11,899,922	–	46,954,825
Lease liability	66,707,442	53,913,069	–	120,620,511
Right of use assets	(67,336,469)	(72,424,748)	–	(139,761,217)
Accelerated tax depreciation allowances	(947,850,761)	(69,999,659)	–	(1,017,850,420)
Accrued interest	–	(65,147,090)	–	(65,147,090)
Surplus on revaluation of property, plant and equipment	(983,920,950)	79,370,859	–	(904,550,091)
	–	–	–	–

December 31, 2024				
	Opening	Reversal from / (charge to)		Closing
		Profit or loss	OCI	
Rupees				
Deferred taxation				
Deductible / (taxable) temporary difference				
Unabsorbed depreciation losses	1,488,650,294	–	–	1,488,650,294
Business losses	625,816,265	(217,120,724)	–	408,695,541
Provisions	25,353,949	9,700,954	–	35,054,903
Lease liability	20,527,764	46,179,678	–	66,707,442
Right of use assets	(85,275,377)	17,938,908	–	(67,336,469)
Accelerated tax depreciation allowances	(963,699,354)	15,848,593	–	(947,850,761)
Surplus on revaluation of property, plant and equipment	(1,111,373,541)	127,452,591	–	(983,920,950)
	–	–	–	–

	Note	2025	2024
		Rupees	Rupees
23 STORES, SPARES AND LOOSE TOOLS			
General items		30,471,381	26,417,164
Stores, spares and loose tools		260,944,112	242,003,222
		291,415,493	268,420,386
Less: directly written off		(2,988,921)	–
Less: provision for obsolescence		(6,727,486)	(6,727,486)
		281,699,086	261,692,900
23.1 Movement in provision for obsolescence			
Balance at the start of the year		6,727,486	8,612,801
Provision for the year		–	12,030,195
Written off during the year		–	(13,915,510)
Balance at the end of the year		6,727,486	6,727,486
24 STOCK-IN-TRADE			
Raw and packing material			
– In hand		1,171,211,554	1,324,657,791
– In transit		39,806,148	44,542,468
		1,211,017,702	1,369,200,259
Work-in-process		154,389,568	58,355,602
Finished goods		1,104,118,239	557,430,540
		2,469,525,509	1,984,986,401
Less: Provision for obsolescence	24.1 & 24.2	(25,005,216)	(16,476)
	24.3 & 24.4	2,444,520,293	1,984,969,925
24.1 Movement in provision for obsolete raw materials			
Balance at the start of the year		16,476	–
Provision for the year		17,904,190	60,243,343
Written off during the year		–	(60,226,867)
Balance at the end of the year		17,920,666	16,476
24.2 Movement in provision for obsolete finished goods			
Balance at the start of the year		–	15,837,215
Provision for the year		36,084,585	26,777,961
Written off during the year		(29,000,035)	(42,615,176)
Balance at the end of the year		7,084,550	–

24.3 This includes finished goods amounting to Rs. 262.39 million (2024: Rs. 9.47 million) held with third parties.

24.4 The amount charged to the statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 2.22 million (2024: Rs. 4.77 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
25 TRADE RECEIVABLES FROM CONTRACTS WITH CUSTOMERS			
Considered good			
Trade debts – Related parties	25.1	12,971,549	1,890,000
Trade debts – Others		2,110,451,212	1,784,042,226
		2,123,422,761	1,785,932,226
Considered doubtful		12,048,552	18,986,650
		2,135,471,313	1,804,918,876
Allowance for expected credit loss	25.2	(12,048,552)	(18,986,650)
		2,123,422,761	1,785,932,226
25.1 Due from related parties – considered good			
Fauji Fertilizer Company Limited		10,123,031	–
Fauji Cement Limited		925,328	–
Fauji Foundation		1,923,190	–
Fauji Fresh n Freeze Limited		–	1,890,000
		12,971,549	1,890,000

25.1.1 The maximum aggregate amounts outstanding at any time during the year calculated by reference to month–end balances are as follows:

	2025		2024	
	Month	Maximum outstanding during the year	Month	Maximum outstanding during the year
		Rupees		Rupees
Fauji Fertilizer Company Limited	November	11,932,424	–	–
Fauji Cement Limited	September	1,332,546	–	–
Fauji Foundation	May	5,387,832	–	–
Fauji Fresh n Freeze Limited	February	10,062,475	October	12,768,000

	2025	2024
	Rupees	Rupees
25.2 Allowance for expected credit loss		
Balance at the start of the year	18,986,650	1,779,553
Charge for the year	1,428,869	17,207,097
Reversal during the year	(8,366,967)	–
Balance at the end of the year	12,048,552	18,986,650

25.3 Trade receivables are non–interest bearing and become due after 15 to 30 days of the invoice date.

25.4 The aging analysis of these trade debts have been disclosed in note 45.4 to these financial statements.

	Note	2025	2024
		Rupees	Rupees
26 LOANS AND ADVANCES			
Due from employees – considered good		9,857,394	9,369,938
Deposit to collector of customs		–	4,104,947
Advance against letter of credit		237,229,951	136,949,231
Advance against bank guarantee		5,094,228	5,094,228
Advances to suppliers		132,218,947	425,013,754
		384,400,520	580,532,098
Provision for doubtful advances to employees	26.2	(3,000,000)	(1,500,000)
		381,400,520	579,032,098

26.1 These are interest free and in the normal course of business.

	Note	2025	2024
		Rupees	Rupees
26.2 Provision for doubtful advances to employees			
Balance at the start of the year		1,500,000	1,500,000
Charge for the year		3,000,000	–
Reversal of doubtful advances		(1,500,000)	–
Balance at the end of the year		3,000,000	1,500,000
27 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposits		235,063,227	131,301,089
Prepayments		23,603,870	20,640,072
Other receivables	27.1	594,535,370	388,293,060
		853,202,467	540,234,221
27.1 These include balances due from associated undertaking as follows:			
Fauji Infraavest Foods Limited	27.1.1	142,201,055	94,235,407
Fauji Fertilizer Company Limited	27.1.2	139,440	1,057,893
Fauji Foundation	27.1.2	373,616,526	285,610,565
Fauji Meat Limited	27.1.2	4,240,166	–
FonGrow (Private) Limited	27.1.2	16,510,499	–
Fauji Fresh n Freeze Limited	27.1.2	267,684	7,220,246
		536,975,370	388,124,111

27.1.1 This represents a markup-based credit facility provided by the Company to support its working capital requirements and capital expenditure needs. The facility carries a sanctioned limit of Rs. 350 million and is repayable on demand. Markup is charged at the rate of 6-month KIBOR plus 1% per annum.

27.1.2 This includes Rs 120.62 million booked as receivable pursuant to acquisition of Fauji Cereals Business as disclosed in note 1.1 to the financial statements. The remaining balance and balances from other related parties represent receivables arising from transactions conducted in the normal course of business on mutually agreed terms. The nature of these transactions is further disclosed in note 44.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	2025	2024
	Rupees	Rupees
27.1.3 The aging analysis of the balances due is as follows:		
0–30 days	7,786,997	131,518,630
31–60 Days	5,679,561	40,473,050
61–90 Days	3,149,588	53,388,370
Above 90 Days	520,359,224	162,744,061
	536,975,370	388,124,111

27.1.4 The maximum aggregate amounts outstanding at any time during the year calculated by reference to month–end balances are as follows:

	2025	2024
	Maximum outstanding during the year	Maximum outstanding during the year
	Month	Month
	Rupees	Rupees
Fauji Fertilizer Company Limited	January	December
	1,057,893	1,057,893
Fauji Foundation	December	December
	373,616,526	285,610,565
Fauji Infraavest Foods Limited	October	December
	157,376,454	94,235,407
Fauji Fresh n Freeze Limited	November	December
	160,918,318	7,220,246
FonGrow (Private) Limited	December	–
	16,510,499	–
Fauji Meat Limited	December	–
	4,240,166	–

	Note	2025	2024
		Rupees	Rupees
28 ACCRUED INTEREST			
Interest accrued on Term Deposit Receipts (TDRs)	28.1	150,680,360	323,041,105
Income from loan to subsidiary company	27.1.1	16,686,597	3,657,638
		167,366,957	326,698,743

28.1 This includes Rs. Nil (2024: Rs. 310.80 million) interest accrued on Term Deposit Receipts (TDRs) of Askari Bank Limited, an associated company.

	Note	2025	2024
		Rupees	Rupees
29 BALANCE WITH STATUTORY AUTHORITIES			
Sales tax refundable – net	29.1 & 29.2	754,446,655	516,406,716
Income tax receivable – net	29.3 & 29.4	–	273,684,173
		754,446,655	790,090,889

- 29.1** These include provision for sales tax on tea whitener amounting to Rs. 693.02 million (2024: Rs. 693.02 million).
- 29.2** The Company has written off sales tax refundable pertaining to prior tax periods amounting to Rs. Nil (2024: Rs. 59.09 million).
- 29.3** The Company has written off income tax refunds pertaining to prior tax years amounting to Rs. Nil (2024: Rs. 109.07 million).
- 29.4** Current year's net balance has been presented in current liabilities.

	Note	2025	2024
		Rupees	Rupees
30 CASH AND CASH EQUIVALENTS			
Cash and bank balances:			
Cash in hand		686,184	58,395
With banks on:			
– Current accounts		132,180,428	140,501,184
– Saving accounts	30.1	1,736,431,547	163,537,455
	30.2	1,868,611,975	304,038,639
Total cash and bank balances		1,869,298,159	304,097,034
Short term investments:			
Term Deposit Receipts (TDRs)	30.3	2,450,000,000	2,700,000,000
		4,319,298,159	3,004,097,034

- 30.1** These saving accounts earned interest at 7.5% to 11% (2024: 13.5% to 20.5%) per annum during the year.
- 30.2** These include bank deposits amounting to Rs. 651.62 million (2024: Rs. 162.60 million) with Askari Bank Limited, an associated undertaking.
- 30.3** This includes TDRs kept with Askari Bank Limited, an associated undertaking amounting to Rs. Nil (2024: Rs. 2,450 million). These carry mark-up at the rates ranging from 10.50% to 16.20% (2024: 16.20% to 22.50%) per annum and have one year maturity with premature encashment option without any surcharge.

	2025	2024
	Rupees	Rupees
30.3.1 Following is movement in TDRs during the year:		
Balance at the start of the year	2,700,000,000	1,000,000,000
Additions during the year	4,200,000,000	2,900,000,000
Encashed / matured during the year	(4,450,000,000)	(1,200,000,000)
Balance at the end of the year	2,450,000,000	2,700,000,000

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

		2025	2024
		Rupees	Rupees
31	REVENUE FROM CONTRACTS WITH CUSTOMERS – NET		
	Gross revenue	34,957,025,308	27,966,117,808
	Less: Sales tax	(4,186,958,254)	(2,593,138,683)
	Discounts, incentives and allowances	(1,891,448,256)	(1,971,298,840)
		(6,078,406,510)	(4,564,437,523)
		<u>28,878,618,798</u>	<u>23,401,680,285</u>

31.1 Disaggregation of revenue

The Company's gross revenue disaggregated by major product lines is as follows:

		2025	2024
		Rupees	Rupees
	Product Sales		
	Dairy	32,348,160,065	25,863,109,265
	Cereals	2,496,391,089	2,039,896,416
	Pasta	68,154,700	39,294,201
		34,912,705,854	27,942,299,882
	Services		
	Tolling services	44,319,454	23,817,926
		<u>34,957,025,308</u>	<u>27,966,117,808</u>

31.2 Revenue from contracts with customers relates to local Pakistan market and represents sale of dairy, cereals, porridge, desserts, pasta and allied products. Timing of revenue recognition is at point in time.

31.3 The Company receives consideration from its customers in advance as well as offers credit term of 15 to 30 days.

		Note	2025	2024
			Rupees	Rupees
31.4	Customer balances			
	Trade receivables from contracts with customers	25	2,135,471,313	1,804,918,876
	Contract liabilities	14	586,180,204	299,249,089

	Note	2025	2024
		Rupees	Rupees
32 COST OF REVENUE			
Raw materials consumed	32.2	18,158,755,688	13,076,579,323
Salaries, wages and other benefits	32.3	980,679,496	864,369,876
Power and fuel		640,607,174	657,252,559
Packing materials consumed	32.1	3,289,485,228	3,187,986,202
Stores and spares consumed		176,196,145	164,657,240
Repair and maintenance		496,204,606	345,997,023
Depreciation	18.1.2	605,302,571	556,287,019
Rent, rates and taxes		2,277,152	2,552,754
Travelling and conveyance		35,342,298	44,935,044
Communication, establishment and others		86,640,949	17,199,634
Printing and stationery		3,705,312	3,622,213
Legal and professional charges		6,717,299	5,847,421
Insurance		16,480,718	8,891,570
		24,498,394,636	18,936,177,878
Adjustment of work-in-process			
Opening stock		58,355,602	84,444,173
Stock transferred from Fauji Cereals		–	3,931,653
Closing stock	24	(154,389,568)	(58,355,602)
		(96,033,966)	30,020,224
Cost of goods manufactured		24,402,360,670	18,966,198,102
Adjustment of finished goods			
Opening stock		557,430,540	787,441,689
Stock transferred from Fauji Cereals		–	77,135,000
Closing stock	24	(1,097,033,689)	(557,430,540)
		(539,603,149)	307,146,149
		23,862,757,521	19,273,344,251

32.1 It includes late payment surcharge on payments over credit term amounting to Rs. Nil (2024: Rs. 5.12 million).

32.2 It includes toll manufacturing charges during the year amounting to Rs. 9.09 million (2024: Rs. 5.56 million).

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

	2025	2024
	Rupees	Rupees
Provident fund	17,844,500	13,735,216
Long term accumulated compensated absences	3,992,554	11,080,005
Gratuity	13,130,963	10,710,226
	34,968,017	35,525,447

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
33	MARKETING AND DISTRIBUTION EXPENSES		
Freight and forwarding		878,777,483	699,630,461
Salaries, wages and other benefits	33.1	575,485,404	517,016,109
Repair and maintenance		7,358,695	10,351,394
Rent, rates and taxes		12,656,200	8,412,877
Travelling and conveyance		27,395,356	25,342,618
Vehicles' running and maintenance		79,802,294	101,233,442
Advertisement and sales promotion		953,982,636	811,106,860
Insurance		1,583,184	1,272,842
Depreciation on property, plant and equipment	18.1.2	54,974,409	39,420,971
Amortization of intangible assets	19.1.1	658,999	658,999
Communication, establishment and others		34,830,000	23,058,764
		2,627,504,660	2,237,505,337

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

	Note	2025	2024
		Rupees	Rupees
Provident fund		15,944,292	13,317,005
Long term accumulated compensated absences		3,992,554	11,080,006
Gratuity		13,130,963	10,710,225
		33,067,809	35,107,236
34	ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits	34.1	530,555,042	442,270,221
Travelling and conveyance		25,680,337	19,157,835
Directors' meeting fee	41	2,185,000	18,475,000
Rent, rates and taxes		39,855,807	27,909,130
Entertainment		10,191,081	9,613,789
Communication, establishment and others		20,011,833	33,413,799
Printing and stationery		3,681,718	7,987,126
Electricity, gas and water		9,504,736	13,289,347
Insurance		3,175,464	1,435,415
Repair and maintenance		16,351,943	18,864,409
Vehicles' running and maintenance		52,527,411	43,924,090
Subscription		66,749,975	56,426,895
Legal and professional charges		36,683,567	75,270,713
Auditors' remuneration	34.2	7,157,000	5,310,000
Cash security charges		6,333,494	2,226,194
Depreciation on property, plant and equipment	18.1.2	58,820,428	41,430,796
Amortization of intangible assets	19.1.1	4,777,013	1,484,333
		894,241,849	818,489,092

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

	2025	2024
	Rupees	Rupees
Provident fund	13,904,187	10,739,762
Long term accumulated compensated absences	1,996,289	5,540,021
Gratuity	6,565,476	5,355,108
	22,465,952	21,634,891

34.2 Auditors' remuneration

Audit services		
Statutory audit fee	3,970,000	3,070,000
Half yearly review	1,330,000	1,030,000
Certification charges	1,040,000	800,000
Out-of-pocket expenses	500,000	410,000
Sale tax	317,000	–
	7,157,000	5,310,000
Non-Audit services		
ERP services	14,724,670	5,346,000

The aforementioned ERP services have been capitalized as part of cost of intangible assets.

	Note	2025	2024
		Rupees	Rupees
35 OTHER INCOME			
Income from financial assets – non-Shariah compliant			
Profit on Term Deposit Receipts (TDRs)		310,246,028	367,171,970
Profit on saving accounts		201,350,369	137,142,744
Income from loan to subsidiary company		13,219,768	3,657,638
		524,816,165	507,972,352
Income from non-financial assets – Shariah compliant			
Sale of scrap		28,455,170	35,532,915
Net income from sale of fertilizers and helicaps		710,938	2,581,107
Gain on disposal of property, plant and equipment – net		–	2,648,319
Others		825,535	–
		29,991,643	40,762,341
		554,807,808	548,734,693
36 OTHER EXPENSES			
Exchange loss – net		6,107,678	1,073,205
Provision for tax refundable balances		–	12,843,244
Write off – tax refundable balances		–	73,319,915
Write off – stock-in-trade		–	72,021,304
Write off – obsolete stores		–	12,030,195
(Reversal) / impairment charge on operating fixed assets	18.1	(2,411,095)	55,000,000
Advances to supplier written off		–	15,948,501
Workers' Profit Participation Fund		102,769,359	66,168,358
Workers' Welfare Fund		43,961,807	25,143,976
Loss on disposal of property, plant and equipment – net		1,849,914	–
Provision against doubtful advances – net		1,500,000	–
Others		1,677,554	3,330,746
		155,455,217	336,879,444

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

		2025	2024
		Rupees	Rupees
37	FINANCE COST		
	Interest / mark-up on:		
	– Short term borrowings	–	2,738,383
	– Lease liabilities	45,302,742	24,292,948
	Bank charges and commission	12,076,539	7,903,598
		57,379,281	34,934,929
38	LEVY		
	Levy – final tax	–	2,626,551
	Super tax on levy – final tax	–	905,707
	Levy – minimum tax	57,008,279	98,779,888
		57,008,279	102,312,146
39	INCOME TAX		
	– Charge for the year	544,002,245	323,546,409
	– Adjustments in respect of current income tax of previous years	5,963,362	89,059,457
	Deferred tax:		
	– Relating to origination and reversal of temporary differences	–	–
		549,965,607	412,605,866
39.1	Tax charge reconciliation:		
	Profit before levy and income tax	1,843,026,176	1,232,054,828
	Tax expense on accounting profit (29% as per Income Tax Ordinance)	534,477,591	357,295,900
	Tax effect of:		
	Business losses adjusted during the year	(547,545,503)	(336,128,066)
	Effect of super tax – excluding levy	230,143,039	114,097,087
	Prior year tax charge	5,963,362	89,059,457
	Income chargeable under levy	57,008,279	102,312,146
	Minimum tax credit not recognized – excluding levy	313,859,206	209,449,322
	Others	13,067,912	(21,167,834)
	Effective tax (including income tax and levy)	606,973,886	514,918,012

39.2 Reconciliation between current tax and levy

Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in profit or loss accounts as follows:

		2025	2024
		Rupees	Rupees
Current tax liability for the year as per applicable laws		606,973,886	514,918,012
Less:			
Portion of current tax liability as per tax laws, representing income tax under IAS 12		549,965,607	412,605,866
Portion of current tax computed as per current tax Laws representing levy in terms of requirements of IAS 37/ IFRIC 21		57,008,279	102,312,146
		-	-
40 EARNING PER SHARE – BASIC AND DILUTED			
Profit for the year	Rupees	1,236,052,290	717,136,816
Weighted average number of ordinary shares outstanding during the year	Number	2,519,963,139	2,519,963,139
Earning per share – basic and diluted	Rupees	0.49	0.28

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2025	2024	2025	2024	2025	2024
	Rupees					
Managerial remuneration	33,620,521	30,797,424	-	-	253,003,997	186,737,902
Meeting fee	-	-	2,185,000	18,475,000	-	-
Provident fund	3,362,052	3,079,740	-	-	25,288,814	18,673,790
House rent	15,129,234	13,858,836	-	-	227,633,959	168,064,112
Utilities	3,362,044	3,079,740	-	-	25,411,812	18,673,790
Relocation allowance	-	-	-	-	1,257,500	4,150,643
* Bonus	15,315,300	25,668,000	-	-	137,983,505	92,784,297
Car Allowances	-	-	-	-	78,190,000	89,689,129
Reimbursement of expenses	3,998,395	3,600,000	-	-	56,815,924	3,493,231
	74,787,546	80,083,740	2,185,000	18,475,000	805,585,511	582,266,894
Number of persons	1	1	9	9	112	70

* These represent provision for bonus expense which is subject to annual performance appraisal.

41.1 The Company also provides Chief Executive and some of its executives with company maintained cars in accordance with the Company's policy.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Factory employees		Total employees	
	2025	2024	2025	2024
	(Number of persons)		(Number of persons)	
42 NUMBER OF EMPLOYEES				
Total number of employees at year end	295	266	494	443
Average number of employees during the year	284	262	470	437

	Capacity		Production	
	2025	2024	2025	2024
	43 CAPACITY AND PRODUCTION			
Liquid products – liters	221,312,000	221,312,000	69,124,666	67,224,579
Non – Liquid products – Kg	12,780,380	7,156,800	4,230,109	2,828,401

The actual production is according to market demand.

44 RELATED PARTY TRANSACTIONS

Related parties comprise of Parent Company, subsidiaries and associates of the Ultimate Parent Company, directors, entities under common directorship, post-employment benefit plans, and key management personnel. Relevant balances are disclosed in the relevant notes in these financial statements and the remuneration of the Chief Executive Officer and directors is disclosed separately in Note 41. The Company maintains transactions and balances with related parties in the normal course of business on mutually agreed terms and conditions. Significant transactions with related parties are as follows:

Name of related party	Relationship	Nature of transactions	2025	2024
			Rupees	Rupees
Fauji Fertilizer Company Limited	Parent Company (Shareholding and common directorship)	Professional fee charged by related party	-	22,000
		Expense of IT facilities charged by related party	6,254,404	21,736,869
		SAP Rise fee charged by related party	40,781,451	-
		Expense charged to related party for special purpose audit	-	5,231,380
		Purchase of fertilizer	-	105,376,039
		Sale of goods to related party	29,529,340	-
		Fauji Foundation	Ultimate Parent Company (Shareholding and common directorship)	Management shared services charged by related party
Director training fee charged by related party	-			403,125
Advance leadership program expense charge by related party	-			5,880,000
Consultancy expense for acquisition transactions charge by related party	-			7,369,941
Miscellaneous expense charged to related party				

Name of related party	Relationship	Nature of transactions	2025	2024
			Rupees	Rupees
		by the Company	4,738,623	1,002,007
		Miscellaneous expense charged by related party	545,664	–
		Lease liability expense against right-of-use of asset	17,606,400	14,784,000
		Flood relief activity charged to related party	30,044,032	–
		Interest income charged to related party	17,947,348	–
		Legal and professional fee charged by related party	2,167,905	–
		Sale of goods to related party	11,360,210	–
Sona Welfare Foundation	Associated Undertaking (Common directorship)	Sale of goods to related party	236,205,367	–
Fauji Fresh n Freeze Limited	Associated Undertaking (Common directorship)	Sale of goods to related party	17,552,900	18,648,000
		Management shared services and shared office cost charged to related party	167,047,439	7,220,246
Fauji Meat Limited	Associated Undertaking (Common directorship)	Management shared services charged to related party	4,240,166	–
FonGrow (Private) Limited	Associated Undertaking (Common directorship)	Management shared services and shared office cost charged to related party	16,169,047	–
Fauji Cement Company Limited	Associated Undertaking (Common directorship)	Sale of goods to related party	1,360,175	–
Foundation Gas	Associated Undertaking (Common directorship)	Purchase of LPG	16,242,850	21,085,625
Fauji Infraavest Foods Limited	Wholly owned Subsidiary (100% Ownership)	Raw materials transferred to related party	–	2,670,501
		Lease payment to related party	–	19,200,000
		Purchase of dies machine for related party	–	10,655,490
		Tolling expense charged by related party	9,089,544	6,559,365
		Interest income charged to related party	13,216,178	3,657,638
		Payments made on behalf of related party	59,772,628	58,699,028
		Expense of IT facilities charged by related party	733,197	–
FFC Energy Limited	Associated Undertaking (Common directorship)	Fair valuation of intangibles consultancy fee charged to related party	–	2,676,100

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Name of related party	Relationship	Nature of transactions	2025	2024
			Rupees	Rupees
Askari Bank Limited	Associated Undertaking (Common directorship)	Finance cost on lease charged by related party	9,082,955	5,601,412
		Interest income on saving accounts	106,733,460	130,286,930
		Interest income on TDRs	149,097,603	319,008,170
		Sale of goods to related party	15,126,945	–
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the year	110,880,099	82,553,478
Employee's Gratuity Fund Trust	Post employee benefit plan	Contribution for the year	30,275,522	18,487,242
Directors		Meeting fee	2,185,000	18,475,000
Key Management plan Personnel		Remuneration and benefits	198,803,934	160,715,542

44.1 Associated Companies / related parties percentage of shareholding has been disclosed in note 5.2.1

45 FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

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

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

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

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

The Company's exposure to financial risk, the way these risks affects the financial position and performance and the manner in which such risks are managed are explained in the given notes.

45.2 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to currency, interest rate and other price risk.

45.2.1 Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. This exist due to the Company's exposure resulting from outstanding import payments and foreign commercial transactions.

The Company is exposed to exchange risk arising from currency exposures mainly with respect to the Euro and US Dollar on import of raw material, packing material and stores and spares. Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities. The Company's is exposed to foreign exchange risk as at December 31, 2025, as it has financial instruments denominated in currency other than the functional currency of the Company.

A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Company to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Company ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

As of the reporting date, the Company has no outstanding foreign currency denominated liabilities. Consequently, there is no immediate impact on the profit before tax. However, the Company maintains commitments as disclosed in note 17.2 which are foreign currency denominated, which may expose the Company to future exchange rate fluctuations upon settlement in the future period.

45.2.2 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. As at December 31, 2025, the Company is exposed to equity price risk arising from conversion option embedded in loan from Ultimate Parent Company, which allows the lender to convert the outstanding balance into the ordinary shares of the Company under certain conditions. Management has assessed the fair value of this conversion option and concluded that the associated risk is not material at the reporting date.

45.2.3 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's interest rate risk arise from short and long-term borrowings and obligations under finance lease. As at December 31, 2025, the Company is exposed to interest rate risk only due to obligation under finance lease as the Company has repaid all of its short and long term borrowings apart from loan from Ultimate Parent Company. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature or reprice in a given period. The Company analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

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

	2025	2024	2025	2024
	Effective rate		Rupees	Rupees
Financial assets				
Fixed rate instruments				
Saving accounts	7.50% to 11.00%	13.50% to 20.50%	1,736,431,547	163,537,455
Term Deposit Receipts	10.50% to 16.20%	16.20% to 22.50%	2,450,000,000	2,700,000,000
Total exposure			4,186,431,547	2,863,537,455
Variable rate instruments				
Loan to subsidiary company	11.65% to 13.13%	13.18% to 22.26%	142,201,055	94,235,407
Financial liabilities				
Fixed rate instruments				
Lease liabilities	10.93% to 22.71%	13.59% to 22.71%	91,648,748	88,791,035
Variable rate instruments				
Lease liabilities	10.93% to 22.71%	13.59% to 22.71%	224,478,405	82,253,687

The Company is not exposed to interest rate risk on its fixed rate instruments as the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

The loans payable to the Ultimate Parent Company as disclosed in note 15 to the financial statements have a grace period mutually extendable before the markup will be charged and accordingly do not carry any interest rate exposure as of the reporting date.

Cash flow sensitivity analysis for variable rate instruments

At December 31, 2025, if interest rate on variable rate financial instruments has been 5% higher / lower with all other variables held constant, profit before tax for the year would have been Rs. 4.11 million (2024: Rs. 0.59 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

45.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to discharge its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables), deposits, advances, loans, interest accrued, short term investments, other receivables and from its financing activities including deposits with banks.

45.4 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2025	2024
		Rupees	Rupees
Financial assets at amortized cost			
Security deposits	21 & 27	257,863,227	154,101,089
Trade receivables from contracts with customers	25	2,135,471,313	1,804,918,876
Due from employees	26	9,857,394	7,869,938
Other receivables	27	594,535,370	388,293,060
Accrued interest	28	167,366,957	326,698,743
Cash and bank balances	30	1,868,611,975	304,038,639
Term Deposit Receipts (TDRs)	30	2,450,000,000	2,700,000,000
		7,483,706,236	5,685,920,345

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for trade debts at the reporting date are with dealers within the country.

Counter parties without external credit ratings

Trade receivables from contracts with customers

These mainly include customers which are counter parties to trade debts. As explained in note 3.11, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Trade debts are written off when there is no reasonable expectation of recovery. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Company does not hold collateral as security. The aging of trade debts excluding related party balances at the reporting date is as follows:

	Gross carrying amount	Loss allowance	Expected credit loss rate (%)
	Rupees		
December 31, 2025			
Not past due	1,354,273,194	2,131,902	0.16%
0-30 days	604,722,110	2,225,245	0.37%
31-60 Days	62,120,917	501,468	0.81%
61-90 Days	74,085,400	2,774,062	3.74%
Above 90 Days	40,269,692	4,415,875	10.97%
December 31, 2024			
Not past due	553,195,683	1,473,041	0.27%
0-30 days	608,404,076	1,226,018	0.20%
31-60 Days	428,813,700	1,210,071	0.28%
61-90 Days	151,035,058	874,507	0.58%
Above 90 Days	63,470,359	14,203,013	22.38%

The aging of trade debts of related party balances at the reporting date is as follows:

	2025	2024
	Rupees	Rupees
0-30 days	12,420,272	-
31-60 Days	-	1,890,000
61-90 Days	551,277	-
Above 90 Days	-	-
	12,971,549	1,890,000

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Security deposits, other receivables and due from employees

The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for. The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

45.5 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and Utility Companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

Counter parties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, TDRs and interest accrued. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Institutions	Rating		Rating Agency	2025	2024
	Short term	Long term		Rupees	Rupees
Bank balances and TDRs					
National Bank of Pakistan	AAA	A1+	PACRA	72,326,989	129,419
Askari Bank Limited	AA+	A1+	PACRA	651,625,406	2,750,441,878
JS Bank Limited	AA	A1+	PACRA	433	420
Bank Alfalah Limited	AAA	A1+	PACRA	409,272,460	579
MCB Bank Limited	AAA	A1+	PACRA	20,142,879	1,578,073
Habib Bank Limited	AAA	A1+	JCR-VIS	1,457,142	-
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	561,422,517	-
Faysal Bank Limited	AA	A1+	PACRA	521	27,608
Bank Al-Habib Limited	AAA	A1+	PACRA	6,894	7,259
Soneri Bank Limited	AA-	A1+	PACRA	27,021	14,749
The Bank of Punjab	AA+	A1+	PACRA	2,602,329,713	251,819,514
Al Baraka Bank Limited	AA-	A1	JCR-VIS	-	19,140
				4,318,611,975	3,004,038,639
Interest accrued on term deposit receipts (TDRs)					
Askari Bank Limited	AA+	A1+	PACRA	-	310,871,277
The Bank of Punjab	AA+	A1+	PACRA	150,680,360	12,169,828
				150,680,360	323,041,105

45.6 Concentration of credit risk

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

45.7 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company's finance department aims at maintaining flexibility in funding by keeping regular committed credit lines available. The management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains an unavailed lines of credit.

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

	Carrying amount	Contractual cash flows	Up to 1 year	Between 2 to 5 years	More than 5 years
Rupees					
At December 31, 2025					
Lease liabilities	316,127,153	493,713,907	111,013,749	307,480,303	75,219,855
Trade and other payables	2,851,761,256	2,851,761,256	2,851,761,256	–	–
Accrued finance cost	–	–	–	–	–
Loans payable to Ultimate Parent Company	5,908,554,693	5,908,554,693	5,908,554,693	–	–
	9,076,443,102	9,254,029,856	8,871,329,698	307,480,303	75,219,855
At December 31, 2024					
Lease liabilities	171,044,722	357,129,918	42,900,412	207,818,836	106,410,670
Trade and other payables	2,381,471,330	2,381,471,330	2,381,471,330	–	–
Accrued finance cost	2,738,384	2,738,384	2,738,384	–	–
Loans payable to Ultimate Parent Company	5,908,554,693	5,908,554,693	5,908,554,693	–	–
	8,463,809,129	8,649,894,325	8,335,664,819	207,818,836	106,410,670

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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

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46 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the unconsolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the unconsolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

46.1 Fair value hierarchy

	Level 1	2025 Level 2	Level 3
	Rupees		
Assets measured at fair value			
Revalued Property plant and equipment			
Freehold land	–	781,625,000	–
Buildings on freehold land	–	–	959,350,522
Plant and machinery	–	–	5,663,232,960
Electric and gas installations	–	–	228,305,730
Other works equipment	–	–	211,537,253
	–	781,625,000	7,062,426,465

	Level 1	2024 Level 2	Level 3
Rupees			
Assets measured at fair value			
Revalued Property plant and equipment			
Freehold land	–	781,625,000	–
Buildings on freehold land	–	–	994,069,505
Plant and machinery	–	–	6,013,782,020
Electric and gas installations	–	–	188,441,985
Other works equipment	–	–	176,183,159
	–	781,625,000	7,372,476,669

Movements of the above mentioned assets have been disclosed in note 18.1 to these financial statements. There were no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

46.2 Valuation techniques used to derive level 2 and level 3 fair values

The Company obtains independent valuations for its certain classes of property, plant and equipment (more particularly described below) at least every three years. At the end of each reporting year, the management updates its assessment of the fair value of each asset mentioned above, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 2 fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot. Level 3 fair value of building on freehold land has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value. Level 3 fair value of plant and machinery, electric and gas installations and other work equipments has been determined using a depreciated replacement cost approach, whereby, the current replacement cost of items of similar make/origin, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear.

Description	2025 Rupees	2024 Rupees	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Revalued Property plant and equipment				
Buildings on freehold land	959,350,522	994,069,505	Cost of construction of a new similar building. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using a suitable depreciation factor on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

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Description	2025 Rupees	2024 Rupees	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Plant and machinery	5,663,232,960	6,013,782,020	<p>Cost of acquisition of similar plant and machinery with similar level of technology.</p> <p>Suitable depreciation rate to arrive at depreciated replacement value.</p>	<p>The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of plant and machinery. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.</p>
Electric and gas installations	228,305,730	188,441,985	<p>Cost of acquisition of similar electric installations with similar level of technology.</p> <p>Suitable depreciation rate to arrive at depreciated replacement value.</p>	<p>The market value has been determined by using cost of acquisition of similar electric installations with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of electric installations. The higher the cost of acquisition of similar electric installations, higher the fair value of tools and equipment. Further, higher the depreciation rate, the lower the fair value of electric installations.</p>
Other works equipment	211,537,253	176,183,159	<p>Cost of acquisition of similar electric installations with similar level of technology.</p> <p>Suitable depreciation rate to arrive at depreciated replacement value.</p>	<p>The market value has been determined by using cost of acquisition of similar equipments with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of electric installations. The higher the cost of acquisition of similar works equipments, higher the fair value of tools and equipment. Further, higher the depreciation rate, the lower the fair value of other works equipments.</p>

46.3 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value of the financial assets and liabilities 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 Company's financial assets consist of loans and advances, short term deposits and investments, interest accrued, trade and other receivables and cash and bank balances. Its financial liabilities consist of lease liabilities, short term borrowings repayable on demand, loans repayable on demand, trade and other payables (excluding statutory payables), and accrued finance cost. The above financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management assessed that fair value of loans and advances, short term deposits and investments, interest accrued, trade and other receivables, cash and bank balances, trade and other payables and accrued finance cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

47 CAPITAL RISK MANAGEMENT

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

The Company's objectives when managing capital are:

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

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

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

The Company monitors capital using a net gearing ratio, which is net debt divided by total capital employed. The Company includes within net debt, lease liabilities, interest bearing loans and borrowings, and accrued markup.

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	Note	2025	2024
		Rupees	Rupees
Net Gearing ratio			
Lease liabilities	9	316,127,153	171,044,722
Loans payable to Ultimate Parent Company	15	5,908,554,693	5,908,554,693
Accrued finance cost	16	–	2,738,384
		6,224,681,846	6,082,337,799
Less:			
Cash and cash equivalents	30	(4,319,298,159)	(3,004,097,034)
Net debt	A	1,905,383,687	3,078,240,765
Total equity	B	10,799,825,721	9,575,594,496
Equity and net debt	C = A + B	12,705,209,408	12,653,835,261
Gearing ratio	D = A/C	15%	24%
48 FINANCIAL INSTRUMENTS BY CATEGORIES			
At amortized costs			
Financial assets			
Security deposits	21 & 27	257,863,227	154,101,089
Trade receivables from contracts with customers	25	2,123,422,761	1,785,932,226
Due from employees	26	9,857,394	7,869,938
Other receivables	27	594,535,370	388,293,060
Accrued interest	28	167,366,957	326,698,743
Cash and bank balances	30	1,869,298,159	304,097,034
Term Deposit Receipts (TDRs)	30	2,450,000,000	2,700,000,000
		7,472,343,868	5,666,992,090
Financial liabilities			
Loans payable to Ultimate Parent Company	15	5,908,554,693	5,908,554,693
Trade and other payables	13	2,851,761,256	2,381,471,330
Accrued finance cost	16	–	2,738,384
Lease liabilities	9	316,127,153	171,044,722
		9,076,443,102	8,463,809,129

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2025				
	Liabilities				Total
	Loans payable to Ultimate Parent Company	Accrued finance cost	Lease liabilities	Unclaimed dividend	
	Rupees				
Balance as at January 1, 2025	5,908,554,693	2,738,384	171,044,722	965,752	6,083,303,551
Cash flows					
Repayment of lease rentals	-	-	(98,254,499)	-	(98,254,499)
Finance cost paid	-	(60,117,665)	-	-	(60,117,665)
Total changes from financing cash flows	-	(60,117,665)	(98,254,499)	-	(158,372,164)
Other changes including non-cash					
Reclassification of share deposit money to loan	-	-	-	-	-
Finance cost	-	57,379,281	-	-	57,379,281
Assets acquired on lease	-	-	243,336,930	-	243,336,930
Total liability related other changes	-	57,379,281	243,336,930	-	300,716,211
Closing as at December 31, 2025	5,908,554,693	-	316,127,153	965,752	6,225,647,598
	2024				
	Liabilities				Total
	Loans payable to Ultimate Parent Company	Accrued finance cost	Lease liabilities	Unclaimed dividend	
		Rupees			
Balance as at January 1, 2024	-	36,945,209	52,635,293	965,752	90,546,254
Cash flows					
Repayment of lease rentals	-	-	(69,639,696)	-	(69,639,696)
Finance cost paid	-	(69,141,754)	-	-	(69,141,754)
Total changes from financing cash flows	-	(69,141,754)	(69,639,696)	-	(138,781,450)
Other changes including non-cash					
Reclassification of share deposit money to loan	5,908,554,693	-	-	-	5,908,554,693
Finance cost	-	34,934,929	-	-	34,934,929
Assets acquired on lease	-	-	188,049,125	-	188,049,125
Total liability related other changes	5,908,554,693	34,934,929	188,049,125	-	6,131,538,747
Closing as at December 31, 2024	5,908,554,693	2,738,384	171,044,722	965,752	6,083,303,551

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50 CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified wherever necessary to reflect more appropriate presentation of figures in accordance with accounting and reporting standards as applicable in Pakistan. However no significant classifications have been made except for following:

Reclassified from	Reclassified to	Rupees
Administrative expenses	Cost of revenue	
Salaries, wages and other benefits	Salaries, wages and other benefits	68,377,313
Depreciation on property, plant and equipment	Depreciation	20,762,001
Repair and maintenance	Repair and maintenance	8,060,598
Cost of revenue	Marketing and distribution expenses	
Freight and forwarding	Freight and forwarding	526,976,031
Statement of Financial Position	Statement of Financial Position	
Trade and other payables	Contract liabilities	299,249,089

51 DISCLOSURE REQUIREMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES

Following information has been disclosed as required under Part 1 Clause VII of the Fourth Schedule to the Companies Act, 2017 as amended via S. R. O.1278(I)/2024 dated August 15, 2024:

Description	Explanation	Note	2025 Rupees	2024 Rupees
Unconsolidated Statement of Financial Position				
Accrued finance cost	Accrued on conventional loans	16	–	2,738,384
Long term investment	Investment made under shariah permissible arrangement	20	210,000,000	210,000,000
Unconsolidated Statement of Profit or Loss				
Revenue earned for the year	Earned from shariah compliant business	31	28,878,618,798	23,401,680,285
Late payments for the year	Delay payment surcharge on payments over credit term	32.1	–	5,124,896
Source and detailed break up of other income				
Other income earned from non-financial assets (Shariah compliant) for the year	Earned from Shariah compliant transactions	35	29,991,643	40,762,341
Other income earned from financial assets (non-Shariah compliant) for the year	Earned from non-Shariah compliant transactions	35	524,816,165	507,972,352

52 DATE OF AUTHORIZATION OF ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on January 27, 2026.

53 SUBSEQUENT EVENTS

There are no significant subsequent events requiring disclosure in the financial statements other than those already disclosed.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED
**FINANCIAL
STATEMENTS**

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TRY TASTE LOVE





Tetra Pak

Tetra Pak

GROUP INFORMATION

Holding Company

Fauji Foods Limited

Subsidiary Company

Fauji Infraavest Foods Limited

Fauji Infraavest Foods Limited (FIFL) is engaged in the manufacturing of macaroni and other farinaceous products. The company was a wholly owned subsidiary of Fauji Foundation (FF) and commenced its commercial production on November 1, 2016. Its production facility is located at Dhamial Road, Rawalpindi.

On February 19, 2024, a Share Purchase Agreement was executed between Fauji Foundation (FF) as the seller and Fauji Foods Limited (FFL) as the buyer, resulting in FFL acquiring 100% ownership of FIFL. Following the acquisition, FIFL resumed its operations in November 2024.

The management of FFL anticipates that the future operations of FIFL will be smooth and profitable. Furthermore, the external auditors of FIFL have issued an unmodified opinion on the financial statements for the period from January 01 to December 31, 2025, confirming that the financial statements present a true and fair view of the company's financial position.

Composition of the Board

For the period from January 01 to December 31, 2025, the Board of Directors for FIFL were:

- Mr Waqar Ahmed Malik
- Mr Aziz Ikram
- Syed Bakhtiyar Kazmi
- Mr Muhammad Iqbal Mir
- Mr Tassawor Ishaque
- Mr Nadeem Inayat
- Mr Khurram Shahzad Khan

FINANCIAL PERFORMANCE

	2025	2024	Annual			
			2023	2022	2021	2020
Production						
Liquid Production - litres ('000)	69,125	67,225	58,527	59,041	57,078	61,144
Non - Liquid Products - Kgs ('000)	4,403	2,828	3,454	2,791	2,830	1,940

Financial Performance - Profitability							
Gross profit margin	%	17.2	17.5	13.1	7.8	10.7	0.8
EBITDA margin to revenue	%	7.6	7.3	5.6	(2.6)	(0.2)	(5.8)
Pre tax margin	%	6.1	5.0	1.4	(16.3)	(17.9)	(41.3)
Net profit margin	%	4.0	2.8	3.1	(17.6)	(14.6)	(41.5)
Return on equity	%	10.8	6.9	4.3	(53.6)	(35.5)	76.7
Return on capital employed	%	10.4	6.7	4.3	(22.6)	(12.9)	(127.8)

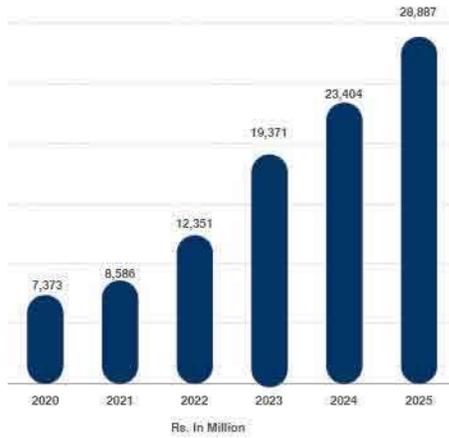
Operating Performance / Liquidity							
Total assets turnover	Times	1.4	1.3	1.2	0.9	0.6	0.6
Fixed assets turnover	Times	3.0	2.5	2.1	1.5	1.0	1.0
Debtors turnover	Days	25	18	10	17	19	13
Inventory turnover	Days	34	39	37	31	30	50
Creditors turnover	Days	26	25	21	25	25	39
Operating cycle	Days	33	32	25	23	24	24
Return on assets	%	5.5	3.5	3.7	(15.4)	(8.8)	(26.1)
Current ratio		1.1	1.0	3.4	1.3	1.3	0.4
Quick / Acid test ratio		0.9	0.8	2.3	1.0	1.1	0.4

Capital Market / Capital Structure Analysis							
Market value per share	Rs.	20.7	17.9	11.1	4.7	9.2	17.4
Breakup value / share	Rs.	4.2	3.8	5.6	2.6	2.2	(5.0)
Earning per share (after tax)	Rs.	0.5	0.3	0.3	(1.4)	(0.8)	(3.9)
Earnings growth	%	75.8%	0.3%	119.0%	(73.1%)	79.8%	64.2%
Price earning ratio		45.2	68.8	42.9	(3.4)	(11.6)	(4.4)
Market price to breakup value		4.9	4.7	2.0	1.8	4.1	(3.5)
Debt : Equity		0.6	0.7	0.0	1.9	2.3	(3.6)

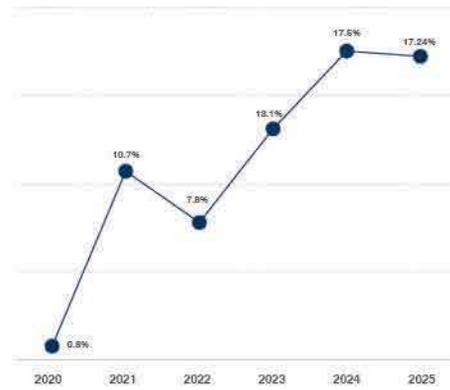
		2025	2024	2023	2022	2021	2020
Annual							
Financial Position							
Share capital	Rs. (000)	25,199,631	25,199,631	25,199,631	15,840,882	15,840,882	8,032,936
Reserves	Rs. (000)	(16,665,606)	(17,931,988)	(13,590,766)	(13,925,332)	(14,541,006)	(13,265,668)
Revaluation surplus	Rs. (000)	2,123,068	2,247,212	2,446,561	2,131,899	2,225,644	1,243,724
Share holder's fund / Equity	Rs. (000)	10,657,094	9,514,855	14,055,427	4,047,449	3,525,519	(3,989,009)
Long term borrowings	Rs. (000)	327,796	224,554	-	5,536,164	6,117,338	6,304,524
Capital employed	Rs. (000)	11,111,475	9,851,272	14,105,782	9,614,409	9,718,112	2,392,685
Deferred liabilities/(assets)	Rs. (000)	27,007	31,998	-	-	-	-
Property, plant & equipment	Rs. (000)	9,755,615	9,518,419	9,028,156	8,138,696	8,521,212	7,550,093
Long term assets	Rs. (000)	9,836,877	9,558,165	9,071,160	8,154,165	8,529,390	7,577,052
Net current assets / Working capital	Rs. (000)	1,274,598	293,108	5,034,622	1,460,244	1,188,722	(5,184,367)
Liquid funds - net	Rs. (000)	4,321,668	3,008,952	1,300,840	1,145,482	1,873,907	888,888
Financial Performance							
Revenue	Rs. (000)	28,886,859	23,404,094	19,370,542	12,350,702	8,586,396	7,373,162
Gross profit	Rs. (000)	4,978,869	4,093,708	2,543,825	968,697	922,734	62,262
Operating Profit / (Loss)	Rs. (000)	1,451,362	1,018,204	408,114	(815,763)	(457,148)	(1,147,313)
Profit / (Loss) before levy and tax	Rs. (000)	1,756,260	1,172,773	273,251	(2,009,458)	(1,536,489)	(3,043,795)
Profit / (Loss) after tax	Rs. (000)	1,154,059	656,398	605,112	(2,168,511)	(1,252,942)	(3,058,112)
EBITDA	Rs. (000)	2,203,772	1,702,917	1,092,387	(318,248)	(19,931)	(428,346)
Summary of Cash Flows							
Net cash flow from operating activities	Rs. (000)	1,605,533	2,105,630	161,168	(969,895)	(381,083)	(321,559)
Net cash flow from investing activities	Rs. (000)	(112,165)	(248,412)	(514,536)	20,163	105,945	(67,252)
Net cash flow from financing activities	Rs. (000)	(180,653)	(155,061)	2,214,267	220,591	1,201,499	4,659,344
Changes in cash & cash equivalents	Rs. (000)	1,312,716	1,702,157	1,860,899	(729,141)	926,361	4,270,533
Cash & cash equivalents - Year end	Rs. (000)	4,321,668	3,008,952	1,300,840	(560,059)	169,083	(757,279)

FINANCIAL PERFORMANCE

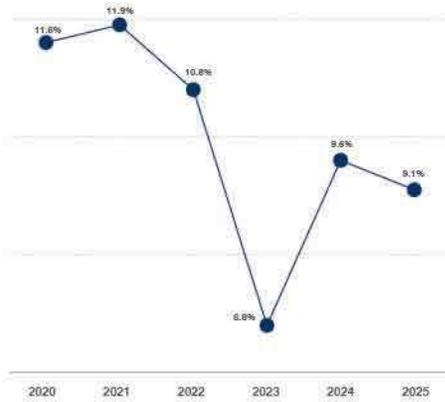
REVENUE



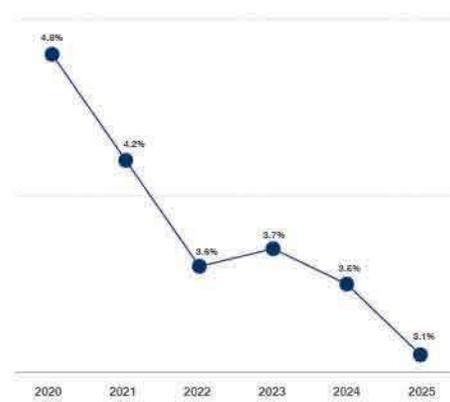
GROSS PROFIT



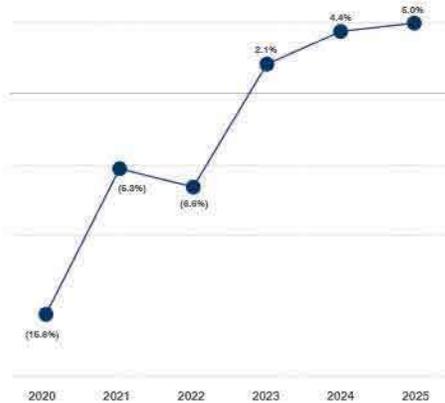
MARKETING & DISTRIBUTION TO REVENUE



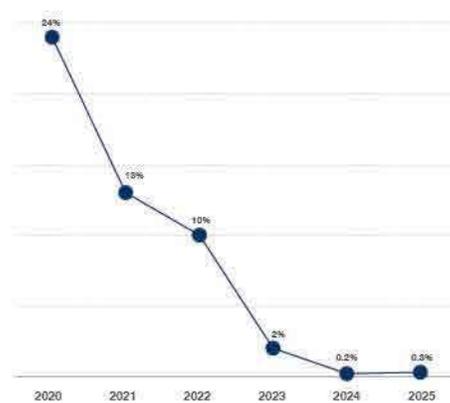
ADMINISTRATIVE EXPENSES TO REVENUE



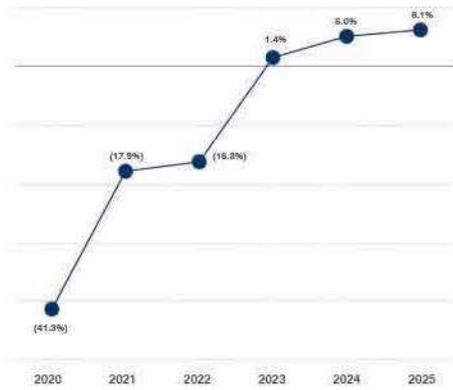
OPERATING PROFIT / (LOSS)



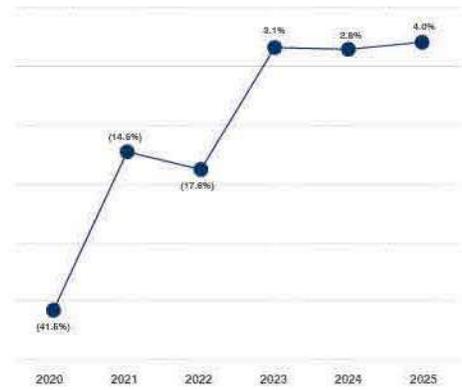
FINANCE COST TO REVENUE



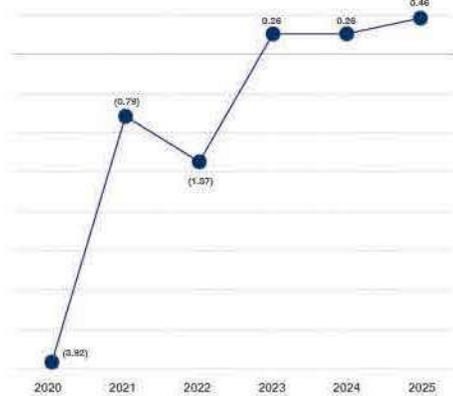
PROFIT / (LOSS) BEFORE LEVY AND TAX



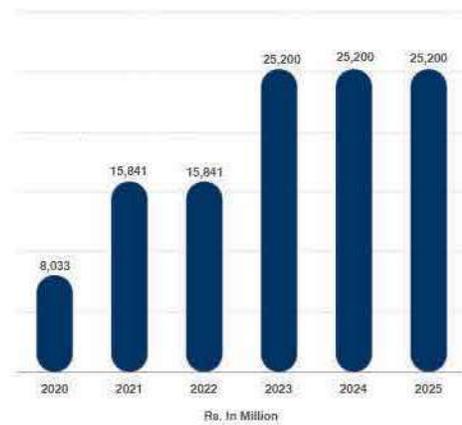
PROFIT / (LOSS) AFTER TAX



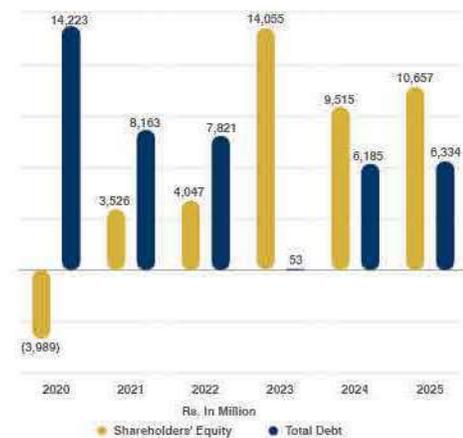
EARNING / (LOSS) PER SHARE



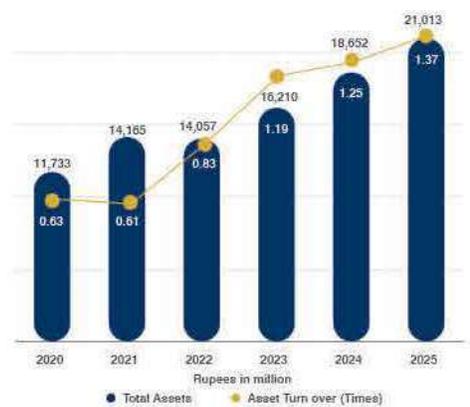
PAID-UP SHARE CAPITAL



SHAREHOLDERS' EQUITY & TOTAL DEBT



ASSET TURNOVER



INDEPENDENT AUDITOR'S REPORT

To the Members of Fauji Foods Limited

Opinion

We have audited the annexed consolidated financial statements of Fauji Foods Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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:

Sr. #	Key audit matter	How the matter was addressed in our audit
1.	<p>Revenue from Contracts with Customers</p> <p>(Refer notes 3.16 and 31 to the annexed consolidated financial statements)</p> <p>The Group has recorded total net revenue from contracts with customers amounting to Rs. 28,887 million for the year ended December 31, 2025.</p> <p>The Group generates revenue from a wide range of products. The Group also offers various discounts, incentives and allowances to its customers. Revenue is recognized at the point in time when the underlying performance obligation is satisfied i.e. control of the product is transferred to the customer.</p> <p>Due to the significance of revenue to the Group's financial performance and the inherent significant risk of material misstatement in revenue recognition, it was considered a key audit matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> - Obtained an understanding of the process relating to recording of revenue from contracts with customers, particularly relating to timing and transfer of control of the products, and tested the design, implementation and operating effectiveness of relevant key internal controls; - Assessed the appropriateness of the Group's revenue accounting policies and compliance of those policies with accounting and reporting standards as applicable in Pakistan; - Understood the nature of various discounts, incentives and allowances offered to customers and tested the same on a sample basis with underlying supporting documentation;

Sr. #	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> - Performed verification of sales, on sample basis, with underlying supporting evidence, such as sales orders, dispatch documents, customer acknowledgements and invoices; - Performed cut-off procedures on sample basis to ensure revenue has been recorded in the correct period; and - Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor’s Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor’s reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ahsan Nadeem.



A. F. Ferguson & Co.

Chartered Accountants

Lahore

Date: February 19, 2026

UDIN: AR202510884Njv5Xtz3A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	Note	2025	2024
		Rupees	Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	5	28,000,000,000	28,000,000,000
Issued, subscribed and paid up share capital	5	25,199,631,390	25,199,631,390
Capital Reserves			
Share premium	6	1,801,082,303	1,801,082,303
Acquisition Reserve	1.1	(2,847,930,692)	(2,847,930,692)
Share deposit money	7	–	–
Surplus on revaluation of property, plant and equipment – net of tax	8	2,123,068,119	2,247,212,282
Revenue Reserve			
Accumulated loss		(15,618,757,452)	(16,885,139,792)
		10,657,093,668	9,514,855,491
Non-current liabilities			
Lease liabilities	9	327,795,734	224,554,358
Deferred taxation – net	10	27,007,000	31,998,000
Provision for dismantling	11	539,000	473,000
Employee retirement benefits	12	99,039,968	79,391,513
		454,381,702	336,416,871
Current liabilities			
Current portion of long term liabilities	13	97,328,433	52,078,725
Short term borrowings – secured	14	–	–
Trade and other payables	15	3,119,130,847	2,536,254,266
Contract liabilities	16	586,180,204	299,249,089
Loans payable to Ultimate Parent Company	17	5,908,554,693	5,908,554,693
Income tax provision – net		188,991,229	–
Unclaimed dividend		965,752	965,752
Accrued finance cost	18	–	4,058,746
		9,901,151,158	8,801,161,271
Contingencies and commitments			
	19		
		21,012,626,528	18,652,433,633

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

	Note	2025	2024
		Rupees	Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	20	9,755,615,204	9,518,419,276
Intangible assets	21	58,462,247	16,945,566
Security deposits	22	22,800,000	22,800,000
		9,836,877,451	9,558,164,842
Current assets			
Stores, spares and loose tools	23	281,722,309	261,692,900
Stock-in-trade	24	2,444,520,293	1,985,383,925
Trade receivables from contracts with customers	25	2,124,493,367	1,785,932,226
Loans and advances	26	381,400,520	579,032,098
Deposits, prepayments and other receivables	27	711,049,329	447,901,614
Accrued interest	28	150,680,360	323,041,105
Balance with statutory authorities:			
– Sales tax refundable – net	29	759,731,079	521,843,716
– Income tax receivable – net	29	483,977	180,489,173
Cash and cash equivalents:			
– Cash and bank balances	30	1,871,667,843	308,952,034
– Short term investments	30	2,450,000,000	2,700,000,000
		11,175,749,077	9,094,268,791
		21,012,626,528	18,652,433,633

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
Revenue from contracts with customers – net	31	28,886,859,208	23,404,093,663
Cost of revenue	32	(23,907,989,896)	(19,310,385,467)
Gross profit		4,978,869,312	4,093,708,196
Marketing and distribution expenses	33	(2,627,504,660)	(2,237,505,337)
Administrative expenses	34	(906,940,459)	(820,792,004)
Net impairment reversal / (loss) on financial assets	25	6,938,098	(17,207,097)
Profit from operations		1,451,362,291	1,018,203,758
Other income	35	542,166,987	546,055,414
Other expenses	36	(155,455,217)	(336,879,444)
Finance cost	37	(81,813,933)	(54,606,906)
Profit before levy and income tax		1,756,260,128	1,172,772,822
Levy	38	(57,226,279)	(102,312,146)
Profit before income tax		1,699,033,849	1,070,460,676
Income tax	39	(544,974,607)	(414,062,865)
Profit for the year		1,154,059,242	656,397,811
Earning per share – basic and diluted	40	0.46	0.26

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

	2025	2024
	Rupees	Rupees
Profit for the year	1,154,059,242	656,397,811
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:	–	–
Items that will not be reclassified subsequently to profit or loss:		
– Remeasurement (loss) / gain on defined benefit plans	(11,821,065)	961,313
Other comprehensive (loss) / income for the year	(11,821,065)	961,313
Total comprehensive income for the year	1,142,238,177	657,359,124

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

	Share capital	Capital reserve				Revenue reserve	Total
		Share Premium	Share deposit money	Surplus on revaluation of property, plant and equipment - net of tax	Acquisition reserve	Accumulated loss	
Rupees							
Balance as at January 1, 2024	25,199,631,390	1,801,082,303	2,350,000,001	2,446,561,207	-	(17,741,847,841)	14,055,427,060
Profit after taxation for the year	-	-	-	-	-	656,397,811	656,397,811
Other comprehensive income for the year	-	-	-	-	-	961,313	961,313
Total comprehensive income for the year	-	-	-	-	-	657,359,124	657,359,124
Transactions with owners in their capacity as owners							
recognised directly in equity:							
Acquisition reserve (note 1.1)	-	-	-	-	(2,847,930,692)	-	(2,847,930,692)
Reclassification of share deposit money into loan (note 7)	-	-	(2,350,000,001)	-	-	-	(2,350,000,001)
	-	-	(2,350,000,001)	-	(2,847,930,692)	-	(5,197,930,693)
Revaluation surplus realized through disposal of operating fixed assets – net of tax	-	-	-	(86,621,177)	-	86,621,177	-
Incremental depreciation relating to surplus on revaluation – net of tax	-	-	-	(112,727,748)	-	112,727,748	-
Balance as at December 31, 2024	25,199,631,390	1,801,082,303	-	2,247,212,282	(2,847,930,692)	(16,885,139,792)	9,514,855,491
Balance as at January 1, 2025	25,199,631,390	1,801,082,303	-	2,247,212,282	(2,847,930,692)	(16,885,139,792)	9,514,855,491
Profit after taxation for the year	-	-	-	-	-	1,154,059,242	1,154,059,242
Other comprehensive loss for the year	-	-	-	-	-	(11,821,065)	(11,821,065)
Total comprehensive income for the year	-	-	-	-	-	1,142,238,177	1,142,238,177
Revaluation surplus realized through disposal of operating fixed assets – net of tax	-	-	-	(18,865,062)	-	18,865,062	-
Incremental depreciation relating to surplus on revaluation – net of tax	-	-	-	(105,279,101)	-	105,279,101	-
Balance as at December 31, 2025	25,199,631,390	1,801,082,303	-	2,123,068,119	(2,847,930,692)	(15,618,757,452)	10,657,093,668

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
Cash flows from operating activities			
Profit before income tax		1,699,033,849	1,070,460,676
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	20.1	753,911,470	665,362,401
Amortization of intangible assets	21.1	5,436,012	2,143,332
Sales tax refundable written off	29.2	–	59,090,091
Provision for tax refundable balances	36	–	12,843,244
Loss / (gain) on disposal of property, plant and equipment	20.1	1,849,914	(2,648,319)
Provision for obsolete stock	24.1 & 24.2	53,988,775	87,021,304
Write-off of stores, spares and loose tools	23	2,988,921	13,915,510
Write-off of stock in trade		–	102,842,043
Advances to supplier written off		–	15,948,501
Provision for advances to employee	26.2	1,500,000	–
Income tax refundable written off		–	14,229,824
Profit on saving accounts	35	(201,801,704)	(137,348,432)
Profit on Term Deposit Receipts (TDRs)	35	(310,246,028)	(367,171,970)
Finance cost on dismantling provision	11	66,000	51,000
(Reversal) / impairment charge on operating fixed assets	36	(2,411,095)	55,000,000
(Reversal) / allowance for expected credit losses on trade receivables	25.2	(6,938,098)	17,207,097
Provision for Worker's Profit Participation Fund	36	102,769,359	66,168,358
Provision for Worker's Welfare Fund	36	43,961,807	25,143,976
Provision for sales tax on sale of tea whitener		–	254,622,020
Provision for compensated leave absences	12.1.5	9,981,397	27,700,031
Provision for defined benefit plan	12.2.6	32,827,402	26,775,559
Levy	38	57,226,279	102,312,146
Finance cost	37	81,747,933	54,555,906
Operating profit before working capital changes		2,325,892,193	2,166,224,298
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(23,018,330)	(6,298,291)
Stock-in-trade		(513,125,143)	262,534,960
Trade debts		(331,623,043)	(1,181,006,740)
Loans and advances		196,131,578	(465,938,695)
Deposits, prepayments and other receivables		(263,147,715)	(94,962,561)
Asset held for sale		–	262,655,057
Sales tax refundable		(237,887,363)	650,979,915
		(1,172,670,016)	(572,036,355)
Increase in current liabilities			
Trade and other payables		438,556,511	339,949,411
Contract liabilities		286,931,115	166,070,536
		725,487,626	506,019,947
Cash generated from operations		1,878,709,803	2,100,207,890
Income tax and levy (paid) / refunded – net		(238,195,461)	56,379,461
Employee retirement benefits paid		(34,981,409)	(50,957,578)
Net cash generated from operating activities		1,605,532,933	2,105,629,773
Cash flows from investing activities			
Acquisition of property, plant and equipment		(787,498,213)	(491,136,219)
Acquisition of intangible assets		(46,952,694)	(9,204,130)
Sale proceeds from disposal of property, plant and equipment		37,877,831	8,234,295
Profit on saving accounts		201,801,704	137,348,432
Profit on TDRs		482,606,773	106,345,943
Net cash used in investing activities		(112,164,599)	(248,411,679)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(94,845,846)	(67,618,719)
Finance cost paid		(85,806,679)	(87,442,369)
Net cash flows used in financing activities		(180,652,525)	(155,061,088)
Net increase in cash and cash equivalents		1,312,715,809	1,702,157,006
Cash and cash equivalents – at beginning of the year		3,008,952,034	1,300,840,028
Cash and cash equivalents transferred from Fauji Cereals	1.1	–	5,351,000
Cash and cash equivalents transferred from Fauji Infraavest Foods Limited		–	604,000
Cash and cash equivalents – at end of the year	30	4,321,667,843	3,008,952,034

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

1 THE GROUP AND ITS OPERATIONS

Holding Company:

Fauji Foods Limited

Fauji Foods Limited (the Holding Company) was incorporated in Pakistan on September 26, 1966 as a Public Company under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the Holding Company are listed on Pakistan Stock Exchange. The Holding Company is a subsidiary of Fauji Fertilizer Company Limited (intermediate Parent Company). The ultimate controlling parent is Fauji Foundation. The Holding Company is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.

Subsidiary Company:

Fauji Infraavest Foods Limited

Fauji Infraavest Foods Limited was incorporated in Pakistan as a public limited Company under the Companies Act, 2017 on July 2, 2014. The registered office of Fauji Infraavest Foods Limited is situated at Fauji Towers, 68 Tipu Road, Chaklala, Rawalpindi. Fauji Infraavest Foods Limited was a subsidiary of Fauji Foundation, a trust incorporated under Charitable Endowment Act, 1890, which held 100% shares of Fauji Infraavest Foods Limited. The principal activity of Fauji Infraavest Foods Limited is to manufacture macronies, couscous and similar farinaceous products. Fauji Infraavest Foods Limited started commercial production from November 1, 2016.

Following are the business units of the Group along with their respective locations:

Business Unit	Location
Production Plants	Bhalwal, District Sargodha
	57 Dhamial Road, Rawalpindi, Punjab
	Fauji Infraavest, Dhamial Road, Rawalpindi
Registered Office and Head Office	42 CCA, Ex-Park View, DHA Phase-VIII, Lahore

During the prior year, a Scheme of Arrangement (the Scheme) for merger / amalgamation of Fauji Fertilizer Bin Qasim Limited (FFBL) with and into Fauji Fertilizer Company Limited (FFC) was approved by the Board of Directors and thereafter by the members of the respective Companies. The Scheme was also sanctioned by the Honorable Lahore High Court, Rawalpindi Bench, and is effective from July 1, 2024, i.e. the date at which all assets and liabilities of FFBL vested with FFC. As a consequence of the proposed merger, upon the sanction the Scheme, and in terms thereof, the FFBL became a subsidiary of FFC.

1.1 Transfer of Fauji Cereals Project to The Holding Company

With effect from February 19, 2024, the entire business of Fauji Cereals (the Project) got transferred from Fauji Foundation to the Holding Company. Fauji Cereals is engaged in the manufacturing and sales of cereals. The Project started its operations in collaboration with Quaker Oats, England in 1954. The Project's main office is located at Dhamial Road, Rawalpindi and has its regional marketing offices in Lahore and Karachi.

The acquisition of Fauji Cereals Business had been identified as a 'Common Control Transaction' in light of the guidance provided in the financial reporting standard 'Accounting for Common Control Transactions' as developed by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan ('SECP') vide its S.R.O. 53(I)/2022 dated January 12, 2022. In accordance with the said standard, the Holding Company had applied the 'Predecessor Method' of accounting and measured all the assets acquired and the liabilities assumed at their carrying amounts as reflected in the statement of financial position of Fauji Cereals Business as at February 18, 2024.

Following are the details of the assets acquired, liabilities assumed and the consideration transferred:

	Note	Rupees
Assets acquired:		
Property, plant and equipment		26,364,000
Stores, spares and loose tools		3,833,000
Stock-in-trade		306,376,000
Trade receivables from contract with customers		124,452,000
Loans and advances		2,490,000
Deposits, prepayments and other receivables	1.1.1	197,787,000
Cash and bank balances		5,351,000
		666,653,000
Liabilities assumed:		
Trade and other payables		(107,345,000)
Contract liabilities		(58,684,000)
		(166,029,000)
Net assets acquired		500,624,000
Consideration	1.1.2	3,348,554,692
Recognized in equity as acquisition reserve	1.1.3	(2,847,930,692)

1.1.1 An amount of Rs. 120.62 million has been recognized as a receivable from Fauji Foundation pursuant to the finalized terms of the Business Transfer Agreement. Corresponding adjustments have been duly reflected in the measurement of net assets acquired.

1.1.2 The consideration is payable on demand, with an all-time option to convert it into shares in a manner other than right. The conversion will be subject to the approval of the Holding Company's shareholders and the regulator as well as completion of other legal formalities. The conversion which will be at a price per share equal to the lower of par value or the average price per share on the stock exchange during the six months preceding the date on which the Fauji Foundation exercises its option to acquire shares. It has an interest-free grace period of two years ending on February 19, 2026 with an extension of time as mutually agreed upon by the parties. After two years, a markup of six months KIBOR plus spread of 50 basis points will be charged.

1.1.3 As per the "Predecessor Method" of accounting given in the aforementioned Standard, the difference between consideration for acquisition and net carrying amount of the assets and liabilities received is recognized by the receiving entity within its 'equity'. Applying "predecessor method" has resulted in a significant negative acquisition reserve in the financials statement of the Holding Company and has also impacted the standalone and consolidated financial statements of intermediate parent and associated companies namely Fauji Fertilizer Company Limited ('FFC'), Fauji Fertilizer Bin Qasim Limited (FFBL now merged with and into FFC), FFC Energy Limited ('FFCEL') and FFBL Power Company Limited ('FPCL'). As these include listed companies with shareholdings from the general public, the negative acquisition reserve has resulted in equity erosion for non-controlling shareholders of the Holding Company, FFC and FFBL.

Accordingly, during the month of December 2024, the Holding Company applied to the SECP to grant exemption from the mandatory application of "Predecessor Method" so that it may adopt "Acquisition Method" of accounting related to the transfer of Fauji Cereals business to the Holding Company. The exemption request was rejected by the SECP vide its order dated August 29, 2025 and the Holding Company subsequently challenged the order of SECP before the Islamabad High Court in Appeal No.11 of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

2025. The operation of the order of SECP was suspended by the Islamabad High Court vide order dated October 16, 2025 and the matter is pending adjudication. The Holding Company will continue to apply the "Predecessor Method" till final decision by the Islamabad High Court.

1.2 Acquisition of Fauji Infraavest Foods Limited – ("The Subsidiary Company")

With effect from February 20, 2024, Fauji Infraavest Foods Limited (FIFL) was acquired by the Holding Company. At the time of acquisition, the Holding Company had assessed that FIFL does not meet the definition of a business as per IFRS 3 and has accordingly accounted for it under asset acquisition method in the Group's financial statements. Upon the acquisition of net assets, the Holding Company had identified and recognized the assets acquired and liabilities assumed at their fair values as at the acquisition date. Any difference between the net assets acquired and the fair value of the consideration has been allocated to non-financial assets, and no gain or loss has been recorded on the date of acquisition.

Following are the details of the assets acquired, liabilities assumed and consideration transferred:

	As at acquisition date	
	Carrying values	Consideration allocated based on fair values
Note		
	Rupees	
Assets acquired:		
Property, plant and equipment	193,238,000	368,041,000
Deposits, prepayments and other receivables	18,000	18,000
Income tax refundable	356,000	356,000
Cash and bank balances	604,000	604,000
	194,216,000	369,019,000
Liabilities assumed:		
Trade and other payables	(3,157,000)	(3,157,000)
Provision for dismantling	(422,000)	(422,000)
Provision for taxation	(128,960,000)	(128,960,000)
Deferred tax liabilities	(26,480,000)	(26,480,000)
	(159,019,000)	(159,019,000)
Net assets acquired	35,197,000	210,000,000
Consideration payable	1.2.1	210,000,000

1.2.1 The consideration is payable on demand, with an all-time option to convert it into shares in a manner other than right. The conversion will be subject to the approval of the Holding Company's shareholders and the regulator as well as completion of other legal formalities. The conversion which will be at a price per share equal to the lower of par value or the average price per share on the stock exchange during the six months preceding the date on which the Fauji Foundation exercises its option to acquire shares. It has an interest-free grace period of two years ending on February 20, 2026 with an extension of time as mutually agreed upon by the parties. After two years, a markup of 6-Months KIBOR plus spread of 50 basis points will be charged.

1.2.2 The Board of Directors of the Holding Company, in its meeting held on July 22, 2024, approved the merger and integration of Fauji Infraavest Foods Limited with and into the Holding Company. The Holding Company is currently in the process of completing the necessary legal and regulatory formalities required to finalize the integration.

- 1.2.3** As the financial year end of Fauji Infravest Foods Limited is June 30, 2025 and precedes the day on which the Holding Company's financial year ends i.e December 31, 2025 by more than ninety days, the Fauji Infravest Foods Limited has made an interim closing on December 31, 2025 and has prepared special purpose financial statements for consolidation purposes as per requirement of section 228 of the Companies Act, 2017.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

On account of acquisition of Fauji Cereals Business during the prior year as referred in note 1.1 to the consolidated financial statements, the corresponding figures are not entirely comparable with the prior year.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional currency. All the financial information presented has been rounded off to the nearest rupees, except otherwise stated.

2.4 Initial application of standards, amendments or an interpretation to existing standards

2.4.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting period beginning on January 01, 2025, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements.

2.4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting year beginning on or after January 01, 2026 but are considered not to be relevant to the Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

a) **Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments**

This amendment clarifies the timing for recognizing and derecognizing certain financial assets and liabilities, introduce an exception for some financial liabilities settled via electronic cash transfers, provide additional guidance for assessing if a financial asset meets the Solely Payment of Principal and Interest ('SPPI') criterion, require new disclosures for instruments with cash flow changes linked to Environmental, Social and Governance ('ESG') targets, and update disclosures for equity instruments designated at Fair Value through Other Comprehensive Income ('FVOCI').

The Group is in the process of assessing the impact of this amendment on the Group's consolidated financial statements.

The above mentioned amendment is effective for accounting periods beginning on or after January 01, 2026.

b) **Amendment to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity**

This amendment changes the 'own use' and hedge accounting requirements of IFRS 9 and includes targeted disclosure requirements to IFRS 7. This amendment applies only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). This is described as 'contracts referencing nature-dependent electricity.

The Group is in the process of assessing the impact of this amendment on the Group's consolidated financial statements.

The above mentioned amendment is effective for accounting periods beginning on or after January 01, 2026.

c) **Amendment to IAS 21 – Translation to a Hyperinflationary Presentation Currency**

This amendment focuses on the translation procedures applied when an entity's presentation currency is that of a hyperinflationary economy. They clarify the requirements for translating the results and financial position of an entity with a functional currency of a non-hyperinflationary economy, as well as those of a foreign operation whose functional currency is non-hyperinflationary, into a hyperinflationary presentation currency. The amendment is intended to enhance the usefulness of the resulting information in a cost effective manner, reduce diversity in practice, and provide a clearer and more consistent basis for reporting in a hyperinflationary currency, in response to stakeholder feedback.

This amendment is not expected to have a material impact on the Group's consolidated financial statements when it becomes effective.

The above mentioned standard is effective for accounting periods beginning on or after January 1, 2027.

d) **IFRS 18 – Presentation and Disclosure in Financial Statements**

The new standard on presentation and disclosure in financial statements, IFRS 18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management-defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

The Group is in the process of assessing the impact of this amendment on the Group's consolidated financial statements.

The above mentioned standard is effective for accounting periods beginning on or after January 1, 2027.

e) Annual improvements to International Financial Reporting Standards (IFRS) – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

The Group is in the process of assessing the impact of this amendment on the Group's consolidated financial statements.

These improvements are effective for accounting periods beginning on or after January 01, 2026.

f) IFRS 19 – ‘Subsidiaries without Public Accountability: Disclosures’

The new standard on presentation and disclosure in financial statements, IFRS 19, focuses on reduced disclosure requirements for eligible subsidiaries. It introduces key concepts such as applying the recognition and measurement requirements of other IFRS Accounting Standards while replacing full disclosure requirements with simplified disclosures, and providing a framework that balances the information needs of users with cost savings for preparers. IFRS 19 is voluntary and applies to subsidiaries that do not have public accountability and whose ultimate or intermediate parent produces consolidated financial statements available for public use in compliance with IFRS Accounting Standards.

This standard is not expected to have a material impact on the Group's consolidated financial statements when it becomes effective.

The above mentioned standard is effective for accounting periods beginning on or after January 1, 2027.

g) Amendment to IFRS 19 – ‘Subsidiaries without Public Accountability: Disclosures’

This amendment helps eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:

- IFRS 18 Presentation and Disclosure in Financial Statements;
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12);
- Lack of Exchangeability (Amendments to IAS 21); and
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

In the future, IFRS 19 will be amended at the same time as the IASB issues or revises other IFRS Accounting Standards.

This amendment is not expected to have a material impact on the Group's consolidated financial statements when it becomes effective.

The above mentioned standard is effective for accounting periods beginning on or after January 1, 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

2.5 Significant Estimates and Judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Useful lives and residual value of property, plant and equipment – note 3.9
- Revaluation of property, plant and equipment – note 3.9
- Valuation of stock in trade – note 3.12
- Impairment of non financial assets – note 3.14
- Provision for taxation – note 3.4
- Allowance for expected credit losses – note 3.14
- Accumulated compensated absences – note 3.6.2
- Defined benefit plan – note 3.6.3
- Determining the rate of discounting for leases – note 3.5
- Carrying value of deferred tax assets – note 3.4
- Classification of balance with statutory authorities – note 3.19
- Recognition and measurement of embedded derivatives – note 3.20
- Variable consideration (discounts and incentives) in relation to revenue from contracts with customers – note 3.16

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements.

3.1 Principles of consolidation

Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The subsidiary is fully consolidated from the date at which control is transferred to the Holding Company.

Inter-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by the subsidiary have been adjusted to conform with the Group's accounting policies.

3.2 Acquisition of assets

The group of assets (including the liabilities assumed) acquired as a result of any arrangement that does not meet the definition of a business are recognized under the asset acquisition method.

Upon the acquisition of net assets, the Group identifies and recognizes the assets acquired and liabilities assumed at their fair values as at the acquisition date. Any difference between the net assets acquired and the fair value of the consideration is allocated to non monetary assets, whereas the current assets and liabilities are measured at fair values on the acquisition date. Such a transaction or event, does not give rise to goodwill.

3.3 Accounting of common control transactions – Predecessor method

In relation to acquisition of Fauji Cereals Business, the Holding Company has adopted 'Predecessor Method' under 'Accounting for Common Control Transactions' (Accounting Standard) as developed by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 53(I)/2022 dated January 12, 2022, as disclosed below:

Recognition principle

As at the date of common control transaction, the Group recognises the assets transferred and liabilities assumed of the transferred entity; or received from the transferring entity. The Group recognises, as part of applying the predecessor method, only the consideration transferred for the transferred entity and the assets acquired and liabilities assumed in the exchange for the transferred entity. Other transactions have been accounted for separately in accordance with the relevant International Financial Reporting Standards as notified under the Companies Act, 2017.

Measurement principle

The Group measures the assets and liabilities received from the transferred / transferring entity at their carrying amounts as reflected in the financial statements of the transferred / transferring entity, at the date of common control transaction. No fair value adjustments to the assets and liabilities of the transferred / transferring entity or recognition of new assets or liabilities for the transferred / transferring entity are recorded in the financial statements.

The Group recognises within its 'equity' the difference between consideration transferred, measured in accordance with this Accounting Standard and net of carrying amount of the assets and liabilities received from the transferred /transferring entity, measured in accordance with this accounting Standard. There is no recognition of new goodwill while accounting for the common control transaction, under the predecessor method.

3.4 Taxation

Levy

In accordance with the application guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) relating to IAS-12 "Income taxes", any amount in excess of normal tax liability and not based on taxable income is to be treated as a levy. Accordingly, the Group classifies any amount over and above the normal tax as per the enacted tax laws as minimum tax differential and same is treated as levy in term of IAS 37 "Provisions, contingent liabilities and contingent assets" and IFRIC 21 "Levies" and not treated as part of income tax balances if any to be recognised under IAS-12. Similarly final taxes which are not based on normal business income of the Group are also designated as levy.

Income tax

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

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted, after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

accept the treatment, the impact of the uncertainty is measured and accounted for using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty. Such judgements are reassessed whenever circumstances have changed or there is new information that affects the judgements. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Group considers that the most likely outcome will be in favour of the Group, the amounts are shown as contingent liabilities. In making a judgment and / or estimate relating to probability of outcome, the management considers laws, statutory rules, regulations and their interpretations. Where, based on management's estimate, a provision is required, the same is recorded in the consolidated financial statements.

Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

3.5 Leases

At the inception of a contract, the Group assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use assets except for plant and machinery is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. Right of use assets in respect of plant and machinery are stated at revalued amount carried out by independent valuers by reference to current market price less accumulated depreciation and any identified impairment loss. The right of use assets are depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in note 20.1 of the consolidated financial statements.

The lease liability is initially measured at the present value of the lease payments 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 Group's incremental borrowing rate.

To determine the incremental borrowing rate, the Group:

- where possible, uses the recent third party financing received by the Group as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;
- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and
- makes adjustments specific to the lease e.g. terms and security.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in consolidated statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

3.6 Employees' retirement benefits

The Holding Company

3.6.1 Defined contribution plan

Provident fund

The Holding Company is operating an approved provident fund scheme for all its employees since May 1, 1986. Equal monthly contributions are made by the employer and the employee to the fund in accordance with the Fund Rules at the rate of 10% of basic salary.

3.6.2 Accumulated compensated absences

The Holding Company provides for compensated absences for all eligible employees in accordance with the rules of the Holding Company. The Holding Company accounts for these benefits in the year in which the absences are earned. Retired army officers and other employees are entitled to earned leaves of 30 days and 20 days per annum respectively. The unutilized leaves are accumulated subject to a maximum of 120 days for ex-servicemen and 20 days for management and 28 days for non-management employees. The unutilized accumulated leaves can be encashed at the time the employee leaves the Holding Company. The accumulated leave balance in excess of above mentioned limits is ignored while determining benefit obligations.

The Holding Company uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on December 31, 2025. Calculations in respect of unutilized privileged leaves accumulated as at December 31, 2025 require assumptions to be made of future outcomes, the principal ones being in respect of mortality rate, withdrawal rate, increase in remuneration and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions. Provisions are made

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annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the consolidated statement of profit or loss. The amount recognized in the consolidated statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated statement of profit or loss immediately in the period when these occur.

3.6.3 Defined benefit plan

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

The Holding Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. The latest valuation was carried out on December 31, 2025.

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

The future contribution rate includes allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

- Discount rate: 12 percent per annum (2024: 12 percent per annum)
- Expected rate of increase in salary level: 11 percent per annum (2024: 11 percent per annum)
- Average duration of the plan: 8 years (2024: 8 years)
- Mortality rates: SLIC (2001-05)"

Calculations are sensitive to changes in the underlying assumptions.

Plan assets include short-term and long-term Government instruments, term finance certificates of financial institutions, investment in mutual funds and deposits with banks. Return on Government instruments and debt is at fixed and floating rates.

The Group's Policy with regard to actuarial gains/losses is to immediately recognise all actuarial losses and gains in other comprehensive income under IAS 19, 'Employee benefits'.

3.7 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account balances are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of business if longer). If not, they are classified as non-current liabilities.

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

3.8 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable, will result in an outflow of resources embodying economic benefits, to settle the obligation and a reliable estimate of the amount can be made.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the consolidated statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

3.9 Property, plant and equipment

Property, plant and equipment except for freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other work equipment are stated at cost less accumulated depreciation and identified impairment loss. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less any identified impairment loss. Buildings on freehold land, plant and machinery, electric and gas installations and other work equipment are stated at revalued amount carried out by independent valuers by reference to depreciated replacement values and any identified impairment loss. The latest valuation of these assets was carried out on March 16, 2023 by an independent professional valuer, K.G. Traders (Private) Limited. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

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

Increase in the carrying amount arising on revaluation of property, plant and equipment is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease previously recognised in consolidated profit or loss, the increase is first recognised in consolidated profit or loss. Decreases that reverse previous increases of the same asset are first recognised in consolidated other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

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

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors. The Group reviews the useful lives and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

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

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

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

Capital work-in-progress

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

3.10 Intangible assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets with finite useful life are amortized using the straight-line method over the estimated useful life of three years. Amortization of intangible assets shall be charged from the date at which an asset is acquired or capitalized till the date at which the asset is disposed-off.

3.11 Stores, spares and loose tools

Usable stores, spares and loose tools are valued principally at moving average cost, while items considered obsolete are impaired. Items in transit are stated at cost comprising invoice value plus other charges paid thereon up to the reporting date. The Group reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores. Any change in estimates in future years might affect the carrying amounts of respective items of stores and spares with a corresponding effect on provision.

3.12 Stock-in-trade

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

Stock in transit is stated at invoice value plus other charges incurred thereon up to the reporting date.

The Group reviews the carrying amount of stock-in-trade on an annual basis, and as appropriate, inventory is written down to its net realizable value, or a provision is made for obsolescence if there is any change in the usage pattern and physical form of related inventory. Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.13 Financial assets other than investments in equity instruments of subsidiaries

3.13.1 Classification

The Group classifies its financial assets other than investments in subsidiaries in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3.13.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.13.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

ii) Fair value through other comprehensive income ('FVOCI'): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

iii) Fair value through profit and loss ('FVPL'): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

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Equity instruments

The Group subsequently measures all equity investments except for investments in subsidiaries at fair value through other comprehensive income. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, 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 recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.13.4 Off-setting of financial assets and liabilities

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

3.14 Impairment

Financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and deducted from the gross carrying amount of the assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and other receivables, general economic conditions and an assessment of both the current as well as the forwarding looking forecast direction of conditions at the reporting date, including time value of money where appropriate. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the purpose of computing ECL, the Group considers overdue balances in excess of 90 days as “default”. The financial asset is subsequently written off when there is no reasonable expectation of recovering the contractual cashflows.

The Group recognizes an impairment gain or loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Non – financial assets

The carrying amount of the Group’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (‘DCF’) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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

3.15 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts, short term borrowings repayable on demand and integral to Group’s cash management and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.16 Revenue recognition

The revenue streams of the Group are described as under:

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Sale of Goods (Dairy, Cereals, and Pasta)

The Group manufactures and sells dairy products under the brand name “Nurpur”, including UHT milk, cheese, cream, skimmed milk powder, and butter, as well as cereals and pasta related products.

Revenue is recognized at the point in time when the underlying performance obligation is satisfied i.e. control of the product is transferred to the customer. This occurs when the products are delivered to the customer’s destination or specific location, the risks of loss have transferred, and the customer has accepted the product (either via formal sign-off or lapse of acceptance provisions). Revenue is measured at the transaction price specified in the contract reduced by sales tax, allowance for returns, trade discounts, incentives and volume discounts.

The Group provides volume discounts and other incentives to customers. Accumulated experience is used to estimate and provide for the discounts and incentives, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts and incentives payable to customers in relation to sales made until the end of the reporting period.

Furthermore, certain contracts provide the customers with a right to return damaged stock. A refund liability (included in ‘trade and other payables’) is recognised for the products expected to be returned, if the amounts are considered material. Accumulated experience is used to estimate such returns at the time of sale (expected value method). Based on past experiences, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur.

The assumptions and estimated amounts of refund liabilities are reassessed at each reporting date and adjusted if considered necessary with a corresponding adjustment to net revenue.

Tolling Services

The Group provides tolling and packaging services to third-party customers. Revenue is measured at the transaction price specified in the contract reduced by sales tax and trade discounts.

Revenue from tolling services is recognized at the point in time when the performance obligation is satisfied. This is deemed to occur upon delivery of the processed and packaged products to the customer, as this represents the point when control of the finished goods is transferred back to the customer and the Group’s right to consideration becomes unconditional.

Receivables and payment terms

A receivable is recognized when the performance obligations are satisfied (at the point of delivery), as only the passage of time is required before the payment is due. The Group’s contracts do not have credit periods in excess of market practices and accordingly, no financing components have been identified in any of the contracts of the Group.

The Group has concluded that it acts as the principal in its revenue arrangements because it controls the goods and services before they are transferred to the customer.

3.17 Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

3.18 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 Group that makes strategic decisions. On the basis of its internal reporting structure, the Group considers itself to be a single reportable segment. All non-current assets of the Group are located in Pakistan and more than 90% of the revenue is derived from sale of dairy and allied products.

3.19 Balance with statutory authorities

This represents various income tax and sales tax refunds due from the Government. Management has classified the whole of the amount of tax refundable as current asset based on the assessment that either the amount will be refunded in the next year or related settlement of amounts due to Government within next twelve months from reporting date.

3.20 Loans from ultimate parent company

Loans obtained from ultimate parent company are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

These loans include contractual terms that provide the lender with an option to settle the outstanding amount through the issuance of ordinary shares of the Holding Company. Management has assessed whether such features constitute embedded derivatives requiring separation under IFRS 9.

Where management determines that an embedded derivative exists but that its fair value is not material to the financial statements, the embedded derivative is not separately recognised and the loan is accounted for as a financial liability measured at amortised cost.

The determination of whether the fair value of the embedded conversion feature is material involves estimation uncertainty. Key assumptions include the Holding Company's share price, expected volatility, probability of obtaining required regulatory and shareholder approvals, and expected timing of any conversion.

As at the year end, the management has determined that the fair value of these features is immaterial, both individually and in the aggregate, to the consolidated financial statements. In exercising this judgment, management considered several factors, including the repayable on-demand nature of the loan, the prerequisite for regulatory and shareholder approvals, and the uncertainty regarding the timing of any potential conversion.

Changes in these assumptions could result in the embedded derivative becoming material in future periods, in which case it would be recognised and measured at fair value through profit or loss.

3.21 Earning per share

Earning per share is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue. Diluted earnings per share is calculated by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares for the effects of all dilutive potential ordinary shares. Where the effect of potential ordinary shares is anti-dilutive or the underlying conditions for issuance have not been met, they are excluded from the calculation of diluted earnings per share. As at year end, the effect of options in relation to loan by Ultimate Parent Group has been excluded from the diluted average number of ordinary shares calculation since the underlying conditions (shareholders & regulatory approvals and other legal formalities) were not satisfied. Accordingly, diluted earning per share is equal to basic earning per share.

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4 SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these consolidated financial statements are set out below for ease of user's understanding of these consolidated financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

4.1 Foreign currency transactions and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are translated in Pakistan Rupees at exchange rates ruling at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in consolidated profit or loss for the year.

4.2 Share capital

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

4.3 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

4.4 Sale of scrap

The Group records revenue from sale of scrap on accrual basis. The net income from sale of scrap is included in "other income".

5 SHARE CAPITAL

	2025	2024	2025	2024
	(Number of shares)		Rupees	Rupees
5.1 Authorized share capital				
Shares of Rs. 10 each	2,800,000,000	2,800,000,000	28,000,000,000	28,000,000,000
5.2 Issued, subscribed and paid up share capital				
Ordinary share capital				
Ordinary shares of Rs. 10 each fully paid in cash	1,557,228,762	1,557,228,762	15,572,287,620	15,572,287,620
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	2,639,200	2,639,200	26,392,000	26,392,000
Ordinary shares of Rs. 10 each issued on conversion of loans	882,020,197	882,020,197	8,820,201,970	8,820,201,970
Ordinary shares of Rs. 10 each issued on conversion of accrued mark-up	70,874,980	70,874,980	708,749,800	708,749,800
Ordinary shares of Rs. 10 each issued on conversion of cumulative convertible preference shares	7,200,000	7,200,000	72,000,000	72,000,000
	2,519,963,139	2,519,963,139	25,199,631,390	25,199,631,390

5.2.1 Ordinary shares of The Holding Company held by associated undertakings and directors at year end are as follows:

	2025	2024	2025	2024
	Percentage held		Number of shares	
Ordinary share capital				
Fauji Fertilizer Company Limited – voting ordinary shares	47.84%	47.84%	1,205,576,237	1,205,576,237
FFBL Power Company Limited – voting ordinary shares	15.87%	15.87%	400,000,000	400,000,000
FFC Energy Limited – voting ordinary shares	18.45%	18.45%	465,000,000	465,000,000
Fauji Foundation – voting ordinary shares	2.67%	2.67%	67,371,916	67,371,916
Directors, Officers, their spouse and minor children – voting ordinary shares	0.01%	0.01%	205,009	270,009
			2,138,153,162	2,138,218,162

5.2.2 The holder of ordinary shares is entitled to receive dividends as declared (if any), and to one vote per share at general meetings of the the Holding Company. The shareholders of the the Holding Company do not have any agreements for voting rights, board selection, rights of first refusal, and block voting.

5.3 There was no movement in share capital during the year.

6 SHARE PREMIUM

This reserve can only be utilized by the Group for the purpose specified in section 81(2) of the Companies Act, 2017.

7 SHARE DEPOSIT MONEY

7.1 Under the terms of the agreement dated August 22, 2022, the Holding Company received an amount of Rs. 2,350 million in prior years from Fauji Foundation. The amount was convertible in ordinary shares at face value. The Holding Company, in its Extraordinary General Meeting held on October 18, 2022, had approved further issue of shares against the said amount, by way of other than right issue. The requisite approval from SECP was obtained on January 23, 2023 for issuance of shares against the above mentioned amount. The approval was valid for a period of 60 days. Prior to lapse of the said approval, a request was received from Fauji Foundation to defer the share allotment. Based on the above request, pursuant to the Board of Directors' approval dated March 01, 2023, the Holding Company deferred the allotment / issuance of ordinary shares at par value to Fauji Foundation, till further communication. During the prior year, the Holding Company received a letter from Fauji Foundation dated April 18, 2024 wherein the Foundation withdrew its consent to exercise the option to acquire shares and both the parties agreed on the amount as per the original loan agreement to be treated as a loan through addendum letter dated August 23, 2024. Accordingly, the amount has been reclassified from share deposit money to loan with mutual consent of both the Companies.

The loan is unsecured and repayable on demand, with an all-time option to convert it into fully paid ordinary shares at or below par value (subject to fulfilment of the necessary conditions and the receipts of all approvals under application law). The loan initially carried an interest-free grace period of two years with a provision for further extensions subject to mutual agreement of both the parties. Following the end of grace period, the Holding Company has secured a waiver on interest payments until December 31, 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT – NET OF TAX			
Balance at the start of the year		2,247,212,282	2,446,561,207
Net amount transferred to accumulated loss on account of:			
– disposal of plant and machinery – net of deferred tax		(18,865,062)	(86,621,177)
– incremental depreciation charged during the year – net of deferred tax		(105,279,101)	(112,727,748)
		(124,144,163)	(199,348,925)
Balance at the end of the year – net of tax	8.1	2,123,068,119	2,247,212,282

8.1 This represents surplus (net of applicable deferred tax) arising on revaluation of freehold land, buildings on freehold land, plant and machinery (including plant and machinery appearing under right of use assets), electric and gas installation and other works equipment. This has been adjusted by incremental depreciation arising out of revaluation of above-mentioned assets except freehold land. The latest valuation was carried out by an independent professional valuer, K.G. Traders, on March 16, 2023. The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	Note	2025	2024
		Rupees	Rupees
9 LEASE LIABILITIES			
Present value of lease liabilities against:			
– leased vehicles		224,478,405	82,253,687
– leasehold land		200,645,762	194,379,396
		425,124,167	276,633,083
Less: Current portion shown under current liabilities		(97,328,433)	(52,078,725)
	9.1	327,795,734	224,554,358

	Leased Vehicles	Leasehold Land	Plant and machinery	Leasehold Building	Total
	Rupees				
9.1 Movement of lease liabilities					
2025					
Opening balance	82,253,687	194,379,396	–	–	276,633,083
Lease liability recognized during the year	243,336,930	–	–	–	243,336,930
Finance cost charge	24,838,632	44,832,763	–	–	69,671,395
Payments	(125,950,844)	(38,566,397)	–	–	(164,517,241)
Closing balance	224,478,405	200,645,762	–	–	425,124,167
Less: current portion shown under current liabilities	(64,441,116)	(32,887,317)	–	–	(97,328,433)
	160,037,289	167,758,445	–	–	327,795,734

	Leased Vehicles	Leasehold Land	Plant and machinery	Leasehold Building	Total
Rupees					
2024					
Opening balance	-	-	34,918,252	17,717,041	52,635,293
Lease liability recognized					
during the year	88,782,300	190,663,879	-	-	279,446,179
Finance cost charge	5,601,412	36,099,517	1,775,192	437,804	43,913,925
Payments	(12,130,025)	(32,384,000)	(36,693,444)	(18,154,845)	(99,362,314)
Closing balance	82,253,687	194,379,396	-	-	276,633,083
Less: current portion shown					
under current liabilities	(13,512,325)	(38,566,400)	-	-	(52,078,725)
	68,741,362	155,812,996	-	-	224,554,358

	2025	2024
	Rupees	Rupees
9.2 Commitments in relations to leases recognised under IFRS 16 are payable as follows:		
Payable not later than one year	134,069,749	63,860,492
Payable later than one year but not later than five years	425,183,493	348,578,026
Payable more than five years	201,899,249	233,090,064
	761,152,491	645,528,582
Future finance charges	(336,028,324)	(368,895,499)
Total lease liabilities	425,124,167	276,633,083

9.3 The Group has entered into lease arrangement with Fauji Foundation for land of Fauji Cereals and the Subsidiary Company and with the commercial bank for the lease of vehicles. The rentals under these agreements are repayable in 60 to 120 monthly instalments. The lease payments have been discounted at an implicit interest rate of 10.93% to 22.74% (2024: 13.59% to 22.71%) per annum.

9.4 The maturity analysis have been disclosed in note 45.7 of these consolidated financial statements.

	2025	2024
	Rupees	Rupees
9.5 Amounts recognised in consolidated statement of profit or loss		
Finance cost on lease liabilities	69,671,395	43,913,925
Depreciation on right of use assets	72,110,944	45,691,452
Expense relating to leases of short term nature	47,168,536	35,428,022

9.6 The Group had total cash outflows for leases of Rs. 225.49 million (2024: Rs. 134.70 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
10 DEFERRED TAXATION – NET			
The deferred tax asset comprises of the following:			
Deductible temporary differences:			
– business losses		432,987,388	408,695,541
– unabsorbed depreciation losses		1,488,650,294	1,488,650,294
– lease liabilities		152,229,511	97,328,442
– provisions		40,067,343	35,191,903
		2,113,934,536	2,029,866,180
Less: Taxable temporary differences:			
– accelerated tax depreciation allowances		1,005,250,842	983,075,761
– accrued interest		66,069,333	983,920,950
– surplus on revaluation of property, plant and equipment		905,417,144	–
– right of use assets		164,204,217	94,867,469
		2,140,941,536	2,061,864,180
Deferred taxation – net	10.3	27,007,000	31,998,000

10.1 As at December 31, 2025, the aggregate unrecognized unused tax losses and minimum tax credit available to the Holding Company for set off against future taxable profit amount to Rs. 3,406.20 million (2024: Rs. 7,246.62 million) and Rs. 1,094.38 million (2024: Rs. 723.21 million) respectively.

10.2 The expiry of tax losses for which no deferred tax asset has been recognized is as follows:

		2025
Expiry tax year	Nature	Rupees
2027	Business loss – TY 2021	2,353,326,086
2028	Business loss – TY 2022	1,052,877,321
2029	Business loss – TY 2023	–
		3,406,203,407
2026	Minimum tax – TY 2023	158,641,265
2027	Minimum tax – TY 2024	256,337,806
2028	Minimum tax – TY 2025	308,534,520
2028	Minimum tax – TY 2026	370,867,486
		1,094,381,077

10.3 Movement in deferred tax balances is as follows:

December 31, 2025				
Reversal from / (charge to)				
Opening	Profit or loss	OCI	Closing	
Rupees				
Deferred taxation				
Deductible / (taxable) temporary difference				
Unabsorbed depreciation losses	1,488,650,294	–	–	1,488,650,294
Business losses	408,695,541	24,291,847	–	432,987,388
Provisions	35,191,903	4,875,440	–	40,067,343
Lease liability	97,328,442	54,901,069	–	152,229,511
Right of use assets	(94,867,469)	(69,336,748)	–	(164,204,217)
Accelerated tax depreciation allowances	(983,075,761)	(22,175,081)	–	(1,005,250,842)
Accrued interest	–	(66,069,333)	–	(66,069,333)
Surplus on revaluation of property, plant and equipment	(983,920,950)	78,503,806	–	(905,417,144)
	(31,998,000)	4,991,000	–	(27,007,000)

December 31, 2024					
Reversal from / (charge to)					
Opening	Acquisition of FIFL	Profit or loss	OCI	Closing	
Rupees					
Deductible / (taxable) temporary difference					
Unabsorbed depreciation losses	1,488,650,294	8,528,000	(8,528,000)	–	1,488,650,294
Business losses	625,816,265	–	(217,120,724)	–	408,695,541
Provisions	25,353,949	122,000	9,715,954	–	35,191,903
Lease liability	20,527,764	–	76,800,678	–	97,328,442
Right of use assets	(85,275,377)	–	(9,592,092)	–	(94,867,469)
Accelerated tax depreciation allowances	(963,699,354)	(35,130,000)	15,753,593	–	(983,075,761)
Surplus on revaluation of property, plant and equipment	(1,111,373,541)	–	127,452,591	–	(983,920,950)
	–	(26,480,000)	(5,518,000)	–	(31,998,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
11 PROVISION FOR DISMANTLING			
Provision for dismantling plant		539,000	473,000
Movement in provision for dismantling			
Liability at the start of the year		473,000	422,000
Unwinding during the year		66,000	51,000
Liability at the end of year		539,000	473,000
12 EMPLOYEE RETIREMENT BENEFITS			
Accumulated compensated absences	12.1	54,191,501	48,915,991
Defined benefit plan	12.2	44,848,467	30,475,522
		99,039,968	79,391,513
12.1 Accumulated compensated absences			
Present value of defined benefit obligation	12.1.2	54,191,501	48,915,991
Fair value of plan assets		–	–
	12.1.1	54,191,501	48,915,991
12.1.1 Movement in accumulated compensated absences			
Opening balance at the start of the year		48,915,991	27,206,296
Charge to consolidated statement of profit or loss	12.1.3	9,981,397	27,700,031
Benefits paid during the year		(4,705,887)	(5,990,336)
Closing balance at the end of the year		54,191,501	48,915,991
12.1.2 Reconciliation of present value of defined benefit obligation			
Opening balance at the start of the year		48,915,991	27,206,296
Current service cost		7,299,294	6,518,738
Interest on defined benefit liability		2,793,783	2,027,682
Benefits paid during the year		(4,705,887)	(5,990,336)
Actuarial (gain) / loss		(111,680)	19,153,611
Closing balance at the end of the year		54,191,501	48,915,991
12.1.3 Charge to the consolidated statement of profit or loss			
Current service cost		7,299,294	6,518,738
Interest on defined benefit liability		2,793,783	2,027,682
Remeasurement (gain) / loss	12.1.4	(111,680)	19,153,611
	12.1.5	9,981,397	27,700,031

	Note	2025	2024
		Rupees	Rupees
12.1.4 Remeasurement (gain) / loss			
Actuarial (gain) / loss due to changes in financial assumptions		–	(107,952)
Actuarial (gain) / loss due to experience adjustments		(111,680)	19,261,563
		(111,680)	19,153,611
12.1.5 Allocation of expense during the year			
Cost of revenue		3,992,554	11,080,005
Marketing and distribution expense		3,992,554	11,080,005
Administrative expense		1,996,289	5,540,021
		9,981,397	27,700,031
12.1.6 Estimated expense to be charged to consolidated statement of profit or loss in next year			
Current service cost		7,495,049	6,817,227
Interest expense on accumulated compensated absences – net		6,208,424	5,510,499
		13,703,473	12,327,726

	2025	2024
12.1.7 The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	12%	12%
Expected per annum growth rate in salaries	11%	11%
Expected mortality rate	SLIC (2001–2005)	SLIC (2001–2005)

As at December 31, 2025, average accumulation of leaves is 8 days per annum (2024: 8 days per annum), subject to a maximum accumulation of 20 working days for management employees, 28 calendar days for non-management employees and 120 working days for ex-servicemen (2024: 20 days for management employees, 28 days for non-management employees and 120 days for ex-servicemen).

12.1.8 Sensitivity analysis

The Holding Company risk exposure in relation to the defined benefit obligation arises primarily on account of discount rate and salary increases. If these significant actuarial assumptions used to estimate the present value of liability at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the liability as at December 31, 2025 would have been as follows:

	Due to change in assumptions	
	2025	2024
	Rupees	
Present value of liability at the year end		
Discount Rate + 100 bps	50,019,154	45,172,542
Discount Rate – 100 bps	58,680,909	52,968,358
Salary increase + 100 bps	58,778,989	52,969,660
Salary increase – 100 bps	49,950,418	45,173,097

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

12.1.9 Undiscounted Future Payments

Expected future undiscounted payments are as follows:

		2025	2024
		Rupees	Rupees
Projected payments			
Year 1		6,493,511	5,861,372
Year 2		7,304,207	6,593,147
Year 3		8,273,998	7,468,529
Year 4		9,561,424	8,630,625
Year 5		11,184,148	10,095,378
More than 5 years		83,911,719	75,742,964
12.2 Defined benefit plan			
Present value of defined benefit obligation	12.2.2	157,449,639	108,853,348
Fair value of plan assets	12.2.3	(112,601,172)	(78,377,826)
	12.2.1	44,848,467	30,475,522
12.2.1 Movement in net defined benefit liability			
Opening balance for the year		30,475,522	23,148,518
Current service cost		30,986,871	24,446,489
Interest on defined benefit liability – net		1,840,531	2,329,070
Total contributions		(30,275,522)	(18,487,242)
Charge to other comprehensive income	12.2.7	11,821,065	(961,313)
Closing balance for the year		44,848,467	30,475,522
12.2.2 Reconciliation of present value of defined benefit obligation			
Opening balance for the year		108,853,348	79,401,123
Current service cost		30,986,871	24,446,489
Interest on defined benefit liability		12,654,062	12,080,458
Benefits paid during the year		(6,805,658)	(14,557,970)
Actuarial losses		11,761,016	7,483,248
Closing balance for the year		157,449,639	108,853,348
12.2.3 Reconciliation of fair value of plan assets			
Opening balance for the year		78,377,826	56,252,605
Total contributions		30,275,522	18,487,242
Interest income for the year		10,813,531	9,751,388
Benefits paid during the year		(6,805,658)	(14,557,970)
Return on plan assets excluding interest income		(60,049)	8,444,561
Closing balance for the year		112,601,172	78,377,826

	Note	2025	2024
		Rupees	Rupees
12.2.4 Fair value of gratuity fund assets			
Asset Management Funds / Term Deposit Receipt		32,338,447	50,000,000
Bank investment instruments		61,044,966	–
Accrued income		–	8,060,000
Bank – Saving Account		19,217,759	20,317,826
		112,601,172	78,377,826
12.2.5 Charge to the consolidated statement of profit or loss			
Current service cost		30,986,871	24,446,489
Interest on defined benefit liability – net		1,840,531	2,329,070
	12.2.6	32,827,402	26,775,559
12.2.6 Allocation of expense during the year			
Cost of sales		13,130,963	10,710,226
Marketing and distribution expense		13,130,963	10,710,225
Administrative expense		6,565,476	5,355,108
		32,827,402	26,775,559
12.2.7 Charge to other comprehensive income			
– Actuarial (gains) / losses due to change in financial assumptions		–	(397,096)
– Actuarial losses due to experience adjustments		11,761,016	7,880,344
– Return on plan assets excluding interest income		60,049	(8,444,561)
		11,821,065	(961,313)
12.2.8 Estimated expense to be charged to consolidated statement of profit or loss in next year			
Current service cost		34,830,529	27,602,006
Interest expense on defined benefit plan – net		5,381,816	3,657,063
		40,212,345	31,259,069
		2025	2024
12.2.9 The principal actuarial assumptions at the reporting date were as follows:			
Discount rate		12%	12%
Expected per annum growth rate in salaries		11%	11%
Expected mortality rate		SLIC (2001–2005)	SLIC (2001–2005)

As at December 31, 2025, the weighted average duration of the defined benefit obligation was 8 years (2024: 8 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

12.2.10 Undiscounted future payments

The Holding Company contributes to the gratuity fund based on the advice of the fund's actuary. Expected future contributions are as follows:

	2025	2024
	Rupees	Rupees
Projected payments		
Year 1	12,887,242	10,175,339
Year 2	15,538,445	12,268,641
Year 3	18,258,457	14,416,273
Year 4	21,175,768	16,719,685
Year 5	24,197,871	19,105,837
More than 5 years	223,285,121	176,298,534

12.2.11 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at December 31, 2025 would have been as follows:

	Due to change in assumptions	
	2025	2024
Present value of defined benefit obligation at year end		
Discount Rate + 100 bps	145,403,886	100,525,475
Discount Rate – 100 bps	170,497,073	117,873,736
Salary increase + 100bps	170,493,303	117,871,130
Salary increase – 100bps	145,402,100	100,524,241

12.2.12 Risks on account of defined benefit plan

The Holding Company faces the following risks on account of defined benefit plan:

Interest rate risk:

The present value of the defined benefit liability is calculated using a discount rate determined by reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.

Salary risk:

The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the liability and vice versa.

Demographic risks:

Mortality rate risk – The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase/decrease the liability and vice versa depending on the age–service distribution of the exiting employees.

Withdrawal rate risk – The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase/decrease the liability and vice versa depending on the age–service distribution of the exiting employees.

Investment risk:

The risk of the investment underperforming and being not sufficient to meet the liabilities.

	Note	2025	2024
		Rupees	Rupees
13	CURRENT PORTION OF LONG TERM LIABILITIES		
	Lease liabilities	97,328,433	52,078,725
14	SHORT TERM BORROWINGS – SECURED		
	Short term running finance	–	–

14.1 The facility for short term running finance available to the Holding Company from the Bank of Punjab has aggregate limit of Rs. Nil (2024: 1,000 million) at a markup rate of 3–month KIBOR plus 0.5% payable quarterly (2024: 3–month KIBOR plus 0.5%). Facility is secured by way of first pari passu charge on all present and future fixed assets of the Holding Company (excluding land and building) with 25% margin. The unutilized facility at year end amounts to Rs. Nil (2024: Rs. 1,000 million). This facility expired on February 28, 2025 and was not renewed.

	Note	2025	2024
		Rupees	Rupees
15	TRADE AND OTHER PAYABLES		
	Trade and other creditors	1,627,121,630	1,438,010,068
	Accrued expenses	1,199,773,440	937,647,157
	Retention money payable	1,006,732	1,006,732
	Due to employees	44,913,160	5,310,385
	Withholding income tax payable	30,410,808	21,302,062
	Withholding sales tax payable	25,958,491	14,694,246
	Workers' Profit Participation Fund payable	113,988,547	78,897,038
	Workers' Welfare Fund payable	74,761,590	30,799,783
	Payable to Employees' Provident Fund	24,088	7,414,433
	Others	1,172,361	1,172,362
		3,119,130,847	2,536,254,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
15.1	These include amounts due to the following related parties:		
	Askari Bank Limited	–	209,531
	Fauji Fertilizer Company Limited	40,781,451	2,418,453
	FonGrow (Private) Limited	341,452	2,222,469
	Foundation Gas	190,080	–
	Fauji Foundation	68,398,992	33,635,727
	15.1.1	109,711,975	38,486,180

15.1.1 These are un-secured and in the normal course of business activities.

15.2 This includes Rs. 148.75 million (2024: Rs 152.10 million) relating to distributor incentives and allowances. These represent variable consideration in the form of performance-based targets and reimbursements for discounts provided by distributors on behalf of the Holding Company. These obligations are settled in the normal course of business upon the achievement of specified targets or the formal verification of underlying claims.

	2025	2024
	Rupees	Rupees
15.3	Workers' Profit Participation Fund payable	
	Balance at the start of the year	78,897,038
	Acquisition of Fauji Cereals	–
	Charge for the year	102,769,359
	Payment during the year	(67,677,850)
	Balance at the end of the year	113,988,547
15.4	Workers' Welfare Fund payable	
	Balance at the start of the year	30,799,783
	Charge for the year	43,961,807
	Balance at the end of the year	74,761,590

15.4.1 Provision for Workers' Welfare Fund (WWF) is made as per the requirements of the Punjab Workers Welfare Fund Act as promulgated on December 13, 2019. However, payment has not been made due to ambiguity involved regarding institution in favor of whom liability should be discharged i.e. Federal or Provincial.

15.5 Payable to Employees' Provident Fund

All investments out of provident fund have been made in the collective investment schemes, listed equity and listed debt securities in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

		2025	2024
		Rupees	Rupees
16	CONTRACT LIABILITIES		
	Advances from customers in respect of revenue recognized at a point in time	586,180,204	299,249,089

16.1 This represents advance received from customers for future sale of goods. The balance of contract liability as at December 31, 2025 is expected to be recognized as revenue within one year.

16.2 As of December 31, 2025, contract liabilities amounting to Rs. 263.82 million from the opening balance have been recognized as revenue during the year and Rs. 35.43 million remain unrecognized. This is primarily attributable to the unallocated receipts pertaining to prior years for which no formal claims or notifications have been received from the respective parties. Management continues to monitor these balances and expects to conclude the underlying performance obligations or reach a final settlement, allowing for the recognition of the associated revenue during the fiscal year 2026.

		2025	2024
		Rupees	Rupees
16.3	These include advances received from associated undertaking as follows:		
	Fauji Fresh n Freeze Limited	1,302,000	–
	Askari Bank Limited	70,826,255	–
		72,128,255	–

16.3.1 These balances represent advances received in the normal course of business from related parties for the sale of goods.

		Note	2025	2024
			Rupees	Rupees
17	LOANS PAYABLE TO ULTIMATE PARENT COMPANY			
	On account of acquisition related to Fauji Cereals	1.1	3,348,554,692	3,348,554,692
	On account of acquisition related to Fauji Infraavest Foods Limited	1.2	210,000,000	210,000,000
	Share deposit money reclassified into loan	7	2,350,000,001	2,350,000,001
			5,908,554,693	5,908,554,693
18	ACCRUED FINANCE COST			
	Mark-up based borrowings from conventional banks			
	– Short term borrowings – secured		–	4,058,746

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

The Holding Company:

Income tax

19.1.1 The Deputy Commissioner Inland Revenue (DCIR), after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2005, had passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 34.98 million alleging that the Holding Company suppressed its sales. The Commissioner Inland Revenue–Appeals (CIR–A) annulled this assessment order whereas the Appellate Tribunal Inland Revenue (ATIR) had set aside the order of CIR–A and remanded the case back to CIR–A for denovo proceedings. The CIR–A, vide his order dated September 3, 2012 has allowed partial relief of Rs. 11.32 million to the Holding Company. The remaining disputed amount after rectification order under section 221 of the Income Tax Ordinance 2001 dated May 16, 2013 out of Rs. 34.99 million now stands at Rs. 18.28 million. Both the Holding Company and the Department have filed appeals before the ATIR against the order of CIR–A, which are pending adjudications.

19.1.2 The DCIR, passed an order under section 122(5A) raising tax demands of Rs. 21.84 million by making addition to sales of Rs. 177.80 million. Being aggrieved of the order, the taxpayer filed an appeal before CIR–A who vide order dated February 06, 2016 reduce the addition of differential amounts. Being further aggrieved of the CIR–A order, the taxpayer filed 2nd appeal before ATIR Lahore who vide order dated March 03, 2022 deleted the order of CIR–A and DCIR. Against the order of ATIR, department has filed a reference before Lahore High Court on May 30, 2022, which is pending adjudication.

19.1.3 The Holding Company was served with notice under rule 44(4) of the Income Tax Rules 2002 dated March 02, 2021 issued by the DCIR to which the Holding Company filed reply on March 08, 2021. The DCIR served a show cause notice under section 161 (1A) of the Ordinance dated October 04, 2021 for the tax year 2014. The Holding Company filed reply for the same. DCIR passed time barred order under section 161 (1) of the Ordinance dated May 22, 2024 and raised total tax demand amounting to Rs. 10.02 million. Being aggrieved of the said order, the Holding Company filed an appeal before CIR–A against the above mentioned order on June 12, 2024. The CIR–A remanded back the case to the DCIR vide order dated October 07, 2024. The DCIR issued a notice u/s 129 dated November 08, 2024 to which the Holding Company filed reply dated November 15, 2024. The matter is currently pending adjudication before the DCIR.

19.1.4 The income tax return filed for the tax year 2012 was initially treated as an assessment order u/s 120 of the Ordinance. Subsequently, the taxpayer was selected for audit under Section 177. Following the audit, the Assistant Commissioner Inland Revenue ('ACIR') passed an order under Section 122, resulting in a revised taxable income and tax liability of Rs. 30 million. The Holding Company filed an appeal before the CIR(A), who subsequently, vide order dated December 31, 2018, upheld the demand. The said demand was adjusted against the refunds available to the Holding Company in tax year 2017.

Being aggrieved, the Holding Company filed an appeal before the ATIR, which declared the orders passed by the ACIR and CIR(A) void–ab–initio vide order dated March 3, 2022. Consequently, the refund of tax year 2017 previously adjusted, amounting to Rs. 30 million, as well as the refund of tax year 2012 amounting to Rs. 10.99 million, was restored vide letter dated March 29, 2024. The Department has filed a reference against the order of the ATIR before the Lahore High Court, which is pending adjudication.

Sales tax

- 19.1.5** ADCIR issued a show cause notice, dated February 17, 2021 against inadmissible adjustment of input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement. Against the show cause notice, the ADCIR raised a sales tax demand of Rs. 99.46 million. Being aggrieved of the said order, the Holding Company filed an appeal before the CIR-A. On August 22, 2024, the CIR-A upheld the order passed by the ADCIR. Being aggrieved by the appellate order, the taxpayer filed an appeal before the Appellate Tribunal Punjab Revenue Authority on December 24, 2024, which remains pending adjudication.
- 19.1.6** Department vide order dated November 14, 2016 raised sales tax demand of Rs. 4.84 million under section 11(2) and 11(3) of the Sales Tax Act 1990 against inadmissible input tax claimed and non-realization of sales tax on sale of scrap. The Holding Company preferred an appeal before CIR-A who confirmed the demand vide order dated May 08, 2017. Being aggrieved the Holding Company preferred an appeal before ATIR. ATIR decided the case in favor of the Holding Company vide order dated May 22, 2018 and waived off the whole tax demand. Department has filed reference before the Honorable Lahore High Court dated December 9, 2020 which is pending adjudication.
- 19.1.7** The DCIR has concluded the assessment and proceeding through its order u/s 11(2) for the period from July 2019 to December 2019 and has created sales tax demand amounting Rs. 14.00 million. The Holding Company being aggrieved by the order filed appeal before CIR-A who, through order dated October 29, 2020 remanded the case back to DCIR for re-assessment. The department has filed appeal before ATIR which is pending adjudication.
- 19.1.8** DCIR passed an order dated March 14, 2022, and served the same after one year on March 14, 2023, creating a demand of Rs. 103.37 million on account of claims for inadmissible input sales tax in sales tax returns. Being aggrieved, the Holding Company preferred an appeal before the CIR(A). The CIR(A) remanded the case to the DCIR for fresh proceedings. The Holding Company filed an appeal before the ATIR on July 27, 2023, on the grounds that the appellate authority should have annulled the assessment order instead of remanding it to the DCIR. The ATIR upheld the decision of the CIR(A) to remand the case.
- Being aggrieved, the Holding Company filed a reference before the Lahore High Court against the remand, maintaining the stance that the assessment should have been annulled. Consequently, the Lahore High Court remanded the proceedings to the Department vide order dated June 24, 2025, with directions to the assessing officer to first address the issue of limitation. In response, the Holding Company filed replies vide letters dated September 8, 2025, and October 16, 2025, respectively. The matter is currently pending adjudication.
- 19.1.9** The department issued show cause notice alleging adjustment of inadmissible input tax on goods not related to taxable supplies and non-withholding of sales tax from payment made against advertisement services. Against the show cause notice, Department raised sales tax demand of Rs. 138.74 million along with default surcharge and penalty. The Holding Company preferred an appeal before CIR-A. CIR-A decided the case in favor of the Holding Company through order dated October 29, 2020 and annulled the department's order. The department has filed an appeal before ATIR which is pending adjudication.
- 19.1.10** DCIR passed an assessment order u/s 33(5) of the Sales Tax Act, 1990 dated August 23, 2025 creating a demand of Rs. 96.02 million and penalty of Rs. 4.80 million on non-apportionment of input tax regarding taxable and exempt supplies. Being aggrieved, the Holding Company filed an appeal before CIR-A dated October 17, 2025 which is pending adjudication.

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Based on the opinion of the legal and tax advisors handling the above litigations as referred to in note 19.1, the management believes that the Holding Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these consolidated financial statements.

19.2 The Subsidiary Company:

	2025
	Rupees
19.2.1 Claims lodged by suppliers not acknowledged by the Subsidiary Company.	2,714,000

These represent various claims lodged by the suppliers on account of raw materials provided and other selling and sales promotional expenses incurred on behalf of the Subsidiary Company. The Subsidiary Company has refused to record and pay off the claims as they believe that the grounds for such expenses are not valid as the Subsidiary Company had not pre-approved such expenses. The Subsidiary Company believes that any outflow in respect to these claims is not probable.

19.2.2 In the previous year, the Subsidiary Company was selected for audit, regarding tax year 2017, under section 214C of the Ordinance and notice was issued under section 177 (1) of the Ordinance and compliance was made. However, dissatisfied with the response, the ADCIR issued a show cause notice under section 122 (9) of the Ordinance. Subsequently, the Subsidiary Company submitted partial reply on IRIS web portal along under section 122 (1) of the Ordinance, dated June 17, 2023 creating an income tax demand of Rs. 395.95 million. Consequently, the Subsidiary Company filed an appeal before CIR(A) Islamabad on July 13, 2023.

The appeal had been transferred to the ATIR. In the meantime, recovery of income tax demand raised vide recovery notice dated September 30, 2025, issued under section 138 (1) of the Income Tax Ordinance, 2001 by the ADCIR was initiated. The Subsidiary Company sought stay of recovery, which was duly granted. Furthermore, ATIR heard the instant appeal on January 21, 2025 and announced in open court that the matter would be remanded to the Assessing Officer for de novo proceedings, however, the written order in this regard is still awaited. Despite the subsisting stay announced by the ATIR, coercive recovery amounting to Rs. 0.06 million was made by the department which is unlawful and contrary to the directions of the ATIR. A favorable outcome is expected as per tax advisor confirmation.

19.2.3 The Company was issued a show cause notice under section 52 of Punjab Sales Tax on Services Act 2012 by the Additional Commissioner Inland Revenue (ACIR), Punjab Revenue Authority. The Subsidiary Company have dually responded to the notice on the basis of information provided by the Company. No order has been passed till date. The Subsidiary Company believes that any outflow in respect to these claims is not probable.

Based on the opinion of the legal and tax advisors handling the above litigations as mentioned in note 19.2, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these consolidated financial statements.

19.3 Commitments

19.3.1 Commitments in respect of capital expenditure outstanding at the year end amounted to Rs. 223.09 million (2024: Rs. 272.71 million).

19.3.2 Commitments in respect of letter of credit for the purchase of raw and packing material outstanding at the year end amounted to Rs. 131.01 million (2024: Rs. 89.50 million).

19.3.3 Guarantees aggregating to Rs. 368.00 million (2024: Rs. 194.75 million) have been issued by banks of the Holding Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil, Naval Accounts Karachi, Pakistan Oxygen Limited, Director General Special Education, Director General Remount Veterinary and Programme Director PMIU–PESRP.

19.3.4 In July 2019, the Subsidiary Company raised purchase order amounting to Rs. 1.09 million for procurement of customized packing materials to M/S Expert Advertising. Due to the closure of operations, the Subsidiary Company has not yet lifted the packing materials despite them being made available by the supplier. The supplier has requested the Subsidiary Company to pay the outstanding amount under the purchase order by taking delivery of the packing material. However, the Subsidiary Company has disputed claim since it has not taken actual delivery of the packing material.

	Note	2025	2024
		Rupees	Rupees
20	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets			
Owned assets	20.1	8,498,391,038	8,824,520,512
Right of use assets		442,649,863	267,594,383
		8,941,040,901	9,092,114,895
Capital work-in-progress	20.1.10	814,574,303	426,304,381
		9,755,615,204	9,518,419,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

20.1 Operating fixed assets

December 31, 2025															
As at 01 January	Cost: (Revalued amount)					Depreciation					Accumulated Impairment	Book value	Rate of depreciation (%)		
	Acquisition of Fauji Cereals - Cost	Acquisition of Fauji Infrasset - Cost	Additions / Transfers	Disposals	Write offs	As at 31 December	As at 01 January	Acquisition of Fauji Cereals - Accumulated depreciation	Charge for the year	Disposals				Write offs	As at 31 December
	Rupees														
	781,625,000	-	-	-	-	781,625,000	-	-	-	-	-	-	-	781,625,000	-
Buildings on freehold land	1,277,687,076	-	46,756,530*	-	-	1,324,443,606	169,835,571	-	-	87,416,043	-	257,240,614	-	1,067,202,992	3-6
Plant and machinery	7,394,951,072	-	148,936,381**	(68,323,774)	(92,540,567)	7,393,023,112	1,143,989,052	-	-	483,312,101	(23,689,015)	(45,498,126)	-	5,834,709,100	4-20
Electric and gas installation	263,375,210	-	71,570,676	-	(2,128,409)	332,817,477	47,600,225	-	-	17,336,971	-	(1,340,111)	63,587,085	269,230,392	10-15
Other works equipment	256,676,971	-	54,066,238	-	(1,325,334)	309,417,875	36,343,812	-	-	19,897,851	-	(924,171)	55,517,492	253,900,383	5-15
Office and IT equipment	254,959,557	-	59,191,207	(4,655,404)	(6,477,090)	303,018,270	123,060,498	-	-	41,800,848	(2,803,577)	(4,743,906)	157,333,863	145,684,407	10-33.33
Furniture and fixture	96,463,871	-	9,863,367***	-	(3,498,835)	102,828,603	32,029,775	-	-	7,773,363	-	(1,678,859)	38,124,279	64,704,324	10-20
Vehicles	235,793,604	-	63,732	(1,816,909)	(4,356,923)	229,683,504	129,132,916	-	-	24,284,349	(1,115,121)	(3,953,080)	148,349,064	81,334,440	20-25
	10,561,532,361	-	380,448,331	(64,796,087)	(110,327,158)	10,776,857,447	1,682,011,849	-	-	681,300,526	(27,607,713)	(57,738,253)	2,278,466,409	8,498,391,038	-
Right of use assets ("ROUA"):															
Building	133,686,254	-	-	-	-	133,686,254	133,686,254	-	-	-	-	-	133,686,254	-	20
Land	190,663,882	-	-	-	-	190,663,882	16,614,461	-	-	19,359,647	-	-	35,972,108	154,690,774	10
Vehicles	100,952,627	-	249,705,795	(2,770,220)	-	347,888,202	7,407,865	-	-	52,792,297	(230,849)	-	59,929,113	287,959,089	20
	425,302,763	-	249,705,795	(2,770,220)	-	672,238,338	157,708,380	-	-	72,110,944	(230,849)	-	229,568,475	442,649,863	-
	10,986,835,124	-	640,154,126	(67,566,307)	(110,327,158)	11,449,095,785	1,839,720,229	-	-	753,911,470	(27,888,562)	(57,738,253)	2,508,054,884	8,941,040,901	-
December 31, 2024															
As at 01 January	Cost: (Revalued amount)					Depreciation					Accumulated Impairment	Book value	Rate of depreciation (%)		
	Acquisition of Fauji Cereals - Cost	Acquisition of Fauji Infrasset - Cost	Additions / Transfers	Disposals	Transfer from ROUA to owned assets	As at 31 December	As at 01 January	Acquisition of Fauji Cereals - Accumulated depreciation	Charge for the year	Disposals				Transfer from ROUA to owned assets	As at 31 December
	Rupees														
	781,625,000	-	-	-	-	781,625,000	-	-	-	-	-	-	-	781,625,000	-
Buildings on freehold land	1,103,625,066	41,463,927	111,811,000	20,787,083	-	1,277,687,076	60,768,846	25,337,871	83,729,054	-	-	169,835,571	-	1,107,851,505	3-6
Plant and machinery	6,337,147,287	292,070,341	181,214,000	371,652,321	(212,867,123)	7,394,951,072	388,042,283	289,951,735	450,113,398	-	15,881,636	1,143,989,052	55,000,000	6,195,962,020	4-20
Electric and gas installation	182,907,563	28,008,411	28,447,000	24,012,236	-	263,375,210	8,126,508	27,215,374	12,258,343	-	-	47,600,225	-	215,774,985	10-15
Other works equipment	178,887,446	4,265,484	46,569,000	26,935,041	-	256,676,971	17,962,672	1,886,063	16,495,077	-	-	36,343,812	-	220,333,159	5-15
Office and IT equipment	174,227,875	8,555,050	-	72,313,132	(136,500)	254,959,557	99,800,351	6,259,402	27,104,161	(83,416)	-	123,060,498	-	131,879,059	10-33.33
Furniture and fixture	53,978,039	2,292,278	-	40,193,554	-	96,463,871	27,000,412	1,278,500	3,750,863	-	-	32,029,775	-	64,434,096	10-20
Vehicles	204,092,646	42,759,470	-	1,006,388	(12,064,900)	235,793,604	68,305,215	41,139,654	26,220,053	(6,532,006)	-	129,132,916	-	106,660,688	20-25
	9,016,490,922	419,434,961	368,041,000	556,899,755	(12,201,400)	10,561,532,361	660,006,087	393,068,599	619,070,949	(6,615,422)	15,881,636	1,692,011,849	55,000,000	8,824,520,512	-
Right of use assets ("ROUA"):															
Building	133,686,254	-	-	-	-	133,686,254	122,545,734	-	11,140,520	-	-	133,686,254	-	-	20
Land	190,663,882	-	-	-	-	190,663,882	16,614,461	-	16,614,461	-	-	16,614,461	-	174,049,421	10
Plant and Machinery	212,867,123	-	-	-	(212,867,123)	-	5,352,800	-	-	-	-	(15,881,636)	-	-	6
Vehicles	-	-	-	100,952,627	-	100,952,627	-	-	7,407,665	-	-	7,407,665	-	93,544,962	20
	346,553,377	-	-	291,616,509	-	638,169,886	127,898,364	-	45,991,452	-	-	157,708,380	-	267,594,383	-
	9,363,044,299	419,434,961	368,041,000	848,516,264	(12,201,400)	10,986,835,124	787,904,051	393,068,599	665,362,401	(6,615,422)	-	1,839,720,229	55,000,000	9,092,114,895	-

* These include capital expenditure amounting to Rs. 24.05 million (2024: Nil) transferred from capital work in progress.

** These include capital expenditure amounting to Rs. 4.11 million (2024: Rs. 172.90 million) transferred from capital work in progress.

*** These include capital expenditure amounting to Rs. Nil (2024: Rs. 5.31 million) transferred from capital work in progress.

	Net Book Value	
	2025	2024
	Rupees	
20.1.1 This includes assets not in possession of the Holding Company:		
Milk tankers – in possession of milk collection centers	116,820,255	111,916,681

Due to large number of milk collection centers, it is impracticable to disclose the name of each person having possession of these assets, as required by 4th Schedule to the Companies Act, 2017.

	Note	2025	2024
		Rupees	Rupees
20.1.2 The depreciation charge has been allocated as follows:			
Cost of revenue	32	635,260,674	583,955,634
Marketing and distribution expenses	33	54,974,409	39,420,971
Administrative expenses	34	63,676,428	41,985,796
		753,911,511	665,362,401

20.1.3 The gross carrying value of fully depreciated assets that are still in use amounted to Rs. 633.36 million (2024: Rs. 408.36 million).

20.1.4 The manufacturing facility of Dairy is located at Sargodha Road, Bhalwal, District Sargodha. Total owned area is 120 kanals and 5 marlas and covered area of building is 191,050 square feet.

20.1.5 The manufacturing facility of Cereals is located at 57 Dhamial Road, Rawalpindi. Total leased area is 31 kanals and 3 marlas under lease arrangement with Fauji Foundation.

20.1.6 The manufacturing facility of the Subsidiary Company is located at 57 Dhamial Road, Rawalpindi. Total leased area is 37 kanals and 2 marlas under lease arrangement with Fauji Foundation.

20.1.7 During the previous year, the Holding Company recognized an impairment loss of Rs. 55.00 million relating to certain idle and scrap assets. During the current year, the Holding Company completed fixed asset verification activity and consequently, assets with a gross carrying amount of Rs. 52.59 million were written off against the accumulated impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20.1.8 Disposal of property, plant and equipment

December 31, 2025							
Cost / Revalued amount	Net book value	Proceeds from disposal / Impairment	Gain / (Loss)	Mode of disposal	Particulars of buyer	Relationship of purchaser with Group or any of its directors	
Rupees							
Fixed assets sold having book value greater than Rs. 500,000							
Year ended December 31, 2025							
Vehicles - right of use							
Suzuki Alto	2,770,220	2,539,371	2,800,000	260,629	Insurance claim	EFU Insurance	No relationship
Vehicles - owned							
SS milk road tanker	1,816,909	701,788	3,342,373	2,640,585	Scrap sale	Khalid Engineering	No relationship
Office and IT equipment							
Visi cooler	4,530,404	1,851,827	789,858	(1,061,969)	Scrap sale	Mehboob Hussain	No relationship
Plant and machinery							
Dryer	2,412,211	847,782	847,458	(324)	Scrap sale	Dairy Engineering	No relationship
Ecolean EL6	17,127,300	10,645,057	16,270,000	5,624,943	Insurance claim		No relationship
Ammonia chiller	4,126,882	2,487,938	2,300,000	(187,938)	Scrap sale	Six-B Food Industries (Private) Limited	No relationship
Assets having net book value							
less than Rs. 500,000	34,782,381	20,653,982	11,528,142	(9,125,840)			
	67,566,307	39,727,745	37,877,831	(1,849,914)			

December 31, 2024							
Cost / Revalued amount	Net book value	Proceeds from disposal	Gain	Mode of disposal	Particulars of buyer	Relationship of purchaser with Group or any of its directors	
Rupees							
Fixed assets sold having book value greater than Rs. 500,000							
Year ended December 31, 2024							
Vehicles							
Suzuki Alto	2,655,950	2,346,089	2,600,000	253,911	Accidental	EFU Insurance	No relationship
Suzuki Alto	2,655,950	2,257,558	2,600,000	342,442	Accidental	EFU Insurance	No relationship
Assets having net book value							
less than Rs. 500,000	6,889,500	982,329	3,034,295	2,051,966			
	12,201,400	5,585,976	8,234,295	2,648,319			

20.1.9 The latest revaluation of freehold land, building on freehold land, plant and machinery, electric and gas installations and other work equipment was carried out on March 16, 2023, by an independent professional valuer, K.G. Traders (Private) Limited. As per the revaluation report, forced sale value of freehold land and buildings on freehold land was Rs. 664.38 million and Rs. 939.25 million, respectively and forced sales value of plant and machinery, electric and gas installations and other works equipment was Rs. 5,523.00 million.

Had these assets not been revalued, the carrying amount of freehold land, buildings on freehold land, plant and machinery, electric and gas installations and other work equipment would have been as follows:

	Note	2025	2024
		Rupees	Rupees
Freehold land		73,448,429	73,448,429
Buildings on freehold land		727,455,318	650,169,694
Plant and machinery – (including plant and machinery appearing under right of use assets)		3,832,970,137	4,057,571,049
Electric and gas Installations		232,372,733	191,225,097
Other works equipment		153,664,147	114,106,481
		5,019,910,764	5,086,520,750
20.1.10 Capital work-in-progress			
Plant and machinery	20.1.10.1	814,574,303	426,304,381

20.1.10.1 Plant and machinery

December 31, 2025				
	As at January 1, 2025	Additions	Transfers	As at December 31, 2025
	Rupees			
Plant & machinery	395,417,573	324,741,632	(11,073,302)	709,085,903
Buildings on freehold land	30,886,808	41,027,774	(24,053,696)	47,860,886
Electric and gas installation	–	44,742,824	–	44,742,824
Computer & accessories	–	12,884,690	–	12,884,690
	426,304,381	423,396,920	(35,126,998)	814,574,303

December 31, 2024				
	As at January 1, 2024	Additions	Transfers	As at December 31, 2024
	Rupees			
Plant & machinery	437,067,915	165,802,389	(207,452,731)	395,417,573
Buildings on freehold land	–	30,886,808	–	30,886,808
Furniture & fixtures	–	5,310,000	(5,310,000)	–
	437,067,915	201,999,197	(212,762,731)	426,304,381

	Note	2025	2024
		Rupees	Rupees
21 INTANGIBLE ASSETS			
Softwares and licenses	21.1	17,108,147	7,819,490
Capital work-in-progress (CWIP)	21.2	41,354,100	9,126,076
		58,462,247	16,945,566

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

21.1 Softwares and licenses

	December 31, 2025								
	Cost				Amortization			Book value	Rate of amortization (%)
	As at January 1, 2025	Additions	Transfer from CWIP	As at December 31, 2025	As at January 1, 2025	Charge for the year	As at December 31, 2025		
	Rupees								
Softwares & licenses	78,215,811	-	14,724,670	92,940,481	70,396,322	5,436,012	75,832,334	17,108,147	33.33

	December 31, 2024								
	Cost				Amortization			Book value	Rate of amortization (%)
	As at January 1, 2024	Additions	Transfer from CWIP	As at December 31, 2024	As at January 1, 2024	Charge for the year	As at December 31, 2024		
	Rupees								
Softwares & licenses	72,794,181	5,421,630	-	78,215,811	68,258,990	2,143,332	70,396,322	7,819,490	33.33

	Note	2025	2024
		Rupees	Rupees
21.1.1 The amortization charge has been allocated as follows:			
Marketing and distribution expenses	33	658,999	658,999
Administrative expenses	34	4,777,013	1,484,333
		5,436,012	2,143,332

21.1.2 The gross carrying value of fully amortized assets that are still in use amounts to Rs. 68.84 million (2024: Rs. 66.86 million).

	Note	2025	2024
		Rupees	Rupees
21.2 Capital work-in-progress			
Softwares & licenses	21.2.1	41,354,100	9,126,076

21.2.1 Softwares & licenses

	December 31, 2025			
	As at January 1, 2025	Additions	Transfers	As at December 31, 2025
	Rupees			
Softwares & licenses	9,126,076	46,952,694	(14,724,670)	41,354,100

	December 31, 2024			
	As at January 1, 2024	Additions	Transfers	As at December 31, 2024
	Rupees			
Softwares & licenses	5,343,576	3,782,500	-	9,126,076

	2025	2024
	Rupees	Rupees
22 SECURITY DEPOSITS		
Long term deposits	22,800,000	22,800,000

22.1 These long term deposits are not recorded at present value as per IFRS – 9 “Financial Instruments” because of practical limitation to estimate the timing of cashflows.

	Note	2025	2024
		Rupees	Rupees
23 STORES, SPARES AND LOOSE TOOLS			
General items		30,494,604	26,417,164
Stores, spares and loose tools		260,944,112	242,003,222
		291,438,716	268,420,386
Less: directly written off		(2,988,921)	–
Less: provision for obsolescence		(6,727,486)	(6,727,486)
		281,722,309	261,692,900

23.1 Movement in provision for obsolescence

Balance at the start of the year		6,727,486	8,612,801
Provision for the year		–	12,030,195
Written off during the year		–	(13,915,510)
Balance at the end of the year		6,727,486	6,727,486

24 STOCK-IN-TRADE

Raw and packing material			
– In hand		1,171,211,554	1,324,799,791
– In transit		39,806,148	44,542,468
		1,211,017,702	1,369,342,259
Work-in-process		154,389,568	58,355,602
Finished goods		1,104,118,239	557,702,540
		2,469,525,509	1,985,400,401
Less: Provision for obsolescence	24.1 & 24.2	(25,005,216)	(16,476)
	24.3 & 24.4	2,444,520,293	1,985,383,925

24.1 Movement in provision for obsolete raw materials

Balance at the start of the year		16,476	–
Provision for the year		17,904,190	60,243,343
Written off during the year		–	(60,226,867)
Balance at the end of the year		17,920,666	16,476

24.2 Movement in provision for obsolete finished goods

Balance at the start of the year		–	15,837,215
Provision for the year		36,084,585	26,777,961
Written off during the year		(29,000,035)	(42,615,176)
Balance at the end of the year		7,084,550	–

24.3 This includes finished goods amounting to Rs. 262.39 million (2024: Rs. 9.47 million) held with third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

24.4 The amount charged to the consolidated statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 2.22 million (2024: Rs. 4.77 million).

		Note	2025	2024
			Rupees	Rupees
25	TRADE RECEIVABLES FROM CONTRACTS WITH CUSTOMERS			
	Considered good			
	Trade debts – Related parties	25.1	12,971,549	1,890,000
	Trade debts – Others		2,111,521,818	1,784,042,226
			2,124,493,367	1,785,932,226
	Considered doubtful		12,048,552	18,986,650
			2,136,541,919	1,804,918,876
	Allowance for expected credit loss	25.2	(12,048,552)	(18,986,650)
			2,124,493,367	1,785,932,226
25.1	Due from related parties – considered good			
	Fauji Fertilizer Company Limited		10,123,031	–
	Fauji Cement Limited		925,328	–
	Fauji Foundation		1,923,190	–
	Fauji Fresh n Freeze Limited		–	1,890,000
			12,971,549	1,890,000

25.1.1 The maximum aggregate amounts outstanding at any time during the year calculated by reference to month–end balances are as follows:

		2025		2024	
		Month	Maximum outstanding during the year	Month	Maximum outstanding during the year
			Rupees		Rupees
	Fauji Fertilizer Company Limited	November	11,932,424	–	–
	Fauji Cement Limited	September	1,332,546	–	–
	Fauji Foundation	May	5,387,832	–	–
	Fauji Fresh n Freeze Limited	February	10,062,475	October	12,768,000

		2025	2024
		Rupees	Rupees
25.2	Allowance for expected credit loss		
	Balance at the start of the year	18,986,650	1,779,553
	Charge for the year	1,428,869	17,207,097
	Reversal during the year	(8,366,967)	–
	Balance at the end of the year	12,048,552	18,986,650

25.3 Trade receivables are non–interest bearing and become due after 15 to 30 days of the invoice date.

25.4 The aging analysis of these trade debts have been disclosed in note 45.4 to these consolidated financial statements.

	Note	2025	2024
		Rupees	Rupees
26 LOANS AND ADVANCES			
Due from employees – considered good		9,857,394	9,369,938
Deposit to collector of customs		–	4,104,947
Advance against letter of credit		237,229,951	136,949,231
Advance against bank guarantee		5,094,228	5,094,228
Advances to suppliers		132,218,947	425,013,754
	26.1	384,400,520	580,532,098
Provision for doubtful advances to employees	26.2	(3,000,000)	(1,500,000)
		381,400,520	579,032,098

26.1 These are interest free and in the normal course of business.

	Note	2025	2024
		Rupees	Rupees
26.2 Provision for doubtful advances to employees			
Balance at the start of the year		1,500,000	1,500,000
Charge for the year		3,000,000	–
Reversal of doubtful advances		(1,500,000)	–
Balance at the end of the year		3,000,000	1,500,000
27 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposits		235,063,227	131,301,089
Prepayments		23,603,870	22,352,063
Other receivables	27.1	452,382,232	294,248,462
		711,049,329	447,901,614
27.1 These include balances due from associated undertaking as follows:			
Fauji Fertilizer Company Limited	27.1.1	139,440	1,057,893
Fauji Foundation	27.1.1	373,616,526	285,801,374
Fauji Meat Limited	27.1.1	4,240,166	–
FonGrow (Private) Limited	27.1.1	16,510,499	–
Fauji Fresh n Freeze Limited	27.1.1	267,684	7,220,246
	27.1.2	394,774,315	294,079,513

27.1.1 This includes Rs 120.62 million booked as receivable pursuant to acquisition of Fauji Cereals business as disclosed in note 1.1 to these consolidated financial statements. The remaining balance and balances from other related parties represent receivables arising from transactions conducted in the normal course of business on mutually agreed terms. The nature of these transactions is further disclosed in note 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	2025	2024
	Rupees	Rupees
27.1.2 The aging analysis of the balances due is as follows:		
0–30 days	7,786,997	96,805,706
31–60 Days	3,436,396	20,132,908
61–90 Days	3,149,588	42,602,057
Above 90 Days	380,401,334	134,538,842
	394,774,315	294,079,513

27.1.3 The maximum aggregate amounts outstanding at any time during the year calculated by reference to month–end balances are as follows:

	2025	2024
	Maximum outstanding during the year	Maximum outstanding during the year
	Month	Month
	Rupees	Rupees
Fauji Fertilizer Company Limited	January	December
	1,057,893	1,057,893
Fauji Foundation	December	December
	373,616,526	285,801,374
Fauji Fresh n Freeze Limited	November	December
	160,918,318	7,220,246
FonGrow (Private) Limited	December	–
	16,510,499	–
Fauji Meat Limited	December	–
	4,240,166	–

	Note	2025	2024
		Rupees	Rupees
28 ACCRUED INTEREST			
Interest accrued on Term Deposit Receipts (TDRs)	28.1	150,680,360	323,041,105

28.1 This includes Rs. Nil (2024: Rs. 310.80 million) interest accrued on Term Deposit Receipts (TDRs) of Askari Bank Limited, an associated company.

	Note	2025	2024
		Rupees	Rupees
29 BALANCE WITH STATUTORY AUTHORITIES			
Sales tax refundable – net	29.1 & 29.2	759,731,079	521,843,716
Income tax receivable – net	29.3	483,977	180,489,173
		760,215,056	702,332,889

- 29.1** These include provision for sales tax on tea whitener amounting to Rs. 693.02 million (2024: Rs. 693.02 million).
- 29.2** The Holding Company has written off sales tax refundable pertaining to prior tax periods amounting to Rs. Nil (2024: Rs. 59.09 million).
- 29.3** The Holding Company has written off income tax refunds pertaining to prior tax years amounting to Rs. Nil (2024: Rs. 109.07 million).

	Note	2025	2024
		Rupees	Rupees
30 CASH AND CASH EQUIVALENTS			
Cash and bank balances:			
Cash in hand		686,484	58,395
With banks on:			
– Current accounts		132,296,636	140,623,184
– Saving accounts	30.1	1,738,684,723	168,270,455
	30.2	1,870,981,359	308,893,639
Total cash and bank balances		1,871,667,843	308,952,034
Short term investments:			
Term Deposit Receipts (TDRs)	30.3	2,450,000,000	2,700,000,000
		4,321,667,843	3,008,952,034

- 30.1** These saving accounts earned interest at 7.5% to 15% (2024: 11.5% to 20.5%) per annum during the year.
- 30.2** These include bank deposits amounting to Rs. 651.62 million (2024: Rs. 162.60 million) with Askari Bank Limited, an associated undertaking.
- 30.3** This includes TDRs kept with Askari Bank Limited, an associated undertaking amounting to Rs. Nil (2024: Rs. 2,450 million). These carry mark-up at the rates ranging from 10.50% to 16.20% (2024: 16.20% to 22.50%) per annum and have one year maturity with premature encashment option without any surcharge.

	2025	2024
	Rupees	Rupees
30.3.1 Following is movement in TDRs during the year:		
Balance at the start of the year	2,700,000,000	1,000,000,000
Additions during the year	4,200,000,000	2,900,000,000
Encashed / matured during the year	(4,450,000,000)	(1,200,000,000)
Balance at the end of the year	2,450,000,000	2,700,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

		2025	2024
		Rupees	Rupees
31	REVENUE FROM CONTRACTS WITH CUSTOMERS – NET		
	Gross revenue	34,965,265,718	27,969,987,279
	Less: Sales tax	(4,186,958,254)	(2,594,594,776)
	Discounts, incentives and allowances	(1,891,448,256)	(1,971,298,840)
		(6,078,406,510)	(4,565,893,616)
		<u>28,886,859,208</u>	<u>23,404,093,663</u>

31.1 Disaggregation of revenue

The Group's gross revenue disaggregated by major product lines is as follows:

		2025	2024
		Rupees	Rupees
	Product Sales		
	Dairy	32,348,160,065	25,863,109,265
	Cereals	2,496,391,089	2,039,896,416
	Pasta	68,154,700	39,294,201
		34,912,705,854	27,942,299,882
	Services		
	Tolling services	52,559,864	27,687,397
		<u>34,965,265,718</u>	<u>27,969,987,279</u>

31.2 Revenue from contracts with customers relates to local Pakistan market and represents sale of dairy, cereals, porridge, desserts, pasta and allied products. Timing of revenue recognition is at point in time.

31.3 The Group mostly receives consideration from its customers in advance. In other case, credit term of 15 to 30 days is allowed.

		Note	2025	2024
			Rupees	Rupees
31.4	Customer balances			
	Trade receivables from contracts with customers	25	2,136,541,919	1,804,918,876
	Contract liabilities	16	586,180,204	299,249,089

	Note	2025	2024
		Rupees	Rupees
32 COST OF REVENUE			
Raw materials consumed	32.2	18,150,079,744	13,073,106,819
Salaries, wages and other benefits	32.3	989,793,566	867,040,662
Power and fuel		648,546,829	664,199,137
Packing materials consumed	32.1	3,289,778,539	3,188,187,321
Stores and spares consumed		178,142,948	164,657,240
Repair and maintenance		499,677,770	348,810,578
Depreciation	20.1.2	635,260,674	583,955,634
Rent, rates and taxes		2,277,152	2,552,754
Travelling and conveyance		35,342,298	21,882,503
Communication, establishment and others		87,475,804	40,540,005
Printing and stationery		3,705,312	3,622,213
Legal and professional charges		6,717,299	5,847,421
Insurance		16,829,076	9,088,807
		24,543,627,011	18,973,491,094
Adjustment of work-in-process			
Opening stock		58,355,602	84,444,173
Stock transferred from Fauji Cereals		–	3,931,653
Closing stock	24	(154,389,568)	(58,355,602)
		(96,033,966)	30,020,224
Cost of goods manufactured		24,447,593,045	19,003,511,318
Adjustment of finished goods			
Opening stock		557,702,540	787,441,689
Stock transferred from Fauji Cereals		–	77,135,000
Stock adjustment		(272,000)	–
Closing stock	24	(1,097,033,689)	(557,702,540)
		(539,603,149)	306,874,149
		23,907,989,896	19,310,385,467

32.1 It includes late payment surcharge on payments over credit term amounting to Rs. Nil (2024: Rs. 5.12 million).

32.2 It includes toll manufacturing charges during the year amounting to Rs. 9.09 million (2024: Rs. 5.56 million).

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

	2025	2024
	Rupees	Rupees
Provident fund	17,844,500	13,735,216
Long term accumulated compensated absences	3,992,554	11,080,005
Gratuity	13,130,963	10,710,226
	34,968,017	35,525,447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

	Note	2025	2024
		Rupees	Rupees
33	MARKETING AND DISTRIBUTION EXPENSES		
Freight and forwarding		878,777,483	699,630,461
Salaries, wages and other benefits	33.1	575,485,404	517,016,109
Repair and maintenance		7,358,695	10,351,394
Rent, rates and taxes		12,656,200	8,412,877
Travelling and conveyance		27,395,356	25,342,618
Vehicles' running and maintenance		79,802,294	101,233,442
Advertisement and sales promotion		953,982,636	811,106,860
Insurance		1,583,184	1,272,842
Depreciation on property, plant and equipment	20.1.2	54,974,409	39,420,971
Amortization of intangible assets	21.1.1	658,999	658,999
Communication, establishment and others		34,830,000	23,058,764
		2,627,504,660	2,237,505,337

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

	Note	2025	2024
		Rupees	Rupees
Provident fund		15,944,292	13,317,005
Long term accumulated compensated absences		3,992,554	11,080,006
Gratuity		13,130,963	10,710,225
		33,067,809	35,107,236
34	ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits	34.1	534,937,675	442,909,010
Travelling and conveyance		25,680,337	19,157,835
Directors' meeting fee	41	2,185,000	18,475,000
Rent, rates and taxes		39,855,807	27,909,130
Entertainment		10,235,771	9,620,351
Communication, establishment and others		21,551,079	33,680,891
Printing and stationery		3,691,038	7,987,126
Electricity, gas and water		9,504,736	13,289,347
Insurance		3,175,464	1,435,415
Repair and maintenance		16,979,664	19,027,438
Vehicles' running and maintenance		52,527,411	43,924,090
Subscription		66,749,975	56,617,035
Legal and professional charges		36,788,567	75,291,013
Auditors' remuneration	34.2	8,291,000	5,772,000
Cash security charges		6,333,494	2,226,194
Depreciation on property, plant and equipment	20.1.2	63,676,428	41,985,796
Amortization of intangible assets	21.1.1	4,777,013	1,484,333
		906,940,459	820,792,004

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

	2025	2024
	Rupees	Rupees
Provident fund	13,904,187	10,739,762
Long term accumulated compensated absences	1,996,289	5,540,021
Gratuity	6,565,476	5,355,108
	22,465,952	21,634,891

34.2 Auditors' remuneration

Audit services		
Statutory audit fee	4,450,000	3,070,000
Half yearly review	1,330,000	1,030,000
Certification charges	1,040,000	800,000
Special purpose audit fee	480,000	400,000
Out-of-pocket expenses	620,000	472,000
Sale tax	371,000	–
	8,291,000	5,772,000
Non-Audit services		
ERP services	14,724,670	5,346,000

The aforementioned ERP services have been capitalized as part of cost of intangible assets.

	Note	2025	2024
		Rupees	Rupees
35 OTHER INCOME			
Income from financial assets – non-Shariah compliant			
Profit on Term Deposit Receipts (TDRs)		310,246,028	367,171,970
Profit on saving accounts		201,801,704	137,348,432
		512,047,732	504,520,402
Income from non-financial assets – Shariah compliant			
Sale of scrap		28,582,782	36,273,586
Net income from sale of fertilizers and helicaps		710,938	2,581,107
Others		825,535	–
(Loss) / Gain on disposal of property, plant and equipment – net		–	2,648,319
		30,119,255	41,535,012
		542,166,987	546,055,414
36 OTHER EXPENSES			
Exchange loss – net		6,107,678	1,073,205
Provision for tax refundable balances		–	12,843,244
Write off – tax refundable balances		–	73,319,915
Write off – stock-in-trade		–	72,021,304
Write off – obsolete stores		–	12,030,195
(Reversal) / impairment charge on operating fixed assets	20.1	(2,411,095)	55,000,000
Advances to supplier written off		–	15,948,501
Workers' Profit Participation Fund		102,769,359	66,168,358
Loss on disposal of property, plant and equipment – net		1,849,914	–
Workers' Welfare Fund		43,961,807	25,143,976
Provision against doubtful advances		1,500,000	–
Others		1,677,554	3,330,746
		155,455,217	336,879,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

		2025	2024
		Rupees	Rupees
37	FINANCE COST		
	Interest / mark-up on:		
	– Short term borrowings	–	2,738,383
	– Lease liabilities	69,671,394	43,913,925
	Finance cost on dismantling provision	66,000	51,000
	Bank charges and commission	12,076,539	7,903,598
		81,813,933	54,606,906
38	LEVY		
	Levy – final tax	–	2,626,551
	Super tax on levy – final tax	–	905,707
	Levy – minimum tax	57,226,279	98,779,888
		57,226,279	102,312,146
39	INCOME TAX		
	– Charge for the year	544,002,245	323,646,408
	– Adjustments in respect of current income tax of previous years	5,963,362	84,898,457
	Deferred tax:		
	– Relating to origination and reversal of temporary differences	(4,991,000)	5,518,000
		544,974,607	414,062,865
39.1	Tax charge reconciliation:		
	Profit before levy and income tax	1,756,260,128	1,172,772,822
	Tax expense on accounting profit (29% as per Income Tax Ordinance)	509,315,437	340,104,118
	Tax effect of:		
	Business losses adjusted during the year	(547,545,503)	(336,128,066)
	Effect of super tax – excluding levy	230,143,039	114,097,087
	Prior year tax charge	5,963,362	84,898,457
	Income chargeable under levy	57,226,279	102,312,146
	Minimum tax credit not recognized – excluding levy	313,859,206	217,120,724
	Others	33,239,066	(6,029,455)
	Effective tax (including income tax and levy)	602,200,886	516,375,011

39.2 Reconciliation between current tax and levy

Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in consolidated profit or loss accounts as follows:

		2025	2024
		Rupees	Rupees
Current tax liability for the year as per applicable laws		602,200,886	516,375,011
Less:			
Portion of current tax liability as per tax laws, representing income tax under IAS 12		544,974,607	414,062,865
Portion of current tax computed as per current tax Laws representing levy in terms of requirements of IAS 37/ IFRIC 21		57,226,279	102,312,146
		-	-
40 EARNING PER SHARE – BASIC AND DILUTED			
Profit for the year	Rupees	1,154,059,242	656,397,811
Weighted average number of ordinary shares outstanding during the year	Number	2,519,963,139	2,519,963,139
Earning per share – basic and diluted	Rupees	0.46	0.26

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2025	2024	2025	2024	2025	2024
	Rupees					
Managerial remuneration	33,620,521	30,797,424	-	-	253,003,997	186,737,902
Meeting fee	-	-	2,185,000	18,475,000	-	-
Provident fund	3,362,052	3,079,740	-	-	25,288,814	18,673,790
House rent	15,129,234	13,858,836	-	-	227,633,959	168,064,112
Utilities	3,362,044	3,079,740	-	-	25,411,812	18,673,790
Relocation allowance	-	-	-	-	1,257,500	4,150,643
* Bonus	15,315,300	25,668,000	-	-	137,983,505	92,784,297
Car Allowances	-	-	-	-	78,190,000	89,689,129
Reimbursement of expenses	3,998,395	3,600,000	-	-	56,815,924	3,493,231
	74,787,546	80,083,740	2,185,000	18,475,000	805,585,511	582,266,894
Numbers of persons	1	1	9	9	112	70

* These represent provision for bonus expense which is subject to annual performance appraisal.

41.1 The Company also provides Chief Executive and some of its executives with company maintained cars in accordance with the Holding Company's policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Factory employees		Total employees	
	2025	2024	2025	2024
	(Number of persons)		(Number of persons)	
42 NUMBER OF EMPLOYEES				
Total number of employees at year end	295	266	494	443
Average number of employees during the year	284	262	470	437

	Capacity		Production	
	2025	2024	2025	2024
	43 CAPACITY AND PRODUCTION			
Liquid products – liters	221,312,000	221,312,000	69,124,666	67,224,579
Non – Liquid products – Kg	24,012,380	7,156,800	4,402,811	2,828,401

The actual production is according to market demand.

44 RELATED PARTY TRANSACTIONS

Related parties comprise of Parent Company, subsidiaries and associates of the Ultimate Parent Company, directors, entities under common directorship, post-employment benefit plans, and key management personnel. Relevant balances are disclosed in the relevant notes in these consolidated financial statements and the remuneration of the Chief Executive Officer and directors is disclosed separately in Note 41. The Group maintains transactions and balances with related parties in the normal course of business on mutually agreed terms and conditions. Significant transactions with related parties are as follows:

Name of related party	Relationship	Nature of transactions	2025	2024
			Rupees	Rupees
Fauji Fertilizer Company Limited	Parent Company (Shareholding and common directorship)	Professional fee charged by related party	-	22,000
		Expense of IT facilities charged by related party	6,254,404	21,736,869
		SAP Rise fee charged by related party	40,781,451	-
		Expense charged to related party for special purpose audit	-	5,231,380
		Purchase of Fertilizer	-	105,376,039
		Sale of goods to related party	29,529,340	-
		Fauji Foundation	Ultimate Parent Company (Shareholding and common directorship)	Management shared services charged by related party
Director training fee charged by related party	-			403,125
Advance leadership program expense charge by related party	-			5,880,000
Consultancy expense for acquisition transactions charge by related party	-			7,369,941
Miscellaneous expense charged to related party				

Name of related party	Relationship	Nature of transactions	2025	2024
			Rupees	Rupees
		by the Holding Company	4,738,623	1,002,007
		Miscellaneous expense charged by related party	545,664	–
		Lease liability expense against right-of-use of asset	17,606,400	32,384,000
		Flood relief activity charged to related party	30,044,032	–
		Interest Income charged to related party	17,947,348	–
		Legal and professional fee charged by related party	2,167,905	–
		Sale of goods to related party	11,360,210	–
Sona Welfare Foundation	Associated Undertaking (Common directorship)	Sale of goods to related party	236,205,367	–
Fauji Fresh n Freeze Limited	Associated Undertaking (Common directorship)	Sale of goods to related party	17,552,900	18,648,000
		Management shared services and shared office cost charged to related party	167,047,439	7,220,246
Fauji Meat Limited	Associated Undertaking (Common directorship)	Management shared services charged to related party	4,240,166	–
FonGrow (Private) Limited	Associated Undertaking (Common directorship)	Management shared services and shared office cost charged to related party	16,169,047	–
Fauji Cement Company Limited	Associated Undertaking (Common directorship)	Sale of goods to related party	1,360,175	–
Foundation Gas	Associated Undertaking (Common directorship)	Purchase of LPG	16,242,850	21,085,625
FFC Energy Limited	Associated Undertaking (Common directorship)	Fair valuation of intangibles consultancy fee charged to related party	–	2,676,100
Foundation Solar Energy (Private) Limited	Associated Undertaking (Common directorship)	Purchase of solar panel	7,284,000	–
Askari Bank Limited	Associated Undertaking (Common directorship)	Finance cost on lease charged by related party	9,082,955	5,601,412
		Interest income on saving accounts	107,128,460	130,286,930
		Interest income on TDRs	149,097,603	319,008,170
		Sale of goods to related party	15,126,945	–

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Name of related party	Relationship	Nature of transactions	2025	2024
			Rupees	Rupees
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the year	110,880,099	82,553,478
Employee's Gratuity Fund Trust	Post employee benefit plan	Contribution for the year	30,275,522	18,487,242
Directors		Meeting fee	2,185,000	18,475,000
Key Management Personnel		Remuneration and benefits	198,803,934	160,715,542

44.1 Associated Companies / related parties percentage of shareholding has been disclosed in note 5.2.1

45 FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

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

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

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

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

The Group's exposure to financial risk, the way these risks affects the financial position and performance and the manner in which such risks are managed are explained in the given notes.

45.2 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Group is exposed to currency, interest rate and other price risk.

45.2.1 Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. This exist due to the Group's exposure resulting from outstanding import payments and foreign commercial transactions.

The Group is exposed to exchange risk arising from currency exposures mainly with respect to the Euro and US Dollar on import of raw material, packing material and stores and spares. Currently, the Group's foreign exchange risk exposure is restricted to the amounts payable to the foreign entities. The Group's is exposed to foreign exchange risk as at December 31, 2025, as it has financial instruments denominated in currency other than the functional currency of the Group.

A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

As of the reporting date, the Group has no outstanding foreign currency denominated liabilities. Consequently, there is no immediate impact on the profit before tax. However, the Group maintains commitments as disclosed in note 19.2 which are foreign currency denominated, which may expose the Group to future exchange rate fluctuations upon settlement in the future period.

45.2.2 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. As at December 31, 2025, the Group is exposed to equity price risk arising from conversion option embedded in loan from Ultimate Parent Company, which allows the lender to convert the outstanding balance into the ordinary shares of the Group under certain conditions. Management has assessed the fair value of this conversion option and concluded that the associated risk is not material at the reporting date.

45.2.3 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's interest rate risk arise from short and long-term borrowings and obligations under finance lease. As at December 31, 2025, the Group is exposed to interest rate risk only due to obligation under finance lease as the Group has repaid all of its short and long term borrowings apart from loan from Ultimate Parent Company. Sensitivity to interest rate risk arises from mismatch of financial assets and liabilities that mature or reprice in a given period. The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

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At the year end, the interest rate profile of the Group's interest bearing financial instruments is as follows:

	2025	2024	2025	2024
	Effective rate		Rupees	Rupees
Financial assets				
Fixed rate instruments				
Saving accounts	7.50% to 11.00%	13.50% to 20.50%	1,738,684,723	168,270,455
Term Deposit Receipts	10.50% to 16.20%	16.20% to 22.50%	2,450,000,000	2,700,000,000
Total exposure			4,188,684,723	2,868,270,455
Financial liabilities				
Fixed rate instruments				
Lease liabilities	10.93% to 22.71%	13.59% to 22.71%	200,645,762	194,379,396
Variable rate instruments				
Lease liabilities	10.93% to 22.71%	13.59% to 22.71%	224,478,405	82,253,687

The Group is not exposed to interest rate risk on its fixed rate instruments as the Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

The loans payable to the Ultimate Parent Company as disclosed in note 17 to the financial statements have a grace period mutually extendable before the markup will be charged and accordingly do not carry any interest rate exposure as of the reporting date.

Cash flow sensitivity analysis for variable rate instruments

At December 31, 2025, if interest rate on variable rate financial instruments has been 5% higher / lower with all other variables held constant, profit before tax for the year would have been Rs. 11.22 million (2024: Rs. 0.59 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

45.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to discharge its contractual obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables), deposits, advances, loans, interest accrued, short term investments, other receivables and from its financing activities including deposits with banks.

45.4 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2025	2024
		Rupees	Rupees
Financial assets at amortized cost			
Security deposits	22 & 27	257,863,227	154,101,089
Trade receivables from contracts with customers	25	2,136,541,919	1,804,918,876
Due from employees	26	9,857,394	7,869,938
Other receivables	27	452,382,232	294,248,462
Accrued interest	28	150,680,360	323,041,105
Cash and bank balances	30	1,870,981,359	308,893,639
Term Deposit Receipts (TDRs)	30	2,450,000,000	2,700,000,000
		7,328,306,491	5,593,073,109

Geographically there is no concentration of credit risk. The maximum exposure to credit risk for trade debts at the reporting date are with dealers within the country.

Counter parties without external credit ratings

Trade receivables from contracts with customers

These mainly include customers which are counter parties to trade debts. As explained in note 3.14, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Trade debts are written off when there is no reasonable expectation of recovery. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group does not hold collateral as security. The aging of trade debts excluding related party balances at the reporting date is as follows:

	Gross carrying amount	Loss allowance	Expected credit loss rate (%)
	Rupees		
December 31, 2025			
Not past due	1,354,273,194	2,131,902	0.16%
0–30 days	604,722,110	2,225,245	0.37%
31–60 Days	62,120,917	501,468	0.81%
61–90 Days	74,085,400	2,774,062	3.74%
Above 90 Days	41,340,298	4,415,875	10.68%
December 31, 2024			
Not past due	553,195,683	1,473,041	0.27%
0–30 days	608,404,076	1,226,018	0.20%
31–60 Days	428,813,700	1,210,071	0.28%
61–90 Days	151,035,058	874,507	0.58%
Above 90 Days	63,470,359	14,203,013	22.38%

The aging of trade debts of related party balances at the reporting date is as follows:

	2025	2024
	Rupees	Rupees
0–30 days	12,420,272	–
31–60 Days	–	1,890,000
61–90 Days	551,277	–
Above 90 Days	–	–
	12,971,549	1,890,000

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Security deposits, other receivables and due from employees

The Group has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for. The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

45.5 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers and Utility Companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

Counter parties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, TDRs and interest accrued. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

Institutions	Rating		Rating Agency	2025	2024
	Short term	Long term		Rupees	Rupees
Bank balances and TDRs					
National Bank of Pakistan	AAA	A1+	PACRA	72,326,989	129,419
United Bank Limited	AAA	A-1+	JCR-VIS	472,860	430,000
Askari Bank Limited	AA+	A1+	PACRA	653,520,350	2,754,865,378
JS Bank Limited	AA	A1+	PACRA	433	420
Bank Alfalah Limited	AAA	A1+	PACRA	409,272,460	579
MCB Bank Limited	AAA	A1+	PACRA	20,142,879	1,578,073
Habib Bank Limited	AAA	A1+	JCR-VIS	1,457,142	-
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	561,424,097	1,500
Faysal Bank Limited	AA	A1+	PACRA	521	27,608
Bank Al-Habib Limited	AAA	A1+	PACRA	6,894	7,259
Soneri Bank Limited	AA-	A1+	PACRA	27,021	14,749
The Bank of Punjab	AA+	A1+	PACRA	2,602,329,713	251,819,514
Al Baraka Bank Limited	AA-	A1	JCR-VIS	-	19,140
				4,320,981,359	3,008,893,639
Interest accrued on term deposit receipts (TDRs)					
Askari Bank Limited	AA+	A1+	PACRA	-	310,871,277
The Bank of Punjab	AA+	A1+	PACRA	150,680,360	12,169,828
				150,680,360	323,041,105

45.6 Concentration of credit risk

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

45.7 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Group finances its operations through equity, borrowings and working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Group's finance department aims at maintaining flexibility in funding by keeping regular committed credit lines available. The management uses different methods which assists it in monitoring cash flow requirements and optimizing the return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains an unavailed lines of credit.

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

	Carrying amount	Contractual cash flows	Up to 1 year	Between 2 to 5 years	More than 5 years
Rupees					
At December 31, 2025					
Lease liabilities	425,124,167	761,152,491	134,069,749	425,183,493	201,899,249
Trade and other payables	2,874,011,411	2,874,011,411	2,874,011,411	-	-
Accrued finance cost	-	-	-	-	-
Loans payable to Ultimate Parent Company	5,908,554,693	5,908,554,693	5,908,554,693	-	-
	9,207,690,271	9,543,718,595	8,916,635,853	425,183,493	201,899,249
At December 31, 2024					
Lease liabilities	276,633,083	591,528,582	63,860,492	314,821,732	212,846,358
Trade and other payables	2,383,146,704	2,383,146,704	2,383,146,704	-	-
Accrued finance cost	4,058,746	4,058,746	4,058,746	-	-
Loans payable to Ultimate Parent Company	5,908,554,693	5,908,554,693	5,908,554,693	-	-
	8,572,393,226	8,887,288,725	8,359,620,635	314,821,732	212,846,358

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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

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46 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

46.1 Fair value hierarchy

	Level 1	2025 Level 2	Level 3
	Rupees		
Assets measured at fair value			
Revalued Property plant and equipment			
Freehold land	–	781,625,000	–
Buildings on freehold land	–	–	1,067,202,992
Plant and machinery	–	–	5,834,709,100
Electric and gas installations	–	–	269,230,392
Other works equipment	–	–	253,900,383
	–	781,625,000	7,425,042,867

	Level 1	2024 Level 2	Level 3
Rupees			
Assets measured at fair value			
Revalued Property plant and equipment			
Freehold land	–	781,625,000	–
Buildings on freehold land	–	–	1,107,851,505
Plant and machinery	–	–	6,195,962,020
Electric and gas installations	–	–	215,774,985
Other works equipment	–	–	220,333,159
	–	781,625,000	7,739,921,669

Movements of the above mentioned assets have been disclosed in note 20.1, respectively to these consolidated financial statements. There were no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

46.2 Valuation techniques used to derive level 2 and level 3 fair values

The Group obtains independent valuations for its certain classes of property, plant and equipment (more particularly described below) at least every three years. At the end of each reporting year, the management updates its assessment of the fair value of each asset mentioned above, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 2 fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot. Level 3 fair value of building on freehold land has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value. Level 3 fair value of plant and machinery, electric and gas installations and other work equipments has been determined using a depreciated replacement cost approach, whereby, the current replacement cost of items of similar make/origin, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear.

Description	2025 Rupees	2024 Rupees	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Revalued Property plant and equipment				
Buildings on freehold land	1,067,202,992	1,107,851,505	Cost of construction of a new similar building. Suitable depreciation rate to arrive at depreciated replacement value.	The market value has been determined by using a suitable depreciation factor on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.

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Description	2025 Rupees	2024 Rupees	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Plant and machinery	5,834,709,100	6,195,962,020	<p>Cost of acquisition of similar plant and machinery with similar level of technology.</p> <p>Suitable depreciation rate to arrive at depreciated replacement value.</p>	<p>The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of plant and machinery. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.</p>
Electric and gas installations	269,230,392	215,774,985	<p>Cost of acquisition of similar electric installations with similar level of technology.</p> <p>Suitable depreciation rate to arrive at depreciated replacement value.</p>	<p>The market value has been determined by using cost of acquisition of similar electric installations with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of electric installations. The higher the cost of acquisition of similar electric installations, higher the fair value of tools and equipment. Further, higher the depreciation rate, the lower the fair value of electric installations.</p>
Other works equipment	253,900,383	220,333,159	<p>Cost of acquisition of similar electric installations with similar level of technology.</p> <p>Suitable depreciation rate to arrive at depreciated replacement value.</p>	<p>The market value has been determined by using cost of acquisition of similar equipments with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of electric installations. The higher the cost of acquisition of similar works equipments, higher the fair value of tools and equipment. Further, higher the depreciation rate, the lower the fair value of other works equipments.</p>

46.3 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities. Fair value of the financial assets and liabilities 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 Group's financial assets consist of loans and advances, short term deposits and investments, interest accrued, trade and other receivables and cash and bank balances. Its financial liabilities consist of lease liabilities, short term borrowings repayable on demand, loans repayable on demand, trade and other payables (excluding statutory payables), and accrued finance cost. The above financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management assessed that fair value of loans and advances, short term deposits and investments, interest accrued, trade and other receivables, cash and bank balances, trade and other payables and accrued finance cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

47 CAPITAL RISK MANAGEMENT

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

The Group's objectives when managing capital are:

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

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

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

The Group monitors capital using a net gearing ratio, which is net debt divided by total capital employed. The Group includes within net debt, lease liabilities, interest bearing loans and borrowings, and accrued markup.

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	Note	2025	2024
		Rupees	Rupees
Net Gearing ratio			
Lease liabilities	9	425,124,167	276,633,083
Loans payable to Ultimate Parent Company	17	5,908,554,693	5,908,554,693
Accrued finance cost	18	–	4,058,746
		6,333,678,860	6,189,246,522
Less:			
Cash and cash equivalents	30	(4,321,667,843)	(3,008,952,034)
Net debt	A	2,012,011,017	3,180,294,488
Total equity	B	10,657,093,668	9,514,855,491
Equity and net debt	C = A + B	12,669,104,685	12,695,149,979
Gearing ratio	D = A/C	16%	25%
48 FINANCIAL INSTRUMENTS BY CATEGORIES			
At amortized costs			
Financial assets			
Security deposits	22 & 27	257,863,227	154,101,089
Trade receivables from contracts with customers	25	2,124,493,367	1,785,932,226
Due from employees	26	9,857,394	7,869,938
Other receivables	27	452,382,232	294,248,462
Accrued interest	28	150,680,360	323,041,105
Cash and bank balances	30	1,871,667,843	308,952,034
Term Deposit Receipts (TDRs)	30	2,450,000,000	2,700,000,000
		7,316,944,423	5,574,144,854
Financial liabilities			
Loans payable to Ultimate Parent Company	17	5,908,554,693	5,908,554,693
Trade and other payables	15	2,874,011,411	2,381,146,704
Accrued finance cost	18	–	4,058,746
Lease liabilities	9	425,124,167	276,633,083
		9,207,690,271	8,570,393,226

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2025				
	Liabilities				Total
	Loans payable to Ultimate Parent Company	Accrued finance cost	Lease liabilities	Unclaimed dividend	
	Rupees				
Balance as at January 1, 2025	5,908,554,693	4,058,746	276,633,083	965,752	6,190,212,274
Cash flows					
Repayment of lease rentals	-	-	(94,845,846)	-	(94,845,846)
Finance cost paid	-	(85,806,679)	-	-	(85,806,679)
Total changes from financing cash flows	-	(85,806,679)	(94,845,846)	-	(180,652,525)
Other changes including non-cash					
Finance cost	-	81,747,933	-	-	81,747,933
Assets acquired on lease	-	-	243,336,930	-	243,336,930
Total liability related other changes	-	81,747,933	243,336,930	-	325,084,863
Closing as at December 31, 2025	5,908,554,693	-	425,124,167	965,752	6,334,644,612
	2024				
	Liabilities				Total
	Loans payable to Ultimate Parent Company	Accrued finance cost	Lease liabilities	Unclaimed dividend	
		Rupees			
Balance as at January 1, 2024	-	36,945,209	52,635,293	965,752	90,546,254
Cash flows					
Repayment of lease rentals	-	-	(67,618,719)	-	(67,618,719)
Finance cost paid	-	(87,442,369)	-	-	(87,442,369)
Total changes from financing cash flows	-	(87,442,369)	(67,618,719)	-	(155,061,088)
Other changes including non-cash					
Reclassification of share deposit money to loan	5,908,554,693	-	-	-	5,908,554,693
Finance cost	-	54,555,906	-	-	54,555,906
Assets acquired on lease	-	-	291,616,509	-	291,616,509
Total liability related other changes	5,908,554,693	54,555,906	291,616,509	-	6,254,727,108
Closing as at December 31, 2024	5,908,554,693	4,058,746	276,633,083	965,752	6,190,212,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

50 CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified wherever necessary to reflect more appropriate presentation of figures in accordance with accounting and reporting standards as applicable in Pakistan. However no significant classifications have been made except for following:

Reclassified from	Reclassified to	Rupees
Administrative expenses	Cost of revenue	
Salaries, wages and other benefits	Salaries, wages and other benefits	68,377,313
Depreciation on property, plant and equipment	Depreciation	20,762,001
Repair and maintenance	Repair and maintenance	8,060,598
Cost of revenue	Marketing and distribution expenses	
Freight and forwarding	Freight and forwarding	526,976,031
Consolidated Statement of Financial Position	Consolidated Statement of Financial Position	
Trade and other payables	Contract liabilities	299,249,089

51 DISCLOSURE REQUIREMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES

Following information has been disclosed as required under Part 1 Clause VII of the Fourth Schedule to the Companies Act, 2017 as amended via S. R. O.1278(I)/2024 dated August 15, 2024:

Description	Explanation	Note	2025 Rupees	2024 Rupees
Consolidated Statement of Financial Position				
Accrued finance cost	Accrued on conventional loans	18	–	4,058,746
Consolidated Statement of Profit or Loss				
Revenue earned for the year	Earned from shariah compliant business	31	28,886,859,208	23,404,093,663
Late payments for the year	Delay payment surcharge on payments over credit term	32.1	–	5,124,896
Source and detailed break up of other income				
Other income earned from non-financial assets (Shariah compliant) for the year	Earned from Shariah compliant transactions	35	30,119,255	41,535,012
Other income earned from financial assets (non-Shariah compliant) for the year	Earned from non-Shariah compliant transactions	35	512,047,732	504,520,402

52 DATE OF AUTHORIZATION OF ISSUE

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on January 27, 2026.

53 SUBSEQUENT EVENTS

There are no significant subsequent events requiring disclosure in the consolidated financial statements other than those already disclosed.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

PATTERN OF SHAREHOLDING

1.1 Name of the Company **FAUJI FOODS LIMITED**2.1. Pattern of holding of the shares held by the shareholders as at **31-12-2025**

2.2 Number Of Shareholders	From	Shareholding To	Total Shares Held
5487	1	100	221,932
4742	101	500	1,571,063
3276	501	1,000	2,878,503
7052	1,001	5,000	19,837,524
2499	5,001	10,000	19,918,517
961	10,001	15,000	12,363,293
684	15,001	20,000	12,636,310
459	20,001	25,000	10,790,765
289	25,001	30,000	8,227,128
179	30,001	35,000	5,943,351
173	35,001	40,000	6,705,695
108	40,001	45,000	4,672,017
269	45,001	50,000	13,296,702
96	50,001	55,000	5,081,139
72	55,001	60,000	4,217,753
43	60,001	65,000	2,730,872
51	65,001	70,000	3,512,372
53	70,001	75,000	3,879,324
47	75,001	80,000	3,709,217
29	80,001	85,000	2,401,287
32	85,001	90,000	2,834,414
16	90,001	95,000	1,487,893
134	95,001	100,000	13,368,528
22	100,001	105,000	2,260,883
17	105,001	110,000	1,843,755
12	110,001	115,000	1,357,131
21	115,001	120,000	2,497,328
18	120,001	125,000	2,235,466
11	125,001	130,000	1,409,676
8	130,001	135,000	1,064,299
12	135,001	140,000	1,666,857
7	140,001	145,000	998,660
35	145,001	150,000	5,229,278
9	150,001	155,000	1,379,589
3	155,001	160,000	479,000
9	160,001	165,000	1,471,326
10	165,001	170,000	1,682,143

PATTERN OF SHAREHOLDING

2.2 Number Of Shareholders	Shareholding From	To	Total Shares Held
9	170,001	175,000	1,563,604
6	175,001	180,000	1,079,183
7	180,001	185,000	1,283,204
6	185,001	190,000	1,126,201
4	190,001	195,000	772,501
34	195,001	200,000	6,798,599
4	200,001	205,000	811,900
1	205,001	210,000	210,000
4	210,001	215,000	848,025
3	215,001	220,000	657,785
6	220,001	225,000	1,337,243
6	225,001	230,000	1,374,500
5	230,001	235,000	1,164,750
2	235,001	240,000	474,700
5	240,001	245,000	1,214,693
18	245,001	250,000	4,494,486
2	250,001	255,000	505,990
3	255,001	260,000	775,948
1	260,001	265,000	262,000
2	265,001	270,000	537,928
7	270,001	275,000	1,917,600
1	275,001	280,000	279,592
1	280,001	285,000	281,400
1	285,001	290,000	288,615
4	290,001	295,000	1,173,447
13	295,001	300,000	3,900,000
3	300,001	305,000	903,509
4	305,001	310,000	1,228,458
3	310,001	315,000	937,185
3	315,001	320,000	950,394
1	320,001	325,000	325,000
2	325,001	330,000	659,579
2	335,001	340,000	675,992
6	345,001	350,000	2,087,370
1	350,001	355,000	354,400
1	365,001	370,000	368,000
1	370,001	375,000	375,000
1	375,001	380,000	380,000
1	380,001	385,000	383,969
1	390,001	395,000	391,305

2.2 Number Of Shareholders	Shareholding		Total Shares Held
	From	To	
3	395,001	400,000	1,200,000
1	400,001	405,000	400,072
1	405,001	410,000	405,244
3	420,001	425,000	1,275,000
1	435,001	440,000	437,000
3	445,001	450,000	1,345,500
2	465,001	470,000	940,000
1	475,001	480,000	480,000
9	495,001	500,000	4,500,000
1	515,001	520,000	518,000
2	525,001	530,000	1,056,500
2	530,001	535,000	1,067,500
1	535,001	540,000	540,000
2	545,001	550,000	1,100,000
2	555,001	560,000	1,115,572
1	565,001	570,000	567,000
1	570,001	575,000	573,000
2	575,001	580,000	1,156,731
1	580,001	585,000	584,000
3	595,001	600,000	1,800,000
1	610,001	615,000	610,666
1	630,001	635,000	635,000
2	640,001	645,000	1,288,068
1	645,001	650,000	650,000
1	655,001	660,000	659,000
1	670,001	675,000	672,000
2	680,001	685,000	1,363,745
5	695,001	700,000	3,500,000
1	700,001	705,000	700,550
1	710,001	715,000	714,000
1	715,001	720,000	719,000
1	720,001	725,000	724,711
1	745,001	750,000	750,000
1	785,001	790,000	788,796
1	790,001	795,000	793,578
2	795,001	800,000	1,600,000
1	820,001	825,000	825,000
1	830,001	835,000	834,500
1	855,001	860,000	858,770
3	870,001	875,000	2,618,543

PATTERN OF SHAREHOLDING

2.2 Number Of Shareholders	Shareholding From	To	Total Shares Held
1	895,001	900,000	900,000
1	920,001	925,000	923,337
1	945,001	950,000	947,012
7	995,001	1,000,000	7,000,000
1	1,035,001	1,040,000	1,036,816
1	1,055,001	1,060,000	1,058,700
1	1,100,001	1,105,000	1,105,000
1	1,135,001	1,140,000	1,140,000
1	1,145,001	1,150,000	1,146,050
1	1,155,001	1,160,000	1,157,000
1	1,205,001	1,210,000	1,207,900
2	1,245,001	1,250,000	2,498,323
1	1,325,001	1,330,000	1,326,729
1	1,345,001	1,350,000	1,350,000
1	1,380,001	1,385,000	1,383,000
1	1,410,001	1,415,000	1,412,091
1	1,470,001	1,475,000	1,475,000
2	1,495,001	1,500,000	3,000,000
1	1,555,001	1,560,000	1,559,016
1	1,660,001	1,665,000	1,660,500
1	1,695,001	1,700,000	1,699,285
1	1,780,001	1,785,000	1,783,500
1	1,845,001	1,850,000	1,845,784
1	1,880,001	1,885,000	1,884,151
1	1,995,001	2,000,000	2,000,000
1	2,000,001	2,005,000	2,000,597
1	2,195,001	2,200,000	2,200,000
1	2,245,001	2,250,000	2,249,598
1	2,290,001	2,295,000	2,295,000
1	2,375,001	2,380,000	2,377,000
1	2,695,001	2,700,000	2,700,000
1	2,930,001	2,935,000	2,932,130
1	3,495,001	3,500,000	3,500,000
1	4,010,001	4,015,000	4,014,414
1	4,120,001	4,125,000	4,123,285
1	4,660,001	4,665,000	4,664,496
1	4,995,001	5,000,000	5,000,000
1	7,985,001	7,990,000	7,987,302
1	7,995,001	8,000,000	8,000,000
1	10,085,001	10,090,000	10,089,879

2.2 Number Of Shareholders	Shareholding From	To	Total Shares Held
1	67,370,001	67,375,000	67,371,916
1	399,995,001	400,000,000	400,000,000
1	464,995,001	465,000,000	465,000,000
1	1,205,575,001	1,205,580,000	1,205,576,237
27,253			2,519,963,139

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	200,009	0.0079%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	2,137,948,153	84.8405%
2.3.3 NIT and ICP	258,300	0.0103%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	6,560,198	0.2603%
2.3.5 Insurance Companies	350,072	0.0139%
2.3.6 Modarabas and Mutual Funds	5,962,478	0.2366%
2.3.7 Shareholders holding 10% or more	2,070,576,237	82.1669%
2.3.8 General Public		
a. Local	335,309,784	13.3061%
b. Foreign	84,500	0.0034%
2.3.9 Others (to be specified)		
1- Investment Companies	318,000	0.0126%
2- Joint Stock Companies	30,576,238	1.2134%
3- Other Companies	2,395,407	0.0951%

سالانہ اجلاس عام:

31 دسمبر 2025 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ مالیاتی گوشواروں کی منظوری کے لیے 59 واں سالانہ اجلاس عام 13 مارچ 2026 کو دوپہر 12:00 بجے لاہور میں منعقد ہوگا۔

اظہار تشکر:

بورڈ قابل قدر شیئر ہولڈرز اور مالیاتی اداروں کا کمپنی پر اعتماد اور کمپنی کے ساتھ مسلسل تعاون کے لیے شکر گزار ہے۔ بورڈ کمپنی کے تمام ملازمین کی لگن، تہدیب اور محنت کو بھی سراہتا ہے۔

منجانب بورڈ



مہمان علیہ امجد
چیف ایگزیکٹو آفسر



لیفٹنٹ جنرل انور علی حیدر، ایچ آئی (ایم) (ریٹائرڈ)

چیئرمین

مورخہ: 27 جنوری 2026

HR&R کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹری حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	مینگٹنگز کی تعداد
جناب بشارت احمد بھٹی	4
جناب محمد ماجد منیر	2
محترمہ نوشین اختر	4
جناب یاسر الیاس خان	1
جناب مظہر عباس حسانی	0

آڈیٹرز

آڈٹ کمیٹی نے ریٹائر ہونے والے آڈیٹرز سے ایف فرگن اینڈ کمیٹی چارٹرز ڈاکومنٹس کی کمیٹی کو بیرونی آڈٹ خدمات فراہم کرنے کے لئے دوبارہ تقرری کے اہل ہونے کی بناء پر رضامندی کا جائزہ لیا۔ آڈٹ کمیٹی نے ریٹائر ہونے والے آڈیٹرز سے ایف فرگن اینڈ کمیٹی چارٹرز ڈاکومنٹس کو آئندہ سال کے لئے کمیٹی کے قانونی آڈیٹرز کے طور پر تعینات کرنے کی سفارش کی اور بورڈ نے اس سفارش کی توثیق کی ہے۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل:

31 دسمبر 2025 کو ختم ہونے والے سال کے لیے متعلقہ لیکچریز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کی پوری طرح سے تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان رپورٹ کے ساتھ منسلک ہے۔

FFL ایک پالیسی فریم ورک کی بیرونی کتا ہے جو زیادہ ماحول دوست طریقوں کے لیے موزوں ہے اور جس میں شمول اور مائع فضلہ، ہوا کے اخراج، زمینی آلودگی اور شور کے لیے ویسٹ مینجمنٹ کے مناسب طریقے اپنانے گئے ہیں۔

کارپوریٹ سماجی ذمہ داری کی مد میں کمیٹی کا مقصد منافع پیدا کرنے کے روایتی کارپوریٹ ہدف کے ساتھ ساتھ سماجی بھلائی کو بھی ترجیح دینا ہے۔

ڈائریکٹرز انتظامی اور کنٹرول نظام کے تحت کاروبار کو چلانے کی باضابطہ ذمہ داری کے تحت ہوتے ہیں، جس سے کمیٹی پر اسٹیک ہولڈرز کے یقین اور اعتماد کو تقویت ملتی ہے۔

نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کو معاوضے کی ادائیگی بورڈ کی طرف سے منظور شدہ معاوضہ پالیسی کے مطابق کی جاتی ہے۔

چھتر مین: ہر ایک بورڈ اجلاس میں شرکت کے لئے 135,000 روپے
ڈائریکٹرز: ہر ایک بورڈ اور کمیٹی اجلاس میں شرکت کے لئے 130,000 روپے

ڈیویڈنڈ:

بورڈ نے سال کے دوران کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

نام	خرید کردہ	فروخت شدہ
1. جناب جہانگیر پراچہ (ڈائریکٹر) Off مارکیٹ کے ذریعے مادی عام شیئرز خریدے گئے	1	Nil
2. جناب وسیم حیدر (چیف فنانشل آفیسر) CDC کے ذریعے عام شیئرز خریدے گئے	5,000	Nil

سال 2025 کے دوران بورڈ آف ڈائریکٹرز/کمیٹیوں کے اجلاس:

بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹری حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	مینگٹنگز کی تعداد
لیٹیف جنرل انور علی حیدر، ایچ آئی (ایم) (ریٹائرڈ) 26 نومبر 2024 کو دوبارہ منتخب ہوئے	5
لیٹیف جنرل علی عامر اعوان، ایچ آئی (ایم) (ریٹائرڈ) 26 نومبر 2024 کو دوبارہ منتخب ہوئے	5
سید بختیار کاظمی 26 نومبر 2024 کو دوبارہ منتخب ہوئے	5
جناب محمد ماجد منیر 17 ستمبر 2025 کو مقرر کئے گئے	2
جناب جہانگیر پراچہ 21 مارچ 2025 کو مقرر کئے گئے	3
محترمہ نوشین اختر 26 نومبر 2024 کو دوبارہ منتخب ہو گئے	4
جناب بشارت احمد بھٹی، (آزاد) 26 نومبر 2024 کو دوبارہ منتخب ہوئے	5
جناب جاوید قریشی، (آزاد) 26 نومبر 2024 کو دوبارہ منتخب ہوئے	5
جناب یاسر الیاس خان، (آزاد) 26 نومبر 2024 کو منتخب ہوئے	3
جناب عارف الرحمن 18 مارچ 2025 کو مستعفی ہو گئے	1
جناب مظہر عباس حسانی 24 جون 2025 کو مستعفی ہو گئے	2

آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹری حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	مینگٹنگز کی تعداد
جناب جاوید قریشی	5
سید بختیار کاظمی	4
جناب محمد ماجد منیر	1
جناب بشارت احمد بھٹی	5
جناب مظہر عباس حسانی	0

حصص کے مالک:	ملکیتی حصص کی تعداد	فیصد
I		
1	1,205,576,237	47.8410
2	67,371,916	2.6735
3	465,000,000	18.4527
4	400,000,000	15.8732
II		
1	71,500	0.0028
2	183,600	0.0073
3	250,000	0.0099
4	67,969	0.0027
5	3,825	0.0002
6	858,770	0.0341
7	947,012	0.0376
8	650,000	0.0258
9	15,000	0.0006
10	400,072	0.0159
11	1,248,323	0.0495
12	1,600	0.0001
13	923,337	0.0366
14	241,470	0.0096
III		
1	1	0.0000
2	1	0.0000
3	200,000	0.0079
4	1	0.0000
5	1	0.0000
6	1	0.0000
7	1	0.0000
8	1	0.0000
9	1	0.0000
10	1	0.0000
IV	5,000	0.0002
V	-	-
VI	7,010,270	0.2782
VII		
1	1,205,576,237	47.8410
2	465,000,000	18.4527
3	400,000,000	15.8732

31 دسمبر 2025 کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ای او، ای ایف او، کمپنی بکریٹری اور ان کی شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے حصص کی تجارت کی تفصیل۔

اپنے وژن “ہم ہر اس چیز میں پاکستان کی صلاحیتوں کو اجاگر کرتے ہیں جس سے ہم وابستہ ہوتے ہیں” سے رہنمائی حاصل کرتے ہوئے، ایف ایف ایل قومی اور بین الاقوامی سطح پر ہم آہنگ ہونے والی ایک شاندار روایت قائم کرنے کے لیے نئے عزم ہے۔

کھپنی کو درپیش اصل خطرات اور غیر یقینی صورتحال

مالی سال 2026 کے لیے کھپنی کو درپیش خطرات مجموعی طور پر پاکستان کے وسیع تر سیٹھ کے مطابق ہیں، تاہم بعض معاشی اور صنعت سے متعلق دباؤ تبدیلیاں آئی ہیں۔ اہم چیلنجز میں جتنا صارف رویتہ کے اثرات، خام مال کی قیمتوں میں اتار چڑھاؤ، موسمیاتی تبدیلی کے واقعات (بالخصوص سیلاب)، اور غیر رسمی شعبے کو فروغ دینے والی زیادہ یکسیشن کے باعث مساوی مسابقتی ماحول کی عدم دستیابی شامل ہیں۔

ایک شدہ دودھ پر %18 بی ایس ٹی کے نفاذ سے بدستور نمایاں مارکیٹ رسک لاحق ہے، جو صارفین کی قوت خرید کو متاثر کرتا ہے اور طلب کو غیر رسمی، غیر منظم شعبے کی طرف منتقل کرتا ہے، جس کے نتیجے میں رسمی صنعت کے حجم اور ترقی کی صلاحیت دباؤ کا شکار ہو جاتی ہے۔ مجموعی افراط زر میں ترقی کے باوجود بلند پیداواری لاگت، عالمی سطح پر اجناس کی قیمتوں میں کمی آنے اور جغرافیائی سیاسی عدم استحکام کے باعث سپلائی چین سے متعلق چیلنجز، صحت مند آپریٹنگ مارجنز کو برقرار رکھنے کے لیے ایک اہم مسئلہ بنے ہوئے ہیں۔ اس شعبہ کو بدستور ناقص سپلائی چینز، مقامی نسلوں سے دودھ کی کم پیداوار، اور ناکافی کالڈ چین انفراسٹرکچر جیسے مسائل درپیش ہیں۔ موسمیاتی تبدیلی سے منسلک غیر متوقع موسمی واقعات (سیلاب، خشک سالی) کے باعث موسمیاتی و ماحولیاتی خطرات مویشیوں کی صحت، دودھ کی پیداوار اور سپلائی چین کے استحکام کے لیے مادی خطرہ پیش کرتے ہیں۔

انتظامیہ ان خطرات کا مسلسل جائزہ لینے اور ان سے نمٹنے کے لیے مضبوط کاروباری اور رسک منجمنٹ فریم ورک استعمال کرتی ہے۔ ممکنہ اثرات کو کم سے کم کرنے کے لیے مناسب حکمت عملیوں اور ہنگامی منصوبوں کا باقاعدگی سے جائزہ لیا جاتا ہے۔ نظریاتی شدہ مالی گوشواروں کے نوٹس برائے کئی جنسیز اور کٹ منٹس میں افشاء کیے گئے امور کے علاوہ، کھپنی کے کاروبار اور آپریٹنگ کوئی دیگر نمایاں خطرات اور غیر یقینی صورت حال موجود نہیں ہے۔

متعلقہ فریقوں کے ساتھ لین دین

کھپنی نے متعلقہ فریقوں کے ساتھ قابل رسائی بنیاد پر لین دین کیا ہے اور متعلقہ فریقوں کی طرف سے واجب الادا رقم، جن کو متعلقہ ہیڈز کے تحت ظاہر کیا گیا ہے۔ مالی گوشواروں میں ظاہر کیے گئے کے سوائے، متعلقہ فریقوں کے ساتھ کوئی اور لین دین نہیں کیا گیا۔

پائیداری:

قومی فوڈ ریلیف (ایف ایف ایل) میں، ہم اپنی سماجی ذمہ داری کے حصے کے طور پر کمیونٹی پر مثبت اثر پیدا کرنے پر یقین رکھتے ہیں۔ پروڈیکٹ GRIDD (گراس روٹ آئیٹمی وائز ڈیری ڈویلپمنٹ) کے ذریعے، ہم چھوٹے پیمانے پر دیہی کسانوں کے ساتھ مل کر کام کرتے ہیں، تاکہ انہیں مویشیوں کی نسلوں کو بہتر بنانے کے لیے معیاری زرعی ان پٹس، ویکسی نیشن اور جدید آلات جیسے ضروری وسائل تک سستی رسائی فراہم کی جاسکے۔ ان کوششوں کا مقصد زرعی اور گوشت کی پیداوار کو بڑھانا، معیشت کو بہتر بنانا اور غربت کا مقابلہ کرنا ہے۔ چھوٹے کاشتکاروں کو بااختیار بنا کر ہم پاکستان کی حقیقی زرعی صلاحیت کو بروئے کار لاکر، پائیدار دیہی ترقی میں اپنا حصہ ڈال رہے ہیں اور جامع اقتصادی ترقی کو فروغ دے رہے ہیں۔

ماحولیاتی سرپرستی ایف ایف ایل کی سرگرمیوں کا اہم مرکز ہے۔ کلین توانائی کو فروغ دینے کے لئے، ہم نے اپنے پلانٹ میں 1 میگا واٹ سٹی توانائی کا نظام اور بائیو ماس پرجنی بائیو فیول بوائلر نصب کیا ہے، جس سے فوسل ایندھن پر ہمارے انحصار کو نمایاں طور پر کم کیا ہے۔ ہمارے کلوز ڈیولپ ری سائیکلنگ نقطہ نظر کے مطابق، ہم کھاد کے جزوی تبادلے کے طور پر بائیو فیول بوائلرز سے راکھ کو دوبارہ استعمال، پائیدار کاشتکاری کے طریقوں کی حمایت اور فضلے کو کم سے کم کرتے ہیں۔ یہ اقدامات ہمارے کاربن کے اخراج کو کم کرنے اور ایک

گروشی معیشت کو آگے بڑھانے کے ہمارے عزم کو اجاگر کرتے ہیں، کیونکہ ہم آنے والی نسلوں کے لئے ایک سرسبز اور زیادہ پائیدار مستقبل تخلیق کرنے کے لئے پاکستان کے وعدہ کو عملی جامہ پہنانے کے لئے کوشاں ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل

1- ڈائریکٹرز بشمول CEO کی کل تعداد:	
(a) مرد:	9
(b) خواتین:	1

2- تشکیل:	
i نان ایگزیکٹو ڈائریکٹرز	5
ii آزاد ڈائریکٹرز	3
iii ایگزیکٹو ڈائریکٹرز	1
iv چیف ایگزیکٹو آفیسر	1

3- بورڈ کے ممبران معان کی ترتیب درج ذیل ہیں:	
i نان ایگزیکٹو ڈائریکٹرز	لیٹینینٹ جنرل انور علی حیدر، ایچ آئی (ایم) (ریٹائرڈ) (چیئرمین) سید بخش کارگلی جناب محمد ماجد منیر جناب جہانگیر پراچہ جناب مہر بخشین اختر
ii آزاد ڈائریکٹرز	جناب بشارت احمد بھٹی جناب جاوید قریشی جناب یاسر الیاس خان
iii ایگزیکٹو ڈائریکٹرز	لیٹینینٹ جنرل علی عامر اعوان، ایچ آئی (ایم) (ریٹائرڈ)
iv چیف ایگزیکٹو آفیسر	جناب عثمان ظہیر احمد

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کھپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات اس کے امور، آپریٹنگ نتائج، نقدی بہاؤ اور ایکٹیوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کھپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور آئیندہ اندیشوں پر مبنی ہیں، سوائے جن کا مالی گوشواروں میں انکشاف کیا گیا ہے۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کھپنی کے گولنگ کسٹرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- گیس، ڈیولپمنٹ، لیون اور دیگر چارجز کی مدتوں کوئی قانونی ادائیگی واجب الادا نہیں ہے جو 31 دسمبر 2025 کو بقایا ہوں، سوائے ان کے جن کا مالی گوشواروں میں انکشاف کیا گیا ہے۔
- بورڈ نے آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کی معاوضہ پالیسی کی منظوری دی ہے۔
- نمونہ حصص داری اور نمونہ حصص داری کی بابت اضافی معلومات اس سالانہ رپورٹ میں شامل ہیں۔

REVENUE

PKR Mn



GROSS PROFIT

PKR Mn



PROFIT AFTER TAX

PKR Mn



آپریٹیشنل کارکردگی

ہماری بنیادی حکمت عملی لاگت میں کمی اور کارکردگی کے فروغ پر مرکوز ہے، جس کے لیے ویڈیو چین کے تمام مراحل میں لین ٹیکنجٹ کے اصول اپنائے جا رہے ہیں۔ اس ضمنی سوچ اور ثقافتی تبدیلی کے نتیجے میں سٹرا آپریشنز، پیپر اور، اور سپلائی چین کی خریداری ولاٹیکس کے شعبوں میں نمایاں لاگت فوائد پہلے ہی حاصل ہو چکے ہیں۔

مالی سال 2026 کی جانب بڑھتے ہوئے، ہماری ڈیری، سیریلز اور پاستا کے کاروباری ستونوں کے درمیان ہم آہنگی، طاقتور کارنو بیرو آف اسکیل کے ساتھ مل کر ترقی کے اہم محرک ثابت ہوگی۔

مستقبل کا نقطہ نظر

2025 میں، فوڈی فوڈز (ایف ایف ایل) نے ایک مخصوص ڈیری کمپنی سے کثیر کمیٹری کنزیومر پاور ہاؤس میں اپنی تجدیدی مکمل کی۔ سیریلز اور پاستا میں توسیع کے ذریعے، ہم اب صارف کی روزمرہ کی گروسری باسکٹ اور ناشتے کی میز پر نمایاں موجودگی حاصل کر چکے ہیں، اور پورے پاکستان میں معیاری فوڈ برانڈز کے لیے ایک ترجیحی انتخاب بن چکے ہیں۔

ٹرن اراؤنڈ مرحلے سے جارحانہ مجموعی سوچ کی جانب پیش قدمی کرتے ہوئے، مالی سال 2026 کے لیے ہماری حکمت عملی درج ذیل ستونوں پر مبنی ہے:

پورٹ فولیو ہم آہنگی اور پیمانہ: ہم اپنی ڈیری، سیریلز اور پاستا پورٹ فولیو کی مشترکہ طاقت سے آپریٹیشنل کارکردگی اور برانڈ کی بالادستی کو فروغ دے رہے ہیں۔

صارفین کے ساتھ کامیابی: ہم تمام کنزیومر ٹچ پوائنٹس پر براڈ ایکسیٹیو میں پھر پورے سرمایہ کاری کر رہے ہیں، اعلیٰ ڈائنٹے کا واضح پیغام پہنچاتے ہوئے اور متعدد کھانوں کے مواقع پر اپنی موجودگی قائم کر رہے ہیں۔

مارکیٹ میں بنیادی عوامل پر توجہ: مخصوص چینل پروگراموں اور سبب ضرورت روٹ مارکیٹ حکمت عملی کے ذریعے نمو حاصل کی جائے گی، جو نوٹراؤنڈ میجرز عمل درآمد کے لیے جدید ڈیجیٹلائزیشن سے فائدہ اٹھاتی ہے۔

مارجن میں اضافہ کرنے والی جدت: زیادہ قدر والی مصنوعات پر ہماری توجہ کے مطابق، پریٹیم پیکیجنگس کا اجراء، بالخصوص برآمد کے لیے بیٹیس اور اونٹنی کے دودھ کی لائچنگ، ایف ایف ایل کی مالی کارکردگی اور سرمایہ کاری کی آمدنی میں تیزی لانے کے لیے تیار ہے۔

پائیدار ترقی: ویڈیو ڈیویڈ پورٹ فولیو کی جانب ہماری منتقلی، برانڈز میں سرمایہ کاری اور آپریٹیشنل کارکردگی پر مسلسل توجہ، ایف ایف ایل کی طویل مدتی پائیداری اور منافعیت کو یقینی بناتی ہے۔

اقتصادی جائزہ

مالی سال 2025 میں پاکستان کی معیشت بحران سے نکل کر استحکام اور ابتدائی بحالی کی جانب منتقل ہوئی، جس کی نمایاں خصوصیات میں افراط زر میں نمایاں کمی، کرنٹ اکاؤنٹ سرپلس اور انسٹاک مارکیٹ کی مضبوط کارکردگی شامل ہیں، تاہم زیادہ عوامی ترسوں جیسے چیلنجز برقرار رہے۔ سال کے دوران افراط زر میں تیزی سے کمی واقع ہوئی اور یہ تقریباً 4 فیصد تک آ گیا، جو گزشتہ سال کی سطح کے مقابلے میں نمایاں طور پر کم ہے۔ اگرچہ عالمی اجناس کی قیمتیں اور علاقائی کشیدگیاں تشویش کا باعث رہیں، تاہم حکومت نے ساختی اصلاحات کے ذریعے مالی نظم و ضبط برقرار رکھا۔ جی ڈی پی کی شرح نمو میں معتدل بحالی دیکھی گئی اور مالی سال 2025 میں یہ تقریباً 3.0 فیصد تک پہنچ گئی۔ کرنٹ اکاؤنٹ نے 14 سال بعد پہلی مرتبہ سرپلس ریکارڈ کیا، جو جون تک 1.9 ارب ڈالر تک پہنچ گیا، جس میں ریکارڈڈ ترسیلات زر کا اہم کردار رہا۔ پاکستان انسٹاک ایکسچینج (PSX) نے غیر معمولی منافع فراہم کیا اور اپنی تیزی برقرار رکھتے ہوئے سال کے اختتام پر تقریباً 174,000 پوائنٹس پر بند ہوئی۔ مستحکم شرح مبادلہ اور ملک کی خود مختار کریڈٹ ریٹنگ میں بہتری کے باعث سرمایہ کاروں کا اعتماد مزید مضبوط ہوا۔ مالی سال کے دوران براہ راست غیر ملکی سرمایہ کاری (FDI) میں بہتری آئی، جس میں بنیادی ڈھانچہ توانائی اور مالیاتی خدمات کے شعبوں میں رہی۔ نمایاں ڈس انفلیشن کے ردعمل میں اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ میں جارحانہ کمی کی اور سال کے اختتام تک پالیسی ریٹ 10.5 فیصد تک لے آیا۔

مالی سال 2025 کی معاشی کارکردگی کو "طوفان کے بعد سکون" کے منظر نامہ سے تعبیر کیا جا سکتا ہے، جہاں استحکامی اقدامات کے ثمرات سامنے آئے۔ حکومت اور اسٹیٹ بینک کی مالی اور زرعی پالیسیوں میں ہم آہنگی، تیز آنی ایم ایف کی معاونت، معیشت کو سہارا دینے میں کلیدی ثابت ہوئیں۔ ان کامیابیوں کے باوجود، معیشت کو طویل مدتی چیلنجز درپیش ہیں، جن میں زیادہ عوامی ترس اور تجارتی خسارہ کو مکمل طور پر پورا کرنے کے لیے مسلسل اصلاحات کی ضرورت شامل ہے۔

2026 کی جانب بڑھتے ہوئے حکومت کی توجہ استحکام سے ہٹ کر عوامی برآمدات کے فروغ کی طرف منتقل ہو گئی ہے۔ تاہم مالی سال 2026 کے لیے منظر نامہ بعض چیلنجز کے باعث محتاط ہے، جن میں حالیہ سیلابوں کے زرعی شعبے پر نمایاں اثرات اور برصغیر میں ہونے والی برآمدات کے باعث تجارتی خسارہ میں اضافہ شامل ہیں، جو پائیدار طویل مدتی نمو کے لیے مسلسل ساختی اصلاحات کے متقاضی ہیں۔

کاروباری جائزہ

مالی سال 2025 میں فوڈی فوڈز لمیٹڈ (FFL) نے ٹرن اراؤنڈ مرحلے سے نمو کے مرحلے میں قدم رکھا۔ ایف ایف ایل نے 2025 میں اپنی لاگت میں کمی اور منافع میں اضافہ پر مرکوز حکمت عملی پر عمل درآمد جاری رکھا، جس کے نتیجے میں یہ پاکستان کے غذائی شعبے میں ایک نمایاں قوت کے طور پر ابھری ہے۔ کمپنی نے ایک مشکل کاروباری ماحول میں کامیابی سے راستہ بنایا، جہاں کمپت میں کمی، مارکیٹ میں محتاط رویہ اور بیک شدہ دودھ پر جنرل بیلنگس (GST) کے نفاذ کے مسلسل اثرات موجود تھے۔

کاروبار نے اب تک کی بلند ترین سیریلز پورٹ فولیو فراہم کی، جو مجموعی کاروباری چیلنجز کے باوجود 28.89 بلین روپے تک پہنچ گئی، جو 2024 کے مقابلے میں 23.4 فیصد اضافہ ہے۔ چینل اور منافع میں اضافہ والے پورٹ فولیو پر مسلسل توجہ اور لاگت میں کمی نے مجموعی منافع کو 2024 میں 4.09 بلین روپے سے بڑھا کر 2025 میں 4.98 بلین روپے تک پہنچانے میں اہم کردار ادا کیا، جو 21.62 فیصد اضافہ ہے۔ یہ کمپنی کے لیے ایک تاریخی سال ثابت ہوا، جس میں بعد از ٹیکس منافع (PAT) کی بلند ترین سطح 1.15 بلین روپے ریکارڈ کی گئی، جبکہ گزشتہ سال (SPLY) کا 0.66 PAT بلین روپے تھا۔

پاکستانی روپے بلین میں	2024	2025	اضافہ (کی) %
خالص آمدنی	23,404	28,887	23.43%
مجموعی منافع	4,094	4,979	21.62%
بعد از ٹیکس منافع	656	1,154	75.82%

3- فزیکل شیئرز رکھنے والے ممبران کو ہدایت کی جاتی ہے کہ وہ اپنے رجسٹرڈ ایڈریس میں کسی تبدیلی کی اطلاع دیں اور جن شیئرز ہولڈرز نے ابھی تک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فونو کاپیاں جمع نہیں کرائی ہیں ان سے درخواست کی جاتی ہے کہ وہ جلد از جلد ارسال کر دیں۔

4- شیئرز ہولڈرز جو سالانہ رپورٹس اور اجلاس عام کے نوٹس ای میل کے ذریعے وصول کرنا چاہتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ اپنے باقاعدہ دستخط شدہ لیٹر کے ذریعے، اپنی تفصیلات، یعنی نام، فوئیو ای ڈی سی اکاؤنٹ نمبر، ای میل ایڈریس، رابطہ نمبر، CNIC نمبر (کاپی منسلک کریں) فراہم کریں۔ شیئرز ہولڈرز سے یہ بھی درخواست کی جاتی ہے کہ وہ اپنے ای میل ایڈریس میں کسی تبدیلی کی اطلاع کھینی کے شیئرز رجسٹر اری یعنی میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آر کیڈ، K-1، کمرشل، ماڈل ٹاؤن، لاہور کو فوری طور پر مطلع کریں۔

6- ویڈیو لنک کے ذریعے AGM میں شرکت:

AGM میں عملی طور پر شرکت کے لیے ویڈیو لنک کھینی کی ویب سائٹ یعنی www.faujifoods.com پر دستیاب ہوگا۔

ممبران سے درخواست کی جاتی ہے کہ وہ مندرجہ ذیل ذرائع سے بھی سالانہ اجلاس عام میں شرکت کر سکتے ہیں۔

1-	وائس ایپ نمبر [03218318007] (برائے سوالات اور تجاویز)
2-	ای میل آئی ڈی [secretary@faujifoods.com] (برائے سوالات اور تجاویز)
3-	ویڈیو لنک [ذیل زوم لنک کے ذریعے شامل ہوں]
https://us06web.zoom.us/j/6512817456?pwd=S2NFWDAXenVwNHQ1Qj9NWjEvYTJCZz09	
	میٹنگ آئی ڈی 651 281 7456
	پاس کوڈ: 335335

ویڈیو کانفرنس سہولت کے لیے رضامندی

ممبران کراچی اور اسلام آباد میں ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ اس سلسلے میں براہ کرم مندرجہ ذیل کو نوٹ کریں اور اجلاس عام کے انعقاد سے 07 دن پہلے کھینی کے رجسٹرڈ ایڈریس پر جمع کرائیں۔

اگر کھینی کو جغرافیائی محل وقوع پر رہنے والے مجموعی 10% یا اس سے زیادہ شیئرز ہولڈنگ رکھنے والے اراکین سے اجلاس کی تاریخ سے کم از کم 07 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کرنے کے لیے رضامندی حاصل ہوتی ہے، تو کھینی اس شہر میں اس طرح کی سہولت کی دستیابی کے حوالہ سے ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی۔

کھینی ممبران کو ویڈیو کانفرنس کی سہولت کے مقام کے بارے میں اجلاس عام کی تاریخ سے کم از کم 5 دن پہلے مطلع اور اس کے ساتھ اس طرح کی سہولت تک رسائی کے قابل بنانے کے لیے ضروری مکمل معلومات فراہم کرے گی۔

میں/ہم، _____
 ساکن _____، فوجی فوڈز لمیٹڈ، کے ممبر ہونے کی حیثیت سے
 عام حصص برطانیہ رجسٹر فوئیو / CDC اکاؤنٹ نمبر _____
 بذریعہ ہذا _____
 میں ویڈیو کانفرنس کی سہولت کا انتخاب کرتے ہیں۔

ممبر کے دستخط

5- ای دوئنگ

ممبران کھینی ایڈک 2017 کے سیکشن 143-145 اور کمپنیز (پوسٹل بیٹ) ریگولیشنز 2018 کی لاگوشتوں کے تقاضوں کو پورا کرتے ہوئے رائے شماری کا مطالبہ کرنے کا پناہ حق استعمال کر سکتے ہیں۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس مطلع کیا جاتا ہے کہ فوجی نوڈز لمیٹڈ کے حصص داران کا 59 واں سالانہ اجلاس عام بروز جمعہ مورخہ 13 مارچ 2026 کو دوپہر 12:00 بجے FFL کے صدر دفتر، CCA، 42 ایکس پارک ویو، ڈی ایچ اے فیز VIII، لاہور میں اور ڈیولپمنٹ کے ذریعے درج ذیل امور کی انجام دہی کے لئے منعقد کیا جائیگا:

عمومی امور

1- 20 مارچ 2025 کو منعقدہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔

2- 31 دسمبر 2025 کو ختم ہونے والے سال کیلئے FFL کے غیر مجموعی اور مجموعی آڈٹ شدہ مالی گوشواروں معदान پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری دینا۔

3- آئندہ مدت اس سالانہ اجلاس عام سے اگلے سالانہ اجلاس عام تک کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز کے ایف ڈی آر کے لئے ایف ڈی آر کی منظوری، چارٹرڈ اکاؤنٹنٹس نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔

دیگر امور

4- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی کرنا۔

حصص منتقلی کتابوں کی بندش

کمپنی کی حصص منتقلی کتابیں از 07 مارچ 2026 تا 13 مارچ 2026 (بشمول ہر دو ایام) سالانہ اجلاس عام کے انعقاد کے مقصد کے لئے بند رہیں گی۔

محکم پورڈ



برگیڈیئر نوید اعظم چیمہ (ریٹائرڈ)
کمپنی سیکریٹری

لاہور، مورخہ 27 جنوری 2026

نوٹس:

سالانہ رپورٹ کی کیڈ آر کوڈ اور ویب لنک کے ذریعے ترسیل:

کمپنیز ایکٹ 2017 کی دفعہ 223 کے مطابق اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفیکیشن نمبر S.R.O.389(I)/2023 مورخہ 21 مارچ 2023 کی بیرونی میں کمپنی نے کمپنی کی سالانہ رپورٹ اپنے ارکان کو کیڈ آر کوڈ اور ویب لنک کے ذریعے ترسیل کرنے کے لئے 28 دسمبر 2023 کو منعقدہ کمپنی کے غیر معمولی اجلاس عام میں حصص داران کی منظوری حاصل کی ہے۔ سالانہ رپورٹ درج ذیل QR کوڈ اور ویب لنک کے ذریعے دستیاب ہے۔

ویب لنک	QR کوڈ
https://www.faujifoods.com/investors	

AGM کارروائی میں شرکت

1- اس اجلاس عام میں شرکت اور رائے دی جانے والی اہل ممبر اپنی جگہ اجلاس میں شرکت کرنے اور رائے دی جانے والی کسی دیگر فرد یا نمائندہ کو پروکسی مقرر کر سکتا/سکتی ہے۔ پروکسیوں کو ہیکس یا قاعدہ ممبر اور دستخط شدہ کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں۔ ایک ممبر ایک سے زیادہ پروکسی مقرر نہیں کر سکتا۔ حصص دار کے CNIC کی مصدقہ کاپی پر کسی فارم کے ہمراہ لازماً منسلک ہونی چاہئے۔

2- سی ڈی سی اسب اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے نیچے دی گئی گائیڈ لائنز کی پیروی کرنا لازمی ہوگی۔

(a) اجلاس میں شرکت کے لئے:

(i) بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔

(ii) کارپوریٹ ادارہ ہونے کی صورت میں، پورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی معہ مخصوص دستخط اجلاس کے وقت مہیا کرنا ہوگا۔

(b) پروکسی کی تقرری کے لئے:

(i) بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو بالاریکو ازمنٹ کے مطابق پروکسی فارم جمع کروانا ہوگا:

(ii) پروکسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام، پتے اور این آئی سی نمبر فارم میں درج ہوں۔

(iii) مالک انتفاعی اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک ہونا چاہئیں۔

(iv) پروکسی اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا۔

(v) کارپوریٹ ادارہ ہونے کی صورت میں، پورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی معہ مخصوص دستخط پروکسی فارم کے ہمراہ کمپنی کو پیش کرنا ہوگا۔

FAUJI FOODS LIMITED

FORM OF PROXY

59th Annual General Meeting

Registered Folio No. _____

CDC Account No. _____

I/We _____
(Name)

of _____
(Address)

being a member of FAUJI FOODS LIMITED, hereby appoint

_____ (Name)

of _____ (Address)

or failing him _____ (Name)

of _____ (Address)

(also being a member of the Company) as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 59th Annual General Meeting of the Company to be held on Friday, March 13, 2026 at 12:00 p.m. at FFL Head Office, 42 CCA, Ex Park View, DHA Phase-VIII, Lahore and also virtually through video-link and at any adjournment thereof.

As witness my hand this _____ day of _____ 2026.

Revenue
Stamp Rs. 50/-

Signature of the Shareholder / Appointer

Witness 1

Signature _____

Name _____

Address _____

CNIC # _____

Witness 2

Signature _____

Name _____

Address _____

CNIC # _____

NOTE:

Proxies in order to be effective must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

SECP's Circular No.1 dated 26th January, 2000 is on the reverse side of the form.

Circular No. 1 of 2000

Sub: Guidelines For Attending General Meetings And Appointment Of Proxies

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

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

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

B. Appointment of Proxies:

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

فوجی فوڈز لمیٹڈ

پراکسی فارم

59 واں سالانہ اجلاس عام

رجسٹرڈ فوئیو نمبر

سی ڈی سی اکاؤنٹ نمبر

میں/ہم

(نام)

(پتہ)

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

(نام)

(پتہ)

یا اسکی غیر حاضری کی صورت میں

(نام)

(پتہ)

(کمپنی کا/کی رکن ہونے کے ناطے) ہمارے ایماء پر کمپنی کے بروز جمعہ، مورخہ 13 مارچ 2026 کو بوقت 12:00 بجے دوپہر FFL کے صدر دفتر، 42 CCA، ایکس پارک ویو، ڈی ایچ ایف VIII، لاہور میں اور درجہ اولیٰ ڈیولپمنٹ کے ذریعے بھی ہونے والے 59 واں سالانہ اجلاس عام میں شرکت کرنے، حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ مقرر کرتا ہوں/کرتے ہیں۔

2026

بطور گواہ آج بتاریخ

50/- روپے کارسیدی ٹکٹ

یہاں چسپاں کریں

شیشہ ہولڈر کے دستخط

گواہ 2

دستخط

نام

پتہ

قومی شناختی کارڈ نمبر

گواہ 1

دستخط

نام

پتہ

قومی شناختی کارڈ نمبر

نوٹ:

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

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

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