



**NOURISHING TOMORROW**  
ONE DREAM AT A TIME

Annual Report  
**2024**

HEAD OFFICE

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**FrieslandCampina**   
Engro Pakistan Limited

## Introduction

Nourishing Pakistan is FrieslandCampina Engro Pakistan Limited's ethos, intertwining quality dairy products with a commitment to purposeful impact.

We envision every product not only as a source of nourishment but as a catalyst for positive change. Our purpose-driven approach extends to empowering farmers, fostering sustainable practices, and contributing to the community's well-being. Nourishing Pakistan is not just a mission; it's a transformative journey toward a healthier, sustainable, and purposeful future.



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# Making Nutrition Accessible, Fulfilling Dreams

With over 1 billion glasses of milk filled annually, FCEPL is making nourishment accessible while sustaining dreams for a better, brighter tomorrow.





# COMPANY OVERVIEW

# COMPANY OVERVIEW

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

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

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

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

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

## Our Purpose

The pursuit of a healthy and nourished Pakistan is a core driving force for our success. It is our promise to make the grass greener for the cows, yields higher for the farmers, growth stronger for the milk industry and a glass of milk full of natural goodness for every Pakistani. Simply put, our purpose is to transform the health and well-being of Pakistanis now and for generations to come, by nourishing them through unlocking the goodness of milk from grass to glass, as well as by enhancing the livelihood of farmers.



# COMPANY INFORMATION

## Board of Directors

Abdul Samad Dawood (Chairman)  
Kashan Hasan (CEO)  
Ali Ahmed Khan  
Ehsan Ali Malik  
Zouhair Abdul Khaliq  
Liselotte Kooi  
Robert ter Borg

## Chief Financial Officer

Imran Husain

## Company Secretary

Wajjha Hasan

## Members of the Audit Committee

Zouhair Abdul Khaliq (Chairman)  
Robert ter Borg  
Ehsan Malik

Secretary of the Committee is  
Maria Umar Memon,  
GM Internal Audit Department

## Banks Conventional

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

## Shariah Compliant

Meezan Bank Limited  
Faysal Bank Limited  
Dubai Islamic Bank

## Auditors

A.F. Ferguson & Company  
Chartered Accountants

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

## Share Registrar

M/s. FAMCO Share Registration Services  
(Private) Limited  
8-F. Next to Hotel Faran, Block-6. PECHS  
Shahrah-e-Faisal Karachi - Pakistan  
Tel. 92(21) 34380104-534384621-3  
Fax -92(21) 34380106

## Registered Office

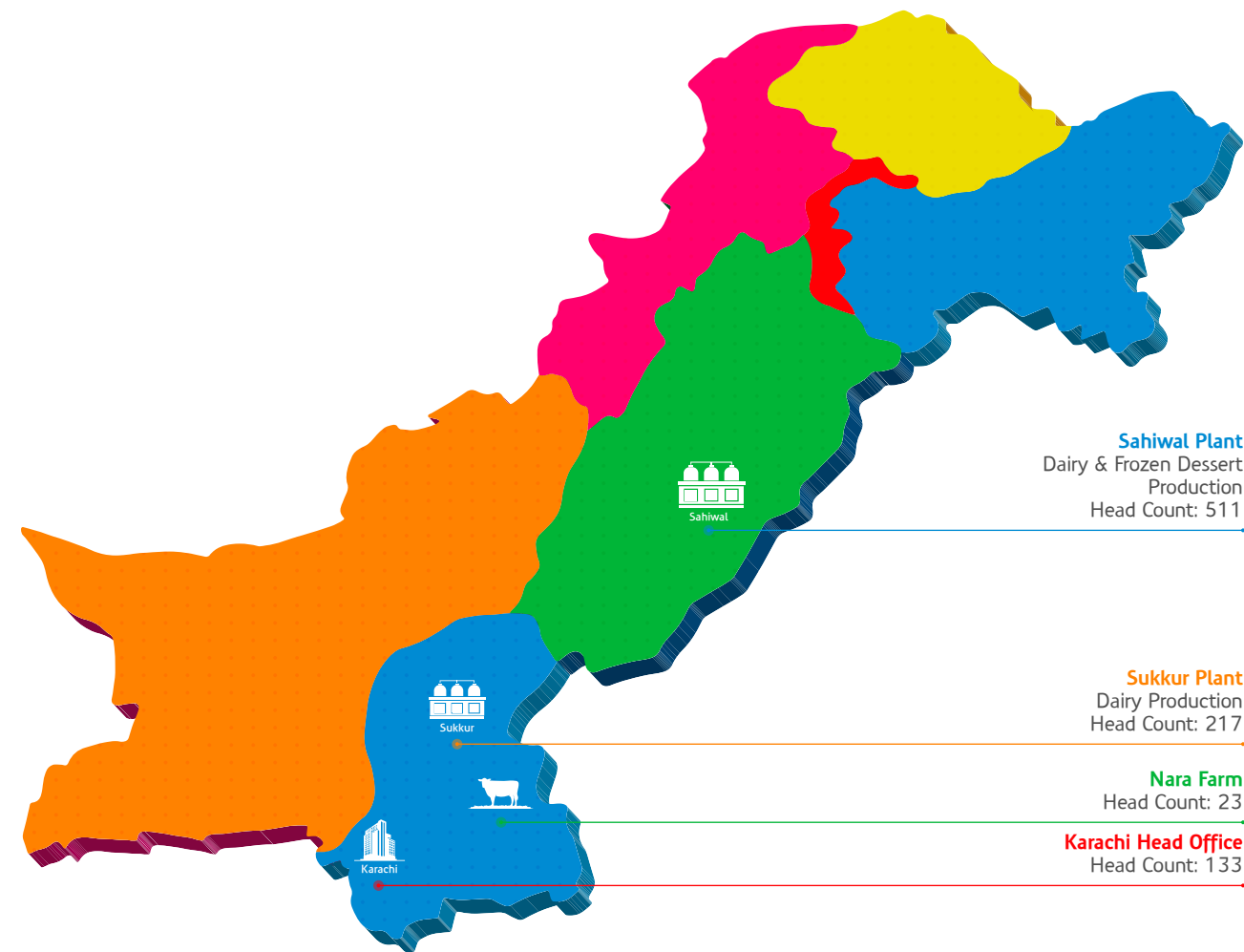
5th Floor. The Harbor Front Building  
HC-3. Marine Drive, Block-4. Clifton  
Karachi 75600, Pakistan.  
Tel: +92 (21) 35296000 (9 Lines)  
Fax: +92 (21) 35296010  
E-mail: shareholders.pk@frieslandcampina.com  
Website: www.frieslandcampina.com.pk



**FrieslandCampina**   
Engro Pakistan Limited

# FCEPL AT A GLANCE

Head Count: 1165  
Location: 42



**Agri Business  
Corporate Office**  
Head Count: 4

**Agri Business  
MPAS Office**  
Head Count: 114  
MPAS Office: 23

Note: The total number of employees includes 163 individuals stationed in alternate locations such as the corporate offices in Lahore and Islamabad, as well as other sales offices in different locations. These specific locations are not detailed in the preceding breakdown but are encompassed within the overall count.



# FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the **Twentieth** Annual General Meeting of FrieslandCampina Engro Pakistan Limited will be held at The Royal Rodale, TC-V, 34th Street, Khyaban-e-Sehar, Phase 5, Ext. D.H.A, Karachi on Monday, April 21st, 2025 at 03:00 p.m. to transact the following business:

### VIDEO CONFERENCE FACILITY

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

### A) ORDINARY BUSINESS

- (1) To receive and consider the Audited Financial Statements of the Company for the year ended December 31, 2024 together with the Chairman's Review and Directors' and Auditor's Reports thereon.
- (2) To declare and approve, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 2.8 per share i.e. 28% for the year ended December 31, 2024
- (3) As required under section 223(6) of the Companies Act 2017, Financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:



<https://www.frieslandcampina.com/pk/financial-annual-reports/>

- (4) To appoint Auditor for the year 2025 and fix their remuneration. The present auditors A. F. Ferguson & Co. Chartered Accountants retire and being eligible, offer themselves for reappointment.

By order of the Board

Karachi  
February 13<sup>th</sup>, 2025

Ms. Wajiha Hasan  
Company Secretary

**NOTES:-****1) Closure of Share Transfer Book**

The Share Transfer Books of the Company will be closed from Tuesday, April 15, 2025 to Monday, April 21, 2025 (both days inclusive). The transfers received in order at the office of the Company's share registrar, M/s. FAMCO Share Registration Services (Private) Limited, 8-F, near hotel Faran, Block 6, PECHS, Shakra-e-Faisal, Karachi PABX Nos. (92-21) 34380101- 5 and email info.shares@famcosrs.com by the close of business (5:00 p.m.) on Monday, April 14, 2025 will be treated in time for the purposes of payment of final cash dividend to the transferees and to attend and vote at the Annual General Meeting.

**2) Prohibition on grant of gifts to Shareholders**

The Securities and Exchange Commission of Pakistan (the "SECP"), through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway packages) in any form or manner, to Shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

**3) Participation in the AGM proceeding via video conferencing facility.**

Members are encouraged to attend the AGM proceedings via a video-conferencing facility, which shall be made available by the Company. All shareholders/members interested in attending the AGM through a video-conferencing facility are requested to register at <https://forms.office.com/e/fKCnaYpVMF> with their Name, Folio Number, Cell Number, CNIC / Passport number. A confirmation email for video link and login credentials will be shared only with the shareholders who register themselves at least 48 hours prior the time of AGM. Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address shareholders.pk@frieslandcampina.com.

**4) Requirements for appointing Proxies**

- (a) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement, not later than 48 hours before the time of the meeting.
- (b) The proxy form shall be witnessed by two male persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (c) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
- (d) The proxy shall produce his/her valid original CNIC or original passport at the time of the AGM.
- (e) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Company along with the proxy form unless the same has been provided

**5) Conversion of Physical Shares into Book Entry Form**

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

**6) Distribution of Annual Report through Email**

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

The audited financial statements of the Company for the year ended December 31, 2024, have been made available on the website: <https://www.frieslandcampina.com/pk/financial-annual-reports/>

**7) Updation of Shareholder Addresses & Other Particulars**

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

**8) Submission of copies of CNIC not provided earlier**

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

**9) Electronic dividend mandate**

Under Section 242 of the Act, it is mandatory for all listed companies to pay cash dividend to its Shareholders through electronic mode directly into the bank account designated by the entitled Shareholders. To receive dividend directly into their bank account, Shareholders are requested (if not already provided) to fill in the Shareholder Information Form for Electronic Credit of Cash Dividend available on the Company's website and send it duly signed along with a copy of valid CNIC to the Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, in case of physical shares. In case of shares held in CDC, Electronic Dividend Mandate Form must be directly submitted to Shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to Shareholders

- 10)** In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for "filer" and "non-filer" Shareholders at 15% and 30% respectively. A "filer" is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a "non-filer" is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all Shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of a valid tax exemption certificate is made available to the Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, of the Company by the first day of book closure. According to the FBR, withholding tax in the case of joint accounts will be determined separately based on the "Filer/ Non-Filer" status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).
- 11)** In order to claim exemption from compulsory deduction of Zakat, Shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited, of the Company by first day of book closure. In case shares are held in scripless form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the Shareholder, through their Participant / Investor Account Services. Further, Non-Muslim Shareholders are also required to file Solemn Affirmation (available on <https://famcosrs.com/downloads/>) with the Share Registrar of the Company in case of shares are held in physical certificates or with CDC Participant / Investor Account Services in case shares are in scripless form. No exemption from deduction of zakat will be allowed unless the above documents complete in all aspects have been made available as above.
- 12.** Conversion of Physical Shares into CDC Account The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Act, which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all Shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. Maintaining shares in book-entry form has many advantages — safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares etc. The Shareholders of the Company may contact the Share Registrar and Transfer Agent of the Company, namely FAMCO Share Registration Services (Private) Limited for the conversion of physical shares into book-entry form.

# Empowering Women, Building Dreams

FCEPL has trained 36,000 women over the past three years, equipping them with the skills to become farmers, livestock experts, and agripreneurs, transforming the dairy sector and inspiring their communities.



The image features a title graphic for 'CORPORATE GOVERNANCE'. The text is in a bold, white, sans-serif font, centered within a blue rectangular background. This blue rectangle is positioned on the left side of the page and overlaps a grey rectangular area below it. The background of the entire page is white with a subtle, light grey grid pattern. A thin vertical line runs down the center of the page, and a horizontal line runs across the middle, intersecting at the center of the blue and grey rectangles.

# CORPORATE GOVERNANCE

BOARD OF  
**DIRECTORS**



## DIRECTORS' PROFILES

# ABDUL SAMAD DAWOOD

Chairman

Mr. Abdul Samad Dawood is the Vice Chairman and Chief Executive Officer of Engro Holdings (formerly known as Dawood Hercules Corporation). Engro Holdings is the holding company of Engro Corporation and the investing platform for the Engro enterprise.

Mr. Abdul Samad Dawood's experience of management and governance spans 20+ years with a special interest in mergers and acquisitions. He has led multi-billion-dollar M&A deals, including Engro Holdings' (formerly Dawood Hercules Corporation) acquisition of The Hub Power Company from National Power International Holdings B.V. in 2012 and the sale of DH Fertilizers to Fatima Fertilizer Company in 2015. He was also given the responsibility to lead the merger of Engro Foods (a subsidiary of Engro Corporation) into global dairy giant Royal FrieslandCampina N.V. based on the convergence of their values, goals, and abilities to address Pakistan's nutritional challenges; he has since served as the Chair of the Board of FrieslandCampina Engro Pakistan. These efforts are a culmination of the values advocated by Group Chairman, Mr. Hussain Dawood, who believes a strong code of values builds the foundation for effective problem-solving and human prosperity.

His corporate governance journey spans various organizations in line with his interests. He is the Chairman of Cyan (an investment company), SACH International (an apparel company operating the Lawrencepur brand), and FrieslandCampina Engro Pakistan. In addition to this, he is a member of the Boards of Engro Holdings, Engro Corporation, The Dawood Foundation, Dawood Lawrencepur, Khaadi Corporation, Karachi Education Initiative, Karachi School of Business and Leadership, Dawood Corporation (Pvt), Dawood Investments (Pvt), and the Pakistan Business Council. In the past, he has served on the Boards of The Hub Power Company and Sui Northern Gas Pipelines. He has also previously served as Chief Executive Officer for Cyan and is an active member of the Young Presidents' Organization.

Mr. Abdul Samad Dawood has a keen interest in music and plays the piano and guitar. He is a graduate in Economics from University College London, UK and a certified director of corporate governance from the Pakistan Institute of Corporate Governance.



# KASHAN HASAN

CEO & Managing Director

As CEO and Managing Director of FCEPL, Kashan Hasan brings 22 years of rich experience across various commercial functions, including sales, customer management, marketing, and trade marketing. A seasoned professional, known for driving performance and spearheading innovation, his career encompasses various regional and global roles in markets such as Pakistan, South Africa, the UK, the Middle East, and North Africa.

Prior to joining FCEPL, Kashan served as the CEO of Shan Foods, a position he took after a 15-year stint at Reckitt, culminating in his role as General Manager for Pakistan.

A graduate of IBA, Kashan is known for his ability to develop insights, devise innovative solutions, and challenge norms, all of which contribute to his track record of delivering exceptional performance.



# ALI AHMED KHAN

Director & President – Middle East, Africa & Pakistan

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

As Managing Director of FrieslandCampina Engro Pakistan Ltd (FCEPL) Ali's exceptional leadership and visionary approach have been pivotal in his transformative tenure. Under his guidance, FCEPL experienced significant growth and profitability, and continues to increase its market share across all categories.

During his tenure, Ali brought sharp focus to the Company's Purpose, driven by his strong belief in delivering nutrition and safe dairy to the people of Pakistan, as well as enhancing the livelihoods of dairy farmers. Under his leadership, the Company has prioritized initiatives on diversity and inclusion, sustainability, and transparency in business conduct, whilst continuing to drive business results. Additionally, his commitment to talent development has notably positioned Pakistan as a significant contributor to FrieslandCampina's senior management talent pool.

His appointment to the Executive Board of FrieslandCampina Global as President of the Middle East, Pakistan, and Africa (MEPA) region is a testament to his exemplary performance and strategic vision and marks a significant milestone in expanding his leadership impact across these vital markets.



# EHSAN ALI MALIK

Director

Ehsan Ali Malik is Chairman of the Board of Directors of Abbott Laboratories (Pakistan) Limited. He currently also serves as Director on the Boards of Standard Chartered Bank (Pakistan) Limited and Gul Ahmed Textile Mills Limited. He is also the Chief Executive of the Pakistan Business Council. Previously he was the Chief Executive Officer of Unilever Pakistan Limited as well as a Director of Unilever Pakistan Foods Limited. Ehsan's earlier international appointments covered Unilever's regional businesses in Sri Lanka, Egypt, Lebanon, Jordan, Syria and Sudan as well as Unilever's Head Office in UK. He is a Fellow of the Institute of Chartered Accountants in England and Wales and an alumnus of the Wharton and Harvard Business Schools.



# ZOUHAIR ABDUL KHALIQ

Director

Zouhair is a business executive with 40 years of global experience in Board Strategy, Executive Leadership, C Suite & Executive Management, Communication, Global Strategy, Operations, Turnarounds, Startups, Scale-ups, Wind downs, and M&A. He's led group initiatives in digital banking, telecom & technology, mobile financial services, micro-finance, FMCG and infrastructure sharing.

His Non-Executive Board positions include Du Telecom Holdings UAE, Mobinil (now Orange) Egypt, Fastlink (now Zain) Jordan, Tunisiana (now Ooredoo) Tunisia, Djezzy Algeria, Banglalink Bangladesh, Mobilink (now Jazz) Pakistan, Founding Board Member, Ignite Technology Fund, Transworld Pakistan, Pakistan Society for Training & Development and Islamabad Stock Exchange.

His Advisory Boards include, Ding.com in Ireland, Boloro in the US and Coda Payments in Asia Pacific. Senior Advisor, Better Than Cash Alliance, UN Capital Development Fund, Member of the Management Committee of the Overseas Chamber of Commerce and Industry (OICCI) and Member of the Prime Minister's Task Force on IT & Telecom.

He is currently Non Exec Director at Friesland Campina Engro Foods, Non Exec Director National Food Limited, on the Advisory Board of FieldForce LLC, USA and Member Board of Regents, Harris Manchester College, Oxford University, United Kingdom.

He is Co-Founder & General Partner at Teamup Ventures, a Venture Builder with a focus on MENAP. From 2016-2023 his team managed and operated the National Incubation Centre Pakistan, a ground breaking/award winning innovation hub/venture builder for tech entrepreneurs.

Earlier in 2002-03 as Group CFO and later Group COO of Orascom Telecom, Cairo he led a US\$ 1.6 billion refinancing, restructuring and turnaround of the Group setting the stage for exponential growth over the next 10 years.

As CEO of Mobilink 2003-08, he led the turnaround and rapid growth from 1m to 32m customers, growing revenues from US\$ 80 million to US\$ 1.4 billion in 5 years,

investing US\$ 2.5B making it one of the 5 fastest growing companies in the Asia Pacific Region and the largest private sector company in the country, a status it retains today, rebranded as Jazz with 70 million customers.

As CEO Orascom Investment Holding, Cairo 2009-10, he led the licensing, recruitment and set up of Mobilink Microfinance Bank, the launch of digital banking in Bangladesh and Tunisia. He crafted a tower share deal valued at US\$ 1.1 billion between Orascom Telecom and Telenor.

In 2010-14 at Warid Telecom he led the restructuring & refinancing of over USD 1.1 billion of debt and an operational turn around, leading to the merger of Warid Telecom with Mobilink.

In 2014-15, as Managing Director, Mobile for Development, GSM Association UK, he managed a US\$150 million technology fund investing globally in startups in mobile financial services, mobile health, mobile utilities, mobile agriculture and other innovation.

Zouhair started his career at ICI Pakistan in 1984, as Head of Group Internal Audit, then Corporate Finance Manager and later CFO of the Soda Ash Business till October 1991. He was CFO at Instaphone till April 1993 when he joined Mobilink as CFO and employee #1 a key member of the startup team. As Director Operations EEMEA, Motorola, 1997-2001, he led the launch of mobile operations in Egypt, Algeria, Tunisia, Bangladesh and Iraq and oversaw the operations in Lithuania, Jordan and Pakistan. In 2001-2002, as COO wcities.com UK, he led a startup in travel and entertainment content publishing, combining a database of travel-related information with GPS enabled technologies.

He is a member of the Institute of Chartered Accountants in England & Wales and an alumni of INSEAD, France.



# LISELOTTE KOOI

Director

Since 2013 Liselotte has worked at Royal FrieslandCampina N.V. As Director Group Legal and Company Secretary she is co-heading the global legal department and responsible for governance and the legal and financing structure of the company, including the compliance in relation to the listing of hybrid bonds at Euronext Dublin. She advises both the Executive Board and Supervisory Board of Royal FrieslandCampina N.V. as well as the Board of the Cooperative which represents the member-farmers, who are the owners of FrieslandCampina. Liselotte has more than 20 years of experience in corporate governance and finance. Working as senior associate at De Brauw Blackstone Westbroek N.V. and other law firms in Amsterdam and New York, Liselotte advised companies, investors, financial institutions and investment funds on corporate governance, finance and M&A transactions. She specialised in issuing and listing of financial instruments and in financial laws and has a lot of experience with governance for listed companies and board dynamics within listed companies.

Liselotte is the Chair of the Supervisory Board of Fastned B.V., a European fast charging company based in Amsterdam, the Netherlands, which is listed at Euronext Amsterdam. Furthermore, she is a member of the Board of Commissioners of Pt. Frisian Flag Indonesia, a joint venture company of FrieslandCampina based in Jakarta, Indonesia.



# ROBERT TER BORG

Director

Mr. ter Borg is the Finance Director of Global Supply Chain of Royal FrieslandCampina. Prior to his current role, he has held various leadership positions at Danone and Royal FrieslandCampina. These roles include Finance Director in Brazil, Russia, and Indonesia, as well as Global Finance Director responsible for Corporate Accounting, Tax, Treasury, and Enterprise Controlling. Robert holds a master's degree in business economics and an executive master's degree in finance and Control (RC) from VU Amsterdam. He joined the Board of FrieslandCampina Engro Pakistan Limited in 2023.



# MESSAGE FROM THE CHAIRMAN

## Dear Shareholders,

It is my privilege to present the Annual Report for FrieslandCampina Engro Pakistan Limited (FCEPL; "the Company") for the year ended 31st December 2024.

The incoming year holds particular significance for me as it marks 10 years since my appointment as Chairman of the Board. The past decade has been a journey of exceptional personal and professional growth but more importantly, it has been one that has reinforced my belief in the power of purpose-driven business to create lasting impact. We began this Company with a sincere belief in the power of dairy to transform lives; it has been a privilege to watch it grow from a start-up in 2005 to a company whose brands are now household names, synonymous with nutrition and quality.

The dream of this company – to provide affordable nutrition at scale – has been the fuel that has kept it going, despite challenges. 2024 has been a difficult year for the dairy sector, marked by policy decisions that have had far-reaching consequences for businesses, farmers, and consumers alike. The imposition of an 18% sales tax on packaged UHT milk in July 2024 severely impacted the industry, leading to a decline in full-year volumes. This tax not only increased the price gap between packaged and loose milk – disincentivizing safer, processed dairy – but also undermined government priorities of improving nutrition access and supporting farmer livelihoods. Ironically, instead of boosting tax revenue, this measure has suppressed industry growth and driven more transactions into the undocumented economy.

Despite these headwinds, FCEPL has remained steadfast in its mission to provide safe, high-quality, and affordable nutrition to Pakistani families. Our strong brand equity and customer-centric offerings enabled us to achieve modest sales growth in the dairy segment, despite policy decisions. We have continued to champion affordability through SKUs that bridge the gap between loose and packaged milk while ensuring access to safe dairy for all. We are resolute in our belief that investments in category

conversion and dairy productivity will be critical to long-term growth, and we will continue to advocate for an enabling policy environment that supports these objectives.

In parallel, our School Activation Program engaged over 170,000 students, promoting healthy consumption habits from a young age. Our efforts to strengthen dairy farming also remain central to our vision, with over 41,000 farmers trained in 2024 through our Dairy Development Program. As part of our commitment to inclusive growth, the Company set up 25 women-led milk collection centers, enabled over 200 progressive farmers to upgrade their sheds, and unlocked PKR 172 million in financing for silage production through partner banks. These initiatives align with our mission to scale affordable nutrition by strengthening the dairy value chain and empowering those at its core: the farmers.

As we play a role in boosting our domestic value chain, we recognize the value of an export growth strategy. This has the potential to enhance shareholder value while also supporting the country in its current account management. However, the imposition of GST threatens to derail the nascent dairy export industry by weakening cost competitiveness. Pakistan has the potential to become a major dairy exporter, but this will only be realized through policies that encourage sectoral investment rather than stifling it.

As we look ahead, our commitment to unlocking a White Revolution remains stronger than ever. The journey of transformation is never linear, but we remain focused on driving category conversion, enhancing dairy productivity, and advocating for policies that support industry growth. FrieslandCampina's unwavering support and 150 years of dairy expertise continue to be invaluable to our vision, ensuring that FCEPL remains at the forefront of Pakistan's dairy evolution.

I would like to extend my gratitude to our Board of Directors for their stewardship and dedication, and to our

leadership team for navigating a complex environment with resilience. And to our regulators, the Government, partners, colleagues, and most importantly, our consumers – your trust and collaboration fuel our ambition to build a healthier, more prosperous Pakistan.

Finally, I extend my deepest appreciation to you, our shareholders, for your continued confidence in FCEPL. It has been a privilege to serve on this Board for the last ten years, and I look forward to continuing this journey of shared growth and purpose.

Thank you for your unwavering support.

Regards,



Abdul Samad Dawood  
Chairman



# CELEBRATING VISIONARY LEADERSHIP

## A tribute to Ali Ahmed Khan

FrieslandCampina Engro Pakistan Limited (FCEPL) would like to extend its gratitude to Mr. Ali Ahmed Khan, President MEPA (Middle East, Pakistan & Africa), for his exceptional leadership and invaluable contributions during his tenure as Managing Director.

Under Ali's visionary guidance, FCEPL achieved remarkable milestones, including the historic 100-billion-rupee topline record in 2023. His vision of the "White Revolution" transformed the dairy sector, driving innovation, sustainability, and growth.

Ali Khan's leadership was defined by a clear purpose of "Nourishing Pakistan" – and a relentless focus on creating a winning culture. His strategic vision and passion for excellence not only strengthened FCEPL's position as an industry leader but also inspired teams to deliver exceptional results.

As we build on his legacy, we thank him for his dedication and the strong foundation he has laid for FCEPL's future. His tenure stands as a testament to what can be achieved through strategic foresight, collaboration, and a shared commitment to making a meaningful impact.

We extend our heartfelt gratitude to Ali for his unwavering dedication and transformative contributions, and we wish him continued success. Keep shining and winning!



**Our results today stand as a testament to the organization and team Ali built during his tenure at the helm of FCEPL. We take immense pride in the fact that FCEPL has contributed the President of the MEPA Region to Royal FrieslandCampina. It is a moment of great honor to see Ali represent Pakistani talent at the highest global level as part of Royal FrieslandCampina's Executive Leadership Team.**

**Kashan Hasan**  
CEO & Managing Director



# MESSAGE FROM THE CEO

## Dear Shareholders,

The year 2024 presented both significant achievements and considerable challenges for FrieslandCampina Engro Pakistan Limited (FCEPL). While we made progress in key areas, the imposition of an 18% sales tax on packaged UHT milk in July created a substantial impediment to our business and the broader dairy sector. In the first half of the year, we maintained positive momentum, achieving 17% year-on-year sales growth. This performance was driven by the strength of our core brands, strategic product innovations, and a continued focus on consumer needs. However, the subsequent tax implementation significantly altered the landscape. The resulting decline in packaged milk volumes in the second half of the year underscores the severity of this impact. I am incredibly proud of how our team navigated these complex circumstances. Their dedication, resilience, and unwavering belief in our commitment to "Doing Dairy Right" were instrumental in our ability to deliver results despite the headwinds we faced. This allows us to continue pursuing our mission of Nourishing Pakistan and creating a foundation for future growth, even in the face of adversity. "Doing Dairy Right" for us means leveraging our Diversity (as part of a diverse region in a diverse country with a diverse set of people) to understand and serve our broad consumer base; driving Impact by providing Accessible nutrition and supporting farmer livelihoods; focusing on Results through efficiency and "outperformance"; and ensuring a winning culture by empowering our teams.

I am pleased to share a few key highlights of the year:

- Our flagship brand Olper's continued to establish itself as the market leader, achieving its highest ever market share in 2024. The Olper's Happy Subha campaign drove ownership of the morning occasion while consistently building Nutrition & Purity credentials, further strengthening the brand's equity in Pakistan.
- OLPER'S (flavored milk) School Activations inculcated good nutritional habits and promoted awareness in children, reaching over 170,000 in 2024.



- The Frozen Dessert category continued its momentum on innovations, emphasizing quality and diversity in product offerings. The segment also launched a groundbreaking campaign, 'Wow Bharay Desserts,' which highlighted the versatility of Omore's multi-serve portfolio rooted in the idea of deseasonalizing the category—showcasing how effortlessly desserts can be recreated and redefined at home."

- The Perfect Store Program – a key sales driver for the past five years—achieved its highest-ever volume in October 2024. The program also saw its largest expansion to date, with 1,000 shops inducted, highlighting its success in driving growth and enhancing retail execution.

- At FCEPL, we believe in maintaining the highest standards in Health, Safety, and Environment (HSE) and ensuring the well-being of our employees, partners, and communities. Our HSE management systems are aligned with international best practices, and this year we delivered over 8,000 safety training hours.

- Our commitment to Sustainability continues to drive us as we remain unwavering in our mission to 'Nourish Pakistan'. We partnered with REON for a 3.4 MW solar project at the Sahiwal plant and installed solar panels at 98 farms and solar power systems at 7 Milk Collection Centers. We also planted over 25,000 trees across Sindh and Punjab to minimize our environmental impact.

- We prioritized farmer support, training over 41,000 farmers in animal health, nutrition, and farm management, and empowering 2,300 female farmers through specialized programs focusing on good dairy practices. We also established 25 female-led milk collection centers, supported over 200 progressive farmers with shed construction and improvements, and facilitated PKR 172 million in financial support for silage making through partner banks. Our scholarship program continued, providing higher education scholarships to 7 farmers' children.

Despite these efforts, the 18% sales tax on packaged milk poses a significant challenge, restricting our ability to invest in essential dairy development programs that support farmer capacity-building and financial assistance directly jeopardizing livelihoods.

Over the years, we have optimized our cost structure to enhance efficiency and drive profitable growth—a focus we maintained in 2024 to ensure competitiveness across the value chain. The introduction of the sales tax prompted accelerated action: we reduced discretionary spending, streamlined processes, and restructured

operations to improve efficiency and maintain market agility in a challenging environment. We also ensured continued focus on internal controls, financial discipline, compliance, and transparency. By enhancing governance frameworks, we upheld strong stewardship and accountability across all levels of the organization.

This taxation also threatens access to safe nutrition. The widening price gap between packaged and loose milk incentivizes consumption of potentially unsafe loose milk, jeopardizing public health and fueling growth of the undocumented dairy sector. This will negatively impact our ability to maintain efficient cost structures and hinder the ability to compete in the nascent export markets that had recently gained traction.

I am confident that our collaboration with the Government of Pakistan will yield solutions to ensure a sustainable future for the dairy industry – one that balances fiscal needs with equitable growth, farmer welfare, and public health.

At FCEPL, our people remain our greatest strength – the backbone of every achievement. They have consistently risen above challenges with a "Winning Mindset", outperforming even in the face of adversity. I am extremely proud to lead this exceptional team, whose unwavering commitment turns obstacles into opportunities. To every member of the FCEPL family: thank you. Your dedication fuels our progress, and I am confident that together, we will continue to redefine what's possible.

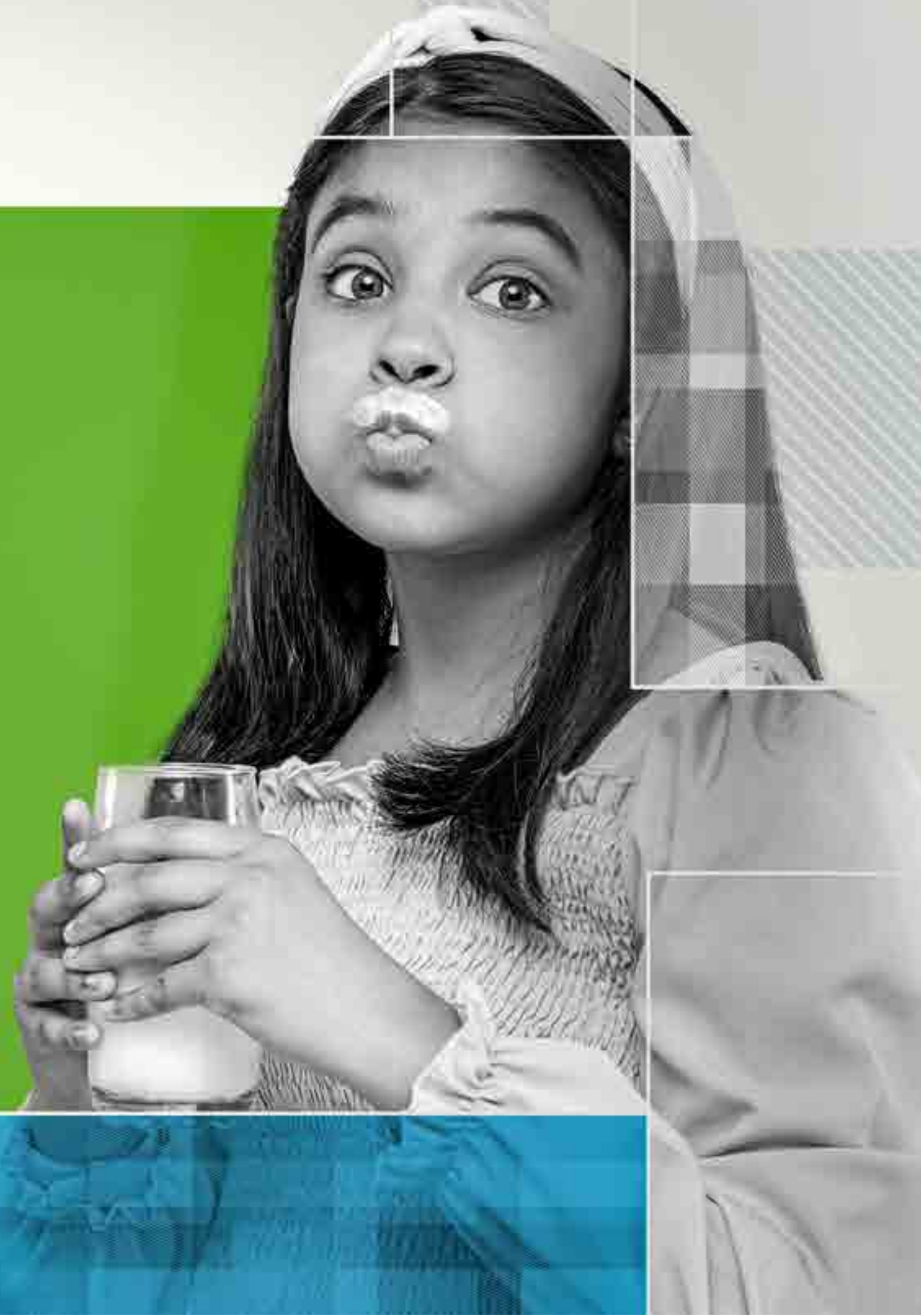
Finally, I extend my sincere gratitude to our Shareholders and Board of Directors for their continued trust and confidence. On behalf of FrieslandCampina Engro Pakistan Ltd., I am pleased to present our financial performance for the year ended December 31, 2024.

With Regards,

Kashan Hasan

# Driving Sustainability, Nourishing Dreams

Through sustainable practices such as tree plantation drives and water conservation, FCEPL is creating a greener world where children's dreams can thrive.





# DIRECTORS' REPORT

# DIRECTORS' REPORT

The Directors of FrieslandCampina Engro Pakistan Limited (FCEPL) (the "Company") are pleased to submit the report along with the financial statements of the Company for the year ended December 31, 2024.

## Business Overview

The imposition of an 18% sales tax on packaged UHT milk in July 2024 had a severely adverse impact, leading to a 16% decline in our packaged milk volumes in the second half of the year. This led to the full year volume decline of the company by -3%. Notwithstanding the above, the company continued its strong brand initiatives and leveraged consumer awareness and customer-centric offerings to achieve a full-year sales growth of 6.4% in the dairy segment.

This imposition of GST directly undermines government's priorities to improve access to safe nutrition and support farmer livelihoods. The price gap between packaged and loose milk incentivizes the consumption of potentially unsafe loose milk, threatening public health. Packaged milk in Pakistan is now more expensive than many developed countries and reduction in sales of this sector has defeated the government's objective of raising higher tax revenue.

It also restricts dairy companies' ability to continue to invest in essential dairy development programs that support farmer capacity-building and provide financial assistance, jeopardizing farmer livelihoods.

The tax implementation further fuels the growth of the undocumented dairy sector, negatively impacting established dairy companies' ability to maintain efficient cost structures and hindering competitiveness in export markets. The nascent dairy export segment, which had recently gained significant traction, now faces serious challenges and will negatively impact the future of Pakistan's dairy industry. Thus, neither government, nor consumers or farmers or packaged dairy companies have benefited from the imposition of the 18% sales tax.



## Financial Performance Overview:

The financial performance of the company for the year ended December 31, 2024, is summarized below:

| (Rs. in million)         | Full Year ended<br>Dec 31, 2024 |         | Variation |
|--------------------------|---------------------------------|---------|-----------|
|                          | 2024                            | 2023    |           |
| Net Sales                | 107,051                         | 100,235 | 7%        |
| Operating Profit         | 6,835                           | 6,117   | 12%       |
| % of sales               | 6.4%                            | 6.1%    | 28 bps    |
| Profit after tax         | 2,203                           | 1,509   |           |
| % of sales               | 2.1%                            | 1.5%    | 55 bps    |
| Earnings per share (Rs.) | 2.87                            | 1.97    |           |

The dairy segment of the business grew by 6.4% in 2024, while the frozen dessert segment grew by 13% in the same period.



## Health, Safety and Environment

FrieslandCampina Engro Pakistan Limited (FCEPL) is committed to maintaining the highest standards in Health, Safety, and Environment (HSE) to ensure the well-being of its employees, partners, and communities. The Company's HSE management systems are aligned with international best practices and have achieved Occupational Safety and Health Administration (OSHA USA) compliance through DuPont Alignment.

In 2024, FCEPL delivered 8,000+ safety training hours and organized engagement initiatives such as Safety Weeks, awareness campaigns, and Safety Champion recognition programs. The Company also completed the FAT Trap project, ensuring compliance with National Environmental Quality Standards (NEQS), and installed ammonia detection systems at its Sahiwal and Sukkur sites. To enhance road safety, 300+ inbound raw milk logistics drivers were trained in Defensive Driving.

To promote safety within the community, safety training sessions are also organized in local schools, addressing topics such as road safety, home safety, kitchen safety, and more.

## Sustainability at FrieslandCampina Engro Pakistan Limited

Driven by a strong commitment to sustainability, FCEPL remains unwavering in its mission to 'Nourish Pakistan'. The Company is dedicated to improving the lives of farmers, empowering rural women in the dairy value chain, producing in balance with nature, and nourishing millions of Pakistanis every day by providing safe, healthy, and accessible nutrition.

## Better Nature: Ensuring Responsible Environmental Practices

FCEPL is dedicated to environmental stewardship, striving to minimize its environmental impact and reduce resource wastage. This commitment is demonstrated through the following key activities:



- Reduced water and energy consumption by 2% through process optimization.
- Renewable Energy:
  - Partnered with REON for a 3.4 MW solar project at the Sahiwal plant (~2,500 kg CO2 offset annually).
  - Installed solar panels at 98 farms and solar power systems at 7 Milk Collection Centers.
  - Installed solar-powered geysers at Area Offices and eco-friendly ACs at manufacturing units.
  - Installed solar setups at cold stores.
- Revamped inbound logistics fleet and enhanced milk tanker capacity for improved efficiency and reduced fuel consumption.
- Planted over 25,000 trees across Sindh and Punjab.
- Implemented energy saving measures including a new ice-water system, fuel mix optimization, and fossil fuel reduction through waste heat steam generation.
- Conducted environmental awareness sessions (Environment Day, Earth Day, Earth Hour, Sustainability Week) for employees and local communities.

## Better Sourcing

FCEPL is committed to excellence in raw material procurement, ensuring sustainable and responsible sourcing. Critical raw material, including cocoa powder, palm oil, and sugar, are meticulously selected adhering to globally recognized sustainability certifications or collaboratively developing sustainable development plans with suppliers.

## Better Living for Farmers

### Dairy Development Program

In 2024, FCEPL's Dairy Development Program (DDP) undertook the following initiatives to support Pakistani dairy farmers:

- Trained over 41,000 farmers in animal health, nutrition, and farm management.
- Empowered over 2,300 female farmers with training in good dairy practices.
- Established 25 female-led milk collection centers.
- Supported over 200 progressive farmers with the construction and improvement of sheds and provided 100+ farmers with subsidized milking machines.
- Assisted farmers with PKR 172 million in financial support for silage making through banks.
- Resolved over 85 queries through the dedicated farmer helpline.
- Awarded scholarships to 7 farmers' children under the FCEPL 'Scholars Initiative' for higher education.

### BETTER NUTRITION

The Company's commitment to providing safe and nutritious milk and creating awareness about healthy nutrition is demonstrated by the following efforts

- **FrieslandCampina Institute (FC Institute):** Launched in June 2024 the FC Institute aims to provide training and education programs, scientific information, and practical tools focused on nutrition and health topics. To further its cause, the FC Institute has formally partnered with the Pakistan Medical Association and Pakistan Nutrition and Dietetic Council.
- **School Awareness Program:** In collaboration with the Pakistan Dairy Association (PDA), FCEPL conducted an awareness program in 20 schools across Lahore, providing milk to 600 students as part of the initiative.
- **School Activations:** Under its school activation project, the Company engaged with 170,000 students to promote awareness about nutrition and encourage healthy milk consumption habits among children.
- **RAAST School:** FCEPL continues to partner with Raast School in Karachi, providing nutritious milk to over 360 underprivileged children in Qayyumabad.



### Our Human Resource

At FrieslandCampina Engro Pakistan Limited (FCEPL), employees are the Company's greatest strength. Driven with a "winning mindset," they take pride in exceeding expectations and delivering results for customers and farmers alike. FCEPL fosters an environment where employees can unleash their potential, collaborate with trust and respect, and contribute to shaping the future of dairy.

In 2024, FrieslandCampina introduced new company values—**Act with RESPECT, Aim HIGHER, Succeed TOGETHER**—marking a significant step in the evolution of its culture and strategic direction. These values were further embedded through employee engagement initiatives like the Quarterly Recognition Program, which celebrates employees who exemplify these principles and outperform.

FCEPL's teams actively promote open discussion and feedback to enhance overall performance. Globally, the Company conducted an annual organizational health survey with over 90% participation at FCEPL, providing valuable insights into recognition, employee wellbeing, inclusion, and growth. FCEPL's commitment to Compass (its Code for good business conduct) is integral to its overarching strategy. To reinforce a culture of compliance, a diverse group of eight (8) Local Trusted Representatives was nominated and trained on Compass topics, in order to provide guidance and advice to employees where needed.



## Diversity & Inclusion

The Company is committed to Inclusive Diversity and creating a safe and inclusive environment where all employees can bring their authentic selves to work. In 2024, the Company advanced this commitment through induction of 26 female apprentices under its flagship female apprenticeship program at factories, celebrations of cultural festivals (Eid, Diwali, Christmas), and awareness campaigns such as PINKTOBER for breast cancer awareness. The Company continued female empowerment initiatives through its dairy development program creating an impressive universe of 25 female milk collection agents and 250+ female dairy farmers.



## Employee Wellness and Engagement

FrieslandCampina Engro Pakistan Ltd recognizes that employee wellbeing is vital to its success. To foster engagement, the Company organized a range of activities across its operations including sports festivals and family galas. The Commercial and Sales teams came together for the Sales Summit 2024, celebrating key achievements and preparing for future challenges.



## Learning and Development

With a focus on continuous growth, learning and development is a cornerstone of FCEPL's values. In 2024, the Company conducted awareness sessions for line managers on talent assessment and performance management, while plant teams enhanced shop-floor capabilities through targeted training plans for 300+ employees.

## Accounting Standards

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

## Pension, Gratuity and Provident Fund

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

| DB Gratuity Fund                               |                           |                |
|--|---------------------------|----------------|
|  |                           | Rs. in Million |
| 30-Jun-24                                      |                           |                |
| 908  |                           |                |
| Net Assets as Per Audited Financial Statements |                           |                |
| Breakup of Net Assets                          |                           |                |
| 1  | Government Treasury Bills | 501            |
| 2  | Pakistan Investment Bonds | 269            |
| 3  | Shares                    | 87             |
| 4  | Bank Deposits             | 34             |
| 5  | Receivables               | 35             |
| 6  | Payables                  | (18)           |
| Total  |                           | 908            |

The above-mentioned plan is a funded scheme recognized by the tax authorities. The latest actuarial valuation of gratuity scheme was carried out on December 31, 2024, and the financial statements of these have been audited up to June 30, 2024.

# AUDITORS

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

## Pattern of Shareholding

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

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors, Executives and their spouses including minor children during 2024, is shown later.

## Dividend

For the year 2024, the Directors have recommended a final cash dividend of PKR 2.8 per share (i.e. 28%).

## Internal Control Framework

### Responsibility

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

## Framework

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

## Review

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

## Internal Audit

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

## Risk Management

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

## Director's Remuneration Policy

Directors Fee is paid in line with Board approval and the Company has approved a formal policy in this regard in accordance with the Companies Act, 2017 and the Code of Corporate Governance (CCG). It is ensured that no director takes part in deciding their own remuneration. The fee of the non-executive and the independent directors for attending the Board and Committee meeting of the Company is determined by the Board from time to time. The Board, if it deems appropriate, may engage independent consultants to determine the appropriate level of remuneration of its directors. The remuneration shall not compromise nor influence in any way the independence of the directors.

# BOARD OF DIRECTORS

## Statement of Director Responsibilities

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements, except for changes resulting on initial application of standards and amendments or interpretations to existing standards. Accounting estimates are based on reasonable prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored, including adequate internal financial controls.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no material departure from the best practices of corporate governance, as detailed in the

## Board meetings and attendance

In 2024, the Board of Directors held 4 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

| Meetings Attended       |                    |                    |                    |                    |       |
|-------------------------|--------------------|--------------------|--------------------|--------------------|-------|
| Director's Name         | 1<br>(15 Feb 2024) | 2<br>(26 Apr 2024) | 3<br>(15 Aug 2024) | 4<br>(17 Oct 2024) | Total |
| Abdul Samad Dawood***   | ✓                  | ✓                  | ✓                  | ✓                  | 4     |
| Ali Ahmed Khan***       | ✓                  | ✓                  | ✓                  | ✓                  | 4     |
| Kashan Hasan*           | ✓                  | ✓                  | ✓                  | ✓                  | 4     |
| Ehsan Ali Malik*        | ✗                  | ✗                  | ✓                  | ✓                  | 2     |
| Liselotte Kooi*         | ✗                  | ✗                  | ✓                  | ✓                  | 2     |
| Zouhair Abdul Khaliq*** | ✓                  | ✓                  | ✓                  | ✓                  | 4     |
| Robert ter Borg***      | ✓                  | ✓                  | ✓                  | ✓                  | 4     |
| Petra Attje Zinkweg**   | ✓                  | ✓                  | ✗                  | ✗                  | 2     |
| Abrar Hasan**           | ✓                  | ✓                  | ✗                  | ✗                  | 2     |
| Roel van Neerbos**      | ✓                  | ✓                  | ✗                  | ✗                  | 2     |

\* Elected on April 26, 2024

\*\*Retired on April 26, 2024

\*\*\*Re-Elected on April 26, 2024

## Board Composition and Governance

As of December 31, 2024, the Board comprises of seven Directors (6 males, 1 female) including one Executive Director, two Independent Directors and four Non-Executive Directors. The Board has the collective responsibility for ensuring that the affairs of FCEPL are managed competently and with integrity. Mr. Abdul Samad Dawood, a non-executive Director, is the Chairman of the Board, and Mr. Kashan Hasan is the Chief Executive Officer. Biographical details of the Directors are included in this report.

A Board of Directors meeting calendar is issued annually that schedules the matters reserved for discussion and approval.

The secretary of the Board is Ms. Wajiha Hasan, General Manager Legal & Company Secretary.

## Board Compensation Committee

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

|                 |          |
|-----------------|----------|
| Ehsan Ali Malik | Chairman |
| Kahsan Hasan    | Member   |
| Ali Ahmed Khan  | Member   |

The secretary of the committee is Ms. Tamkeen Faisal, HR Business Partner for Pakistan.



Abdul Samad Dawood  
Chairman

## Board Audit Committee

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The committee met 4 times during 2024. The committee comprises the following members:

|                      |          |
|----------------------|----------|
| Zouhair Abdul Khaliq | Chairman |
| Ehsan Ali Malik      | Member   |
| Robert Ter Borg      | Member   |

The secretary of the committee is Ms. Maria Umar Memon, General Manager Internal Audit.

# FUTURE OUTLOOK

In 2016, Royal FrieslandCampina made one of the biggest foreign direct investments (USD 450 million) in Pakistan's dairy sector. Since then, the company has made considerable investment behind increased access to nutrition and improving farmers' livelihood. However, the continued sales tax on packaged milk poses a major challenge to the packaged milk industry and impacts the company's ability to continue this investment.

FCEPL is actively working with the Government of Pakistan to find solutions that ensure a sustainable future for the packaged dairy industry, in line with global taxation practices for milk products, where rates are typically zero or reduced in both developing and developed economies. This collaboration is crucial to safeguard public health by promoting access to safe, nutritious milk, support farmer livelihoods through continued investment in development programs, and boost competitiveness by strengthening Pakistan's position in international markets.



Kashan Hasan  
Chief Executive Officer

# Enabling Farmers, Growing Dreams

FCEPL is transforming lives by equipping farmers with modern techniques and knowledge while providing scholarships for their children, helping them cultivate dreams for future generations.





# OUR BRANDS



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

## OLPER'S UHT MILK

### OLPER'S Happy Subha Campaign

Olper's Happy Subha campaign continued to drive ownership of the morning occasion while consistently building upon Nutrition & Purity credentials.

The TVC showcased the role of a mother as an enabler of her family's 'Happy Subha' as she turns a dull morning into a happy morning with Olper's and a nutritious breakfast. The campaign was well received by consumers, enabling Olper's to further strengthen its equity and market leadership in Pakistan.



# Poora *karay* Breakfast *ka waada*



## OLPER'S 1 1/2, PAO POUCH

### Poora Karay Breakfast ka Waada Campaign

In 2024, Olper's continued to build relevance of 1 1/2 Pao Bachat Pack to cater to the value-seeking consumer amid an evolving landscape. The pack serves as the ideal size for a single breakfast occasion.

The campaign shows a smart mother who fulfills the needs of her family's nourishment in a perfectly planned manner. Olper's 1 1/2 Pao Bachat Pack provides the right milk quantity for her family's daily breakfast needs. Since it offers economy, it helps her to manage the grocery budget without compromising on nutrition to give her family a great start to the day.



## OLPER'S FLAVOURED MILK

### No Break in School Performance Campaign

OLPER'S Flavoured Milk campaign 'No Break in School Performance' establishes itself as a Nutritious beverage for school breaks. The campaign helps establish the need for Nutrition in school lunch breaks, presenting OLPER'S Flavoured Milk as a drink that delivers the energy and nutrients (i.e. protein, calcium, vitamins) for children at school, which help them perform their best. Its catchy jingle delivers the message in a fun and engaging style while 'Performance Mein Break Na Ho' tagline encapsulates the brand promise. The campaign targets consumers through key touchpoints: TV, Digital, PR, & School Activations.

OLPER'S School Activations aim to inculcate good nutritional habits in children, especially through OLPER'S All Stars, an animated film sharing the brand message in a relatable & engaging medium.



**OLPER'S  
FLAVOURED MILK**

**Performance  
Mein Break Na Ho**





**Goodness  
Barh Jaye**



## OLPER'S CREAM

### Ramadan Campaign

In 2024, Olper's Cream went all out with a dynamic, digital-first campaign that kept the brand top of mind for consumers throughout peak Ramadan season.

Olper's Cream reached new audiences this year through TikTok. On YouTube, the product's versatility was showcased by popular food channels, through usage in special Ramadan recipes. To create further excitement around Olper's Cream, the brand went live with a Facebook Food Group competition, generating thousands of entries online. This was followed by an Influencer Campaign on Instagram featuring popular celebrities.

Simultaneously, to drive awareness and trial, out of home billboards, bus brandings and on-ground activations were also carried out in Karachi, Lahore, Islamabad across Modern Trade outlets. The overall campaign has been received well and has resulted in an increase in brand equity indicators and penetration."



## OLPER'S UHT MILK



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

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

## OLPER'S FLAVOURED MILK



OLPER'S Flavoured Milk was launched in 2020 as a Nutritious drink for children. OLPER'S Flavoured Milk is available in four delicious flavours – Chocolate, Strawberry, Badam Zafran and Chaunsa Mango.

OLPER'S Flavoured Milk campaign 'No Break in School Performance' is based on the consumer insight that children need to fulfil their nutritional requirements in school lunch breaks to help them perform their best.

The campaign has created excitement in the category, establishing OLPER'S Flavoured Milk as a drink of choice in the school lunch box. OLPER'S Flavoured Milk has already made a mark in the category with its promise of Nutrition and great Taste. It has become a favourite amongst children and mothers who seek balanced nutrition for their children.

## OLPER'S DAIRY CREAM



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

## OLPER'S FULL CREAM MILK POWDER



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

## OLPER'S PROCAL+



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

## OLPER'S TARRKA



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

## TARANG



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

## DAIRY OMUNG



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

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



# WOW BHARAY DESSERTS



## WOW Bharay Desserts Campaign

To build new avenues for frozen dessert consumption we launched a groundbreaking campaign by the name of 'Wow Bharay Desserts'. This campaign was aimed at deseasonalizing the category as it showcased how seamlessly desserts can be recreated and re-defined at home by simply using Omore brick packs. The campaign was televised across Pakistan during the occasion of Bari Eid and leveraged across multiple digital touch points generating substantial visibility on Omore.

We took this campaign to YouTube and reached new audiences simultaneously running Facebook group competitions – asking women to elevate their dessert game using Omore. On top of that we partnered with FoodFusion – a popular recipe making YouTube channel; and crafted dessert recipe videos using Omore bricks. All of this coupled with OOH placements allowed us to gain visible traction on Omore resulting in a phenomenal success on 'Wow Bharay Desserts'.





OMORE has been catering to diverse tastes for over a decade, whether it's a refreshing treat on a sunny day or a satisfying snack to savor. Offering a variety of rich,

flavorful options in formats such as cups, sticks, cones, and family packs, OMORÉ has something special for everyone.

## Blockbuster Innovations-2024

Keeping a steady momentum – we launched three blockbuster innovations that promised novelty to our offerings, fostered excitement amongst our consumers, and ensured traffic is driven towards our freezers throughout the year.

We introduced Cookie Mania in cone format to invigorate our beloved Cookie Mania range. The overwhelming love for Cookie Mania inspired us to reimagine this favorite in a new way.

Diversifying OMORE's Brick Packs – we launched Caramel Crumble, a cookie inspired, creamy delicacy that enhanced the beauty and richness of our portfolio.

And keeping Omore's exuberant spirit alive, we introduced another fun-filled ice-lolly; Fun2, a dual-flavoured water ice packed with tropical essence.

All of three of the innovations were debuted through dedicated televised and digitalized campaigns, creatively linking OMORÉ with the lively spirit of summer.



# Dairy Sales

## MSL dangal:

### Igniting Coverage and Engagement Nationwide

In a landmark initiative to enhance market coverage, the Dairy Sales team launched "MSL Dangal" Initiative, a new Gamified Sales program with the objective to make our top 7 SKUs productive on every GT outlet which contributes more than 90% in our total volume. This program was rolled out in a grand fashion nationwide, generating immense excitement and motivation within the sales force.

### Olper's Cream: Achieving Double-Digit Growth Through Strategic Excellence

Olper's Cream achieved remarkable double-digit growth in 2024, driven by injection of aggressive trade plans i.e. "Olper's Cream Powerplay" in Q1 to block competition at top accounts, growing share of display by building bigger and better secondary displays across shopper path to purchase and galvanizing sales team through exciting pay-for-play incentives to drive numeric and secondary volumes. Physical availability plans along with solid brand plans established a solid foundation for sustained growth on the Creams portfolio.



### Perfect Store Program:



The **Perfect Store Program** is a strategic retail execution framework designed to optimize the in-store environment, ensuring products are displayed, promoted, and priced in a way that maximizes sales and enhances the shopper's experience by focusing on the critical elements of a store that influence purchasing decisions.

The Perfect Store Program has been a cornerstone of FCEPL for the past five years. This year, we reached a remarkable milestone by achieving the highest-ever volume in October 2024. Additionally, the program saw its largest expansion to date, with the induction of an unprecedented 1,000 shops. These achievements highlight the program's success in driving growth and enhancing retail execution.

### Shopper Experience: Olper's Merchandising Excellence

Trade-marketing team delivered unparalleled brand experience to shoppers in-store by breaking the clutter through creative new in-store tools and dominant shelf displays. We asserted our market leadership through 'Category Captaincy' and "Breakfast Category" initiative with biggest Modern Trade Accounts. Moreover, our strategically positioned breakfast solutions in premium retail outlets seamlessly combined convenience with delight, solidifying our brands as the ultimate choice for breakfast.



**Olper's Stations: Enriching Tourist Experiences in Northern Pakistan**

To leverage the high tourist traffic in Northern Pakistan, the dairy sales team ensured the presence of Olper's at key destinations. Building on this success, this year the team expanded the touch points of Olper's Breakfast Station to 6 different beautiful spots of the Northern part of the country which includes Hunza, Skardu, Babusar, Batakundi, etc., 6 pit stops including Fuel Stations and Bus Stations, and 10 different hotels, where customers enthusiastically enjoyed nutritious meals prepared with Olper's products, resulting in an impressive 7% increase in volume growth.



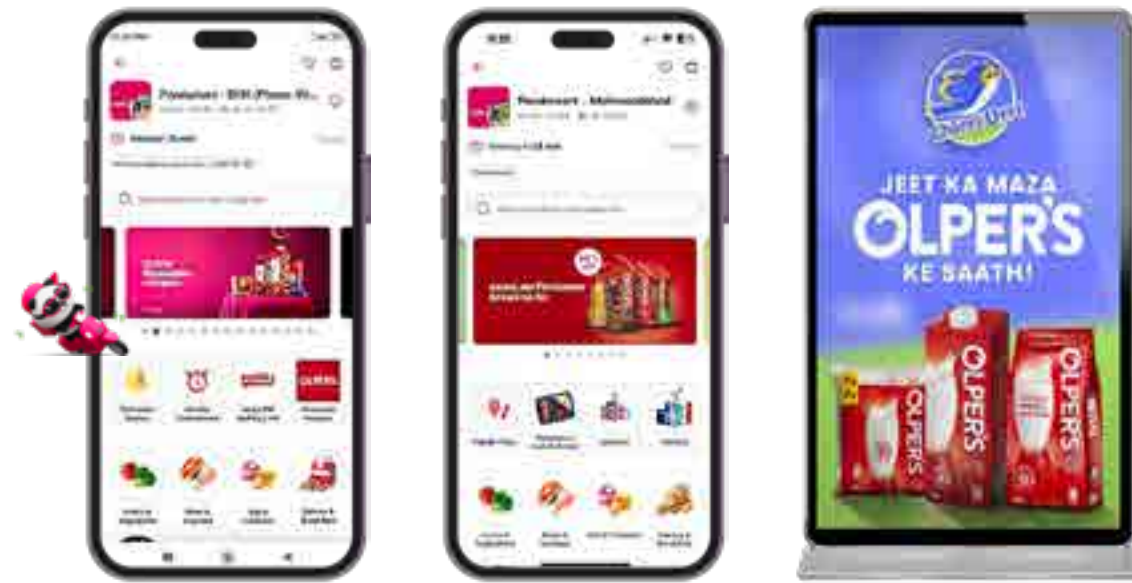
**Winning in Top-End Retail – SOS Amplification**

We intensified our efforts on top-end retail by increasing the Share of Shelf (SOS) to boost visibility and driving shopper engagement. By strategically enhancing Olper's primary Share of Shelf, we aim to drive maximum impact on shoppers. This initiative has been pivotal in strengthening our leadership position, as well as to establish ourselves as the best executed brand in dairy category.



## E-commerce:

**Serving 24/7 Consumers through largest eCommerce Presence in Dairy Category**



The year 2024 was a landmark for our eCommerce business, achieving an exceptional 60% growth in GMV compared to the previous year. This remarkable performance was driven by strategic collaborations with eTailers through Win-Win Joint Business Plans (JBPs), successful seasonal and festival campaigns including

Ramzan Recipe Campaign, Eidi by Olper's, Back to School, and the mega 11.11 and 12.12 shopping festivals. Our efforts resulted in capturing the highest-ever market share in the UHT milk Category at leading eCommerce platforms like Panda Mart.

**Olper's Flavored Milk: Leading the Way!**

We are proud to introduce Olper's Flavored Milk as the first-ever category captain in the flavored milk segment, leading the way in category development for all flavored milk brands. We have also launched chiller FSUs at top-end retail outlets, ensuring instant consumption and a refreshing experience for consumers.



# Frozen Dessert Sales

Team Omore set out with a high-growth ambition in 2024, aiming to grow market share and penetration. With a focused approach on speed to market and

clutter-breaking visibility, they managed to break all previous records and deliver the highest-ever Season Opening and Eid volumes.



## Merchandising Excellence

Continuing with the agenda of growth, the team focused on capturing the shopper journey and creating an in-store experience. Strategically placed displays intercepted shoppers to increase interaction and offtake. They ensured best-in-class freezer displays and executions by deploying custom-made solutions for each channel. This initiative helped drive sales at these stores and improve market share.



## Continuation of Omore Tourism Activation

Building on last year's success and the increasing influx of local tourism, Team Omore expanded its presence to 5 high-footfall locations. An innovative solution, the "Dessert Station," was launched, offering value-added recipes. The activity gained significant traction and was very well-received by tourists.



## Creating News with Innovation

Omore leveraged its market innovation by creating clutter-breaking POSM (Point of Sale Material) to encourage trial generation. This year, Omore introduced

three unique innovations, supported in the market with multiple marketing and trade initiatives, contributing to their successful launches.



## Driving sustainability:

### Building Solar Distributions

In line with the corporate agenda of driving sustainability, Team Omore embarked on the journey to convert distributions to solar-powered operations. This initiative not only helped reduce operational costs but also aligned with sustainability goals. In 2024, Team Omore achieved its conversion target, with plans for further expansion in the coming years.



### Customer Recognition Programs

To highlight Omore's top customers, a customer recognition program was launched. Team Omore identified and rewarded their top retailers with appreciation trophies and certificates. This initiative helped strengthen market relationships with key accounts and increased Omore's share at these outlets.



SUPER SAVER

OLPER'S

Dairy Omung

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FULL CREAM MILK

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ASLI DESI GHEE

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amore  
KULFA

OLPER'S  
CHOCOLATE FLAVOURED MILK

OLPER'S

OLPER'S

OLPER'S

# Nurturing Communities, Realizing Dreams

FCEPL strengthens communities by fostering local partnerships and creating opportunities for sustainable livelihoods, turning shared dreams into lasting realities.





# OUR PEOPLE

# OUR HUMAN RESOURCE

At FrieslandCampina Engro Pakistan Limited (FCEPL), employees are the Company's greatest strength. Driven with a "winning mindset," they take pride in exceeding expectations and delivering results for customers and farmers alike. FCEPL fosters an environment where employees can unleash their potential, collaborate with trust and respect, and contribute to shaping the future of dairy.

In 2024, FrieslandCampina introduced new company values—**Act with RESPECT, Aim HIGHER, Succeed TOGETHER**—marking a significant step in the evolution of its culture and strategic direction. These values were further embedded through employee engagement initiatives like the Quarterly Recognition Program, which celebrates employees who exemplify these principles and outperform.

FCEPL's teams actively promote open discussion and feedback to enhance overall performance. Globally, the Company conducted an annual organizational health survey with over 90% participation at FCEPL, providing valuable insights into recognition, employee wellbeing, inclusion, and growth. FCEPL's commitment to Compass (its Code for good business conduct) is integral to its overarching strategy. To reinforce a culture of compliance, a diverse group of eight (8) Local Trusted Representatives was nominated and trained on Compass topics, in order to provide guidance and advice to employees where needed.



## Diversity & Inclusion

The Company is committed to Inclusive Diversity and creating a safe and inclusive environment where all employees can bring their authentic selves to work. In 2024, the Company advanced this commitment through induction of 26 female apprentices under its flagship female apprenticeship program at factories, celebrations of cultural festivals (Eid, Diwali, Christmas), and awareness campaigns such as PINKTOBER for breast cancer awareness. The Company continued female empowerment initiatives through its dairy development program creating an impressive universe of 25 female milk collection agents and 250+ female dairy farmers.



## Employee Wellness and Engagement

FrieslandCampina Engro Pakistan Ltd recognizes that employee wellbeing is vital to its success. To foster engagement, the Company organized a range of activities across its operations including sports festivals and family galas. The Commercial and Sales teams came together for the Sales Summit 2024, celebrating key achievements and preparing for future challenges.



## Learning and Development

With a focus on continuous growth, learning and development is a cornerstone of FCEPL's values. In 2024, the Company conducted awareness sessions for line managers on talent assessment and performance management, while plant teams enhanced shop-floor capabilities through targeted training plans for 300+ employees.

## Accounting Standards

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

## Pension, Gratuity and Provident Fund

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



| Net Assets as Per Audited Financial Statements |                           | DB Gratuity Fund |
|--|---------------------------|------------------|
|  |                           | Rs. in Million   |
|  |                           | 30-Jun-24        |
|  |                           | 908              |
| Breakup of Net Assets                          |                           |                  |
| 1  | Government Treasury Bills | 501              |
| 2  | Pakistan Investment Bonds | 269              |
| 3  | Shares                    | 87               |
| 4  | Bank Deposits             | 34               |
| 5  | Receivables               | 35               |
| 6  | Payables                  | (18)             |
| Total  |                           | 908              |

The above-mentioned plan is a funded scheme recognized by the tax authorities. The latest actuarial valuation of gratuity scheme was carried out on December 31, 2024, and the financial statements of these have been audited up to June 30, 2024.

Following is gender pay gap calculated for the year ended 2024:

- I. Mean Gender Pay Gap: -6%
- II. Median Gender Pay Gap: -21%



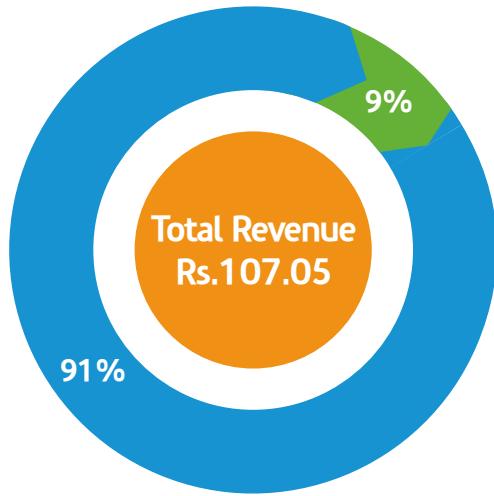
# FINANCIAL REVIEW



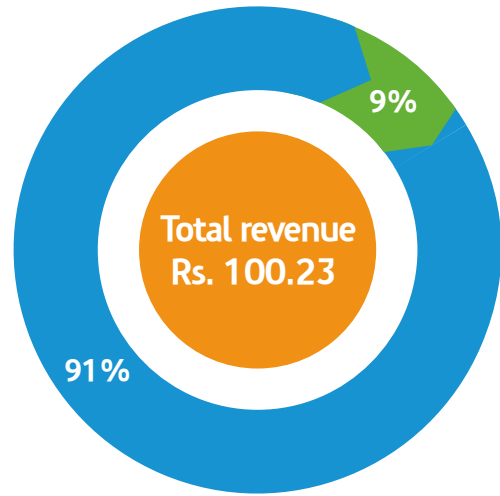
# FINANCIAL REVIEW

## Business Revenue (Rs. in billions) % Segment Share

- Dairy based products
- Frozen desserts

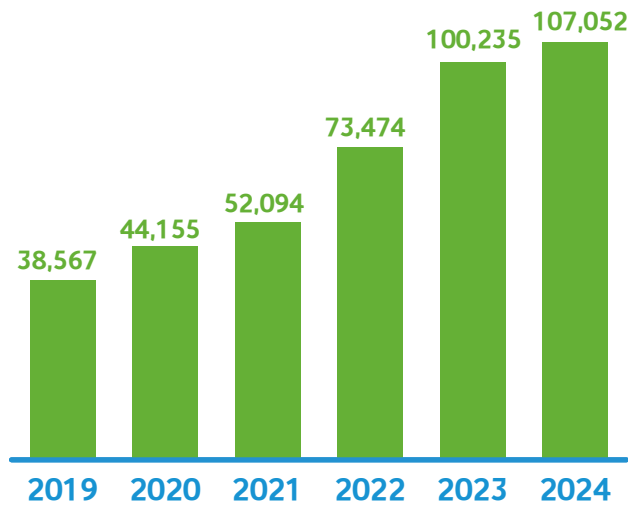


2024



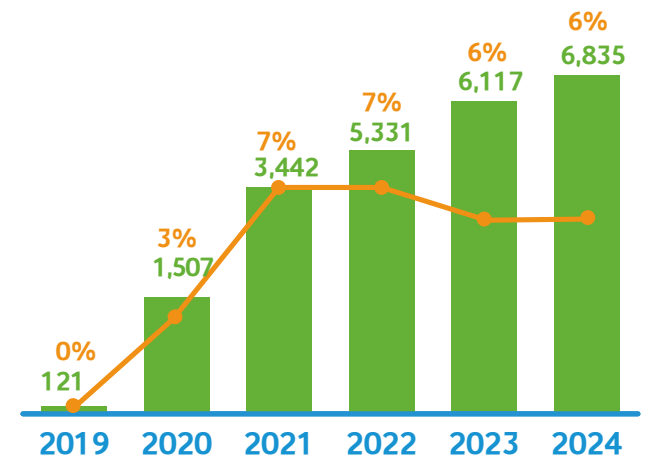
2023

## Sales (Rs. In Million)

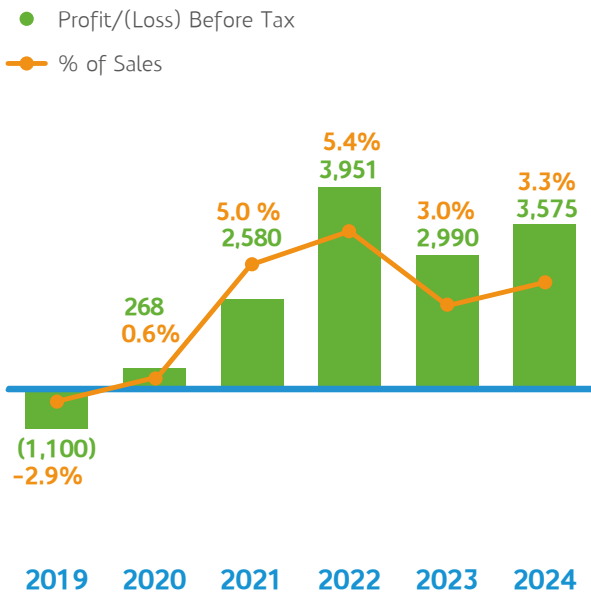


## Operating Profit & % of Sales (Rs. in million)

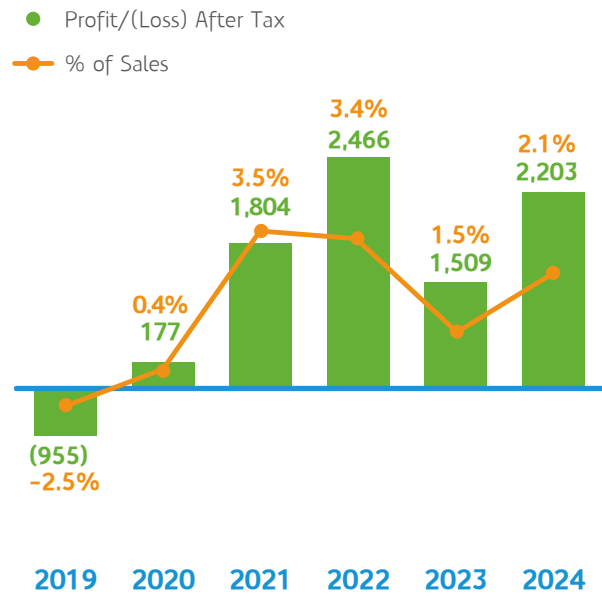
- Operating Profit
- % of Sales



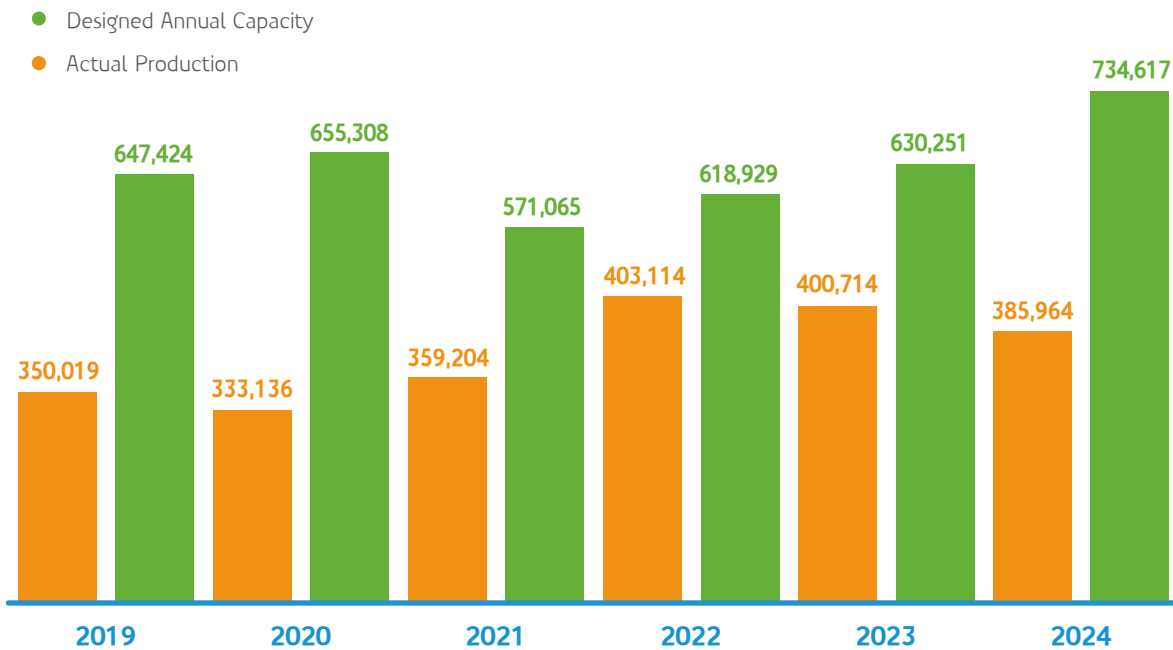
**Profit/(Loss) Before Tax (Rs. in millions)**



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



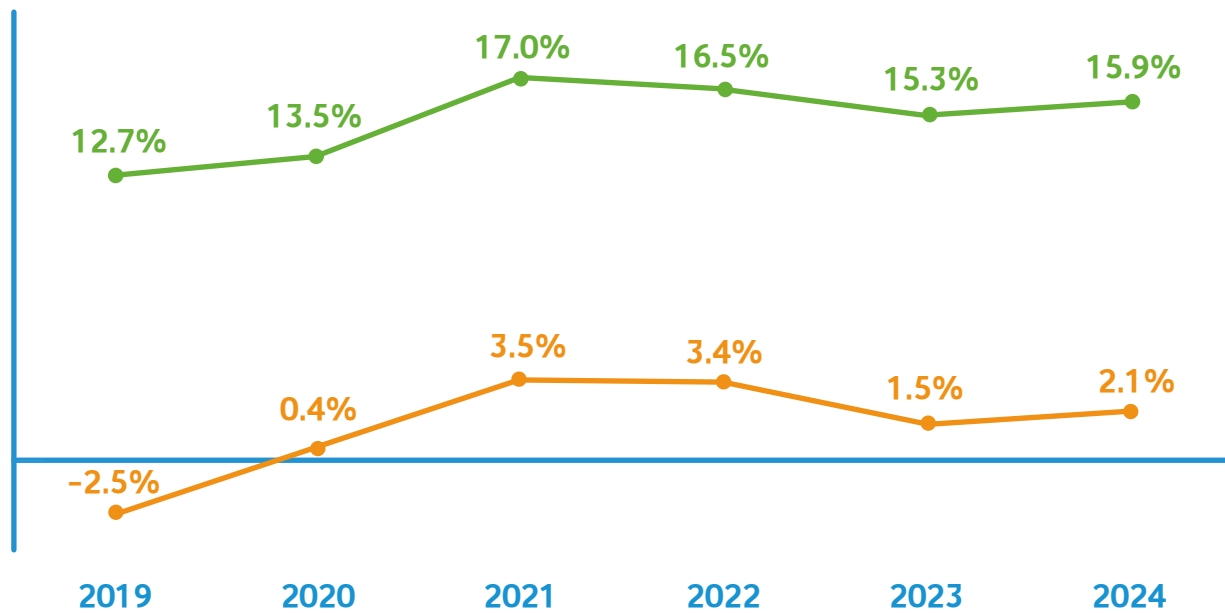
**Actual Production vs. Designed Annual Capacity ('000 litres)**



## Profitability Ratios:

— Gross Profit Ratio

— Net Profit Ratio



## STATEMENT OF VALUE ADDITION & DISTRIBUTION

| WEALTH GENERATED   | 2024           | %      | 2023           | %      |
|--|----------------|--------|----------------|--------|
|  | Rs. in million |        | Rs. in million |        |
| Total Revenue inclusive of sales-tax and other income                                    | 118,860        |        | 104,696        |        |
| bought-in material and services  | (96,849)       |        | (85,607)       |        |
|  | <b>22,011</b>  |        | <b>19,089</b>  |        |
| <b>WEALTH DISTRIBUTED</b>  |                |        |                |        |
| <b>To employees</b>  |                |        |                |        |
| Salaries, benefits and other costs   | 5,753          | 26.13% | 4,596          | 24.08% |
| <b>To Government</b>   |                |        |                |        |
| Taxes, duties and development surcharge  | 8,548          | 38.84% | 7,864          | 41.20% |
| <b>To Society</b>  |                |        |                |        |
| Donations towards education, health, environment and natural disaster                    | 16             | 0.07%  | 44             | 0.23%  |
| <b>To Providers of Capital</b>   |                |        |                |        |
| Mark up/interest expense on borrowed money   | 3,259          | 14.80% | 3,127          | 16.38% |
| Retained for reinvestment and future growth, depreciation, amortization, retained profit | 4,435          | 20.14% | 3,458          | 18.12% |
|  | <b>22,011</b>  |        | <b>19,089</b>  |        |

# FINANCIAL SUMMARY

| Description  | 2024                          | 2023    | 2022    | 2021    | 2020    | 2019    |
|--|-------------------------------|---------|---------|---------|---------|---------|
|  | ----- Rupees in million ----- |         |         |         |         |         |
| <b>Statement of Financial Position</b>                         |                               |         |         |         |         |         |
| Share capital  | 7,666                         | 7,666   | 7,666   | 7,666   | 7,666   | 7,666   |
| Share premium  | 865                           | 865     | 865     | 865     | 865     | 865     |
| Employee compensation reserve                                  | -                             | -       | 1       | 43      | 100     | 116     |
| Remeasurement of post employment benefits - Remeasurement loss | (218)                         | (297)   | (274)   | (171)   | (146)   | (132)   |
| Unappropriate profit / (loss)                                  | 8,144                         | 5,941   | 4,431   | 1,924   | 62      | (130)   |
| Shareholders' funds / Equity                                   | 16,457                        | 14,176  | 12,690  | 10,327  | 8,548   | 8,385   |
| Long term borrowings   | 318                           | 250     | 750     | 2,200   | 4,663   | 3,200   |
| Capital employed   | 16,775                        | 14,426  | 13,440  | 12,527  | 13,211  | 11,585  |
| Property, plant & equipment                                    | 12,407                        | 11,394  | 9,858   | 9,513   | 10,448  | 10,913  |
| Long term advances and deposits                                | 314                           | 253     | 129     | 61      | 44      | 59      |
| <b>Statement of Profit or Loss</b>                             |                               |         |         |         |         |         |
| Revenue from contracts with customer - net                     | 107,052                       | 100,235 | 73,474  | 52,094  | 44,155  | 38,567  |
| Gross profit   | 17,028                        | 15,289  | 12,108  | 8,837   | 5,953   | 4,880   |
| Operating profit   | 6,835                         | 6,117   | 5,331   | 3,442   | 1,507   | 121     |
| Profit / (loss) before tax                                     | 3,575                         | 2,990   | 3,951   | 2,580   | 268     | (1,100) |
| Profit / (loss) after tax                                      | 2,203                         | 1,509   | 2,466   | 1,804   | 177     | (955)   |
| <b>Statement of Cash Flows</b>                                 |                               |         |         |         |         |         |
| Net cash flow from operating activities                        | 2,861                         | 3,344   | 6,223   | 3,683   | 1,934   | 1,522   |
| Net cash flow from investing activities                        | (2,127)                       | (2,137) | (1,445) | (884)   | (1,316) | (838)   |
| Net cash flow from financing activities                        | (1,420)                       | (1,953) | (2,836) | (1,486) | 1,703   | (458)   |
| Changes in cash & cash equivalents                             | (687)                         | (746)   | 1,941   | 1,313   | 2,321   | 226     |
| Cash & cash equivalents - Year end                             | 2,392                         | 3,078   | 3,825   | 1,883   | 570     | (1,750) |
| <b>Others</b>  |                               |         |         |         |         |         |
| Market capitalisation  | 68,455                        | 62,794  | 50,392  | 64,988  | 63,101  | 60,823  |
| Number of shares issued  | 767                           | 767     | 767     | 767     | 767     | 767     |
| <b>Quantitative Data</b>                                       |                               |         |         |         |         |         |
|  | ----- Litres in '000 -----    |         |         |         |         |         |
| <b>Production Capacity</b>                                     |                               |         |         |         |         |         |
| Dairy based products   | 697,197                       | 592,831 | 581,509 | 533,645 | 617,888 | 610,004 |
| Frozen desserts  | 37,420                        | 37,420  | 37,420  | 37,420  | 37,420  | 37,420  |
| <b>Actual Production</b>                                       |                               |         |         |         |         |         |
| Dairy based products   | 360,204                       | 375,894 | 373,722 | 334,986 | 314,979 | 328,627 |
| Frozen desserts  | 25,760                        | 24,820  | 29,392  | 24,218  | 18,157  | 21,392  |

## FINANCIAL PERFORMANCE INDICATORS

| RATIOS  | 2024   | 2023   | 2022   | 2021   | 2020   | 2019    |
|---|--------|--------|--------|--------|--------|---------|
| <b>Profitability Ratios:</b>                  |        |        |        |        |        |         |
| Gross Profit ratio                            | 15.9%  | 15.3%  | 16.5%  | 17.0%  | 13.5%  | 12.7%   |
| Net Profit to Sales                           | 2.1%   | 1.5%   | 3.4%   | 3.5%   | 0.4%   | -2.5%   |
| EBITDA Margin to Sales                        | 8.5%   | 8.0%   | 9.6%   | 11.0%  | 8.6%   | 6.3%    |
| Return on Equity                              | 13.4%  | 10.6%  | 19.4%  | 17.5%  | 2.1%   | -11.4%  |
| Return on Capital employed                    | 13.5%  | 10.4%  | 18.4%  | 13.7%  | 1.4%   | -7.5%   |
| Operating leverage ratio                      | 1.72   | 0.41   | 1.34   | 7.14   | 78.87  | (4.02)  |
| <b>Liquidity Ratios:</b>                      |        |        |        |        |        |         |
| Current ratio                                 | 1.0    | 1.0    | 1.0    | 1.1    | 1.1    | 0.9     |
| Quick / Acid test ratio                       | 0.5    | 0.5    | 0.7    | 0.7    | 0.6    | 0.5     |
| Cash to Current Liabilities                   | 0.1    | 0.1    | 0.1    | 0.0    | 0.1    | 0.0     |
| Cash flow from Operations to Sales            | 0.0    | 0.0    | 0.1    | 0.1    | 0.0    | 0.0     |
| <b>Activity / Turnover Ratios:</b>            |        |        |        |        |        |         |
| No. of Days Inventory                         | 39.7   | 38.1   | 36.4   | 34.6   | 34.7   | 36.5    |
| No. of Days Receivables                       | 5.6    | 6.9    | 8.0    | 7.4    | 7.1    | 6.2     |
| No. of Days Payables*                         | 107.1  | 74.7   | 93.4   | 96.1   | 98.6   | 100.8   |
| Operating cycle                               | (61.8) | (52.1) | (49.0) | (54.1) | (56.8) | (58.0)  |
| Inventory turnover                            | 9.2    | 9.6    | 10.0   | 10.5   | 10.5   | 10.0    |
| Debtors turnover                              | 65.7   | 52.9   | 45.8   | 49.5   | 51.4   | 58.6    |
| Creditors turnover*                           | 3.4    | 3.8    | 3.9    | 3.8    | 3.7    | 3.6     |
| Total Assets turnover ratio                   | 2.6    | 2.4    | 2.1    | 1.9    | 1.9    | 1.6     |
| <b>Investment /Market Ratios:</b>             |        |        |        |        |        |         |
| Earnings per Share (EPS) - basic & diluted    | 2.87   | 1.97   | 3.22   | 2.35   | 0.23   | (1.25)  |
| Price Earnings ratio                          | 31.10  | 41.56  | 20.40  | 36.06  | 357.70 | (63.44) |
| Market value per share at the end of the year | 89.25  | 81.87  | 65.70  | 84.73  | 82.27  | 79.30   |
| Highest market value during the year          | 100.00 | 105.00 | 93.52  | 124.24 | 95.32  | 91.49   |
| Lowest market value during the year           | 57.12  | 52.60  | 63.21  | 76.27  | 43.20  | 42.10   |
| Breakup value per share                       | 21.47  | 18.49  | 16.55  | 13.47  | 11.15  | 10.94   |
| <b>Capital Structure Ratios:</b>              |        |        |        |        |        |         |
| Long-term Debt to Equity                      | 7.2%   | 5.9%   | 9.4%   | 23.7%  | 59.0%  | 43.1%   |

\*including supplier financing - Unfunded

## KEY SHAREHOLDING & SHARES TRADED

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

### 1. Associated Companies, Undertakings and Related Parties

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

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

| Shareholder's Category | No. of shares held |
|------------------------|--------------------|
| Abdul Samad Dawood     | 501                |
| Ehsan Ali Malik        | 100                |
| Zouhair Abdul Khaliq   | 1                  |
| Ali Ahmed Khan         | 1                  |

|  |           |
|--|-----------|
| 3. Executives  | 19,549    |
| 4. Public sector companies and corporations                                      | -         |
| 5. Banks, Development Financial Institutions, Non-Banking Financial Institutions | 4,465,711 |
| 6. Insurance Companies   | 3,000     |
| 7. Modarabas and Mutual Funds:   |           |

| Shareholder's Category                           | No. of shares held |
|--|--------------------|
| Name   | Holding            |
| CDC - TRUSTEE AKD INDEX TRACKER FUND             | 25,784             |
| CDC - TRUSTEE AKD OPPORTUNITY FUND               | 11,000             |
| CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND | 54,900             |
| FIRST ELITE CAPITAL MODARABA                     | 3,000              |
| DCCL - TRUSTEE AKD ISLAMIC STOCK FUND            | 188,939            |
| CDC - TRUSTEE GOLDEN ARROW STOCK FUND            | 255,000            |
| Total  | 538,623            |

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

| Shareholder's Category                 | No. of shares held |
|--|--------------------|
| ENGRO CORPORATION LIMITED              | 306,075,947        |
| FRIESLANDCAMPINA PAKISTAN HOLDING B.V. | 390,963,999        |

### 9. Details of purchase/sale of shares by Directors, Executives\* and their spouse(s) / minor children during 2024.

| Name           | Date of Purchase/Sale | Share purchased | Shares Sold | Rate  |
|----------------|-----------------------|-----------------|-------------|-------|
| Ali Ahmed Khan | 27-May-2024           | --              | 14,999      | 72.18 |

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

# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2024

| No. of Shareholders | No. of Shareholdings |         | Total Shares | No. of Shareholders | No. of Shareholdings |             | Total Shares |
|---------------------|----------------------|---------|--------------|---------------------|----------------------|-------------|--------------|
|                     | From                 | To      |              |                     | From                 | To          |              |
| 1,090               | 1                    | 100     | 49,203       | 5                   | 195,001              | 200,000     | 1,000,000    |
| 3,066               | 101                  | 500     | 1,366,581    | 1                   | 200,001              | 205,000     | 200,394      |
| 1,259               | 501                  | 1,000   | 1,173,669    | 1                   | 215,001              | 220,000     | 219,500      |
| 1,600               | 1,001                | 5,000   | 4,288,875    | 1                   | 220,001              | 225,000     | 222,258      |
| 347                 | 5,001                | 10,000  | 2,759,285    | 1                   | 235,001              | 240,000     | 240,000      |
| 131                 | 10,001               | 15,000  | 1,694,587    | 3                   | 245,001              | 250,000     | 750,000      |
| 83                  | 15,001               | 20,000  | 1,511,750    | 1                   | 250,001              | 255,000     | 255,000      |
| 52                  | 20,001               | 25,000  | 1,231,200    | 1                   | 255,001              | 260,000     | 260,000      |
| 36                  | 25,001               | 30,000  | 1,020,493    | 2                   | 260,001              | 265,000     | 526,683      |
| 30                  | 30,001               | 35,000  | 993,872      | 1                   | 270,001              | 275,000     | 270,339      |
| 23                  | 35,001               | 40,000  | 890,285      | 1                   | 285,001              | 290,000     | 288,500      |
| 13                  | 40,001               | 45,000  | 563,108      | 3                   | 295,001              | 300,000     | 898,000      |
| 26                  | 45,001               | 50,000  | 1,273,758    | 1                   | 310,001              | 315,000     | 312,011      |
| 7                   | 50,001               | 55,000  | 368,208      | 1                   | 345,001              | 350,000     | 350,000      |
| 7                   | 55,001               | 60,000  | 400,501      | 1                   | 355,001              | 360,000     | 357,474      |
| 12                  | 60,001               | 65,000  | 762,867      | 1                   | 370,001              | 375,000     | 372,000      |
| 5                   | 65,001               | 70,000  | 341,500      | 1                   | 380,001              | 385,000     | 380,550      |
| 7                   | 70,001               | 75,000  | 515,125      | 1                   | 410,001              | 415,000     | 415,000      |
| 7                   | 75,001               | 80,000  | 546,497      | 1                   | 425,001              | 430,000     | 427,458      |
| 2                   | 80,001               | 85,000  | 169,811      | 1                   | 465,001              | 470,000     | 466,765      |
| 6                   | 85,001               | 90,000  | 528,403      | 1                   | 475,001              | 480,000     | 475,400      |
| 3                   | 90,001               | 95,000  | 281,000      | 1                   | 495,001              | 500,000     | 500,000      |
| 13                  | 95,001               | 100,000 | 1,294,037    | 1                   | 505,001              | 510,000     | 505,190      |
| 6                   | 100,001              | 105,000 | 610,370      | 1                   | 550,001              | 555,000     | 554,148      |
| 1                   | 105,001              | 110,000 | 108,000      | 1                   | 695,001              | 700,000     | 700,000      |
| 1                   | 110,001              | 115,000 | 112,415      | 1                   | 865,001              | 870,000     | 866,500      |
| 3                   | 115,001              | 120,000 | 355,640      | 1                   | 1,735,001            | 1,740,000   | 1,738,286    |
| 2                   | 120,001              | 125,000 | 247,000      | 1                   | 2,785,001            | 2,790,000   | 2,789,500    |
| 1                   | 140,001              | 145,000 | 144,500      | 1                   | 2,840,001            | 2,845,000   | 2,842,989    |
| 5                   | 145,001              | 150,000 | 741,665      | 1                   | 3,670,001            | 3,675,000   | 3,673,300    |
| 2                   | 150,001              | 155,000 | 305,000      | 1                   | 3,945,001            | 3,950,000   | 3,946,211    |
| 3                   | 155,001              | 160,000 | 473,080      | 1                   | 5,905,001            | 5,910,000   | 5,907,706    |
| 2                   | 165,001              | 170,000 | 333,268      | 1                   | 8,300,001            | 8,305,000   | 8,301,000    |
| 1                   | 170,001              | 175,000 | 175,000      | 1                   | 306,075,001          | 306,080,000 | 306,075,947  |
| 1                   | 175,001              | 180,000 | 177,500      | 1                   | 390,960,001          | 390,965,000 | 390,963,999  |
| 3                   | 180,001              | 185,000 | 546,975      |                     |                      |             |              |
| 1                   | 185,001              | 190,000 | 188,939      | 7,901               |                      |             | 766,596,075  |

# CATEGORIES OF SHAREHOLDING

AS AT DECEMBER 31, 2024

| Shareholders' Category   | No. of Shareholders | No. of Shares | Percentage of Holding |
|--|---------------------|---------------|-----------------------|
| Directors, Chief Executive Officer, and their spouse(s) and minor children.    | 5                   | 603           | 0.00                  |
| Associated companies, undertakings and related parties.                        | 3                   | 697,039,946   | 90.93                 |
| Banks, Development Financial Institutions, Non-Banking Financial Institutions. | 3                   | 4,465,711     | 0.58                  |
| Insurance Companies  | 1                   | 3,000         | 0.00                  |
| Modarabas and Mutual Funds   | 6                   | 538,623       | 0.07                  |
| Shareholders holding 10% or more shares  | 2                   | 697,039,946   | 90.93                 |
| General Public (individuals)   |                     |               |                       |
| a. Local<br>b. Foreign   | 7,785               | 45,255,920    | 5.90                  |
| Others   | 99                  | 19,292,272    | 2.52                  |
| Total (excluding : Share Holders Holding 10%)                                  | 7,901               | 766,596,075   | 100%                  |

# SHAREHOLDERS' INFORMATION

## Annual General Meeting

The annual shareholders meeting will be held at 03:00 p.m. on April 21, 2025 at Karachi.

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

Shareholders as of April 14, 2025 are encouraged to participate and vote.

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

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

## Ownership

On December 31, 2024 there were 7,901, shareholders on record of the Company's ordinary shares.

## Circulation of Annual Reports.

In compliance with the Section 223(6) of the Companies Act, 2017, the company has electronically distributed the Annual Report for the year 2024 via email to shareholders whose email addresses are registered with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt) Limited. In instances where email addresses are not on record with the Company's Share Registrar, printed notices for the Annual General Meeting (AGM), accompanied by a QR-enabled code or weblink to access the financial statements, have been sent. However, should shareholders wish to receive hard copies of the Annual Report, the Company is prepared to fulfill these requests at no cost, delivering them to the shareholders' registered addresses within one week of the request.

Moreover, shareholders are kindly urged to provide their valid email addresses (along with a copy of a valid CNIC) to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt) Limited, if they hold shares in physical or CDC form. For shares held in book entry form, this information should be directed to the respective Participant/Investor Account Services.

## E-DIVIDEND MANDATE (MANDATORY)

In accordance with the provisions of Section 242 of the Companies Act, 2017, and Section 4 of the Companies (Distribution of Dividends) Regulations, 2017 it is mandatory for a listed company, to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your future dividends directly in your Bank account, then please provide the information mentioned on the Form placed on the Company's website <http://frieslandcampina.com.pk> and the same to your brokers or the Central Depository Company Ltd. (in case the shares are held in the electronic form) and to our Share Registrars (in case the shares are held in paper certificate form).

## Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in 2025 are:

1st quarter: April 21, 2025

2nd quarter: August 11, 2025

3rd quarter: October 16, 2025

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

## Change of Address

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

M/s. FAMCO Share Registration Services (Pvt) Limited  
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S.,  
Shahra-e-Faisal, Karachi. Tel: 34380101-5, 34384621-3  
Email : [info.shares@famcosrs.com](mailto:info.shares@famcosrs.com)  
Website : [www.famcosrs.com](http://www.famcosrs.com)



# FINANCIAL STATEMENTS





A·F·FERGUSON&Co.

# Independent Auditor's Review Report To the members of FrieslandCampina Engro Pakistan Limited

## Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of FrieslandCampina Engro Pakistan Limited for the year ended December 31, 2024 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, 2024.

A handwritten signature in black ink, appearing to be 'A. F. Ferguson &amp; Co.', written over a horizontal line.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: March 25, 2025

UDIN: CR202410069x6Agyi09v

**A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network**  
**State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan**  
**Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>**

■ KARACHI ■ LAHORE ■ ISLAMABAD

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

## For the year ended December 31, 2024

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

1. The total number of directors are seven (7) as per the following:
  - Male: Six (6)
  - Female: One (1)
2. The composition of Board is as follows:

| Category                | Name  |
|-------------------------|---|
| Independent Directors   | Mr. Ehsan Ali Malik                         |
|                         | Mr. Zouhair Abdul Khaliq                    |
| Non-executive Directors | Mr. Abdul Samad Dawood (Chairman)           |
|                         | Mr. Ali Ahmed Khan                          |
|                         | Mr. Robert ter Borg                         |
|                         | Ms. Liselotte Kooi (Female Director)        |
| Executive Director      | Mr. Kashan Hasan (Chief Executive Officer ) |

On April 26, 2024, election for the Company's Board of Director's was held and the related requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) have also been complied with.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the 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 and recording of minutes of meetings of Board.  
However, regarding the circulation of the Board meeting minutes, only the minutes of the 108th meeting were circulated on time whereas the minutes of the 105th, 106th, and 107th meetings were circulated with a delay of 50 days, 88 days, and 1 day, respectively.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;
9. No director attended the Directors' Training program during the year. However, three directors have already completed the Directors' Training program in prior years;
10. The Board has approved the appointment of the Chief Executive Officer and Company Secretary including their remuneration and terms and conditions of employment during the year. There was no fresh appointment of Chief Financial Officer and Head of Internal Audit during the year ended December 31, 2024. The Board has approved the remuneration of Chief Financial Officer, Company Secretary and Head of Internal Audit and complied with relevant requirements of the Regulations, except as explained in paragraph 19(7) below;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed Committees comprising of members given below:

| Audit Committee                     | Human Resource and Remuneration Committee |
|-------------------------------------|---|
| Mr. Zouhair Abdul Khaliq (Chairman) | Mr. Ehsan Ali Malik (Chairman)            |
| Mr. Ehsan Ali Malik                 | Mr. Ali Ahmed Khan                        |
| Mr. Robert Ter Borg                 | Mr. Kashan Hasan                          |

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance;
14. The frequency of meetings of the Committees was as follows:
- Audit Committee: Four quarterly meetings during the year ended December 31, 2024;
  - Human Resource and Remuneration Committee: one meeting during the year ended December 31, 2024;
15. The Board has set up an effective internal audit function comprising of suitably qualified and experienced staff who are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP 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 any Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. With respect to the compliance with Regulation 6, the fraction one-third number was not rounded up to one as the Company believes that in view of its shareholding structure, two independent directors elected had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, appointment of third independent director was not warranted.

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

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is as follows:

| S. No. | Requirement  | Explanation for Non-Compliance  | Reg. No.        |
|--------|--|---|-----------------|
| 1      | The anti-harassment policy aims to safeguard the rights and well-being of employees by incorporating mechanisms prescribed under the Protection Against Harassment of Women at the Workplace Act 2010 and relevant provincial laws. It includes establishing a Code of Conduct for protection against harassment at the workplace, forming an Inquiry Committee to investigate complaints, designating a competent authority to oversee the process, and displaying copies of the Code of Conduct in both English and the local language understood by the majority of employees at a conspicuous place. | Currently, the Board and Board Audit Committee are fulfilling the responsibilities of the Anti-harassment Inquiry Committee, with a policy already approved by the CEO. This Anti-harassment policy will be presented to the Board for approval in the upcoming meeting. Once approved, it will be displayed prominently in conspicuous places. | 10(4) (xvi)     |
| 2      | 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 will ensure that the Company has addressed sustainability-related risks and opportunities. Also, it will ensure that Company's sustainability and DE&I related strategies are periodically reviewed and monitored in future.  | 10A (1) (3) (4) |

| S. No. | Requirement  | Explanation for Non-Compliance  | Reg. No.       |
|--------|--|---|----------------|
| 3      | The Board may establish a dedicated sustainability committee or assign additional responsibilities to an existing Board committee.   | The formation of a committee for DE&I and sustainability related risks is under review and will be presented to the Board for its approval. Further, the Company may consider uploading synopsis of the terms of reference of DE&I and sustainability policies on the Company's website, once approved.   | 10A (2) (5)    |
| 4      | As per Regulation 19 of the Code, companies are encouraged to ensure that all board members obtain the prescribed certification under the Directors' Training Program (DTP) by June 30, 2022.  | Among the seven directors, three have successfully completed the program in prior years, while one director qualifies for exemption from the requirement. All board members are well-versed in their roles and responsibilities as corporate directors. The Company remains committed to complying with regulatory requirements and will ensure the certification of the remaining directors as required. | 19 (1) (2) (3) |
| 5      | 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.   | Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Board.  | 29 (1)         |
| 6      | 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.  | Currently, the Board has not constituted a separate Risk Management Committee and the functions are being performed by the Board.   | 30 (1)         |
| 7      | No person shall be appointed as Company Secretary unless he holds the qualification as specified under the relevant Regulations by the Commission. The Companies (General Provisions and Forms) Regulations, 2018 in this respect specifies the eligibility as follows:<br><br>'..... a person holding a masters degree in business administration or commerce or being a law graduate from a university recognized by the Higher Education Commission of Pakistan (HEC) or in case of foreign qualification in the above disciplines, holds an equivalence certificate from HEC.....' | The Company Secretary possesses the necessary academic qualification being a law graduate from a foreign university and professional expertise to effectively fulfill the role, however, does not hold an equivalence certificate from HEC. The process for obtaining the equivalency certificate from HEC will be completed in due course.   | 24             |



**ABDUL SAMAD DAWOOD**  
Chairman

Karachi  
Date: March 13, 2025



# Independent Auditor's Report

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

### Opinion

We have audited the annexed financial statements of FrieslandCampina Engro Pakistan Limited (the Company), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matter

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

Following are the key audit matters:

| S. No. | Key audit matter  | How the matter was addressed in our audit   |
|--------|---|---|
| (i)    | <p><b>Revenue Recognition</b></p> <p>[Refer notes 2.21.1 and 26 to the financial statements]</p> <p>The Company is engaged in manufacturing, processing and selling of dairy-based products and frozen desserts. The Company recognised net revenue of Rs. 107,051,450 thousand for the year ended December 31, 2024.</p> <p>Revenue is recognized at a point in time when performance obligations are satisfied by transferring control of promised goods to a customer which, in the case of the Company, coincides with the dispatch of goods to customers. Revenue is measured at fair value of the consideration received or receivable.</p> | <p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> <li>obtained understanding and evaluated the accounting policies and the Company's procedures with respect to revenue recognition;</li> <li>reviewed contracts with customers to obtain an understanding of the terms and conditions, particularly relating to timing and transfer of control of the products, and assessed the appropriateness of revenue recognition policies and practices followed by the Company;</li> <li>tested revenue transactions on a sample basis by inspecting underlying documentation including dispatch documents and sales invoices;</li> </ul> |

| S. No. | Key audit matter   | How the matter was addressed in our audit   |
|--------|--|---|
|        | <p>The management focuses on the achievement of revenue targets as it is one of the key performance indicators of the Company. Hence, there is a presumed risk of revenue being overstated. Accordingly, we have considered that there is a high level of risk of material misstatement of financial statements relating to revenue recognition requiring significant audit efforts to address the same. Therefore, this has been considered as a key audit matter.</p>  | <ul style="list-style-type: none"> <li>performed analytical procedures over revenue transactions to identify trends and any unusual changes in revenue trends throughout the year;</li> <li>compared the details of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation;</li> <li>tested specific revenue transactions on a sample basis recorded before and after the reporting date with the underlying documentation to assess whether revenue has been recognised in the correct period;</li> <li>obtained understanding of the types and process of discounts offered to customers and tested on a sample basis discounts provided to supporting documentation including approvals of the discounts; and</li> <li>assessed the related disclosures made in the financial statements in accordance with the requirements of the applicable financial reporting framework.</li> </ul> |
| (ii)   | <p><b>Valuation of dairy livestock</b></p> <p>[Refer notes 2.3, 3(b), and 5 to the financial statements]</p> <p>As at December 31, 2024, the fair value of the Company's biological assets; dairy livestock amounts to Rs. 3,380,848 thousand.</p> <p>Dairy livestock is measured at fair value less estimated point-of-sale costs. Fair value of dairy livestock is determined by an external expert, appointed by the Company, on the basis of market and replacement values of similar livestock and physical attributes i.e. life and health conditions of the Company's dairy livestock.</p> <p>Due to the level of judgment involved in determining fair values of dairy livestock, we considered this a key audit matter.</p> | <p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> <li>obtained understanding of the internal controls over valuation of dairy livestock, assessed the design of these controls and tested operating effectiveness of controls on a test basis;</li> <li>assessed management expert's report including the process and methodology of valuation in the light of our knowledge of the business;</li> <li>performed physical inspection and verification of the Company's dairy livestock;</li> <li>checked source data of dairy livestock provided by the Company's management to the external expert on a sample basis; and</li> <li>assessed the adequacy of the related disclosures made in the financial statements in accordance with the requirements of the applicable financial reporting framework.</li> </ul>  |
| (iii)  | <p><b>Tax related contingencies</b></p> <p>[Refer notes 2.18, 3(g), 14, and 33.2 to the financial statements]</p> <p>The Company has contingencies in respect of income tax and sales tax matters, which are pending adjudication at various appellate forums.</p> <p>Contingencies require management of the Company to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impacts, if any, on the Company for recognition and measurement of any provision and / or disclosure in respect of such contingent liabilities.</p>   | <p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> <li>obtained and examined details of the documentation relating to pending tax matters, read the minutes of the meetings of those charged with governance and discussed the same with the Company's management;</li> <li>checked correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;</li> </ul>  |

| S. No. | Key audit matter   | How the matter was addressed in our audit  |
|--------|--|--|
|        | Due to the significance of the amounts involved, inherent uncertainties associated with the outcome of the matters currently pending at various legal forums and use of significant judgments and estimates to assess the related financial impacts, which may change over time as new facts emerge and the matters progress, we considered income tax and sales tax related contingencies a key audit matter. | <ul style="list-style-type: none"> <li>● circularized confirmations to the Company's external legal and tax advisors for their views on matters being handled by them;</li> <li>● involved internal tax professionals to assess management's conclusions on contingent tax matters and evaluated the consistency of such conclusions with the views of management and external legal and tax advisors engaged by the Company; and</li> <li>● assessed the adequacy of related disclosures made in the financial statements in accordance with the requirements of the applicable financial reporting framework.</li> </ul> |

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

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

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

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

### Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



A. F. Ferguson & Co.

Chartered Accountants

Karachi

Date: March 25, 2025

UDIN: AR202410069Jh0PjokOm

**A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network**  
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■ KARACHI ■ LAHORE ■ ISLAMABAD

# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

(Amounts in thousand)

|                                    | Note | 2024              | 2023              |
|------------------------------------|------|-------------------|-------------------|
|                                    |      | -----Rupees-----  |                   |
| <b>ASSETS</b>                      |      |                   |                   |
| <b>Non-Current Assets</b>          |      |                   |                   |
| Property, plant and equipment      | 4    | 12,407,339        | 11,393,773        |
| Biological assets                  | 5    | 3,380,848         | 3,005,743         |
| Intangible assets                  | 6    | 51,246            | 13,362            |
| Right-of-use assets                | 7    | 1,667,486         | 1,020,192         |
| Deferred tax asset - net           | 8    | 715,639           | 194,313           |
| Long term advances and deposits    |      | 314,269           | 253,217           |
|                                    |      | <u>18,536,827</u> | <u>15,880,600</u> |
| <b>Current Assets</b>              |      |                   |                   |
| Stores, spares and loose tools     | 9    | 962,255           | 1,137,210         |
| Stock-in-trade                     | 10   | 9,361,738         | 10,182,994        |
| Trade debts                        | 11   | 1,368,890         | 1,888,698         |
| Advances, deposits and prepayments | 12   | 665,091           | 394,901           |
| Accrued mark-up / interest         |      | 34,364            | 7,868             |
| Other receivables                  | 13   | 922,853           | 701,409           |
| Sales tax recoverable              | 14   | 5,056,428         | 6,527,295         |
| Taxes recoverable                  |      | 1,956,081         | 2,087,349         |
| Short-term investments             | 15   | 65,000            | 1,000,000         |
| Cash and bank balances             | 16   | 2,745,744         | 2,078,478         |
|                                    |      | <u>23,138,444</u> | <u>26,006,202</u> |
| <b>TOTAL ASSETS</b>                |      | <u>41,675,271</u> | <u>41,886,802</u> |

(Amounts in thousand)

|  | Note | 2024              | 2023              |
|--|------|-------------------|-------------------|
| -----Rupees-----   |      |                   |                   |
| <b>EQUITY AND LIABILITIES</b>                                  |      |                   |                   |
| <b>Equity</b>  |      |                   |                   |
| Share capital  | 17   | 7,665,961         | 7,665,961         |
| Share premium  | 18   | 865,354           | 865,354           |
| Remeasurement of post employment benefits - Remeasurement loss |      | (217,897)         | (296,593)         |
| Unappropriated profit  |      | 8,144,426         | 5,941,298         |
|  |      | <u>16,457,844</u> | <u>14,176,020</u> |
| <b>Non-Current Liabilities</b>                                 |      |                   |                   |
| Long term:   |      |                   |                   |
| - finances   | 19   | 318,000           | 250,000           |
| - lease liability against right-of-use assets                  | 20   | 870,594           | 583,851           |
|  |      | <u>1,188,594</u>  | <u>833,851</u>    |
| <b>Current Liabilities</b>                                     |      |                   |                   |
| Current portion of long term:                                  |      |                   |                   |
| - finances   | 19   | -                 | 500,000           |
| - lease liability against right-of-use assets                  | 20   | 593,823           | 423,514           |
| Trade and other payables                                       | 21   | 11,857,311        | 12,255,637        |
| Contract liabilities   | 22   | 936,579           | 1,427,299         |
| Unclaimed dividend   |      | 6,668             | 6,774             |
| Accrued interest / mark-up on:                                 |      |                   |                   |
| - long term finances   |      | 9,793             | 27,839            |
| - short term finances  |      | 475,471           | 739,931           |
| Supplier financing - unfunded                                  | 23   | 9,838,888         | 11,374,678        |
| Short term finances  | 24   | 310,300           | 121,259           |
|  |      | <u>24,028,833</u> | <u>26,876,931</u> |
|  |      | <u>25,217,427</u> | <u>27,710,782</u> |
| Contingencies and Commitments                                  | 25   |                   |                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            |      | <u>41,675,271</u> | <u>41,886,802</u> |

The annexed notes 1 to 49 form an integral part of these financial statements.



**Abdul Samad Dawood**  
Chairman



**Syed Kashan Hasan**  
Chief Executive Officer



**Imran Husain**  
Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED DECEMBER 31, 2024

[Amounts in thousand except for earnings per share]

|   | Note | 2024             | 2023         |
|---|------|------------------|--------------|
|   |      | -----Rupees----- |              |
| Revenue from contracts with customers - net   | 26   | 107,051,450      | 100,235,403  |
| Cost of sales                                 | 27   | (90,023,807)     | (84,946,121) |
| <b>Gross profit</b>                           |      | 17,027,643       | 15,289,282   |
| Distribution and marketing expenses           | 28   | (8,289,402)      | (7,780,736)  |
| Administrative expenses                       | 29   | (1,821,635)      | (1,868,638)  |
| Other operating expenses                      | 30   | (564,394)        | (353,069)    |
| Other income                                  | 31   | 482,529          | 830,536      |
| <b>Operating profit</b>                       |      | 6,834,741        | 6,117,375    |
| Finance costs                                 | 32   | (3,259,327)      | (3,126,988)  |
| <b>Profit before taxation</b>                 |      | 3,575,414        | 2,990,387    |
| Taxation                                      | 33   | (1,372,286)      | (1,481,601)  |
| <b>Profit for the year</b>                    |      | 2,203,128        | 1,508,786    |
| <b>Earnings per share - basic and diluted</b> | 34   | 2.87             | 1.97         |

The annexed notes 1 to 49 form an integral part of these financial statements.



Abdul Samad Dawood  
Chairman



Syed Kashan Hasan  
Chief Executive Officer



Imran Husain  
Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in thousand)

|  | Note | 2024             | 2023             |
|--|------|------------------|------------------|
|  |      | -----Rupees----- |                  |
| <b>Profit for the year</b>   |      | 2,203,128        | 1,508,786        |
| <b>Other comprehensive income / (loss):</b>                        |      |                  |                  |
| <b>Items that will not be reclassified to profit or loss</b>       |      |                  |                  |
| Remeasurement gain / (loss) on post employment benefits obligation | 37.6 | 110,839          | (31,602)         |
| Less: Income tax relating to remeasurement gain / loss             |      | (32,143)         | 9,165            |
| Other comprehensive income / (loss) for the year, net of tax       |      | 78,696           | (22,437)         |
| <b>Total comprehensive income for the year</b>                     |      | <u>2,281,824</u> | <u>1,486,349</u> |

The annexed notes 1 to 49 form an integral part of these financial statements.



Abdul Samad Dawood  
Chairman



Syed Kashan Hasan  
Chief Executive Officer



Imran Husain  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in thousand)

|  | SHARE<br>CAPITAL | RESERVES                      |   |  |                          | Total      |
|--|------------------|-------------------------------|---|--|--------------------------|------------|
|  |                  | CAPITAL                       |   | REVENUE  |                          |            |
|  |                  | Share<br>premium<br>(note 18) | Employee<br>share option<br>compensation<br>reserve | Remeasurement<br>of post<br>employment<br>benefits | Unappropriated<br>profit |            |
| -----Rupees-----   |                  |                               |   |  |                          |            |
| <b>Balance as at January 1, 2023</b>   | 7,665,961        | 865,354                       | 1,267   | (274,156)  | 4,431,245                | 12,689,671 |
| Transfer of employee share option<br>compensation reserve to unappropriated profit | -                | -                             | (1,267)   | -  | 1,267                    | -          |
| Profit for the year  | -                | -                             | -   | -  | 1,508,786                | 1,508,786  |
| Other comprehensive loss for the year  | -                | -                             | -   | (22,437)   | -                        | (22,437)   |
| Total comprehensive income for the year  | -                | -                             | -   | (22,437)   | 1,508,786                | 1,486,349  |
| <b>Balance as at December 31, 2023</b>   | 7,665,961        | 865,354                       | -   | (296,593)  | 5,941,298                | 14,176,020 |
| Profit for the year  | -                | -                             | -   | -  | 2,203,128                | 2,203,128  |
| Other comprehensive income for the year  | -                | -                             | -   | 78,696   | -                        | 78,696     |
| Total comprehensive income for the year  | -                | -                             | -   | 78,696   | 2,203,128                | 2,281,824  |
| <b>Balance as at December 31, 2024</b>   | 7,665,961        | 865,354                       | -   | (217,897)  | 8,144,426                | 16,457,844 |

The annexed notes 1 to 49 form an integral part of these financial statements.



Abdul Samad Dawood  
Chairman



Syed Kashan Hasan  
Chief Executive Officer



Imran Husain  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in thousand)

|  | Note | 2024               | 2023               |
|--|------|--------------------|--------------------|
|  |      | ----- Rupees-----  |                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |      |                    |                    |
| Cash generated from operations                           | 35   | 8,170,488          | 7,699,348          |
| Finance costs paid                                       |      | (3,344,395)        | (2,527,032)        |
| Taxes paid   |      | (1,794,486)        | (1,599,449)        |
| Contribution to defined benefit gratuity fund            | 37.8 | (110,050)          | (105,040)          |
| Long term advances and deposits - net                    |      | (61,052)           | (123,728)          |
| <b>Net cash generated from operating activities</b>      |      | <b>2,860,505</b>   | <b>3,344,099</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |      |                    |                    |
| Purchases of:  |      |                    |                    |
| - property, plant and equipment                          | 4.5  | (3,238,534)        | (2,613,488)        |
| - intangible assets                                      | 4.5  | (1,101)            | (42,288)           |
| - short term investment                                  | 15   | (65,000)           | -                  |
| Proceeds from disposal of:                               |      |                    |                    |
| - property, plant and equipment                          | 4.4  | 729,193            | 210,610            |
| - biological assets                                      |      | 294,421            | 282,717            |
| Interest Income received                                 |      | 153,877            | 25,767             |
| <b>Net cash utilized in investing activities</b>         |      | <b>(2,127,144)</b> | <b>(2,136,682)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |      |                    |                    |
| Dividend paid  |      | (106)              | (108)              |
| (Repayment of) / Proceeds from short term finance        |      | (75,085)           | 121,259            |
| Proceeds from long term finances                         |      | 318,000            | -                  |
| Repayment of long term finances                          | 19.2 | (750,000)          | (1,569,643)        |
| Repayment of lease liability against right-of-use assets |      | (913,030)          | (505,001)          |
| <b>Net cash utilized in financing activities</b>         |      | <b>(1,420,221)</b> | <b>(1,953,493)</b> |
| <b>Net decrease in cash and cash equivalents</b>         |      | <b>(686,860)</b>   | <b>(746,076)</b>   |
| Cash and cash equivalents at beginning of the year       |      | 3,078,478          | 3,824,554          |
| <b>Cash and cash equivalents at end of the year</b>      | 36   | <b>2,391,618</b>   | <b>3,078,478</b>   |

The annexed notes 1 to 49 form an integral part of these financial statements.



Abdul Samad Dawood  
Chairman



Syed Kashan Hasan  
Chief Executive Officer



Imran Husain  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in thousand)

### 1. LEGAL STATUS AND OPERATIONS

**1.1** FrieslandCampina Engro Pakistan Limited (the Company), is a public listed company incorporated in Pakistan, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on April 26, 2005, and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of FrieslandCampina Pakistan Holdings B.V. (the Holding Company) which is a subsidiary of Zuivelcoöperatie FrieslandCampina UA (the Ultimate Parent Company). The registered office is situated at 5th floor, the Harbour Front Building, Plot No. HC-3, Block-4, Scheme No. 5, Clifton, Karachi.

**1.2** The business units of the Company include the following:

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

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

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

### 2. MATERIAL ACCOUNTING POLICY INFORMATION

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

#### 2.1 Basis of preparation

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

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

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

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

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

**2.1.4** These financial statements are presented in Pakistan Rupees which is the Company's functional currency.

#### 2.1.5 Initial application of standards, amendments or interpretations to existing standards

##### a) Amendments to existing standards that became effective during the year

There are certain amendments to approved accounting and reporting standards applicable to the Company for the financial year beginning on January 1, 2024, however, these do not have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements, except for the following:

(Amounts in thousand)

#### **Amendments to IAS 1 - Non-current liabilities with covenants:**

These amendments aim to improve the information an entity provides when its right to defer the settlement of a liability is subject to compliance with covenants within twelve months after the reporting period, which affects the classification of that liability. These amendments introduce additional disclosure requirements that enable users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period. These amendments did not have any impact on the measurement, recognition, or presentation and disclosure of any item in these financial statements.

#### **Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements:**

Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the Company's liabilities and cash flows, and the Company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The related disclosures have been incorporated in these financial statements.

#### **b) Standards or amendments to existing standards that are not yet effective**

The following amendments and standard are not yet effective and are expected to have an impact on the classification and measurement of items in the Company's financial statements:

#### **Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments Effective for the First Time from January 1, 2026:**

These amendments:

- Clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the sole payments of principal and interest (SPPI) criterion; and
- Make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

An important clarification brought about in these amendments is that a payment instruction (e.g., a cheque) that is prepared for a future payment will generally not meet the requirements for the financial liability to be discharged and hence derecognized. The previous practice of financial liabilities being derecognized upon issuance of cheques would need to be reconsidered.

There are certain standard and amendments to existing standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial reporting in the period of initial application and, therefore, have not been disclosed in these financial statements.

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

### **Owned**

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

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

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

**(Amounts in thousand)**

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

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

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

**2.3 Biological assets**

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

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

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

**2.4 Intangible assets - Computer software**

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

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

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

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

**2.5 Financial assets and liabilities****2.5.1 Financial assets**

The Company classifies its financial assets in the following categories:

a) **Amortized cost**

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

b) **Fair value through other comprehensive income**

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

**(Amounts in thousand)**

## c) Fair value through profit or loss

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

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

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

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

**2.5.2 Financial liabilities**

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

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

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

**2.5.3 Offsetting**

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

**2.6 Impairment**

## a) Financial assets

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

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full and it is subsequently written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

**(Amounts in thousand)**

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

## b) Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. In determining the fair value less cost of disposal, recent market transactions are taken into account, if no such transaction can be identified, appropriate valuation model is used. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**2.7 Stores, spares and loose tools**

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

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

**2.8 Stock-in-trade**

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

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

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

**2.9 Trade debts and other receivables**

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

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

**2.10 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows include cash in hand and in transit, balances with banks on current, deposit and savings accounts, short-term highly liquid investments with original maturities of three months or less subject to insignificant risk of changes in values, short-term running finances availed by the Company, which are payable on demand and form an integral part of the Company's cash management.

**(Amounts in thousand)****2.11 Share capital**

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

**2.12 Staff retirement and other service benefits****2.12.1 Defined benefit plan**

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

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

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

**2.12.2 Defined contribution plan**

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

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

- an approved defined contribution provident fund on behalf of the Company for permanent employees of the Company. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary; and
- an approved defined contribution gratuity fund for the benefit of management employees of the Company. Monthly contributions are made by the Company to the fund at the rate of 8.33% of basic salary.

**2.12.3 Compensated absences**

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

**2.13 Borrowings**

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

**2.14 Supplier financing - unfunded**

Supplier financing - unfunded is closely related to operating purchase activities and the credit period of these arrangements does not exceed 12 months, therefore, the supplier financing is not discounted.

**2.15 Lease liability and Right-of-use asset****2.15.1 Lease liability**

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

**(Amounts in thousand)**

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

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

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

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

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

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

**2.15.2 Right-of-use asset**

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

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

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

**2.16 Trade and other payables**

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

**2.17 Contract assets and liabilities**

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

**(Amounts in thousand)**

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

**2.18 Provisions and contingent liabilities**

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

Contingent liabilities are disclosed when the Company has possible obligation that arises from past event's and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

**2.19 Taxation****2.19.1 Current**

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

**2.19.2 Deferred**

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

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

**2.20 Foreign currency transactions and translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in profit or loss.

**2.21 Revenue recognition****2.21.1 Revenue from contracts with customers**

Revenue is recognized at a point in time when performance obligations are satisfied by transferring control of promised goods to a customer which coincides with dispatch of goods. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The Company deals with the customers on advance basis as well as enters into Standing Instruction for Debit of Account (SIDA) arrangements and offers credit period which varies from customer to customer. The credit limits in contracts with customers range from 02 to 120 days.

A receivable is recognised when the performance obligations are satisfied, since this is the point in time when the consideration is unconditional, because only the passage of time is required before the payment is due.

**2.21.2 Other revenue**

Interest income on bank deposits, term deposit receipts (TDR) and scrap sales are recognized on an accrual basis.

(Amounts in thousand)

## 2.22 Research and development costs

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

## 2.23 Borrowing costs

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

## 2.24 Earnings per share

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

## 2.25 Dividend and appropriation to reserves

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

## 2.26 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-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors of the Company that makes the strategic decisions.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

### a) Property, plant and equipment

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

### b) Biological assets

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

### c) Stores and spares

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

**(Amounts in thousand)**

## d) Stock-in-trade

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

## e) Provision for staff retirement and other service benefits

The present value of the obligations is determined by an independent actuary using a number of assumptions as disclosed in note 37.11. The related sensitivities have also been disclosed in note 37.11. Any change in these assumptions and factors will impact the obligations recorded in the financial statements.

## f) Taxation

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

## g) Provisions and contingencies

The Company assesses at each reporting date as to whether it has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. In the event of an affirmative assessment, provisions are revised, and adjusted, where considered necessary to reflect the current best estimate.

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

**2024**                      **2023**  
-----Rupees-----

**4. PROPERTY, PLANT AND EQUIPMENT**

|   |                   |                   |
|---|-------------------|-------------------|
| Operating assets (note 4.1)                       | 9,940,990         | 9,494,743         |
| Capital work-in-progress (CWIP) (note 4.5)        | 1,639,044         | 1,194,407         |
| Major spare parts and stand-by equipment (note 9) | 827,305           | 704,623           |
|   | <u>12,407,339</u> | <u>11,393,773</u> |

## (Amounts in thousand)

## 4.1 Operating assets

|  | Freehold land<br>(note 4.7) | Buildings and<br>civil works on<br>freehold land<br>(note 4.7) | Plant,<br>machinery and<br>related<br>equipment<br>(note 4.2)<br>Owned | Computer<br>equipment | Office<br>equipment<br>and furniture<br>& fittings | Vehicles<br>(note 4.2)<br>Owned | Total            |
|--|-----------------------------|--|--|-----------------------|--|---------------------------------|------------------|
|  | ----- Rupees -----          |  |  |                       |  |                                 |                  |
| <b>As at January 1, 2023</b>                 |                             |  |  |                       |  |                                 |                  |
| Cost   | 416,136                     | 4,593,983  | 20,487,534   | 474,625               | 433,498  | 1,204,903                       | 27,610,679       |
| Accumulated depreciation                     | -                           | (2,446,004)  | (14,606,000)   | (308,651)             | (304,033)  | (670,709)                       | (18,335,397)     |
| Accumulated impairment                       | -                           | (1,545)  | (215,952)  | (71)                  | (4,908)  | 953                             | (221,523)        |
| Net book value                               | <u>416,136</u>              | <u>2,146,434</u>   | <u>5,665,582</u>   | <u>165,903</u>        | <u>124,557</u>                                     | <u>535,147</u>                  | <u>9,053,759</u> |
| <b>Year ended December 31, 2023</b>          |                             |  |  |                       |  |                                 |                  |
| Opening net book value                       | 416,136                     | 2,146,434  | 5,665,582  | 165,903               | 124,557  | 535,147                         | 9,053,759        |
| Transfers from CWIP (note 4.5)               | -                           | 331,267  | 1,251,931  | 87,440                | 117,834  | 275,900                         | 2,064,372        |
| Disposals (note 4.4)                         |                             |  |  |                       |  |                                 |                  |
| Cost   | -                           | -  | (546,290)  | (30,902)              | (27,003)   | (202,525)                       | (806,720)        |
| Accumulated depreciation                     | -                           | -  | 476,725  | 30,495                | 25,214   | 159,983                         | 692,417          |
| Accumulated impairment                       | -                           | -  | 24,796   | -                     | 182  | -                               | 24,978           |
|  | -                           | -  | (44,769)   | (407)                 | (1,607)  | (42,542)                        | (89,325)         |
| Depreciation (note 4.3)                      | -                           | (170,401)  | (1,036,382)  | (65,620)              | (40,870)   | (211,705)                       | (1,524,978)      |
| Impairment charge<br>(notes 4.6, 27, and 28) | -                           | -  | (9,625)  | -                     | 1,281  | (741)                           | (9,085)          |
| Write-off                                    |                             |  |  |                       |  |                                 |                  |
| Cost   | -                           | -  | (29,097)   | (242)                 | (1,972)  | (3,082)                         | (34,393)         |
| Accumulated depreciation                     | -                           | -  | 20,129   | 242                   | 1,814  | 2,334                           | 24,519           |
| Accumulated impairment                       | -                           | -  | 8,968  | -                     | 158  | 748                             | 9,874            |
|  | -                           | -  | -  | -                     | -  | -                               | -                |
| Closing net book value                       | <u>416,136</u>              | <u>2,307,300</u>   | <u>5,826,737</u>   | <u>187,316</u>        | <u>201,195</u>                                     | <u>556,059</u>                  | <u>9,494,743</u> |
| <b>As at December 31, 2023</b>               |                             |  |  |                       |  |                                 |                  |
| Cost   | 416,136                     | 4,925,250  | 21,164,078   | 530,921               | 522,357  | 1,275,196                       | 28,833,938       |
| Accumulated depreciation                     | -                           | (2,616,405)  | (15,145,528)   | (343,534)             | (317,875)  | (720,097)                       | (19,143,439)     |
| Accumulated impairment                       | -                           | (1,545)  | (191,813)  | (71)                  | (3,287)  | 960                             | (195,756)        |
| Net book value                               | <u>416,136</u>              | <u>2,307,300</u>   | <u>5,826,737</u>   | <u>187,316</u>        | <u>201,195</u>                                     | <u>556,059</u>                  | <u>9,494,743</u> |
| <b>Year ended December 31, 2024</b>          |                             |  |  |                       |  |                                 |                  |
| Opening net book value                       | 416,136                     | 2,307,300  | 5,826,737  | 187,316               | 201,195  | 556,059                         | 9,494,743        |
| Transfers from CWIP (note 4.5)               | -                           | 162,800  | 2,183,141  | 110,005               | 111,753  | 174,330                         | 2,742,029        |
| Disposals (note 4.4)                         |                             |  |  |                       |  |                                 |                  |
| Cost   | -                           | -  | (808,837)  | (11,859)              | (6,677)  | (244,428)                       | (1,071,801)      |
| Accumulated depreciation                     | -                           | -  | 271,945  | 11,428                | 6,290  | 193,644                         | 483,307          |
| Accumulated impairment                       | -                           | -  | -  | -                     | -  | -                               | -                |
|  | -                           | -  | (536,892)  | (431)                 | (387)  | (50,784)                        | (588,494)        |
| Depreciation (note 4.3)                      | -                           | (178,889)  | (1,177,794)  | (72,700)              | (57,473)   | (186,148)                       | (1,673,004)      |
| Impairment charge<br>(notes 4.6, 27, and 28) | -                           | (819)  | (30,394)   | -                     | (715)  | (2,356)                         | (34,284)         |
| Write-off                                    |                             |  |  |                       |  |                                 |                  |
| Cost   | -                           | -  | (31,981)   | -                     | -  | (3,110)                         | (35,091)         |
| Accumulated depreciation                     | -                           | -  | 23,859   | -                     | -  | 2,324                           | 26,183           |
| Accumulated impairment                       | -                           | -  | 8,122  | -                     | -  | 786                             | 8,908            |
|  | -                           | -  | -  | -                     | -  | -                               | -                |
| Closing net book value                       | <u>416,136</u>              | <u>2,290,392</u>   | <u>6,264,798</u>   | <u>224,190</u>        | <u>254,373</u>                                     | <u>491,101</u>                  | <u>9,940,990</u> |
| <b>As at December 31, 2024</b>               |                             |  |  |                       |  |                                 |                  |
| Cost   | 416,136                     | 5,088,050  | 22,506,401   | 629,067               | 627,433  | 1,201,988                       | 30,469,075       |
| Accumulated depreciation                     | -                           | (2,795,294)  | (16,027,518)   | (404,806)             | (369,058)  | (710,277)                       | (20,306,953)     |
| Accumulated impairment                       | -                           | (2,364)  | (214,085)  | (71)                  | (4,002)  | (610)                           | (221,132)        |
| Net book value                               | <u>416,136</u>              | <u>2,290,392</u>   | <u>6,264,798</u>   | <u>224,190</u>        | <u>254,373</u>                                     | <u>491,101</u>                  | <u>9,940,990</u> |
| <b>Annual rate of depreciation (%)</b>       | <b>-</b>                    | <b>5 to 33.3</b>   | <b>8.33 to 33.3</b>  | <b>20 to 33.3</b>     | <b>10 to 33.3</b>                                  | <b>25</b>                       |                  |

(Amounts in thousand)

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

| Description                            | 2024             |                  | 2023             |                  | Reason (note 4.2.1)   |
|--|------------------|------------------|------------------|------------------|---|
|  | Cost             | Net Book Value   | Cost             | Net Book Value   |   |
| ----- Rupees -----                     |                  |                  |                  |                  |   |
| Plant, machinery and related equipment | 454,583          | 200,509          | 454,583          | 231,192          | Equipment mounted on transport contractors' vehicles.       |
| Plant, machinery and related equipment | 1,959,672        | 689,123          | 2,079,461        | 956,694          | Freezers held with third parties and retailers.             |
| Vehicles                               | 483,966          | 261,130          | 351,771          | 170,710          | Trikes held with third parties for sale of frozen desserts. |
|  | <u>2,898,221</u> | <u>1,150,762</u> | <u>2,885,815</u> | <u>1,358,596</u> |   |

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

**2024**                      **2023**  
-----Rupees-----

**4.3 The depreciation charge has been allocated as follows:**

|   |                  |                  |
|---|------------------|------------------|
| - Cost of sales (note 27)                       | 1,165,743        | 1,060,088        |
| - Distribution and marketing expenses (note 28) | 433,327          | 405,171          |
| - Administrative expenses (note 29)             | 73,934           | 59,719           |
|   | <u>1,673,004</u> | <u>1,524,978</u> |

(Amounts in thousand)

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

| Description and method of disposal   | Sold to                         | Cost      | Accumulated depreciation and impairment | Net book value | Sale proceeds | Gain / (Loss) |
|--|---------------------------------|-----------|---|----------------|---------------|---------------|
| -----Rupees-----   |                                 |           |   |                |               |               |
| <b>Vehicles</b>  |                                 |           |   |                |               |               |
| Under Company policy to existing / separating employees                              | - Rashid Saeed                  | 3,085     | (2,488)                                 | 597            | 617           | 20            |
|  | - Syed Hassan Raza              | 4,431     | (1,495)                                 | 2,936          | 2,568         | (368)         |
|  | - Syed Farzand Ali Mehdi        | 4,375     | (1,313)                                 | 3,062          | 2,158         | (904)         |
|  | - Saddam Haider                 | 2,090     | (784)                                   | 1,306          | 1,213         | (93)          |
|  | - Muhammad Danish Sattar        | 1,796     | (741)                                   | 1,055          | 948           | (107)         |
|  | - Falak Naz                     | 2,669     | (2,052)                                 | 617            | 1,460         | 843           |
|  | - Saad Arshad Siddiqui          | 3,992     | (1,497)                                 | 2,495          | 3,389         | 894           |
| Sold through auction under the Company policy  | - Umer Khitab                   | 33,500    | (21,356)                                | 12,144         | 30,720        | 18,576        |
|  |                                 | 55,938    | (31,726)                                | 24,212         | 43,073        | 18,861        |
| Under Company policy to existing / separating employees having NBV less than Rs. 500 | - Various                       | 166,279   | (145,178)                               | 21,101         | 53,171        | 32,070        |
| Insurance claim NBV more than Rs. 500  | - EFU General Insurance Limited | 4,204     | (3,534)                                 | 670            | 4,305         | 3,635         |
| Scrap sales NBV less than Rs. 500  | - Various                       | 18,007    | (13,206)                                | 4,801          | 5,817         | 1,016         |
|  |                                 | 244,428   | (193,644)                               | 50,784         | 106,366       | 55,582        |
| <b>Plant, machinery and related equipment - owned</b>                                |                                 |           |   |                |               |               |
| Sold through bidding/auction under the Company policy having NBV less than Rs. 500   | - Various                       | 807,982   | (271,488)                               | 536,494        | 603,954       | 67,460        |
| Insurance claim NBV less than Rs. 500  | - Various                       | 855       | (457)                                   | 398            | 672           | 274           |
|  |                                 | 808,837   | (271,945)                               | 536,892        | 604,626       | 67,734        |
| <b>Office Equipment &amp; furniture</b>  |                                 |           |   |                |               |               |
| Sold through bidding/auction under the Company policy having NBV less than Rs. 500   | - Various                       | 6,677     | (6,290)                                 | 387            | 1,763         | 1,376         |
| <b>Computer equipment</b>  |                                 |           |   |                |               |               |
| Under Company policy to existing / separating employees having NBV less than Rs. 500 | - Various                       | 11,859    | (11,428)                                | 431            | 1,970         | 1,539         |
| <b>Leased vehicles</b>   |                                 |           |   |                |               |               |
|  |                                 | -         | -                                       | -              | 14,468        | 14,468        |
| December 31, 2024  |                                 | 1,071,801 | (483,307)                               | 588,494        | 729,193       | 140,699       |
| December 31, 2023  |                                 | 806,720   | (717,395)                               | 89,325         | 210,610       | 121,285       |

(Amounts in thousand)

**4.5 Capital work-in-progress**

|  | Buildings & civil works on freehold land | Plant, machinery and related equipment Owned | IS and milk automation projects | Office equipment/ furniture & fittings/ Computer equipment | Vehicles  | Total            |
|--|--|--|---------------------------------|--|-----------|------------------|
| -----Rupees-----                       |  |  |                                 |  |           |                  |
| <b>Year ended December 31, 2023</b>    |  |  |                                 |  |           |                  |
| Balance as at January 1, 2023          | 109,932                                  | 414,488                                      | 12,465                          | 20,273   | 48,730    | 605,888          |
| Additions                              | 266,151                                  | 1,895,094                                    | 42,288                          | 225,073  | 227,170   | 2,655,776        |
| Transferred to:                        |  |  |                                 |  |           |                  |
| - operating assets (note 4.1)          | (331,267)                                | (1,251,931)                                  | -                               | (205,274)  | (275,900) | (2,064,372)      |
| - intangibles (note 6)                 | -  | -  | (2,885)                         | -  | -         | (2,885)          |
| <b>Balance as at December 31, 2023</b> | <b>44,816</b>                            | <b>1,057,651</b>                             | <b>51,868</b>                   | <b>40,072</b>  | <b>-</b>  | <b>1,194,407</b> |
| <b>Year ended December 31, 2024</b>    |  |  |                                 |  |           |                  |
| Balance as at January 1, 2024          | 44,816                                   | 1,057,651                                    | 51,868                          | 40,072   | -         | 1,194,407        |
| Additions                              | 209,991                                  | 2,666,562                                    | 1,101                           | 187,651  | 174,330   | 3,239,635        |
| Transferred to:                        |  |  |                                 |  |           |                  |
| - operating assets (note 4.1)          | (162,800)                                | (2,183,141)                                  | -                               | (221,758)  | (174,330) | (2,742,029)      |
| - intangibles (note 6)                 | -  | -  | (52,969)                        | -  | -         | (52,969)         |
| <b>Balance as at December 31, 2024</b> | <b>92,007</b>                            | <b>1,541,072</b>                             | <b>-</b>                        | <b>5,965</b>   | <b>-</b>  | <b>1,639,044</b> |

**4.6** During the year, the Company has recognized a net impairment charge amounting to Rs. 34,284 (2023: Rs. 9,085) against idle assets, determined on the basis of fair value of the assets less cost of disposal. The Company based on a review for impairment on the operating assets identified that the carrying values of certain operating assets in dairy based products segment exceeds their estimated recoverable amount. These assets were deemed as idle primarily due to discontinuation of certain SKUs to rationalize product portfolio of the Company. Accordingly, provision for impairment was recognized thereagainst. The recoverable amount of these assets amounted to Nil estimated on the basis of fair value less cost of disposal of underlying assets which is based on the historical experience of net recovery proceeds on similar nature of assets.

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

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

**2024**                      **2023**  
-----Rupees-----

**5. BIOLOGICAL ASSETS**

Dairy livestock (note 5.1):

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| - mature                           | 2,138,488        | 1,634,147        |
| - immature                         | 1,389,664        | 1,472,973        |
|                                    | <b>3,528,152</b> | <b>3,107,120</b> |
| Provision for culling (note 5.1.1) | (147,304)        | (101,377)        |
|                                    | <b>3,380,848</b> | <b>3,005,743</b> |

(Amounts in thousand)

2024                      2023  
-----Rupees-----

**5.1 Reconciliation of carrying amounts of livestock**

|  |           |           |
|--|-----------|-----------|
| Gross carrying amount at the beginning of the year   | 3,107,120 | 2,264,613 |
| Add:   |           |           |
| Changes in fair value due to biological transformation:  |           |           |
| - Gain due to new births [inclusive of cost of feeding immature herd of Rs. 856,510 (2023: Rs. 880,540)] | 1,067,610 | 1,074,975 |
| - Loss due to increase in age of livestock   | (595,594) | (456,374) |
|  | 472,016   | 618,601   |
| Changes in fair value due to price changes   | 421,032   | 614,665   |
| Net gain [inclusive of feed cost capitalized (note 31)]  | 893,048   | 1,233,266 |
| Less:  |           |           |
| - Decrease due to deaths / disposals   | (472,016) | (390,759) |
| - Provision for culling (note 5.1.1)   | (147,304) | (101,377) |
|  | (619,320) | (492,136) |
| Carrying amount at the end of the year, which approximates the fair value                                | 3,380,848 | 3,005,743 |

**5.1.1 The movement in culling provision is as follows:**

|  |          |          |
|--|----------|----------|
| Balance at beginning of the year             | 101,377  | 96,693   |
| Add: Recognized (note 30)                    | 130,093  | 94,153   |
| Less: Reversed against disposal of livestock | (84,166) | (89,469) |
| Balance at end of the year                   | 147,304  | 101,377  |

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

**5.2** As at December 31, 2024, the Company held 3,757 (2023: 3,412) mature assets able to produce milk and 2,955 (2023: 3,212) immature assets that are being raised to produce milk in the future. During the year, the Company produced approximately 27,564,185 (2023: 25,943,144) gross litres of milk from these biological assets.

**5.3** As at December 31, 2024, the Company held 78 (2023: 44) immature male calves.

**5.4** The valuation of dairy livestock as at December 31, 2024 has been carried out by an external valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the farm conditions and relied on the representations made by the Company as at December 31, 2024. Further, market and replacement values of similar live stock, have also been assessed by the valuer for comparison with local market values. Immature male calves have not been included in the fair valuation due to the insignificant value in use. The valuation is considered to be level 2 in the fair value hierarchy due to observable market data other than quoted prices in active markets.

(Amounts in thousand)

**6. INTANGIBLE ASSETS - Computer software****Net carrying value**

|  | 2024          | 2023          |
|--|---------------|---------------|
| Balance at beginning of the year             | 13,362        | 29,622        |
| Add: Additions at cost (note 4.5)            | 52,969        | 2,885         |
| Less: Amortization charge (notes 6.1 and 29) | (15,085)      | (19,145)      |
| Balance at end of the year                   | <u>51,246</u> | <u>13,362</u> |

**Gross carrying value**

|                                |               |               |
|--------------------------------|---------------|---------------|
| Cost                           | 166,853       | 486,004       |
| Less: Accumulated amortization | (115,607)     | (472,553)     |
| Less: Accumulated Impairment   | -             | (89)          |
| Net book value                 | <u>51,246</u> | <u>13,362</u> |

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

**6.2** During the year, fully amortized intangible assets costing Rs. 372,120 were written-off.

**7. RIGHT-OF-USE ASSETS**

|                                     | Buildings      | Plant and<br>equipment | Vehicles       | Total            |
|-------------------------------------|----------------|------------------------|----------------|------------------|
| -----Rupees-----                    |                |                        |                |                  |
| <b>Year ended December 31, 2023</b> |                |                        |                |                  |
| Opening net book value              | 338,715        | 121,913                | 268,837        | 729,465          |
| Additions                           | 28,376         | 427,824                | 6,422          | 462,622          |
| Disposals / Termination             |                |                        |                |                  |
| - Cost                              | (15,803)       | -                      | (149,220)      | (165,023)        |
| - Accumulated depreciation          | 15,803         | -                      | 149,220        | 165,023          |
|                                     | -              | -                      | -              | -                |
| Depreciation charge (note 7.1)      | (154,230)      | (145,423)              | (95,922)       | (395,575)        |
| Remeasurement                       | 63,040         | 182,532                | (21,892)       | 223,680          |
| Closing net book value              | <u>275,901</u> | <u>586,846</u>         | <u>157,445</u> | <u>1,020,192</u> |
| <b>At December 31, 2023</b>         |                |                        |                |                  |
| Cost                                | 722,686        | 960,175                | 269,943        | 1,952,804        |
| Accumulated depreciation            | (446,785)      | (373,329)              | (112,498)      | (932,612)        |
| Net book value                      | <u>275,901</u> | <u>586,846</u>         | <u>157,445</u> | <u>1,020,192</u> |
| <b>Year ended December 31, 2024</b> |                |                        |                |                  |
| Opening net book value              | 275,901        | 586,846                | 157,445        | 1,020,192        |
| Additions                           | 11,167         | 941,532                | -              | 952,699          |
| Disposals / Termination             |                |                        |                |                  |
| - Cost                              | (10,420)       | (71,009)               | (36,926)       | (118,355)        |
| - Accumulated depreciation          | 10,420         | 71,009                 | 36,926         | 118,355          |
|                                     | -              | -                      | -              | -                |
| Depreciation charge (note 7.1)      | (184,103)      | (264,148)              | (61,501)       | (509,752)        |
| Remeasurement                       | 129,390        | 86,240                 | (11,283)       | 204,347          |
| Closing net book value              | <u>232,355</u> | <u>1,350,470</u>       | <u>84,661</u>  | <u>1,667,486</u> |
| <b>At December 31, 2024</b>         |                |                        |                |                  |
| Cost                                | 852,823        | 1,916,938              | 221,734        | 2,991,495        |
| Accumulated depreciation            | (620,468)      | (566,468)              | (137,073)      | (1,324,009)      |
| Net book value                      | <u>232,355</u> | <u>1,350,470</u>       | <u>84,661</u>  | <u>1,667,486</u> |
| Rate of depreciation (%)            | <u>10 - 40</u> | <u>9 - 52</u>          | <u>25</u>      |                  |

(Amounts in thousand)

|   | 2024             | 2023           |
|---|------------------|----------------|
|   | -----Rupees----- |                |
| <b>7.1 The depreciation charge has been allocated as follows:</b> |                  |                |
| - Cost of sales (note 27)   | 261,422          | 214,054        |
| - Distribution and marketing expenses (note 28)                   | 132,843          | 56,874         |
| - Administrative expenses (note 29)                               | 115,487          | 124,647        |
|   | <u>509,752</u>   | <u>395,575</u> |

**7.2** The Company has entered into lease arrangements for lease of plant & equipment, sale offices, registered office, warehouses and vehicles.

|  | 2024               | 2023               |
|--|--------------------|--------------------|
|  | -----Rupees-----   |                    |
| <b>8. DEFERRED TAX ASSET - NET</b>                                 |                    |                    |
| Debit balances arising due to:                                     |                    |                    |
| - Provisions for stock-in-trade, stores and spares and receivables | (311,433)          | (219,366)          |
| - Accelerated tax depreciation / amortization                      | (817,249)          | (176,792)          |
| - Minimum turnover tax (note 8.1)                                  | (985,400)          | (977,590)          |
| - Share issuance cost, net to equity                               | (15,108)           | (15,108)           |
| - Lease liability against right-of-use assets                      | (571,123)          | (392,872)          |
|  | <u>(2,700,313)</u> | <u>(1,781,728)</u> |
| Credit balances arising due to:                                    |                    |                    |
| - Right-of-use assets  | 650,320            | 397,875            |
| - Biological assets  | 1,318,530          | 1,172,239          |
| - Others   | 15,824             | 17,301             |
|  | <u>1,984,674</u>   | <u>1,587,415</u>   |
|  | <u>(715,639)</u>   | <u>(194,313)</u>   |

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

|  | 2024             | 2023             |
|--|------------------|------------------|
|  | -----Rupees----- |                  |
| <b>9. STORES, SPARES AND LOOSE TOOLS</b>   |                  |                  |
| Stores   | 189,022          | 237,837          |
| Spares and loose tools, including in-transit   | 2,107,154        | 1,977,205        |
|  | <u>2,296,176</u> | <u>2,215,042</u> |
| Less: Provision for slow moving spares and loose tools (note 9.2)  | (506,616)        | (373,209)        |
|  | <u>1,789,560</u> | <u>1,841,833</u> |
| Less: Major spare parts and stand by equipment – classified under property, plant and equipment (note 4) | (827,305)        | (704,623)        |
|  | <u>962,255</u>   | <u>1,137,210</u> |

(Amounts in thousand)

|   | 2024   | 2023        |
|---|--|-------------|
|   | -----Rupees-----   |             |
| <b>9.1</b>  | The movement of stores, spares and loose tools is as follows:  |             |
| Balance at the beginning of the year                              | 2,215,042  | 1,022,831   |
| Add: Purchases  | 4,375,652  | 4,301,482   |
| Less:   |  |             |
| - Capitalized   | (66,998)   | (52,351)    |
| - Consumed  | (4,227,520)  | (3,056,920) |
| Balance at end of the year  | 2,296,176  | 2,215,042   |
| <b>9.2</b>  | The movement in provision is as follows:   |             |
| Balance at the beginning of the year                              | 373,209  | 410,896     |
| Add: Provision recognized (note 27)                               | 133,407  | 45,074      |
| Less: Reversed against disposal of stores, spares and loose tools | -  | (82,761)    |
| Balance at end of the year  | 506,616  | 373,209     |
| <b>10. STOCK-IN-TRADE</b>   |  |             |
| Raw and packaging material (note 10.1)                            | 4,949,215  | 5,164,982   |
| Work in process (note 10.2)                                       | 1,772,837  | 3,064,608   |
| Finished goods (note 10.3)  | 2,889,541  | 2,050,221   |
|   | 9,611,593  | 10,279,811  |
| Less: Provision for expired / obsolete stock (note 10.4)          | (249,855)  | (96,817)    |
|   | 9,361,738  | 10,182,994  |
| <b>10.1</b>   | Includes Rs. 445,335 (2023: Rs. 773,853) in respect of raw and packaging material held by third parties.   |             |
| <b>10.2</b>   | Includes Rs. 368,696 (2023: Rs. 889,632) in respect of semi-finished stock held by third parties.  |             |
| <b>10.3</b>   | Includes Rs. 500,075 (2023: Rs. 484,736) in respect of finished goods held by third parties and Rs.684,878 (2023: Rs.31,066) in respect of finished goods carried at net realizable value. |             |
|   | 2024   | 2023        |
|   | -----Rupees-----   |             |
| <b>10.4</b>   | The movement in provision is as follows:   |             |
| Balance at beginning of the year                                  | 96,817   | 119,859     |
| Add: Provision recognized (note 27)                               | 200,805  | 33,597      |
| Less: Stock-in-trade written-off                                  | (47,767)   | (56,639)    |
| Balance at end of the year  | 249,855  | 96,817      |
| <b>11. TRADE DEBTS - Unsecured</b>                                |  |             |
| Considered good (notes 11.1 , 11.2 and 11.4)                      | 1,368,890  | 1,888,698   |
| Considered doubtful (note 11.3)                                   | 8,364  | 9,922       |
|   | 1,377,254  | 1,898,620   |
| Less: Provision for impairment (note 11.3)                        | (8,364)  | (9,922)     |
|   | 1,368,890  | 1,888,698   |

**(Amounts in thousand)**

**11.1** As at December 31, 2024, trade debts aggregating to Rs. 142,544 (2023: Rs. 94,168) were past due but not impaired. These relate to various customers and have either been confirmed / acknowledged by the customers or cleared subsequent to the year end.

**11.2** As at December 31, 2024, trade debts aggregating to Rs. 1,226,346 (2023: Rs. 1,794,530) were neither past due nor impaired. The credit quality of these receivables can be assessed with reference to their historical performance with no recent defaults.

**11.3** As at December 31, 2024, past due trade debts falling into various age brackets, ranging from 1 - 7 days past due to over 180 days past due, were deemed to be impaired using provision matrix and hence provision amounting to Rs. 8,364 (2023: Rs. 9,922) has been recognized thereagainst. The movement in provision during the year is as follows:

|   | 2024             | 2023         |
|---|------------------|--------------|
|   | -----Rupees----- |              |
| Balance at beginning of the year                              | 9,922            | 12,235       |
| Reversal of provision for impairment of trade debts (note 29) | (1,558)          | (2,313)      |
| Balance at end of the year                                    | <u>8,364</u>     | <u>9,922</u> |

**11.4** This includes trade receivable from the following related parties:

|                              |                |                |
|------------------------------|----------------|----------------|
| FrieslandCampina Middle East | 131,964        | 338,073        |
| Engro Eximp FZE              | 500,455        | 343,471        |
|                              | <u>632,419</u> | <u>681,544</u> |

**11.5** Aging analysis for past due trade debts due from related parties is as follows:

|               |               |          |
|---------------|---------------|----------|
| - Upto 7 days | 34,541        | -        |
| - 15-30 days  | 11,824        | -        |
|               | <u>46,365</u> | <u>-</u> |

**11.6** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 849,006 (2023: Rs.1,171,939 ).

**2024**                      **2023**  
-----Rupees-----

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

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| Advances to employees (note 12.1) | 61,588         | 64,857         |
| Advances to suppliers             | 424,922        | 154,366        |
| Deposits (note 12.2)              | 39,364         | 55,040         |
| Prepayments                       | 139,217        | 120,638        |
|                                   | <u>665,091</u> | <u>394,901</u> |

**12.1** These include advances to key management personnel amounting to Rs. 802 (2023: Rs. 7,537).The maximum aggregate amount due from them at the end of any month during the year was Rs. 8,370 (2023: Rs. 19,226).

**12.2** The carrying values of these deposits are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference their historical performance with no recent defaults.

**2024**                      **2023**  
-----Rupees-----

**13. OTHER RECEIVABLES**

|  |                |                |
|--|----------------|----------------|
| Receivable from related parties (note 13.1):                     |                |                |
| - FrieslandCampina Nederland B.V.                                | 352,239        | 495,130        |
| - Engro Corporation Limited - Provident Fund                     | 4,059          | 3,949          |
| - Engro Corporation Limited - Defined Contribution Gratuity Fund | 136            | -              |
| - FrieslandCampina AMEA Pte Limited                              | -              | 85,846         |
|  | <u>356,434</u> | <u>584,925</u> |
| Others (note 13.2)   | 566,419        | 116,484        |
|  | <u>922,853</u> | <u>701,409</u> |

**(Amounts in thousand)**

- 13.1** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 1,374,820 (2023: Rs. 911,821).
- 13.2** Includes Rs. 196,275 (2023: Nil) in respect of brand value recognition agreement with one of the suppliers of the Company.
- 13.3** The carrying values of other receivables are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to their historical performance with no recent defaults.

**14. SALES TAX RECOVERABLE**

- 14.1** On November 29, 2016, the Deputy Commissioner Inland Revenue (DCIR) after conducting sales tax audit for the year ended December 2013 raised sales tax demand amounting to Rs. 158,826 including penalty. The demand primarily arose on account of (i) mismatch of input tax claimed with suppliers output tax on Federal Board of Revenue (FBR) portal; (ii) alleged unlawful adjustment of input tax; and (iii) alleged non-withholding of sales tax on certain supplies. On February 28, 2019, Commissioner Inland Revenue Appeals [CIR (Appeals)] upheld the demand of DCIR in respect of mismatch of input tax claimed and remanded back adjustment of input tax. Being aggrieved with the impugned order, the Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) on May 29, 2019, which is pending for adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly sales tax recoverable has not been reduced by the effect of aforementioned order.
- 14.2** The DCIR issued show cause notices for sales tax on tea whitener and dairy drink product i.e. 'Tarang' and 'Omung' respectively for the year 2013 on October 17, 2017 and for years 2014, 2015 and 2016 on March 9, 2018, aggregating to Rs. 14,886,500, challenging the exemption / zero rating on these products. Against the show cause notices, the Company had filed Constitutional Petitions before the High Court of Sindh (HCS) for year 2013 on October 25, 2017 and for years 2014, 2015 and 2016 on March 15, 2018, and obtained an interim injunction against adverse action by tax authorities on the same day. The HCS through its order dated November 18, 2020 upheld Company's view with respect to 'Tarang' in view of the decision of the Classification Committee obtained by the Company on February 11, 2019. With respect to 'Omung' the HCS suspended the notice, advising that the FBR may refer the matter to the Classification Committee, for a decision afresh; and till such time no action be taken against the Company. The amount of show cause notices pertaining to 'Omung' aggregate to Rs. 1,480,841. In case the Classification Committee (for Omung) decides against the Company, the Company can avail all legal remedies available to it. The Company filed an appeal against this decision with respect to Omung in the Supreme Court of Pakistan (SCP). Further, FBR also challenged the order dated November 18, 2020 in the SCP. Subsequently, SCP disposed-off cross appeals filed against the HSC order dated November 18, 2020. SCP has allowed the Company's appeals and has set aside the notices related to Omung, whereas SCP dismissed the appeals of tax department against 'Tarang'. Accordingly, show cause notices issued to the Company have been completely quashed.

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

Following the directions of LHC, on April 04, 2023, the Customs department confirmed the earlier ruling of the CC pertaining to tea whiteners dated March 15, 2022 against the taxpayers. Being aggrieved, the ruling dated April 04, 2023 was again challenged in LHC on the grounds that proper opportunity of being heard was not provided to petitioners. Later by, LHC converted these appeals into representations before the FBR and directed the FBR to decide the same within 15 days. FBR vide order dated September 20, 2023 has upheld the CC ruling. However, various companies have challenged the FBR order in LHC which has suspended FBR's order and directed that previous ruling shall continue to apply in meantime. Hence, no provision has been recognised prior to the date of the aforementioned latest Classification decision.

During the year, DCIR re-issued the show cause notices (SCNs) for the tax years 2013 to 2016 based on the FBR order dated September 20, 2023. These SCNs were challenged before the HCS. HCS has directed the DCIR to explain its position because the matter was already decided by HCS and upheld by the SCP. Subsequently, DCIR withdrew the SCNs and HCS has accordingly disposed off the case.

**(Amounts in thousand)**

- 14.3** The Company received notice dated November 19, 2023 seeking information about 'Tarang' sales during the years 2019 to 2023, alleging that 'Tarang' is liable to sales tax. During the year, the Company challenged the notice before the HCS. HCS through its order dated April 30, 2024 has directed FBR not to take any adverse action against the Company as the matter is under adjudication. The Company, based on the opinion of its lawyer is confident of the favorable outcome.
- 14.4** DCIR issued show cause notice (SCN) for the tax year 2017 raising various sales tax issues. The Company challenged the notice before the SHC. During the year, DCIR withdrew the SCN and SHC has accordingly disposed off the case.
- 14.5** The Assistant Commissioner Inland Revenue (ACIR) passed an order on September 17, 2019 for the tax periods July 2013 to June 2018 raising demand amounting to Rs. 245,575 including penalty and default surcharge by disallowing input tax on certain items and purchases from blacklisted / suspended vendors. On December 26, 2019, Commissioner Inland Revenue Appeals [CIR (Appeals)] passed an order allowing input tax on purchases from blacklisted / suspended vendors and remanded back claim of input tax on certain items. Being aggrieved with the impugned order, the Company has filed appeal before the ATIR on February 20, 2020, which is pending for adjudication. The Company based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly sales tax recoverable has not been reduced by the effect of aforementioned order.
- 14.6** The DCIR passed an order on October 25, 2022, for the period July 2020 to June 2021 against the inappropriate apportionment of input tax in the monthly sales tax returns and thereby creating demand of Rs. 150,402. CIR (A) remanded back the order issued by the DCIR on November 23, 2022. The Company has also filed an appeal before the ATIR on February 10, 2023, which is pending adjudication. Remand back proceedings have been initiated by the department and the Company has submitted the response. During the year, DCIR passed an order dated June 28, 2024 in remand back proceedings and raised tax demand of Rs. 112,265 including penalty. The Company has filed an appeal before ATIR against the remand back order which is pending. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 14.7** The DCIR passed an order on September 07, 2023 and disallowed input sales tax paid on foreign services amounting to Rs. 17,348. The Company has filed an appeal against this order and on October 13, 2023, CIR (Appeals) remand back the DCIR order and directing for reverification. Being dissatisfied, the Company filed further appeal before the ATIR against the CIR (Appeals) order which is pending adjudication. During the year DCIR has initiated remand back proceedings as directed by CIR(A). The Company has filed stay application before ATIR against these proceedings. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeals, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 14.8** The DCIR passed an order on March 19, 2024, for the period July 2021 to June 2023 alleging inappropriate apportionment of input tax in the monthly sales tax returns, creating a demand of Rs.157,629. The Company filed an appeal before the CIR (A) against the order. CIR (A) vide its order dated May 15, 2024 has annulled the order passed by the DCIR and remanded back the matter to DCIR. DCIR has initiated remand back proceedings which is pending for adjudication.
- 14.9** The DCIR passed an order on October 03, 2024 for the period December 2021 to June 2022 alleging wrongful adjustments of certain input taxes thereby creating demand of Rs. 247,017 including penalty. The Company has filed an appeal before the ATIR against the impugned order, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

**2024**                      **2023**  
-----Rupees-----

**15. SHORT-TERM INVESTMENTS**

Term deposit receipts

65,000

1,000,000

- 15.1** These investments carry interest at the rate ranging from 8.25% to 20% (2023: 22.05%) per annum having maturity period of less than 12 months.

(Amounts in thousand)

|   | 2024             | 2023      |
|---|------------------|-----------|
|   | -----Rupees----- |           |
| <b>16. CASH AND BANK BALANCES</b>   |                  |           |
| Cash at bank in:  |                  |           |
| - current accounts - conventional [including foreign currency account of Rs. 475,500 (2023: Rs. 124,363)] | 502,243          | 170,239   |
| - current accounts - islamic  | 402,871          | 19,884    |
| - savings accounts (note 16.1)  | 1,840,630        | 1,888,355 |
|   | 2,745,744        | 2,078,478 |

**16.1** Includes Rs. 90,000 (2023: Nil) on which lien is marked on account of long term loan (note 19.1). Therefore, cash and cash equivalents for the purpose of statement of cash flows does not include this amount.

|   | 2024             | 2023      |
|---|------------------|-----------|
|   | -----Rupees----- |           |
| <b>17. SHARE CAPITAL</b>  |                  |           |
| <b>Authorized capital</b>   |                  |           |
| 850,000,000 (2023: 850,000,000) ordinary shares of Rs. 10 each                                | 8,500,000        | 8,500,000 |
| <b>Issued, subscribed and paid-up capital</b>   |                  |           |
| 766,596,075 (2023: 766,596,075) ordinary shares of Rs. 10 each fully paid in cash (note 17.1) | 7,665,961        | 7,665,961 |

**17.1** As at December 31, 2024, FrieslandCampina Pakistan Holdings B.V. (the Holding Company) held 390,963,999 (2023: 390,963,999) ordinary shares of Rs. 10 each and Engro Corporation Limited held 306,075,947 (2023: 306,075,947) ordinary shares of Rs. 10 each.

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

## **18. SHARE PREMIUM**

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

(Amounts in thousand)

**19. LONG TERM FINANCES, Secured  
(Non-participatory)**

Long term finances utilized under mark-up arrangements:

|   | Installments  |                    | Interest Rate    | 2024             | 2023           |
|---|---------------|--------------------|------------------|------------------|----------------|
|   | Number        | Commencing from    |                  | -----Rupees----- |                |
| <b>Long term finances</b>                             |               |                    |                  |                  |                |
| Dubai Islamic Bank Limited                            | 32 Quarterly  | September 28, 2026 | 6%               | 88,000           | -              |
| Meezan Bank Limited                                   | 40 Quarterly  | September 25, 2026 | 6%               | 230,000          | -              |
| MCB Bank Limited                                      | 4 half yearly | July 31, 2023      | 3M KIBOR + 0.25% | -                | 750,000        |
|   |               |                    |                  | <u>318,000</u>   | <u>750,000</u> |
| Less: Current portion shown under current liabilities |               |                    |                  | -                | (500,000)      |
|   |               |                    |                  | <u>318,000</u>   | <u>250,000</u> |

**19.1** The above finances are secured by registered floating charges / mortgages over the plant and machinery of the Company up to a maximum of Rs. 277,000 and lein marked over account of Rs. 90,000 (2023: floating charges/ mortgages over operating assets of the company upto a maximum of Rs. 7,500,000).

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

|                                  | 2024             | 2023           |
|----------------------------------|------------------|----------------|
|                                  | -----Rupees----- |                |
| Balance at beginning of the year | 750,000          | 2,319,643      |
| Add: Obtained                    | 318,000          | -              |
| Less: Repaid                     | (750,000)        | (1,569,643)    |
| Balance at end of the year       | <u>318,000</u>   | <u>750,000</u> |

**20. LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS**

|                     |                  |                  |
|---------------------|------------------|------------------|
| Non-current portion | 870,594          | 583,851          |
| Current portion     | 593,823          | 423,514          |
|                     | <u>1,464,417</u> | <u>1,007,365</u> |

**21. TRADE AND OTHER PAYABLES**

|   |                   |                   |
|---|-------------------|-------------------|
| Trade payables (note 21.1)                      | 6,823,878         | 7,664,771         |
| Accrued liabilities                             | 4,372,678         | 3,764,128         |
| Retention money                                 | 1,204             | 472               |
| Suppliers' security deposits (note 21.3)        | 98                | 98                |
| Customers' security deposits (note 21.4)        | 3,100             | 1,100             |
| Withholding tax payable                         | 83,435            | 121,496           |
| Payable to:                                     |                   |                   |
| - provident fund                                | -                 | 38,989            |
| - defined benefit gratuity fund (note 37.4)     | 364,514           | 411,546           |
| - defined contribution gratuity fund            | -                 | 6,358             |
| Workers' profits participation fund (note 21.2) | 14,360            | 19,304            |
| Workers' welfare fund                           | 110,754           | 100,629           |
| Others  | 83,290            | 126,746           |
|   | <u>11,857,311</u> | <u>12,255,637</u> |

(Amounts in thousand)

|  | 2024             | 2023      |
|--|------------------|-----------|
|  | -----Rupees----- |           |
| <b>21.1 Includes payable to following related parties:</b> |                  |           |
| - FrieslandCampina Nederland B.V.                          | 2,395,235        | 2,108,598 |
| - FrieslandCampina AMEA Pte Ltd                            | 6,460            | 9,683     |
| - PT Frisian Flag Indonesia                                | 10,260           | 10,378    |
| - Engro Corporation Limited                                | 2,212            | 1,891     |
| - Engro Polymer & Chemicals Limited                        | 9,075            | -         |
| - Alaska Milk Corporation                                  | 8,572            | 848       |
|  | 2,431,814        | 2,131,398 |

**21.2 Workers' profits participation fund**

|                                  |           |           |
|----------------------------------|-----------|-----------|
| Balance at beginning of the year | 19,304    | 8,957     |
| Add: Allocation (note 30)        | 193,353   | 159,354   |
| Less: Amount paid to the Fund    | (198,297) | (149,007) |
| Balance at end of the year       | 14,360    | 19,304    |

**21.3** These represent interest free security deposits received from suppliers in accordance with the terms of the supplier arrangements. These deposits have been kept in separate bank accounts and have not been utilized for the purpose of the Company's business.

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

**22. CONTRACT LIABILITIES**

These represent advances received by the Company from customers and distributors for goods to be delivered. The advances outstanding as at December 31, 2023 amounting to Rs. 1,427,299 have been fully recognized as revenue during the current year.

**23. SUPPLIER FINANCING - UNFUNDED**

This represents inland letters of credit under supplier financing arrangements amounting to Rs. 9,838,888 (2023: Rs. 11,374,678).

|  | 2024                                  | 2023                                  |
|--|---------------------------------------|---------------------------------------|
| <b>Range of payment due dates</b>  |                                       |                                       |
| - Liability under supplier financing - unfunded                          | within 180 days<br>after invoice date | within 180 days<br>after invoice date |
| - Comparable trade payables not part of<br>supplier financing - unfunded | within 60 days<br>after invoice date  | within 60 days<br>after invoice date  |

|   | 2024             | 2023       |
|---|------------------|------------|
|   | -----Rupees----- |            |
| <b>Carrying amount of liabilities under<br/>supplier financing - unfunded</b> |                  |            |
| - Liability under supplier financing - unfunded                               | 9,838,888        | 11,374,678 |
| - Of which the supplier has received payment                                  | 9,838,888        | 11,374,678 |

(Amounts in thousand)

|  | 2024             | 2023    |
|--|------------------|---------|
|  | -----Rupees----- |         |
| <b>24. SHORT TERM FINANCES - secured</b>             |                  |         |
| Export Running Finance (ERF) Loan (note 24.1 & 24.2) | 46,174           | 121,259 |
| Running Finance Facilities (note 24.2)               | 264,126          | -       |
|  | 310,300          | 121,259 |

**24.1** Represents short term loan obtained against export sales under the State Bank of Pakistan's FE - 25 Scheme. The facility carries mark up at the rate of 6% per annum.

**24.2** The facilities for short term running finance available from various banks, which represent the aggregate sale price of all mark-up arrangements, amount to Rs.12,000,000 (2023: Rs. 10,750,000). The unutilized balance against these facilities as at December 31, 2024 was Rs. 11,689,700 (2023: Rs. 10,628,741). The rates of mark-up on these finances other than ERF are KIBOR based and range from 14.86% to 16.59% (2023: 22.31% to 22.84%) per annum. These facilities are secured by way of floating charge upon all the present and future current assets of the Company.

**24.3** The facilities for opening letters of credit and bank guarantees as at December 31, 2024 amount to Rs. 26,500,000 (2023: Rs. 24,550,000), of which the amount remaining unutilized as at December 31, 2024 was Rs.14,678,365 (2023: Rs. 7,669,591).

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

#### 25.1.1 The Company has provided bank guarantees to:

- Sui Southern Gas Company Limited amounting to Rs. 128,123 (2023: Rs. 88,232) under the contract for supply of gas;
- Sui Northern Gas Pipeline Company Limited amounting to Rs. 40,447 (2023: Rs. 40,447) under the contract for supply of gas;
- Collector of Sales Tax, Large Tax Payers Unit (LTU), Karachi amounting to Rs. 258,712 (2023: Rs. 258,712) under the Sales Tax Rules 2006, against refund claims of input sales tax. Against these guarantees, sales tax refunds amounting to Rs. 90,820 (2023: Rs. 90,820) have been received to date;
- Parco Pearl Gas Co. (Private) Limited amounting to Rs. 1,000 (2023: Rs. 1,000) as collateral against supplies;
- Collector, Model Customs Collectorate Port Qasim, Karachi amounting to Rs. 224,742 (2023: Rs. 9,773) as collateral against provisional release of imported raw materials;
- The Nazir, High Court of Sindh, Karachi amounting to Rs. 62,175 (2023: Rs. 50,731) as collateral against provisional release of imported raw materials; and
- The Government of Sindh, amounting to Rs. 468,387 (2023: Rs. 403,387) in relation to Sindh Infrastructure Development Cess (SIDC). In 2021, the Supreme Court of Pakistan (SCP) through its order dated September 1, 2021 has directed that till further orders operation of the impugned judgement of the High Court of Sindh dated June 4, 2021 which validated SIDC and its recovery shall remain suspended. The SCP's order further stated that the petitioners (including the Company) shall keep the bank guarantees already submitted with the Government of Sindh and shall furnish fresh bank guarantees equivalent to 100% of the amount of SIDC against release of all future consignments of imported goods.

**25.1.2** On December 18, 2024, the Company received an order from Competition Commission of Pakistan (CCP), imposing a penalty of Rs. 75,000 in respect of Company's marketing activities relating to one of its brands. The Company filed an appeal with the Competition Appellate Tribunal against the aforementioned order on January 14, 2025, which is pending adjudication. Further, subsequent to year end, the Company has obtained a stay order from the Islamabad High Court. The Company, based on opinion of its legal advisor, expects a favourable outcome, therefore, no provision has been recognized in this respect.

**(Amounts in thousand)**

- 25.1.3** On January 18, 2017, the Company received an order from Competition Commission of Pakistan (CCP), imposing a penalty of Rs. 62,293 in respect of Company's marketing activities relating to one of its products. The Company filed an appeal against the aforementioned order on February 8, 2017, which was decided by the CCP tribunal on January 16, 2019, in Company's favor. However the CCP has filed an appeal against the decision of the tribunal in the Supreme Court of Pakistan (SCP). The Company has submitted its response in the SCP which is pending adjudication. The Company expects a favourable outcome, therefore, no provision has been recognized in this respect.
- 25.1.4** On March 05, 2024 Sindh Revenue Board (SRB) issued notice to recover Workers Welfare Fund (WWF) for the year 2022. The Company being a transprovincial entity has discharged its WWF liability under the federal law, therefore, it filed a case thereagainst before the HCS. HCS vide interim order dated April 03, 2024 has directed SRB to not recover the amount till the decision of the case. The Company, based on the opinion of its legal consultant, is confident of a favorable outcome.
- 25.1.5** On November 23, 2023, Customs department issued an order alleging that the Company has imported a raw material which has short shelf life as per the guidelines given in Import Policy Order, 2022 and confiscated the goods and raised a demand of Rs.14,827. During the year Collector of Customs appeal issued an order against the appeal filed and allowed in favor of the Company and waived off penalty.
- 25.1.6** On December 8, 2023, Customs department issued an order alleging that the Company has incorrectly claimed exemption of duties and taxes on import of certain samples and levied penalty of Rs. 20. The Company being aggrieved with the said demand has filed an appeal before the Collector of Customs (Appeals), Lahore which was dismissed by order dated April 30, 2024. The Company has filed further appeal against this order before Customs Appellate Tribunal Lahore. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal.
- 25.1.7** The Company imported a sample consignment and got clearance thereof by availing benefit of zero rating of customs duty. Principal Appraiser Customs Lahore unilaterally reassessed Goods Declaration (GD) denying the benefit of zero rating of customs duty on the aforesaid sample consignment and redetermined duties and taxes. Aggrieved with the reassessment made by Principal Appraiser, the Company filed appeal before Collector of Customs (Appeals) Lahore which was dismissed through order dated May 30, 2024. The Company has filed further appeal against this order before Customs Tribunal. The Company, based on the opinion of its consultant, is confident of a favorable outcome of the appeal.
- 25.1.8** The Customs Department (the Department) issued various orders alleging that the Company has misdeclared Harmonized System (HS) code on certain raw materials imported and is therefore, required to pay additional duties and taxes creating total demands of Rs. 599,764 (2023: Rs. 420,834). The Company being aggrieved with the said demands has filed appeals before the relevant forum. During the year, Collector of Customs (Appeal) ['CCA'] decided majority of the appeals having total demand of Rs. 215,404 and set aside the orders of the Department with the direction to refer the cases to the Classification Committee and decide the cases according to the findings of the Committee. However, the Department has not yet referred the cases to the Committee. Further, both the Company and the Department has also filed appeals against the CCA orders. The appellate tribunal decided appeals against the Company wherein the total demand of Rs. 308,850 had been challenged. The Company has filed an appeal against the aforesaid decisions in the Sindh High Court, which is pending adjudication.
- Subsequent to the year end, the CCA issued another order against the Company having demand of Rs. 7,577. The Company intends to file appeal to Customs Appellate Tribunal against the order passed by CCA. The Company, based on the opinion of its legal consultant, is confident of a favorable outcome of the appeals and, therefore, has not recognised the provision in the financial statements.

**25.1.9** Details of the tax related matters are given in notes 14 and 33.2 of these financial statements.

**25.2 Commitments**

- 25.2.1** Commitments in respect of capital expenditure contracted for but not incurred as at December 31, 2024 amount to Rs. 595,425 (2023: Rs. 921,909).
- 25.2.2** Commitments in respect of purchase of certain commodities as at December 31, 2024 amount to Rs. 1,738,422 (2022: Rs. 1,511,700).

(Amounts in thousand)

|   | 2024               | 2023               |
|---|--------------------|--------------------|
|   | -----Rupees-----   |                    |
| <b>26. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>    |                    |                    |
| Revenue from contracts with customers – gross (note 26.1) | 127,023,909        | 111,510,423        |
| Less:   |                    |                    |
| – Sales tax   | (11,325,040)       | (3,629,706)        |
| – Trade discounts and others                              | (8,647,419)        | (7,645,314)        |
|   | <u>107,051,450</u> | <u>100,235,403</u> |

**26.1** This includes export sales amounting to Rs. 3,666,949 (2023: Rs. 1,800,167).

|  | 2024              | 2023              |
|--|-------------------|-------------------|
|  | -----Rupees-----  |                   |
| <b>27. COST OF SALES</b>   |                   |                   |
| Raw and packaging material consumed (note 27.1)                      | 73,280,950        | 72,687,646        |
| Salaries, wages, and staff welfare (note 27.2)                       | 3,187,216         | 2,333,305         |
| Fuel and power   | 3,258,443         | 2,736,710         |
| Repair and maintenance   | 1,755,764         | 1,367,987         |
| Freight inwards  | 1,737,241         | 1,775,883         |
| Depreciation on operating assets (note 4.3)                          | 1,165,743         | 1,060,088         |
| Depreciation on right-of-use assets (note 7.1)                       | 261,422           | 214,054           |
| Impairment / (Reversal of impairment) of operating assets (note 4.6) | 11,221            | (13,145)          |
| Travelling   | 240,385           | 237,616           |
| Communication and other office expenses                              | 179,728           | 176,296           |
| Insurance  | 307,940           | 248,983           |
| Rent and utilities (note 27.3)                                       | 445,808           | 429,344           |
| Research and business development                                    | 16,530            | 21,980            |
| Fee for technical assistance (note 27.4)                             | 2,215,216         | 2,121,310         |
| Legal and professional   | 15,560            | 15,702            |
| Purchased services   | 1,157,977         | 1,040,631         |
| Provision against:   |                   |                   |
| – expired/obsolete stock-in-trade (note 10.4)                        | 200,805           | 33,597            |
| – slow moving stores, spares and loose tools (note 9.2)              | 133,407           | 45,074            |
| Manufacturing cost   | 89,571,356        | 86,533,061        |
| Add: Opening stock of work-in-process                                | 3,064,608         | 1,177,704         |
| Less: Closing stock of work-in-process                               | (1,772,837)       | (3,064,608)       |
| Cost of goods manufactured   | 90,863,127        | 84,646,157        |
| Add: Opening stock of finished goods manufactured                    | 2,050,221         | 2,350,185         |
| Less: Closing stock of finished goods manufactured                   | (2,889,541)       | (2,050,221)       |
|  | <u>90,023,807</u> | <u>84,946,121</u> |

**27.1 Raw and packaging material consumed**

|   |                   |                   |
|---|-------------------|-------------------|
| Opening stock of raw and packaging material       | 5,164,982         | 4,158,358         |
| Add: Purchases                                    | 73,065,183        | 73,694,270        |
| Less: Closing stock of raw and packaging material | (4,949,215)       | (5,164,982)       |
| Raw and packaging material consumed               | <u>73,280,950</u> | <u>72,687,646</u> |

**(Amounts in thousand)**

- 27.2** These include Rs. 287,969 (2023: Rs. 214,157) in respect of staff retirement benefits.
- 27.3** These include rentals for short-term leases, rentals for leases of low-value assets and variable lease payments amounting to Rs. 7,464, Rs. 47,273 and Rs. 348,523 (2023: Rs. 7,355, Rs. 43,341 and Rs. 343,738), respectively.
- 27.4** This represents charges for technical assistance paid/payable to FrieslandCampina Nederland B.V., related party (note 42.2.1).

**28. DISTRIBUTION AND MARKETING EXPENSES**

**2024**                      **2023**  
-----Rupees-----

|  |           |           |
|--|-----------|-----------|
| Salaries, wages and staff welfare (note 28.1)  | 1,486,686 | 1,253,153 |
| Advertising                                    | 2,338,291 | 2,523,695 |
| Freight outward                                | 3,302,238 | 2,832,336 |
| Travelling                                     | 249,621   | 277,691   |
| Communication and other office expenses        | 84,224    | 234,032   |
| Depreciation on operating assets (note 4.3)    | 433,327   | 405,171   |
| Depreciation on right-of-use assets (note 7.1) | 132,843   | 56,874    |
| Impairment of operating assets (note 4.6)      | 23,063    | 22,230    |
| Fuel and power                                 | 12,662    | 10,041    |
| Repairs and maintenance                        | 105,270   | 91,597    |
| Rent, rates and taxes                          | 13,304    | 10,810    |
| Insurance                                      | 32,913    | 27,248    |
| Software maintenance                           | 40,771    | 19,594    |
| Research and business development              | 825       | 234       |
| Legal and professional                         | 851       | 2,814     |
| Purchased services                             | 32,513    | 13,216    |
|  | 8,289,402 | 7,780,736 |

- 28.1** These include Rs. 109,459 (2023: Rs. 100,971) in respect of staff retirement benefits.

**2024**                      **2023**  
-----Rupees-----

**29. ADMINISTRATIVE EXPENSES**

|   |           |           |
|---|-----------|-----------|
| Salaries, wages and staff welfare (note 29.1)                   | 1,078,524 | 1,009,272 |
| Training and development  | 7,293     | 15,572    |
| Communication and other office expenses                         | 116,047   | 195,017   |
| Rent, rates and taxes (note 29.2)                               | 56,707    | 36,173    |
| Travelling  | 44,336    | 112,975   |
| Depreciation on operating assets (note 4.3)                     | 73,934    | 59,719    |
| Depreciation on right-of-use assets (note 7.1)                  | 115,487   | 124,647   |
| Amortization of intangible assets (note 6)                      | 15,085    | 19,145    |
| Fuel and power  | 4,155     | 3,291     |
| Repairs and maintenance   | 7,204     | 8,821     |
| Insurance   | 5,920     | 5,910     |
| Legal and professional  | 97,364    | 67,201    |
| Auditor's remuneration (note 29.3)                              | 8,934     | 7,434     |
| Software maintenance and license cost                           | 3,482     | 13,482    |
| Reversal of provision for impairment of trade debts (note 11.3) | (1,558)   | (2,313)   |
| Purchased services  | 188,721   | 192,292   |
|   | 1,821,635 | 1,868,638 |

(Amounts in thousand)

**29.1** These include Rs. 66,324 (2023: Rs. 97,228) in respect of staff retirement benefits.

**29.2** These include rentals for short-term leases amounting to Rs. 386 (2023: Nil).

|  | 2024             | 2023         |
|--|------------------|--------------|
|  | -----Rupees----- |              |
| <b>29.3 Auditor's remuneration</b>                           |                  |              |
| Fee for:   |                  |              |
| - audit of annual financial statements and group reporting   | 5,698            | 4,741        |
| - review of half yearly financial information                | 996              | 829          |
| - review of compliance with the Code of Corporate Governance | 205              | 171          |
| - special certifications and other services                  | 1,463            | 1,218        |
|  | <u>8,362</u>     | <u>6,959</u> |
| Out-of-pocket expenses and taxes                             | 572              | 475          |
|  | <u>8,934</u>     | <u>7,434</u> |

### 30. OTHER OPERATING EXPENSES

|   |                |                |
|---|----------------|----------------|
| Workers' welfare fund                                   | 98,300         | 37,343         |
| Donations (note 30.1)                                   | 15,705         | 43,646         |
| Provision for culling of biological assets (note 5.1.1) | 130,093        | 94,153         |
| Loss on disposal of biological assets                   | 93,429         | 18,573         |
| Loss on disposal of right of use assets                 | 15,598         | -              |
| Workers' profits participation fund (note 21.2)         | 193,353        | 159,354        |
| Exchange loss - net                                     | 17,916         | -              |
|   | <u>564,394</u> | <u>353,069</u> |

**30.1** These includes donations to Engro Foundation, a related party amounting to Nil (2023: Rs. 6,250), CARE Foundation Pakistan amounting to Rs. 5,092 (2023: 27,963), Indus Resource Center amounting to Rs. 3,190 (2023: Nil) and The Blessing Foundation amounting to Rs. 7,159 (2023: 4,858). The directors including Chief Executive Officer, and their spouses do not have any interest in the donees.

|   | 2024             | 2023           |
|---|------------------|----------------|
|   | -----Rupees----- |                |
| <b>31. OTHER INCOME</b>   |                  |                |
| <b>From financial assets</b>  |                  |                |
| Interest on bank deposits / savings accounts                            | 176,016          | 163,281        |
| Interest income on term deposit receipts                                | 4,357            | 7,868          |
|   | <u>180,373</u>   | <u>171,149</u> |
| <b>From other than financial assets</b>                                 |                  |                |
| Gain arising from changes in fair value of biological assets (note 5.1) | 36,538           | 352,726        |
| Gain on disposal of operating assets (note 4.4)                         | 140,699          | 121,285        |
| Gain on disposal of right of use assets                                 | -                | 13,089         |
| Exchange gain   | -                | 43,133         |
| Scrap sales   | 110,975          | 92,573         |
| Others  | 13,944           | 36,581         |
|   | <u>302,156</u>   | <u>659,387</u> |
|   | <u>482,529</u>   | <u>830,536</u> |

(Amounts in thousand)

|   | 2024             | 2023      |
|---|------------------|-----------|
|   | -----Rupees----- |           |
| <b>32. FINANCE COSTS</b>                      |                  |           |
| Mark-up on:                                   |                  |           |
| - Short-term finances (note 32.1)             | 2,926,668        | 2,727,555 |
| - Long-term finances                          | 95,527           | 236,142   |
| - Lease liability against right-of-use assets | 197,438          | 133,124   |
|   | 3,219,633        | 3,096,821 |
| Bank charges                                  | 39,694           | 30,167    |
|   | 3,259,327        | 3,126,988 |

**32.1** This also includes finance costs on local letters of credit i.e. supplier financing. The rates of mark-up on these finances are KIBOR based and range from 14.86% to 16.59% (2023: 16.43% to 23.11%) per annum.

|                      | 2024             | 2023      |
|----------------------|------------------|-----------|
|                      | -----Rupees----- |           |
| <b>33. TAXATION</b>  |                  |           |
| Current (note 33.1)  |                  |           |
| - for the year       | 1,923,619        | 1,546,323 |
| - for prior years    | (30,007)         | 171,188   |
|                      | 1,893,612        | 1,717,511 |
| Deferred (note 33.1) | (521,326)        | (235,910) |
|                      | 1,372,286        | 1,481,601 |

**33.1** Section 4C 'Super tax on high earning persons' of the Income Tax Ordinance 2001, (Ordinance) was introduced through the Finance Act, 2023 whereby super tax has been levied at the rate of 10%, in case the income exceeds Rs. 500,000. The Company as recognised super tax charge at the rate of 10% for tax year 2025 (i.e. financial year 2024).

Deferred tax has also been recognised at the rate of 39% (including 10% super tax) (2023: 39% including 10% super tax) being the tax rate substantively enacted at the reporting date and is expected to apply to the periods when the asset will be realised or the liability will be settled.

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

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

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

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

**(Amounts in thousand)**

- 33.2.2** On January 29, 2009, the Deputy Commissioner Inland Revenue (DCIR) reduced tax loss from Rs. 1,224,964 to Rs. 1,106,493 for the tax year 2007. Being aggrieved with the impugned order, the Company has filed appeal before the Commissioner Inland Revenue of Appeals [CIR (A)] on March 11, 2009, which is pending adjudication. However, the Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and hence the balance of taxes recoverable has not been reduced by the effect of the aforementioned disallowance.
- 33.2.3** On May 20, 2014, the Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 713,341 for tax year 2012 by disallowing the initial allowance and depreciation claimed on certain items of property, plant and equipment, provision for retirement and other service benefits, purchase expenses, sales promotion and advertisement and other expenses etc. On January 26, 2017, CIR (A) upheld the decision of ACIR in respect of provision for retirement benefits and marketing support reimbursements while remanded back various issues for reexamination. Being aggrieved with the impugned order, the Company filed an appeal before the ATIR on August 30, 2017, which is pending adjudication. On February 14, 2022 CIR (A) passed an order against the appeal filed for the tax year 2012 against the order issued by DCIR on October 27, 2020 and remanded back issues of deduction on maintenance expenses, provision for retirement benefits, labour charges and adjustment of brought forward losses pertaining to the tax year 2006. DCIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR(A), has preferred an appeal before the ATIR which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.4** On December 23, 2015, the ACIR raised a demand of Rs. 73,962 for tax year 2014 by disallowing the loss on sales of raw milk, depreciation on certain additions to property, plant and equipment and tax credit under section 65B of the Ordinance, etc. On December 6, 2018, the CIR (A) upheld the decision of the ACIR on major items. Being aggrieved with the impugned order, the Company filed an appeal before the ATIR on March 7, 2019, which is pending adjudication. On December 17, 2020, the tax authority has passed an order giving effect to the directions of the CIR (A). Based on the opinion of the tax consultant, the Company is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.5** On June 29, 2016, the DCIR raised a demand of Rs. 541,221 for tax year 2013 by disallowing the loss on sales of raw milk, stock written-off, finance costs allocation, research and business expenses, adjustment of tax losses for tax year 2011 and minimum turnover tax credit for tax years 2008, 2010 and 2011 etc. On January 26, 2017, CIR (A) upheld the decision of the DCIR in respect of minimum turnover tax credit and finance cost allocation. Being aggrieved with the impugned order, the Company has filed appeal before the ATIR on May 15, 2017, which is pending adjudication. On May 29, 2018, the DCIR passed an appeal effect order based on the decision of the CIR (A) reducing the demand to Rs. 98,548. On December 28, 2024, DCIR passed rectification order and converted aforementioned demand into refund of Rs 397,730. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.6** On June 29, 2016, the ACIR raised a demand of Rs. 59,772 for tax year 2010, primarily on account of sale of raw milk, inventory write off, disallowance of sales promotion and freight expenses. On November 23, 2018 the CIR (A) upheld the decision of the ACIR in respect of loss on sale of raw milk and inventory write-off while giving relief on other matters. Being aggrieved with the impugned order, the Company has filed appeal before the ATIR on March 7, 2019, which is pending adjudication. On December 17, 2020, the tax authority has passed an order to conclude reexamination proceedings and give effect to the directions of the CIR (A). On February 14, 2022 the CIR (A) passed an order against the appeal filed for the tax year 2010 and remanded back issues of adjustment of income tax refunds pertaining to the tax years 2006 and 2009. The Company, being aggrieved with the decision of the CIR(A), has filed an appeal before the ATIR which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.7** On December 7, 2016, the ACIR raised a demand of Rs. 34,134 for tax year 2011 by disallowing depreciation on certain additions to property, plant and equipment, provision for retirement and other service benefits, sales promotion and advertisement and other expenses etc. On April 15, 2019 the CIR (A) upheld the decision of the ACIR on major items. Being aggrieved with the impugned order, the Company has filed appeal before the ATIR on June 3, 2019, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

**(Amounts in thousand)**

- 33.2.8** On November 3, 2017, the ACIR raised a demand of Rs. 511,801 for tax year 2016 by disallowing minimum turnover tax credit, expenses on account of Employee Share Option Scheme and Worker's Welfare Fund. On June 30, 2018, the CIR (A) upheld the decision of the ACIR in respect of minimum turnover tax credit and Employee Share Option Scheme. Being aggrieved with the impugned order, the Company has filed appeal before the ATIR on August 15, 2018, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.9** On February 22, 2019, the ACIR raised a demand of Rs. 274,588 for tax year 2015 by disallowing expenses on account of Employee Share Option Scheme, loss on sale of disposal of assets and assets written-off. On August 19, 2019, the CIR (A) upheld the decision in respect of Employee Share Option Scheme and assets written off, while other matters were remanded back for reexamination. Being aggrieved with the impugned order, the Company filed appeal before the ATIR on October 24, 2019, which is pending adjudication. On December 17, 2020, the tax authority has passed an order to conclude reexamination proceedings and give effect to the directions of the CIR (A). As complete effects have not been given, the Company had filed appeal before CIR (A) on July 15, 2021 and on February 28, 2023 the CIR (A) issued an order deleting the action of the ACIR as regards the disallowance of loss on disposal of vehicles. However, the CIR (A) remanded back the issue of short tax credit to the ACIR for re-adjudication. Till date no remand back proceedings have been initiated in this respect. The Company also filed rectification application against which rectified order was passed on March 2021 creating tax refund of Rs. 100,000. On December 27, 2023, the ACIR issued refund order of Rs. 92,915 against aforesaid rectification order. During the year, CIR (A) issued an order and remanded back proceedings to DCIR for re-verification of the credits disallowed/short allowed against refund order u/s 170(4) passed by the DCIR for the tax year 2015. The DCIR has not yet initiated the remand back proceedings. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.10** On September 30, 2020, the ACIR raised demand of Rs. 65,522 by disallowing certain items e.g. tax credits claimed under section 65B, depreciation on freezers, written-off inventory and Gas Infrastructure Development Cess for tax year 2017. On June 22, 2022, the CIR (A) issued an order against the appeal filed for the tax year 2017 and upheld the decision of the ACIR in respect of loss on sale of disposal of fixed assets, while remanded the issues of depreciation and addition on account of inventory written off for reexamination to the ACIR. The remaining issues have been decided in favour of the Company. The ACIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A) in respect of the order, has preferred appeal before the ATIR which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.11** On September 30, 2020, the ACIR raised demand of Rs. 70,592 by disallowing certain items e.g. tax credits claimed under section 65B, depreciation on freezers, written-off inventory and Gas Infrastructure Development Cess for tax year 2018. On June 14, 2022, the CIR (A) issued an order against the appeal filed for the tax year 2018 remanded back the issues of disallowance of inventory write off, short allowance of tax credit for re-adjudication to the ACIR. The remaining issues have been decided in favour of the Company. The ACIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A) in respect of the order, has filed appeal before the ATIR which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.12** On September 30, 2020, ACIR raised demand of Rs. 85,358 by disallowing certain items e.g. deduction claimed on account of donations, impairment of operating assets and accounting loss on disposal for tax year 2019. On April 19, 2022, the CIR (A) issued an order against the appeal filed for the tax year 2019 and upheld the decision of the ACIR in respect of super tax while remanded back the issue of disallowance of depreciation, short allowance of tax credit for re-adjudication to the ACIR. The remaining issues have been decided in favour of the Company. The Company, being aggrieved with the decision of the CIR (A), has filed appeal before the ATIR which is pending adjudication. On June 06, 2023, the ACIR passed an appeal effect order based on decision of the CIR (A) and created a tax refund of Rs. 137,272 to the extent of remanded back matters. On December 27, 2023, the ACIR issued refund order under section 170 (4) of the Ordinance for Rs. 106,215 for tax year 2019. During the year, CIR (A) issued an order and remanded back proceedings to DCIR for re-verification of the credits disallowed/short allowed against aforementioned refund order passed by the DCIR. The DCIR has not yet initiated the remand back proceedings. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

**(Amounts in thousand)**

- 33.2.13** The DCIR conducted examination of withholding obligation of the Company for tax years 2013 and for tax years 2015 to 2018 and raised demands aggregating to Rs. 55,153. The CIR (A) decided the case in favor of the Company for tax year 2013 while remanded back the cases for tax years 2017 and 2018. Further, the CIR (A) in relation to tax years 2015 and 2016 decided the matter against the Company. Being aggrieved with the impugned orders, the Company has filed appeals before the ATIR for tax years 2015 to 2018, which are pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.14** The DCIR conducted examination of withholding obligation of the Company for tax year 2020 and passed an order on December 29, 2022 raising a demand of Rs. 30,712, which was paid by the Company under protest and an appeal was filed with the Commissioner Inland Revenue of Appeals [CIR (A)] on January 26, 2023 against the order. On March 19, 2024, CIR (A) issued an order against the appeal filed and remanded back the order to DCIR for re-verification. DCIR has not initiated the remand back proceedings. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned demand.
- 33.2.15** The DCIR issued order on September 20, 2020 for tax year 2018 wherein the tax authority had conducted verification of advance tax credits claimed by the Company in the income tax return. The tax authority disallowed the Company's claim to the extent of Rs. 12,859 for tax year 2018. Being aggrieved with the impugned order, the Company has filed an appeal before the CIR (A) on October 15, 2020, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.16** The DCIR issued order on July 08, 2020 for tax year 2019 wherein the tax authority had conducted verification of advance tax credits claimed by the Company in the income tax return. The tax authority disallowed the Company's claim to the extent of Rs. 23,117 for tax year 2019. On February 14, 2022 CIR (A) issued an order against the appeal filed by the Company and remanded back the proceedings to DCIR for further verification of tax credits claimed by the Company. The DCIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A), has preferred an appeal before the ATIR which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.17** The DCIR issued orders dated February 22, 2021 and February 18, 2021 for tax years 2009 and 2020, respectively, in respect of verification of advance tax credits claimed by the Company in the income tax return. The tax authority disallowed the Company's claims to the extent of Rs. 25,713 and Rs. 22,885 for tax years 2009 and 2020, respectively. On February 14, 2022, the CIR (A) issued order against the appeal filed for the tax years 2009 and 2020 and remanded back the proceedings to the DCIR for further verifications of tax credits claimed by the Company. The DCIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A), has preferred an appeal before the ATIR which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned remand-back proceedings.
- 33.2.18** The DCIR issued order dated December 31, 2021 for tax year 2016 in respect of verification of advance tax credits claimed by the Company in its income tax return and disallowed the Company's claims to the extent of Rs. 83,943. Being aggrieved with the impugned order, the Company has filed an appeal before the CIR (A). The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.2.19** On March 22, 2021, ACIR raised a demand of Rs. 54,488 for tax year 2020 by disallowing certain items i.e., provision for culling of biological assets, provision for slow moving spares and loss on biological assets. On April 19, 2022, CIR (A) issued an order against the appeal filed for the tax year 2020 and upheld the decision of ACIR in respect of disallowance of tax loss on disposal of assets, while remanded back the issue of short tax credit allowed for re-adjudication to the ACIR. The Company, being aggrieved with the decision of the CIR(A), has preferred appeal before the ATIR which is pending adjudication. On June 06, 2023, Additional Commissioner Inland Revenue (ACIR) passed an appeal effect order based on decision of CIR (A) and created a tax refund of Rs. 83,353 to the extent of remanded back matters. On December 27, 2023, the Additional Commissioner Inland Revenue (ACIR) issued refund order under section 170(4) of the Income Tax Ordinance, 2001 (the Ordinance) for Rs. 66,299 for tax year 2020.

**(Amounts in thousand)**

During the year, CIR (A) issued an order and remanded back proceedings to DCIR for re-verification of the credits disallowed/short allowed against aforementioned refund order passed by the DCIR. The DCIR has not yet initiated the remand back proceedings. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

**33.2.20** On February 27, 2023 CIR (A) passed an order against the appeal filed for recovery of Super tax for tax year 2022 and directed the department to adjust the demand against the available income tax refunds of tax year 2013 against the order issued by DCIR on November 25, 2022. The Company being aggrieved with the decision of the CIR (A), has filed an appeal dated April 18, 2023 before the ATIR which is pending adjudication.

**33.2.21** On December 29, 2023 the ACIR passed an order of Rs. 388,936 against the refund filed by the Company with annual income tax return for tax year 2022, but did not adjust the demand of super tax against the available income tax refunds, as the CIR (A) already directed that demand of super tax for the year be adjusted against available refunds of tax year 2013. During the year, CIR (A) issued an order and remanded back proceedings to DCIR for further verification of Rs. 214,947 for the credits disallowed/short allowed against aforementioned refund order passed by the DCIR. The DCIR has not yet initiated the remand back proceedings. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

**33.2.22** On May 29, 2024, the Additional Commissioner (ADC) raised a tax demand of Rs. 348,855 for the tax year 2022 by restricting adjustment of minimum tax credit brought forward from prior years against the tax liability. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order which is pending adjudication. The Company has also obtained stay from the HCS against the demand. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned amount.

**33.2.23** On December 20, 2024, DCIR passed an order against the recovery of Super tax for tax year 2024 of Rs. 157,485. The Company has filed an appeal before the ATIR against the order, which is pending adjudication. However, the Company is carrying the adequate super tax provision in this respect.

### 33.3 Relationship between tax expense and accounting profit

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | -----Rupees----- |                  |
| Profit before taxation  | 3,575,414        | 2,990,387        |
| Tax at the applicable tax rate of 29% (2023: 29%)   | 1,036,870        | 867,212          |
| Tax effect of:  |                  |                  |
| - transactions taxed at different rates including super tax and change in deferred tax rate | 474,860          | 385,192          |
| - prior year charge   | (30,007)         | 171,188          |
| - others  | (109,437)        | 58,009           |
|   | 335,416          | 614,389          |
|   | <u>1,372,286</u> | <u>1,481,601</u> |

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

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

|   | 2024                         | 2023             |
|---|------------------------------|------------------|
|   | -----Rupees-----             |                  |
| Profit for the year   | <u>2,203,128</u>             | <u>1,508,786</u> |
|   | Number of shares in thousand |                  |
| Weighted average number of ordinary shares in issue during the year | <u>766,596</u>               | <u>766,596</u>   |

(Amounts in thousand)

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | -----Rupees----- |                  |
| <b>35. CASH GENERATED FROM OPERATIONS</b>   |                  |                  |
| Profit before taxation  | 3,575,414        | 2,990,387        |
| Adjustment for non-cash charges and other items:  |                  |                  |
| - Depreciation on operating assets (note 4.3)   | 1,673,004        | 1,524,978        |
| - Depreciation on right-of-use assets (note 7.1)  | 509,752          | 395,575          |
| - Impairment of operating assets - net (note 4.1)   | 34,284           | 9,085            |
| - Amortization of intangible assets (note 6)  | 15,085           | 19,145           |
| - Gain on disposal of operating assets (note 31)  | (140,699)        | (121,285)        |
| - Gain on disposal of right of use assets (note 31)   | -                | (13,089)         |
| - Loss on disposal of right of use assets (note 30)   | 15,598           | -                |
| - Gain arising from changes in fair value of biological assets inclusive of feed cost capitalized | (893,048)        | (1,233,266)      |
| - Loss on death / disposal of biological assets (note 30)   | 93,429           | 18,573           |
| - Provision for culling of biological assets (note 5.1.1)   | 130,093          | 94,153           |
| - Provision for staff retirement and other service benefits (note 37.10)                          | 173,857          | 137,708          |
| - Provision for impairment of stock-in-trade (note 10.4)  | 200,805          | 33,597           |
| - Provision for impairment of slow moving spares (note 9.2)                                       | 133,407          | 45,074           |
| - Provision / (Reversal of provision) for impairment of trade debts (note 11.3)                   | (1,558)          | (2,313)          |
| - Interest income (note 31)   | (180,373)        | (7,868)          |
| - Finance costs on short term and long term finances including bank charges (note 32)             | 3,061,889        | 2,993,864        |
| - Finance costs on lease liability against right-of-use assets (note 32)                          | 197,438          | 133,124          |
| - Exchange (gain) / loss (notes 31 and 32)  | 17,916           | (43,133)         |
| Working capital changes (note 35.1)   | (445,805)        | 725,039          |
|   | <u>8,170,488</u> | <u>7,699,348</u> |

**35.1 Working capital changes**

Decrease / (Increase) in current assets:

|                                      |                  |                    |
|--------------------------------------|------------------|--------------------|
| - Stores, spares and loose tools     | (81,134)         | (1,274,972)        |
| - Stock-in-trade                     | 620,451          | (2,650,203)        |
| - Trade debts                        | 521,366          | 15,756             |
| - Advances, deposits and prepayments | (360,190)        | 261,600            |
| - Other receivables                  | (221,444)        | (345,662)          |
| - Sales tax recoverable              | 1,470,867        | (1,636,106)        |
|                                      | <u>1,949,916</u> | <u>(5,629,587)</u> |

Increase / (Decrease) in current liabilities:

|                                 |                  |                |
|---------------------------------|------------------|----------------|
| - Trade and other payables      | (369,211)        | 1,641,723      |
| - Supplier financing - unfunded | (1,535,790)      | 4,051,052      |
| - Contract liabilities          | (490,720)        | 661,851        |
|                                 | <u>(445,805)</u> | <u>725,039</u> |

(Amounts in thousand)

|   | 2024             | 2023      |
|---|------------------|-----------|
|   | -----Rupees----- |           |
| <b>36. CASH AND CASH EQUIVALENTS</b>      |                  |           |
| Cash and bank balances (note 16 and 16.1) | 2,655,744        | 2,078,478 |
| Short term investments (note 15)          | -                | 1,000,000 |
| Short term running finances (note 24)     | (264,126)        | -         |
|   | 2,391,618        | 3,078,478 |

**37. STAFF RETIREMENT AND OTHER SERVICE BENEFITS**

**37.1** As stated in notes 2.12.1 and 2.12.2, Engro Corporation Limited (ECL) operates and maintains an approved defined contribution gratuity scheme and an approved defined benefit funded gratuity scheme (the Fund) on behalf of the Company, for all its permanent employees subjected to minimum prescribed period of service.

**37.2** During the year, an amount of Rs. 54,881 (2023: Rs. 65,037) has been charged in respect of defined contribution gratuity scheme maintained by ECL.

**37.3** Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882, the Companies Act, 2017, the Income Tax Rules, 2002 and Rules formed under the Trust deed of the Fund. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees of the Fund. The latest actuarial valuation of the Fund was carried out as at December 31, 2024 using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

|  | 2024             | 2023        |
|--|------------------|-------------|
|  | -----Rupees----- |             |
| <b>37.4 Reconciliation for statement of financial position</b>               |                  |             |
| Present value of defined benefit obligation (note 37.7)                      | (1,409,847)      | (1,264,437) |
| Fair value of plan assets (note 37.8)  | 1,045,333        | 852,891     |
| Net liability at end of the year   | (364,514)        | (411,546)   |
| <b>37.5 Movement in net liability in the statement of financial position</b> |                  |             |
| Net liability at beginning of the year                                       | (411,546)        | (347,276)   |
| Charge (note 37.9)   | (173,857)        | (137,708)   |
| Contribution (note 37.8)   | 110,050          | 105,040     |
| Remeasurement loss recognized in other comprehensive income (note 37.6)      | 110,839          | (31,602)    |
| Net liability at end of the year   | (364,514)        | (411,546)   |
| <b>37.6 Remeasurement recognized in Other Comprehensive Income</b>           |                  |             |
| Gain / (Loss) from changes in financial assumptions                          | 4,322            | (3,090)     |
| Experience loss  | (21,739)         | (58,443)    |
| Remeasurement of defined benefit obligation                                  | (17,417)         | (61,533)    |
| Actual return on plan assets   | 258,578          | 135,324     |
| Expected return on plan assets   | (130,322)        | (105,393)   |
| Remeasurement of fair value of plan assets                                   | 128,256          | 29,931      |
|  | 110,839          | (31,602)    |

(Amounts in thousand)

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | -----Rupees----- |                  |
| <b>37.7 Movement in present value of defined benefit obligation</b>   |                  |                  |
| Present value of defined benefit obligation at beginning of the year  | 1,264,437        | 1,150,604        |
| Current service cost  | 99,341           | 92,365           |
| Interest cost   | 204,838          | 150,709          |
| Benefits paid   | (176,186)        | (190,774)        |
| Remeasurement loss on obligation (note 37.6)                          | 17,417           | 61,533           |
| Present value of defined benefit obligation at end of the year        | <u>1,409,847</u> | <u>1,264,437</u> |
| <b>37.7.1 Analysis of present value of defined benefit obligation</b> |                  |                  |
| Vested benefits   | 1,409,847        | 1,264,437        |
| Non-vested benefits   | -                | -                |
|   | <u>1,409,847</u> | <u>1,264,437</u> |
| Accumulated benefit obligation  | 536,962          | 387,710          |
| Amounts attributed to future salary increases                         | 872,885          | 876,727          |
|   | <u>1,409,847</u> | <u>1,264,437</u> |
| <b>37.8 Movement in fair value of plan assets</b>                     |                  |                  |
| Fair value of plan assets at beginning of the year                    | 852,891          | 803,328          |
| Expected return on plan assets  | 130,322          | 105,366          |
| Contribution  | 110,050          | 105,040          |
| Benefits paid   | (176,186)        | (190,774)        |
| Remeasurement gain (note 37.6)  | 128,256          | 29,931           |
| Fair value of plan assets at end of the year                          | <u>1,045,333</u> | <u>852,891</u>   |
| <b>37.9 Cost charged to profit or loss:</b>                           |                  |                  |
| Current service cost  | 99,341           | 92,365           |
| Net interest cost   | 74,516           | 45,343           |
| Cost for the year   | <u>173,857</u>   | <u>137,708</u>   |
| <b>37.10 Charge for the year has been allocated as follows:</b>       |                  |                  |
| Cost of sales (note 27)   | 130,529          | 80,347           |
| Distribution and marketing expenses (note 28)                         | 36,383           | 22,953           |
| Administrative expenses (note 29)                                     | 6,945            | 34,408           |
|   | <u>173,857</u>   | <u>137,708</u>   |

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

|   | 2024           | 2023           |
|---|----------------|----------------|
| <b>Financial assumptions</b>                        |                |                |
| - Discount rate - per annum compound                | 12.50%         | 16.00%         |
| - Expected rate of increase in salaries - per annum |                |                |
| - First year  | 11.50%         | 15.00%         |
| - Long-term   | 11.50%         | 15.00%         |
| <b>Demographic assumptions</b>                      |                |                |
| - Expected mortality rate                           | SLIC (2001-05) | SLIC (2001-05) |
| - Withdrawal rates / rate of employees turnover     | Moderate       | Moderate       |

(Amounts in thousand)

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

|   | Impact on defined benefit obligation –(Decrease) / Increase |                        |                        |
|---|---|------------------------|------------------------|
|   | Change in assumption  | Increase in assumption | Decrease in assumption |
|   | -----Rupees-----  |                        |                        |
| Discount rate                                     | 1%  | (131,780)              | 152,819                |
| Expected rate of increase in salaries – long term | 1%  | 152,819                | (133,993)              |

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

**37.13** Plan assets comprise of following:

|                           | 2024             |           |           |      | 2023             |           |          |      |
|---------------------------|------------------|-----------|-----------|------|------------------|-----------|----------|------|
|                           | Quoted           | Un-Quoted | Total     | (%)  | Quoted           | Un-Quoted | Total    | (%)  |
|                           | -----Rupees----- |           |           |      | -----Rupees----- |           |          |      |
| <b>Equity Instruments</b> |                  |           |           |      |                  |           |          |      |
| Quoted Shares             | 100,399          | -         | 100,399   | 10%  | 75,198           | -         | 75,198   | 9%   |
| <b>Debt Instruments</b>   |                  |           |           |      |                  |           |          |      |
| Government Bonds          | -                | 273,821   | 273,821   | 26%  | -                | 683,643   | 683,643  | 80%  |
| Treasury Bills            | -                | 500,403   | 500,403   | 47%  | -                | -         | -        | -    |
| Cash and cash equivalents | -                | 18,201    | 18,201    | 2%   | -                | 11,132    | 11,132   | 1%   |
| Other assets              | -                | 156,499   | 156,499   | 15%  | -                | 95,601    | 95,601   | 11%  |
| Other liabilities         | -                | (3,990)   | (3,990)   | (0%) | -                | (12,683)  | (12,683) | (1%) |
| Total                     | 100,399          | 944,934   | 1,045,333 | 100% | 75,198           | 777,693   | 852,891  | 100% |

**37.14** The Fund is exposed to a number of risks, the most significant of which are explained below:

#### Asset volatility

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

#### Inflation risk

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

#### Life expectancy / withdrawal rate

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

**37.15** Expected contribution to the Fund for the year ending December 31, 2025 is Rs. 147,138.

**37.16** The weighted average duration of the defined benefit obligation is 10.04 years (2023: 9.99 years).

(Amounts in thousand)

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

|                              | 2024             | 2023             | 2022             | 2021             | 2020             | 2019             |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                              | -----Rupees----- |                  |                  |                  |                  |                  |
| Present value of obligations | (1,409,847)      | (1,264,437)      | (1,150,604)      | (969,092)        | (868,008)        | (750,529)        |
| Fair value of plan assets    | 1,045,333        | 852,891          | 803,328          | 754,741          | 696,823          | 521,214          |
| Deficit                      | <u>(364,514)</u> | <u>(411,546)</u> | <u>(347,276)</u> | <u>(214,351)</u> | <u>(171,185)</u> | <u>(229,315)</u> |

**38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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

|  | 2024             |              |                  | 2023            |              |                  |
|--|------------------|--------------|------------------|-----------------|--------------|------------------|
|  | Directors        |              | Executives       | Directors       |              | Executives       |
|  | Chief Executive  | Others       |                  | Chief Executive | Others       |                  |
|  | -----Rupees----- |              |                  |                 |              |                  |
| Managerial remuneration  | 86,550           | -            | 2,516,413        | 74,091          | -            | 2,214,475        |
| Contribution for staff retirement benefits                     | 11,795           | -            | 259,787          | -               | -            | 233,712          |
| Bonus  | -                | -            | 396,141          | 66,556          | -            | 357,668          |
| Fees   | -                | 5,020        | -                | -               | 4,835        | -                |
|  | <u>98,345</u>    | <u>5,020</u> | <u>3,172,341</u> | <u>140,647</u>  | <u>4,835</u> | <u>2,805,855</u> |
| Number of persons, including those who worked part of the year | <u>2</u>         | <u>9</u>     | <u>590</u>       | <u>1</u>        | <u>6</u>     | <u>551</u>       |

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

**38.2** Premium charged in respect of non-executive directors indemnity insurance amounts to Rs. 1,618 (2023: Rs. 1,331).

2024                      2023  
-----Rupees-----

**39. FINANCIAL INSTRUMENTS BY CATEGORY****39.1 Financial assets at amortized cost**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Long term advances and deposits | 314,269          | 253,217          |
| Trade debts                     | 1,368,890        | 1,888,698        |
| Advances and deposits           | 100,952          | 119,897          |
| Accrued mark-up / interest      | 34,364           | 7,868            |
| Other receivables               | 922,853          | 701,409          |
| Short term investments          | 65,000           | 1,000,000        |
| Cash and bank balances          | 2,745,744        | 2,078,478        |
|                                 | <u>5,552,072</u> | <u>6,049,567</u> |

(Amounts in thousand)

|   | 2024             | 2023       |
|---|------------------|------------|
|   | -----Rupees----- |            |
| <b>39.2 Financial liabilities at amortized cost</b> |                  |            |
| Long term finances                                  | 318,000          | 750,000    |
| Lease liability against right-of-use assets         | 1,464,417        | 1,007,365  |
| Trade and other payables                            | 11,284,248       | 11,557,315 |
| Unclaimed dividend                                  | 6,668            | 6,774      |
| Accrued interest / mark-up                          | 485,264          | 767,770    |
| Supplier financing – unfunded                       | 9,838,888        | 11,374,678 |
| Short term finances                                 | 310,300          | 121,259    |
|   | 23,707,785       | 25,585,161 |

### 39.3 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. The fair value estimation is disclosed in note 40.2.

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 40.1 Financial risk factors

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

#### a) Market risk

##### i) Currency risk

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

At December 31, 2024, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, the effect on profit after tax for the year would have been immaterial.

##### ii) Interest rate risk

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

At the reporting date, the Company's interest rate risk arises primarily from short term borrowings, lease liabilities, short term investments, and cash with banks in savings accounts. Borrowings at variable rates expose the Company to cash flow interest rate risk.

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

**(Amounts in thousand)**

At December 31, 2024, if interest rates on the Company's borrowings and investments had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 78,109 (2023: Rs. 62,471) mainly as a result of higher / lower interest exposure on variable rate borrowings.

**iii) Other price risk**

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

**b) Credit risk**

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

Credit risk arises from deposits with banks and financial institutions, trade debts, advances to employees, deposits, other receivables, accrued mark-up / interest and short term investments. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

The Company is not materially exposed to credit risk on trade debts and other receivables since credit is only granted to few reputed customers including related parties with good credit standings, with whom the Company has written terms of arrangement. The Company has also entered into Standing Instruction for Debit of Account (SIDA) arrangement with a few of its customers. Deposits are held with parties which have long association with the Company and have a good credit history assessed with reference to their historical performance.

Further, the accrued mark-up / interest, short term investments and the bank balances of the Company are held with banks having minimum credit rating of A1.

**c) Liquidity risk**

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

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

|   | 2024                   |                         |                   | 2023                   |                         |                   |
|---|------------------------|-------------------------|-------------------|------------------------|-------------------------|-------------------|
|   | Maturity upto one year | Maturity after one year | Total             | Maturity upto one year | Maturity after one year | Total             |
|   | -----Rupees-----       |                         |                   |                        |                         |                   |
| Long term finances                          | -                      | 318,000                 | 318,000           | 500,000                | 250,000                 | 750,000           |
| Lease liability against right-of-use assets | 593,823                | 870,594                 | 1,464,417         | 423,514                | 583,851                 | 1,007,365         |
| Trade and other payables                    | 11,284,248             | -                       | 11,284,248        | 11,557,315             | -                       | 11,557,315        |
| Accrued interest / mark-up                  | 485,264                | -                       | 485,264           | 767,770                | -                       | 767,770           |
| Supplier financing - unfunded               | 9,838,888              | -                       | 9,838,888         | 11,374,678             | -                       | 11,374,678        |
| Unclaimed dividend                          | 6,668                  | -                       | 6,668             | 6,774                  | -                       | 6,774             |
| Short term finances                         | 310,300                | -                       | 310,300           | 121,259                | -                       | 121,259           |
|   | <u>22,519,191</u>      | <u>1,188,594</u>        | <u>23,707,785</u> | <u>24,751,310</u>      | <u>833,851</u>          | <u>25,585,161</u> |

(Amounts in thousand)

## 40.2 Fair value estimation

**40.2.1** The different valuation levels / basis are defined as follows:

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

**40.2.2** The Company's biological assets are carried at fair values through profit or loss using valuation level 2. The fair value determination methodology is disclosed in note 5.4. There were no changes in valuation techniques during the year.

## 41. CAPITAL RISK MANAGEMENT

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

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

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

|   | 2024             | 2023       |
|---|------------------|------------|
|   | -----Rupees----- |            |
| Long term:  |                  |            |
| - finances (note 19)                                    | 318,000          | 750,000    |
| - lease liability against right-of-use assets (note 20) | 1,464,417        | 1,007,365  |
| Total long term debt                                    | 1,782,417        | 1,757,365  |
| Total equity  | 16,457,844       | 14,176,020 |
| Total capital   | 18,240,261       | 15,933,385 |
| Debt to equity ratio                                    | 0.10:1           | 0.11:1     |

(Amounts in thousand)

**42. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

| <b>Name of Related parties</b>                                 | <b>Direct Shareholding</b> | <b>Relationship</b>                  |
|--|----------------------------|--------------------------------------|
| FrieslandCampina Pakistan Holdings B.V.                        | 51.00%                     | Holding Company/Major Shareholder    |
| Engro Corporation Limited                                      | 39.93%                     | Associated Company/Major Shareholder |
| FrieslandCampina Nederland B.V.                                | N/A                        | Associated Undertaking               |
| FrieslandCampina AMEA Pte Ltd                                  | N/A                        | Associated Undertaking               |
| Friesland Campina Dairy Sourcing                               | N/A                        | Associated Undertaking               |
| PT Frisian Flag Indonesia                                      | N/A                        | Associated Undertaking               |
| Alaska Milk Corporation  | N/A                        | Associated Undertaking               |
| Dutch Lady Milk Industries Berhad                              | N/A                        | Associated Undertaking               |
| Engro Fertilizer Limited                                       | N/A                        | Associated Company                   |
| Engro Foundation   | N/A                        | Associated Company                   |
| Engro Eximp FZE  | N/A                        | Associated Company                   |
| Engro Polymer & Chemicals Limited                              | N/A                        | Associated Company                   |
| FrieslandCampina West Africa Ltd                               | N/A                        | Associated Company                   |
| FrieslandCampina Middle East                                   | N/A                        | Associated Undertaking               |
| Pakistan Dairy Association                                     | N/A                        | Common Directorship                  |
| The Pakistan Business Council                                  | N/A                        | Common Directorship                  |
| Engro Foods Limited - Defined Benefit Gratuity Fund            | N/A                        | Post Employment Benefits             |
| Engro Corporation Limited - Provident Fund                     | N/A                        | Post Employment Benefits             |
| Engro Corporation Limited - Defined Contribution Gratuity Fund | N/A                        | Post Employment Benefits             |
| Mr. Abdul Samad Dawood   | N/A                        | Director                             |
| Mr. Kashan Hasan   | N/A                        | CEO / Director                       |
| Ms. Liselotte Kooi   | N/A                        | Director                             |
| Mr. Ehsan Malik  | N/A                        | Director                             |
| Mr. Robert ter Borg  | N/A                        | Director                             |
| Mr. Zouhair Abdul Khaliq                                       | N/A                        | Director                             |
| Mr. Ali Ahmed Khan   | N/A                        | Director                             |
| Mr. Abrar Hasan  | N/A                        | Former Director                      |
| Mr. Roel van Neerbos   | N/A                        | Former Director                      |
| Ms. Petra Zinkweg  | N/A                        | Former Director                      |
| Mr. Robert Paul  | N/A                        | Former Director                      |
| Mr. Imran Husain   | N/A                        | Key Management Personnel             |
| Mr. Faisal Razi Azeem  | N/A                        | Key Management Personnel             |
| Mr. Muhammad Mudassar Cheema                                   | N/A                        | Key Management Personnel             |
| Mr. Muhammad Sohail Sarwar Chaudhary                           | N/A                        | Key Management Personnel             |
| Mr. Laraib Zafar Chaudhary                                     | N/A                        | Key Management Personnel             |
| Ms. Maria Umar Memon   | N/A                        | Key Management Personnel             |
| Ms. Wajiha Hasan   | N/A                        | Key Management Personnel             |
| Ms. Tamkeen Faisal   | N/A                        | Key Management Personnel             |
| Mr. Mohammad Nasir   | N/A                        | Key Management Personnel             |
| Mr. Mohammad Ali Khan  | N/A                        | Key Management Personnel             |
| Mr. Muhammad Shoaib  | N/A                        | Key Management Personnel             |
| Syed Talha Imam  | N/A                        | Key Management Personnel             |
| Syed Saud Ahmad Pasha  | N/A                        | Former Key Management Personnel      |
| Mr. Muhammed Ali Ata   | N/A                        | Former Key Management Personnel      |
| Mr. Ali Tanveer Khan   | N/A                        | Former Key Management Personnel      |
| Mr. Muhammad Hassan Azwar                                      | N/A                        | Former Key Management Personnel      |

**(Amounts in thousand)**

**42.2** Following are the names of related parties incorporated outside Pakistan with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

| Name of Company                         | Country of incorporation | Aggregate percentage of shareholding including through other companies | Basis of association                |
|---|--------------------------|--|-------------------------------------|
| FrieslandCampina Pakistan Holdings B.V. | Netherlands              | 51%  | Holding Company / Major Shareholder |
| FrieslandCampina Nederland B.V.         | Netherlands              | N/A  | Associated Undertaking              |
| FrieslandCampina Middle East            | United Arab Emirates     | N/A  | Associated Undertaking              |
| FrieslandCampina West Africa Ltd        | Ghana                    | N/A  | Associated Undertaking              |
| Dutch Lady Milk Industries Berhad       | Malaysia                 | N/A  | Associated Undertaking              |
| FrieslandCampina AMEA Pte. Ltd.         | Singapore                | N/A  | Associated Undertaking              |
| Engro Eximp FZE                         | United Arab Emirates     | N/A  | Associated Undertaking              |
| PT Frisian Flag Indonesia               | Indonesia                | N/A  | Associated Undertaking              |
| Alaska Milk Corporation                 | Philippines              | N/A  | Associated Undertaking              |

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

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

| Nature of relationship  | Nature of transactions   | 2024  | 2023      |
|---|--|---|-----------|
|   |  | -----Rupees-----                                  |           |
| <b>Associated companies / undertakings</b>  | Arrangement for sharing of premises, utilities, personnel and assets | 26,589  | 21,777    |
|   | Fee for technical assistance   | 2,215,216   | -         |
|   | Purchase of goods and services                                       | 126,395   | 93,438    |
|   | Sale of goods  | 3,666,949   | 1,785,942 |
|   | Reimbursement of expenses incurred on behalf of the Company          | 370,260   | 334,336   |
|   | Reimbursement of expenses paid by the Company                        | 45,818  | 156,803   |
|   | <b>Contribution for staff retirement funds</b>                       | Managed and operated by Engro Corporation Limited |           |
| - Provident fund  |  | 451,759   | 488,304   |
| - Gratuity fund   |  | 164,931   | 172,511   |
| <b>Key management personnel including the Chief Executive Officer but not other Directors</b> | Managerial remuneration  | 335,892   | 320,724   |
|   | Contribution for staff retirement benefits                           | 46,343  | 32,121    |
|   | Bonus  | 81,603  | 156,014   |
|   | Other benefits   | -   | 1,331     |

**42.4** The related party status of outstanding receivables and payables as at December 31, 2024 / 2023 are included in respective notes of the financial statements.

## **43. SEGMENT INFORMATION**

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

- Dairy based products; and
- Frozen desserts.

**(Amounts in thousand)**

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

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

The following information presents operating results information regarding operating segments for the year ended December 31, 2024 / 2023 and asset information regarding operating segments as at December 31, 2024 / 2023:

|   | 2024                 |                  |                    | 2023                 |                  |                    |
|---|----------------------|------------------|--------------------|----------------------|------------------|--------------------|
|   | Dairy based products | Frozen desserts  | Total              | Dairy based products | Frozen desserts  | Total              |
| -----Rupees-----                            |                      |                  |                    |                      |                  |                    |
| <b>Results for the year</b>                 |                      |                  |                    |                      |                  |                    |
| Revenue from contracts with customers - net | 98,362,635           | 9,669,258        | 108,031,893        | 92,435,043           | 8,560,888        | 100,995,931        |
| Inter-segment revenue                       | (980,443)            | -                | (980,443)          | (760,528)            | -                | (760,528)          |
|   | <u>97,382,192</u>    | <u>9,669,258</u> | <u>107,051,450</u> | <u>91,674,515</u>    | <u>8,560,888</u> | <u>100,235,403</u> |
| Depreciation, impairment and amortization   | 1,613,809            | 618,341          | 2,232,150          | 1,471,117            | 477,677          | 1,948,794          |
| Finance cost                                | 2,904,489            | 354,838          | 3,259,327          | 2,580,716            | 546,272          | 3,126,988          |
| Profit for the year                         | <u>1,951,558</u>     | <u>251,570</u>   | <u>2,203,128</u>   | <u>1,468,178</u>     | <u>40,608</u>    | <u>1,508,786</u>   |
| <b>Assets</b>                               |                      |                  |                    |                      |                  |                    |
| - Segment assets                            | 25,626,605           | 3,911,104        | 29,537,709         | 24,574,826           | 4,106,254        | 28,681,080         |
| - Un-allocated assets                       | -                    | -                | 12,137,562         | -                    | -                | 13,205,722         |
|   | <u>25,626,605</u>    | <u>3,911,104</u> | <u>41,675,271</u>  | <u>24,574,826</u>    | <u>4,106,254</u> | <u>41,886,802</u>  |

**43.2** There were no major customers of the Company which formed part of 10% or more of the Company's Revenue.

#### 44. SEASONALITY

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

#### 45. PRODUCTION CAPACITY

|                              | Designed Annual Capacity (note 45.1) |         | Actual Production |         | Remarks                                 |
|------------------------------|--------------------------------------|---------|-------------------|---------|---|
|                              | 2024                                 | 2023    | 2024              | 2023    |   |
| -----Liters in thousand----- |                                      |         |                   |         |   |
| Dairy based products         | 697,197                              | 592,831 | 360,204           | 375,894 | Production planned as per market demand |
| Frozen desserts              | 37,420                               | 37,420  | 25,760            | 24,820  |   |

**45.1** Represents capacity as at the reporting date.

(Amounts in thousand)

**46. NUMBER OF EMPLOYEES**

|                          | Number of employees as at |                   | Average number of employees |                   |
|--------------------------|---------------------------|-------------------|-----------------------------|-------------------|
|                          | December 31, 2024         | December 31, 2023 | December 31, 2024           | December 31, 2023 |
| Management employees     | 658                       | 738               | 695                         | 1,037             |
| Non-management employees | 507                       | 524               | 515                         | 247               |
|                          | <u>1,165</u>              | <u>1,262</u>      | <u>1,210</u>                | <u>1,284</u>      |

**47. RETIREMENT CONTRIBUTORY FUNDS**

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

**48. SHARIAH DISCLOSURES**

| Note  | ----- 2024 ----- |                   |             | ----- 2023 ----- |                   |             |             |
|---|------------------|-------------------|-------------|------------------|-------------------|-------------|-------------|
|   | Coventional      | Shariah Compliant | Total       | Coventional      | Shariah Compliant | Total       |             |
| -----Rupees-----  |                  |                   |             |                  |                   |             |             |
| Short term investment   | 15               | 65,000            | -           | 65,000           | 1,000,000         | -           | 1,000,000   |
| Cash and bank balances (note 48.1)                                | 16               | 2,342,873         | 402,871     | 2,745,744        | 2,058,594         | 19,884      | 2,078,478   |
| <b>Statement of financial position - liability</b>                |                  |                   |             |                  |                   |             |             |
| Long term finances  | 19               | -                 | 318,000     | 318,000          | 750,000           | -           | 750,000     |
| Lease liabilities   | 20               | 765,198           | 699,219     | 1,464,417        | 650,159           | 357,206     | 1,007,365   |
| Supplier financing - unfunded                                     | 23               | 9,838,888         | -           | 9,838,888        | 11,374,678        | -           | 11,374,678  |
| Short term finances   | 24               | 310,300           | -           | 310,300          | 121,259           | -           | 121,259     |
| Accrued interest / mark-up:                                       |                  | 475,471           | 9,793       | 485,264          | 767,770           | -           | 767,770     |
| <b>Statement of profit or loss and other comprehensive income</b> |                  |                   |             |                  |                   |             |             |
| Revenue from contracts with customers - net                       | 26               | -                 | 107,051,450 | 107,051,450      | -                 | 100,235,403 | 100,235,403 |
| Other Income:   | 31               |                   |             |                  |                   |             |             |
| - Profit earned from bank deposits and bank balances              |                  | 176,016           | -           | 176,016          | 163,281           | -           | 163,281     |
| - Profit earned from short term investments                       |                  | 4,357             | -           | 4,357            | 7,868             | -           | 7,868       |
| - Gain arising from changes in fair value of biological assets    |                  | -                 | 36,538      | 36,538           | -                 | 352,726     | 352,726     |
| - Gain on disposal of operating assets                            |                  | -                 | 140,699     | 140,699          | -                 | 121,285     | 121,285     |
| - Gain on disposal of right of use assets                         |                  | -                 | -           | -                | -                 | 13,089      | 13,089      |
| - Exchange gain   |                  | -                 | -           | -                | 43,133            | -           | 43,133      |
| - Scrap sales   |                  | -                 | 110,975     | 110,975          | -                 | 92,573      | 92,573      |
| - Others  |                  | 13,944            | -           | 13,944           | 36,581            | -           | 36,581      |
| Mark-up / Profit on:  | 32               |                   |             |                  |                   |             |             |
| - Short-term finances   |                  | 2,926,668         | -           | 2,926,668        | 2,727,555         | -           | 2,727,555   |
| - Long-term finances  |                  | 85,835            | 9,692       | 95,527           | 236,142           | -           | 236,142     |
| - Lease liability against right-of-use assets                     |                  | 87,916            | 109,522     | 197,438          | 78,716            | 54,408      | 133,124     |

(Amounts in thousand)

**49. GENERAL****49.1 CORRESPONDING FIGURES**

Corresponding figures have been reclassified wherever considered necessary, for better presentation. Following reclassification has been made within the statement of profit or loss, considering more appropriate reflection in the financial statements:

| Financial statements line item for the<br>year ended December 31, 2023 | Rupees  | Financial statements line item for<br>the year ended December 31, 2024 |
|--|---------|--|
| Other income (note 31)   | 880,540 | Cost of sales (note 27)  |

The aforementioned reclassification is in respect of expenditure related to feed cost incurred on the immature biological assets.

**49.2 Non-adjusting events after the reporting date**

The Board of Directors of the Company proposed a final cash dividend for the year ended December 31, 2024 of Rs. 2.8 per share, amounting to Rs. 2,146,469 at their meeting held on February 13, 2025 for approval of the members at the Annual General Meeting to be held on April 21, 2025. These financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

**49.3 Date of authorization for**

These financial statements were authorized for issue on February 13, 2025 by the Board of Directors of the Company.



**Abdul Samad Dawood**  
Chairman



**Syed Kashan Hasan**  
Chief Executive Officer



**Imran Husain**  
Chief Financial Officer

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# ANNEXURE





# PROXY FORM

I/We \_\_\_\_\_  
 of \_\_\_\_\_ being a member of  
 FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED and holder of \_\_\_\_\_ Ordinary shares as per share.

(Number of Shares)

Register Folio No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_ and Sub  
 Account No. \_\_\_\_\_, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him  
 \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/  
 our behalf at the annual general meeting of the Company to be held on the 21 day of April, 2025 and at any  
 adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2025.

## WITNESSES:

1. Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 CNIC or: \_\_\_\_\_  
 Passport No. \_\_\_\_\_

2. Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 CNIC or: \_\_\_\_\_  
 Passport No. \_\_\_\_\_

\_\_\_\_\_  
**Signature**  
 Signature should agree with the  
 specimen registered with the Company

Note: Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

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



# STANDARD REQUEST FORM CIRCULATION OF ANNUAL AUDITED ACCOUNTS

The Share Registrar  
FrieslandCampina Engro Pakistan Limited.  
FAMCO Share Registration Services (Pvt) Limited.  
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S.,  
Shahra-e-Faisal, Karachi.  
Tel: 34380101-5, 34384621-3  
Email : info.shares@famcosrs.com  
Website : www.famcosrs.com

Dated: \_\_\_\_\_

Dear Sirs,

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

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

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

Yours truly,

\_\_\_\_\_  
**Shareholder's Signature**

Copy to:  
Company Secretary  
FrieslandCampina Engro Pakistan Limited.  
5th Floor, The Harbour Front,  
Dolmen City HC-3, Block 4,  
Clifton, Karachi-75600.



## ELECTRONIC TRANSMISSION CONSENT FORM

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

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

### Electronic Transmission Consent Form

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

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

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

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

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



## REQUEST FOR VIDEO CONFERRING FACILITY FORM

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

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

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

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

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



## ایکسٹرا تک ٹرانسمیشن کی رضامندی کا فارم

سکیو ریٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان نے 8 ستمبر 2014 کے ایس آر او 7877(1)/2014 کے ذریعے کمپنی کو اپنی سالانہ بیلنس شیٹ اور منافع و نقصان کے اکاؤنٹس، آڈیٹر کی رپورٹ اور ڈائریکٹر کی رپورٹ وغیرہ (آڈٹ شدہ مالیاتی بیانات) بذریعہ ای میل اپنے شیئر ہولڈرز کو سالانہ اجلاس عام کے کمپنی کانوٹس کے ساتھ ترسیل کرنے کی منظوری دی ہے۔ وہ شیئر ہولڈرز جو کمپنی کی سالانہ رپورٹ ای میل کے ذریعے وصول کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ مندرجہ ذیل پر مطلوبہ فارم پُر کریں۔

سی ڈی سی کے حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنا ایکسٹرا تک ٹرانسمیشن رضامندی فارم اپنے سی این آئی سی کے ساتھ براہ راست بروکر (شرکاء) / سی ڈی سی کو جمع کرائیں اور فزیکل شیئر رکھنے والے شیئر ہولڈرز کو فارم اور اپنے سی این آئی سی کی ایک کاپی کمپنی کے فیکٹو شیئر رجسٹریشن سرورسز (پرائیویٹ) لمیٹڈ، ایف۔8، بلاک۔8، پی ای سی ایچ ایس، نزد ہوٹل قارن، نرسری، شاہراہ فیصل، کراچی میں بھیجی ہوگی۔

ایکسٹرا تک ٹرانسمیشن کی رضامندی کا فارم

8 ستمبر 2014 کے ایس آر او 7877(1)/2014 کے ذریعے سکیو ریٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان کی طرف سے دی گئی ہدایات کے مطابق، میں \_\_\_\_\_ ولد/دختر/زوجہ \_\_\_\_\_ یہاں فریز لینڈ کمپنیاں اینگرو پاکستان لمیٹڈ کی رضامندی سے آڈٹ شدہ مالیاتی بیانات اور سالانہ اجلاس عام کانوٹس مجھے ذیل میں فراہم کر رہا ہوں۔ میرے ای میل ایڈریس \_\_\_\_\_ پر ای میل کے ذریعے بھیجا جائے۔

|  |                               |
|--|-------------------------------|
|  | ممبر/شیئر ہولڈر کا نام        |
|  | فولیو ای سی ڈی سی اکاؤنٹ نمبر |
|  | سی این آئی سی                 |
|  | ای میل ایڈریس                 |

مذکورہ بالا معلومات درست اور مکمل ہیں۔ میں کمپنی اور اس کے شیئر رجسٹرار کو اپنے ای میل ایڈریس میں کسی تبدیلی یا کمپنی کے آڈٹ شدہ مالیاتی بیانات اور اجلاس عام کے نوٹس کی ای میل ڈیلیوری پر اپنی رضامندی دہاں لینے کے حوالے سے تحریری طور پر مطلع کروں گا۔

تاریخ: \_\_\_\_\_

ممبر/شیئر ہولڈر کے دستخط



## اشیئنڈر ڈورخواست فارم سالانہ آڈٹ کی گردش

شیئر رجسٹرار

فریز لینڈ کمپنا اینگریو پاکستان لینڈ

فیمکوشیئر رجسٹریشن سرورسز (پرائیویٹ) لینڈ

8-F، نزد ہوٹل قاران، نرسری، بلاک 6، پی ای سی ایچ ایس،

شاہراہ فیصل، کراچی۔

ٹیلی فون نمبر 3-34384621-5، 34380101

ای میل: info.shares@famcosrs.com.pk

ویب سائٹ: www.famcosrs.com

عنوان: فریز لینڈ کمپنا اینگریو پاکستان لینڈ کی سالانہ رپورٹ کے لئے ہارڈ کاپی کی درخواست

محترم گرامی،

میں \_\_\_\_\_ ولد/دختر ازہبہ \_\_\_\_\_ بطور فریز لینڈ کمپنا اینگریو پاکستان کا ایک راجسٹرڈ شیئر ہولڈر، حامل درج ذیل کوائف، اپنا نام اس فہرست میں شامل کروانا چاہتا چاہتی ہوں جنہیں کمپنی کی سالانہ رپورٹ ہارڈ کاپی کی شکل میں ارسال کی جائے، لہذا میری گزارش ہے کہ مجھے سالانہ رپورٹ بذریعہ ای میل بھیجنے کے بجائے اس کی ہارڈ کاپی میران کے رجسٹر میں موجود میرے رجسٹرڈ پتہ پر ارسال کی جائے۔

| کوائف  |  |
|--|--|
| شیئر ہولڈر کا نام                                    |  |
| فولیو نمبر ای سی ڈی سی ڈی نمبر                       |  |
| کمپیوٹرائزڈ قومی شناختی کارڈ نمبر NICOP/پاسپورٹ نمبر |  |
| لینڈ لائن ٹیلی فون نمبر (اگر کوئی ہے تو)             |  |
| موبائل نمبر (اگر کوئی ہے تو)                         |  |

آپ کا تخلص  
شکریہ

شیئر ہولڈر کے دستخط

نقل برائے:

کمپنی سیکریٹری، فریز لینڈ کمپنا اینگریو پاکستان لینڈ،

پانچویں منزل، دی ہاربر فرنٹ، ڈولہن سٹی، ایچ سی - 3، بلاک 4، کلفٹن، کراچی - 75600

ای میل: shareholders.PK@frieslandcampina.com









## بورڈ کی تشکیل اور گورننس

### Board Composition and Governance

31 دسمبر 2024 تک، بورڈ سات (6) اراکین (1 خاتون) پر مشتمل ہے جس میں ایک ایگزیکٹو اراکین، دو آزاد اراکین اور چار نائٹ ایگزیکٹو اراکین شامل ہیں۔ بورڈ کی اہم ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ FCEPL کے معاملات کو قابلیت اور اہمیت کے ساتھ چلایا جائے۔ جناب عبدالصمد اور نائٹ ایگزیکٹو اراکین اور بورڈ کے چیئر مین ہیں اور جناب کاشان حسن چیف ایگزیکٹو آفیسر ہیں۔ ڈائریکٹرز کی سماجی تھبہ اس رپورٹ میں شامل ہیں۔

بورڈ آف ڈائریکٹرز کا بیٹنگ کیلنڈر برسر حال جاری کیا جاتا ہے جو رپورٹ اور گورننس کے لیے مخصوص معاملات کو کھینچ کر رکھتا ہے۔ بورڈ کی نگرانی مختصاً چیئر مین ہیں، جو جنرل مینجریل اور کئی نگرانی ہیں۔

## بورڈ معاوضہ کمیٹی

### Board Compensation Committee

کمیٹی نیٹو ایگزیکٹوز کے معاوضے سے متعلق معاوضے، تنخواہ اور ملازمین کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے اور ان کو جوڑ کر رکھنے اور ایگزیکٹو اراکین اور انتظامی کمیٹی کے اراکین کے معاوضوں سے متعلق تمام معاملات کی گورننس کے لیے اہمیت رکھتی ہے۔ کمیٹی کے چیئر مین اور بورڈ معاوضہ کمیٹی کے اہم اس میں نگرانی کی حیثیت حاصل ہوتی ہے۔ کمیٹی کے چیئر مین اور اراکین پر مشتمل ہے۔

اسان علی ملک چیئر مین

کاشان حسن ممبر

علی احمد خان ممبر

کمیٹی کی نگرانی مختصاً چیئر مین یعنی HR ایگزیکٹو اور ایگزیکٹو اراکین ہیں۔

## بورڈ آڈٹ کمیٹی

### Board Audit Committee

بورڈ کی آڈٹ کمیٹی اہم گورننس کی ذمہ داریوں کو پورا کرنے میں بنیادی طور پر مشغول ہونے والی اور غیر اہماتی سطحوں کا جائزہ لینے اور رپورٹ کرنے، اندرونی کنٹرول کے نظام اور ریسک مینجمنٹ بورڈ آڈٹ کے عمل میں بورڈ کی مدد کرتی ہے۔ کمیٹی انتظامیہ سے سطحوں کو طلب کر سکتی ہے اور بورڈ آڈٹرز یا شیڈول سے رپورٹس منظور کر سکتی ہے۔ چیف ٹیکسٹ ایگزیکٹو آفیسر نائٹ ایگزیکٹو اراکین اور بورڈ آڈٹ کمیٹی کے اہم اس میں شرکت کرتا ہے۔ بریکنگ کے بعد، کمیٹی کا چیئر مین بورڈ کو رپورٹ کرتا ہے۔ مالی سال 2024 کے دوران کمیٹی کا اجلاس 4 مرتبہ ہوا۔ کمیٹی میں 3 نائٹ ایگزیکٹو اراکین شامل ہیں۔

زورید مہرانی چیئر مین

اسان علی ملک ممبر

ماہر نیٹو ممبر ممبر

کمیٹی کی نگرانی مختصاً چیئر مین، جنرل مینجریل اور آڈٹ ہیں۔

## مشغول کے بعد

### Future Outlook

2016 میں، اراکین نے لینڈ کیلچر نے پاکستان کے لاری ٹیکسٹ میں 450 ملین امریکی ڈالر کی ایک بڑی رپورٹس فیصلہ سازی کی۔ اس وقت سے کمیٹی نے تقابلیت تک رسائی بنانے اور کسانوں کی زندگی بہتر بنانے کے لیے لاپس برابری کی ہے۔ تاہم، کیلچر 2024 میں جاری ٹیکسٹ کیلچر 2024 کی صنعت کے لیے ایک باہمی ہے اور اس برابری کو جاری رکھنے کی کمیٹی کی صلاحیت کو تلاش کر رہا ہے۔

کمیٹی کو پاکستان کے ساتھ مل کر ایسے سولہ سو سال کرنے کے لیے سرگرم عمل ہے جو کیلچر ڈیپری صنعت کے پائیدار مستقبل کو یقینی بنائیں، اور یہ سولہ سو صنعت پر عالمی تھبہ میں پیکس کے مطابق ہیں جہاں لگن کی شریعت عام طور پر مضامین ہوتی ہے۔ ہمارے دور ترقی یافتہ ممالک ہیں، ہمارے ہر ماہک ہیں۔ ہر شراکت داری صحت کے لحاظ سے محفوظ اور تقابلیت سے ہمہ جہت دہشہ تک رسائی کو فروغ دینے، کسانوں کی زندگی میں بہتری لانے کے منصوبے سے ترقی پزیر کسانوں میں برابری جاری رکھنے اور بین الاقوامی مارکیٹ میں پاکستان کی سماجی تھبہ کو مستحکم کرنے کے لیے تھبہ ہم ہے۔



عبدالصمد اور  
چیئر مین



کاشان  
چیف ایگزیکٹو آفیسر

## بورڈ آف ڈائریکٹرز BOARD OF DIRECTORS

### ڈائریکٹرز کی ذمہ داریوں کا بیان Statement of Director Responsibilities

ڈائریکٹرز ذمہ داریوں کے لیے ایس ایس ای پی کو ڈائریکٹرز کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

- 1- کھٹی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات کا آئٹنس، اس کے کاموں کے نتائج، اظہارِ خیال اور انکوائری میں ہونے والی تبدیلیوں کو پیش کرتا ہے۔
- 2- کھٹی کے اکاؤنٹس کی مناسبتاً ہمیں برقرار رکھی گئی ہیں۔
- 3- مالیاتی گوشواروں کی تیارگی میں مناسبتاً اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے، اسے ان تبدیلیوں کے جو عملیاتی کارروائیوں اور موجودہ معیارات میں ترامیم یا ترمیمات کے نتیجے میں ہوتی ہیں۔ اکاؤنٹنگ تخمینے مستقل معیارات سے چیلنج نہیں ہیں۔
- 4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتے ہیں، مالیاتی گوشواروں کی تیارگی میں ان کی پیروی کی گئی ہے اور ان سے کسی بھی عدم موجودگی کا مناسبتاً طور پر انکشاف کیا گیا ہے۔
- 5- اندرونی کنٹرول کا نظام ان کے اظہار سے درست ہے اور اسے عاثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے جس میں مناسبتاً اندرونی مالیاتی کنٹرول شامل ہے۔
- 6- کھٹی کے مسلسل کاروبار جاری رکھنے کی اہلیت پر کوئی شک نہیں ہے۔
- 7- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی عدم موجودگی نہیں ہے، جیسا کہ گورننس مادی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

### بورڈ کے اجلاس اور حاضری

#### Board Meetings and Attendance

2024 میں، بورڈ آف ڈائریکٹرز نے کھٹی کی سرگرمیوں کا مکمل احاطہ کرنے کے لیے 14 اجلاس منعقد کیے۔ ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

| میٹنگز میں شرکت       |                    |                    |                   |                     |      |
|-----------------------|--------------------|--------------------|-------------------|---------------------|------|
| ڈائریکٹر کا نام       | 4<br>15 فروری 2024 | 3<br>26 اپریل 2024 | 2<br>15 اگست 2024 | 1<br>17 اکتوبر 2024 | نوٹس |
| مہر احمد داؤد***      | ✓                  | ✓                  | ✓                 | ✓                   | 4    |
| علی احمد خان***       | ✓                  | ✓                  | ✓                 | ✓                   | 4    |
| کاشان حسن*            | ✓                  | ✓                  | ✓                 | ✓                   | 4    |
| احسان علی بگ*         | ×                  | ×                  | ✓                 | ×                   | 2    |
| انسولت کوئی*          | ×                  | ×                  | ✓                 | ✓                   | 2    |
| ذوہیر مہر اللہ خان*** | ✓                  | ✓                  | ✓                 | ×                   | 4    |
| ناریس فی نیر پورگ***  | ✓                  | ✓                  | ✓                 | ✓                   | 4    |
| پیر الی زکریا**       | ✓                  | ✓                  | ×                 | ×                   | 2    |
| ابراہیم**             | ✓                  | ✓                  | ×                 | ×                   | 2    |
| روسل خان نیر پورگ**   | ✓                  | ✓                  | ×                 | ×                   | 2    |

\* 26 اپریل 2024 کو منتخب کئے گئے

\*\* 26 اپریل 2024 کو بنا ہوئے

\*\*\* 26 اپریل 2024 کو دوبارہ منتخب کئے گئے



## اکاؤنٹنگ کے معیارات

### Accounting Standards

کمپنی کی اکاؤنٹنگ پالیسیاں گینڈرا ایکٹ 2017 کی عکاسی کرتی ہیں اور اس طرح کے طور پر مندرجہ ذیل اتوقومی مالیاتی رہنما معیارات 2018 ایکٹ کے ساتھ ساتھ دیگر رٹیزڈ اینڈ ایگزیٹو ایکٹس آف پاکستان کی جانب سے جاری کردہ ہدایات کے درجے مطابقت رکھتے ہیں۔

## پنشن، گریجویٹی اور پروویڈنٹ فنڈ

### Pension, Gratuity and Provident Fund

کمپنی کے ملازمین ایگریڈ کارپوریشن کے ذریعہ ایک ایسے ہیڈڈ فنڈ میں حصہ لیتے ہیں۔ کمپنی ان منصوبوں میں حصہ لاتی ہے جو اس کے ملازمین کے لئے بعد از ملازمت اور ریٹائرمنٹ کے فوائد فراہم کرتی ہے۔ ان میں ڈیفنڈڈ پنشن پروویڈنٹ فنڈ، پلان، ایجاؤنٹڈ پنشن پروویڈنٹ فنڈ اور ایجاؤنٹڈ گریجویٹی پلان شامل ہیں۔ جاری ترین آڈٹ شدہ مالیاتی پلان کی تاریخ کے مطابق ایجاؤنٹڈ گریجویٹی پنشن پروویڈنٹ فنڈ کی سربراہی کی قیمت درج ذیل ہے:

| ڈیفنڈڈ گریجویٹی پنشن |  |
|----------------------|--|
| روپے میں             |  |
| 30 جون 2024          |  |
| 908                  | آڈٹ شدہ مالیاتی پلان کے مطابق تاخیر سے |
|                      | تقسیم: تاخیر سے                        |
| 501                  | 1 حکومتی ادارے کی طرف سے               |
| 269                  | 2 پاکستان انسٹیٹیوٹ آف ایجوکیشن        |
| 87                   | 3 غیر منظم                             |
| 34                   | 4 دیگر اداروں کی طرف سے                |
| 35                   | 5 قابل وصولی                           |
| (18)                 | 6 قابل وصولی                           |
| 908                  | کل                                     |

ذکورہ منصوبہ فنانسنگ کام کے ذریعہ حلیم شدہ ایک سربراہی کا منصوبہ ہے۔ گریجویٹی پنشن کی تاریخ کی تاریخ سے 31 دسمبر 2024 کو تمام ایجاؤنٹڈ گریجویٹی پلان کے مالی گوشواروں کی پرنسپل 30 جون 2024 تک تھی۔









**FrieslandCampina** 

Engro Pakistan Limited