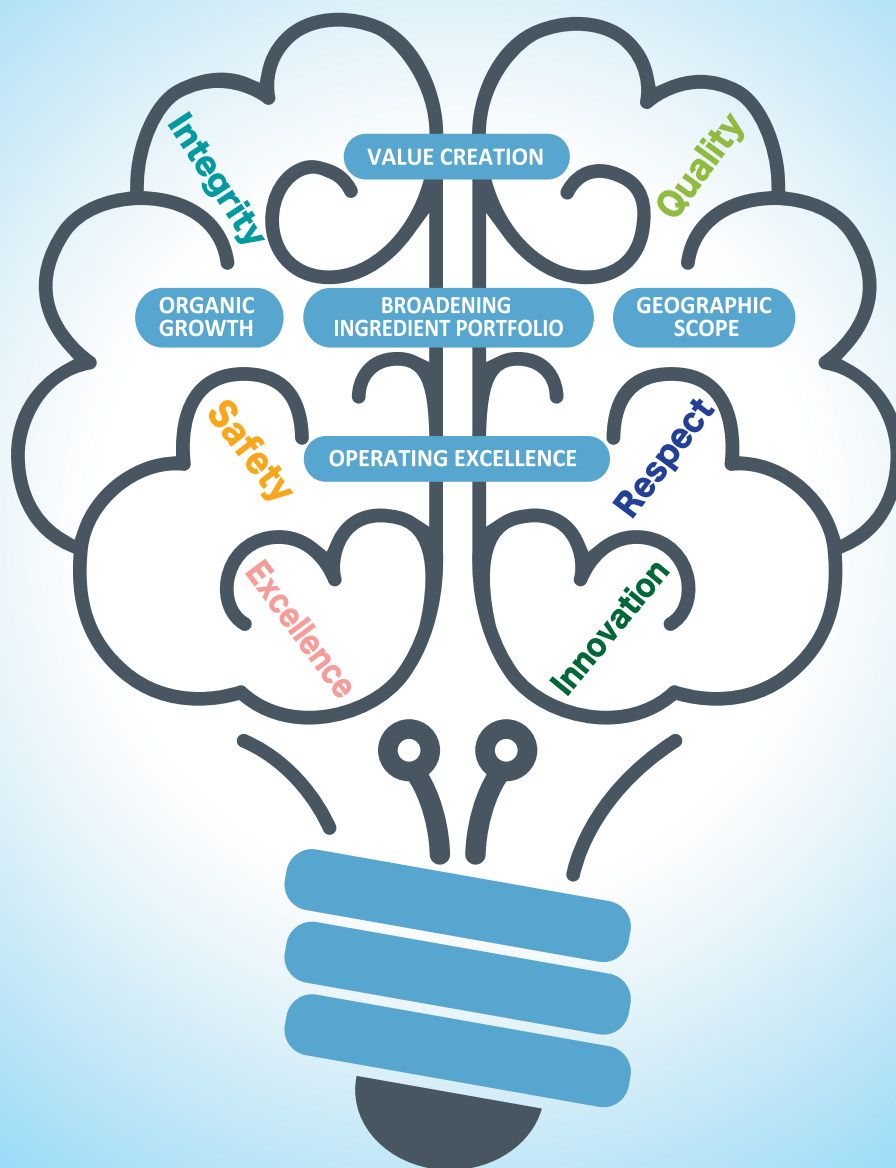


# Annual & Sustainability Report

for the year ended December 31, 2016





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## Company Information

### Board of Directors

Chairman  
Pierre Perez y Landazuri Non-Executive

Chief Executive & Managing Director  
Usman Qayyum Executive

### Members:

Jack C. Fortnum	Non-Executive
Jorgen Kokke	Non-Executive
Christine M. Castellano	Non-Executive
Marcel Hergett	Non-Executive
Zulfikar Mannoo	Non-Executive
Mian M. Adil Mannoo	Non-Executive
Wisal A. Mannoo	Non-Executive
Dr. Abid Ali	Executive
Anis Ahmad Khan	Independent & Non-Executive

### Chief Financial Officer

Dr. Abid Ali

### Secretary

M. Yasin Anwar

### Audit Committee

Zulfikar Mannoo	Chairman
Jack C. Fortnum	Member
Christine M. Castellano	Member
Marcel Hergett	Member
Anis Ahmad Khan	Member

### Human Resource & Remuneration Committee

Jorgen Kokke	Chairman
Pierre Perez y Landazuri	Member
Usman Qayyum	Member
Zulfikar Mannoo	Member

### Shares Transfer Committee

Usman Qayyum	Chairman
Dr. Abid Ali	Member
Anis Ahmad Khan	Member

### Bankers

Allied Bank Limited  
Citibank, N.A.  
Habib Bank Ltd.  
Meezan Bank Ltd.  
MCB Bank Ltd.  
MCB Islamic Bank Ltd.  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Ltd.

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Lahore – Karachi

### Legal Advisor

M. Ali Seenaa  
C/o Surridge & Beecheno,  
Karachi-74000

### Shares Registrar

FAMCO Associates (Pvt.) Ltd.  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shahrah-e-Faisal,  
Karachi-75400  
Tel:(92-21) 34380101-5  
Fax: (92-21) 34380106  
Email: info.shares@famco.com.pk

### Registered Office

1st Floor, Finlay House,  
I.I. Chundrigar Road,  
Karachi-74000,  
Ph: (92-21) 32442516 – 32410848  
Fax: (92-21) 32428651

### Head Office & Shares Department

Rakh Canal East Road, Faisalabad,  
Ph: (92-41) 8540121-22-23  
Fax: (92-41) 8711016 - 8502197  
Website: www.rafhanmaize.com  
E-mail: corporate@rafhanmaize.com

### Plants:

#### Rakh Canal Plant:

Rakh Canal East Road,  
Faisalabad-38860.  
Ph: (92-41) 8540121-22-23  
Fax: (92-41) 8711016 - 8502197

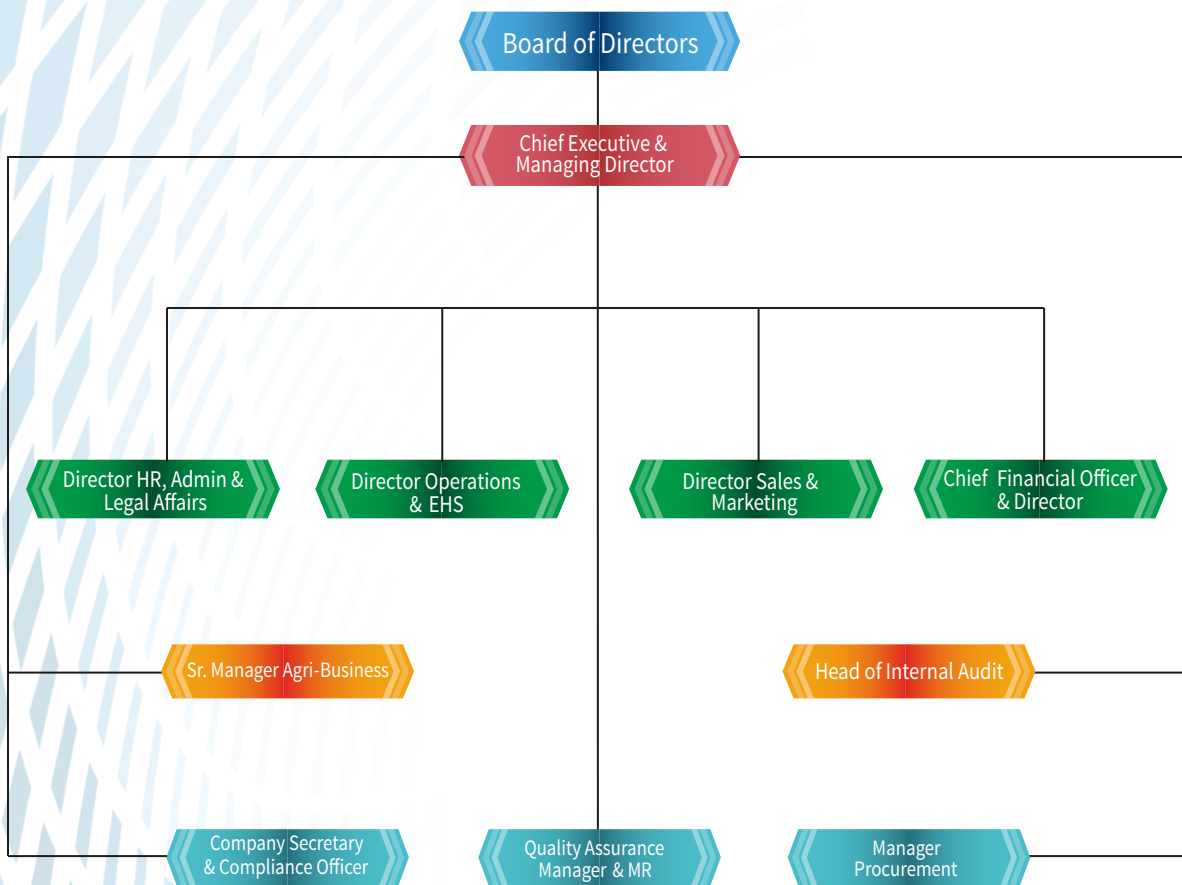
#### Cornwala Plant:

5-KM Jaranwala-Khurrianwala Road,  
Jaranwala - 37250.  
Ph: (92-41) 4710121 & 23-27

#### Mehran Plant:

K.B. Feeder Road, Kotri,  
Jamshoro-76090.  
Ph: (92-223) 870894 - 98

# Organogram





**RafhanMaize**  
PRODUCTS CO LTD  
125<sup>th</sup> General Meeting (Annual Ordinary)  
March 29, 2016



## Notice of Meeting

Notice is hereby given that the 126<sup>th</sup> General Meeting (Annual Ordinary) of the shareholders of Rafhan Maize Products Co. Ltd. will be held on Wednesday, March 29, 2017 at 10:00 a.m. at the Overseas Investors Chamber of Commerce and Industry's Hall, Talpur Road, Karachi to transact the following business:

1. To confirm minutes of the last General Meeting (Annual Ordinary) of the shareholders of the Company held on Tuesday, March 29, 2016 at Karachi.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2016 together with the Directors and Auditors Reports thereon.
3. To approve final cash dividend @3000% for the year ended December 31, 2016 as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration. The present auditors Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, has proposed appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants for the year 2017.

### Special Business:

5. To consider and, if thought fit, to approve remuneration payable to Chief Executive and Managing Director.
6. To consider and approve shifting of Registered Office of the Company from Karachi, Province of Sindh to Faisalabad in the Province of the Punjab and, if thought fit, to pass with or without modification the following resolutions as a Special Resolutions:  
"RESOLVED that the Registered Office of the Company be shifted from 1st Floor, Finlay House, I.I. Chundrigar Road, Karachi in the Province of Sindh to Rakh Canal East Road, Faisalabad in the Province of Punjab subject to the approval of Securities & Exchange Commission of Pakistan."

“ALSO RESOLVED that Clause II of the Memorandum of Association of Rafhan Maize Products Co. Ltd be and is hereby altered to read as follows:

Clause II: The Registered Office of the Company shall be situated at Faisalabad in the Province of Punjab, Pakistan”.

“FURTHER RESOLVED that the Company Secretary of the Company be and is hereby authorized and empowered to do or cause to be done all acts, deeds and things that may be necessary to give effect to the above resolution”

7. To consider and, if deemed fit, pass the following ordinary resolution for getting shareholders’ approval to disseminate Annual Accounts through CD/DVD/USB:

“RESOLVED that the approval be and is hereby given to allow the Company to disseminate/transmit Annual Audited Accounts to the shareholders in soft form through CD/DVD/USB instead of hardcopy at their registered addresses.”

Statements U/S 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business are attached.

By order of the Board

**M. Yasin Anwar**

Company Secretary &  
Compliance Officer

Karachi  
March 8, 2017

## Statements U/S 160(1)(b) of the Companies Ordinance, 1984

### ITEM NO.5 OF THE NOTICE

#### REMUNERATION PAYABLE TO CHIEF EXECUTIVE AND MANAGING DIRECTOR

Mr. Usman Qayyum was appointed as Chief Executive and Managing Director of Rafhan Maize Products Company Limited by the Board on April 01, 2016. This is the senior most position in the Company. With increase in responsibilities, the remuneration of Mr. Usman Qayyum was to be increased for the financial year 2016.

The Board, through Resolution by Circulation dated April 01, 2016 has approved Managerial Remuneration including applicable allowances not exceeding Rs.12.5 million for the year ending December 31, 2016 and for subsequent years an increase per annum as determined by the Board of Directors on the recommendations of Human Resource & Remuneration Committee, provision to him of two Company maintained cars, life/health insurance cover, leave encashment as per Company policy, personal security, club membership, statutory and performance bonuses, retirement and other applicable benefits in accordance with the Company policies.

For this purpose, the following Ordinary Resolution which sets out terms of appointment of the Chief Executive and Managing Director will be moved at the meeting.

“RESOLVED that the Company hereby approves and authorizes the payment to Mr. Usman Qayyum, Chief Executive and Managing Director, not exceeding Rs.12.5 million for the year ending December 31, 2016 and for subsequent years an increase per annum as determined by the Board of Directors on the recommendations of Human Resource & Remuneration Committee, provision to him of two Company maintained cars, life/health insurance cover, leave encashment as per Company policy, personal security, club membership, statutory and performance bonuses, retirement and other applicable benefits in accordance with the Company policies.”

## ITEM NO.6 OF THE NOTICE:

### SHIFTING OF REGISTERED OFFICE FROM KARACHI, SINDH TO FAISALABAD, PUNJAB

As production facility (factory), Shares Department, Accounts Department and other supporting functions are located in Faisalabad, Punjab and maintaining confidential data/record at both the locations is difficult, therefore, the management has realized that shifting of registered office from Karachi, Province of Sindh to Faisalabad, Province of Punjab will help in strengthening the internal controls, smoothness in corporate operations, cost savings, prompt decision making; in addition to other benefits and carry on the business more economically and more efficiently.

## ITEM NO.7 OF THE NOTICE

### DISSEMINATION OF ANNUAL AUDITED ACCOUNTS OF THE COMPANY TO THE SHAREHOLDERS THROUGH CD/DVD/USB:

Securities & Exchange Commission of Pakistan (SECP) vide its SRO No.470(1)/2016 dated May 31, 2016 has allowed companies to circulate the Annual Balance Sheet, Profit and Loss Account, Auditors' Report and Directors' Report etc. ("Annual Audited Accounts") to its members through CD/DVD/USB at their registered addresses. The Company shall place on its website a standard request form for the shareholders to communicate their demand for hard copies of annual audited accounts instead of sending the same through CD/DVD/USB.

The directors of the Company have no additional interest in any of the above businesses except to the extent of their shareholding as has been detailed in the pattern of Shareholding.

### Consent for Video Conference Facility

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

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

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

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

\_\_\_\_\_  
Signature of Member

## NOTES:

1. The Share Transfer Book of the Company will remain closed from 22nd to 29th March, 2017 (both days inclusive) and no transfer will be accepted for registration during this period.

2. A member entitled to attend, speak and vote at the meeting shall be entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights with respect to attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company. Form of proxy is attached.
3. Shareholders are requested to notify change of address, if any, to the Company's Shares Registrar immediately.
4. CDC shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Cards, Account and Participant's ID numbers, for identification purpose, and in case of proxy, to enclose an attested copy of his/her CNIC.

## IMPORTANT NOTES TO SHAREHOLDERS

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

### Dividend Mandate

In accordance with SECP's directives, all shareholders, who have not yet opted for dividend mandate, are requested to authorize the Company to directly credit all future cash dividends to their bank account by conveying following particulars to our Shares Registrars, M/s FAMCO Associates (Pvt.) Ltd, 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi.

Title of Bank Account	Bank Account No.
Bank Name	Branch Name and Address
Cell/Landline Phone Number of Shareholder	CNIC No.

CDC shareholders will send the above particulars to their respective Stock Exchange Broker.

### CNIC No.

Pursuant to the directives of the SECP, CNIC number is mandatorily required to be mentioned on dividend warrants. The Company is now unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and, therefore, constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of non-compliant shareholders. A list of such shareholders is available on Company's website [www.rafhamaize.com](http://www.rafhamaize.com). Please submit a copy of your valid CNIC (only Physical Shareholders), if not already provided to the Shares Registrars of the Company. Corporate account holders should submit National Tax Number, if not yet submitted.

### Deduction of Income Tax from Dividend under Section 150

Pursuant to the provisions of the Finance Act, 2016, effective July 1, 2016, the rates of deduction of withholding tax from dividend payments under the Income Tax Ordinance have been revised as under:

For filers of income tax returns	12.5%
For non-filers of income tax returns	20%

To enable the Company to make tax deduction on the amount of cash dividend @12.5% instead of 20%, all the

shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of any future cash dividend otherwise tax on their cash dividend will be deducted @20% instead of 12.5%. Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts.

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

Company Name	Folio/ CDS A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC #	Share- holding Propor- tion (No. of Shares)	Name & CNIC #	Share- holding Propor- tion (No. of Shares)

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

For any query/problem/information, the investors may contact the Company and/or the Shares Registrar at the following phone numbers/email addresses –

#### Company Contact:

Mr. M. Yasin Anwar  
Company Secretary & Compliance Officer,  
Rafhan Maize Products Co. Ltd.,  
Rakh Canal East Road, Faisalabad.  
Tel.No.041-8540121 – Ext.206 & 348  
Email: corporate@rafhanmaize.com

#### Shares Registrar:

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

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

#### Annual Accounts

Annual Accounts of the Company for the financial year ended December 31, 2016 have been placed on the Company's website – [www.rafhanmaize.com](http://www.rafhanmaize.com)

Pursuant to SECP's SRO 787(I)/2014 dated September 8, 2014 regarding electronic transmission of Annual Report and notice which falls in the sphere of Sections 50, 158 and 233 of the Companies Ordinance, 1984, we have attached the request form in our Annual, Half Yearly and Quarterly Reports and also uploaded on our Company's website – [www.rafhanmaize.com](http://www.rafhanmaize.com)

Members desirous to avail this facility are requested to submit the request form duly filled to our Shares Registrar

### REQUEST FORM

Consent for Circulation of Annual Audited Financial Statements through e-mail

Company Name : Rafhan Maize Products Co. Ltd.

Folio No./CDC sub-account No. \_\_\_\_\_

E-mail Address: \_\_\_\_\_

CNIC No. \_\_\_\_\_

The above E-mail address will be recorded in the members register maintained under Section 147 of the Companies Ordinance, 1984. I will inform the Company or the Registrar about any change in my E-mail address immediately. Henceforth, I will receive the Audited Financial Statements along with Notice only on the above E-mail address, unless a hard copy has been specifically requested by me.

\_\_\_\_\_  
Name and Signature of Shareholder  
(Attachment : Copy of CNIC)

# Company Introduction

## Geographical Presence

RafhanMaize is an affiliate of Ingredion Incorporated which has strong global presence with commercial and manufacturing operations in more than 60 countries of the world. RafhanMaize has three manufacturing locations in Pakistan two in Punjab: Faisalabad, Jaranwala and one in Kotri, Jamshoro Sindh. The Company has three warehouses in Faisalabad, Jaranwala and Kotri. The commercial and corporate office is located at Karachi.





## Vision

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

## Mission Statement

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



## Our Strategic Objectives

Your Company has developed comprehensive strategic blue print for sustainable growth and value creation. Our strategy is a unique blend of volume growth and operational excellence drivers. We are pursuing tri dimensional strategy to grow organically, geographically and by broadening ingredients portfolio. Our operational excellence initiatives include bringing efficiencies in operations, reducing controllable costs through continuous improvement, contracting procurement bills by optimizing TCO (total cost of ownership) and conserve energies.

## Our Strategy

### VALUE CREATION

Organic  
Growth

Broadening  
Ingredient  
Portfolio

Geographic  
Scope

### OPERATING EXCELLENCE

## Chief Executive's Review



With immense pleasure and felicity, I present results of Rafhan Maize for the year ended December 31, 2016. The year under review proved to be yet another remarkable year at Rafhan Maize Product Company Limited, where we continued to exceed the expectations of our stakeholders and customers. The Company delivered strong results and continued its streak to strengthen the progressive track record of achievements. I would like to acknowledge the blessings of Almighty Allah, the astute approach of our Board and the management in achieving sturdy figure of Rs.3.9 billion after tax profit. I look forward to have your continuous support to take on the challenges for the year ahead and capitalize every possible opportunity for our brightest future.

Our business built the success by converting the threats and adverse environment into opportunities and sailed through the impediments as ultimate winner. The business continued to explore new concepts, invested on alternate energy sources, brought cost effective technologies to sustain financial performances. We are gravely confident on our abilities for long term sustainability and growth of our business.

### ECONOMIC AND BUSINESS ENVIRONMENT IN THE COUNTRY

Pakistan economy portrayed better economic indicators marked by comparatively stable exchange rates, lower inflation & interest rate, consistently rising foreign exchange reserves, improved GDP growth and prolonged rally in Pakistan Stock Exchange. However, the country seriously struggled to improve exports and bring in foreign direct investment - the major vulnerabilities witnessed during 2016. Despite generous subsidies and incentives package to farmers, agriculture could not post sturdy growth. Low prices of Rice, Wheat, Potatoes and Sugar Cane seriously hurt farmer community and put them into liquidity starvation. Throughout 2016, Pakistan textile industry has been

facing shortage of cotton material and even has to import raw cotton from India and other cotton growing countries. However, Pakistan performed better in channelizing regional geographical location and successfully managed to attract big Chinese investment in the form of CPEC (China Pakistan Economic Corridor) package. Economic reforms under present governments helped to stimulate the economy and enabled the country to overcome multiple challenges. Economists expect Pakistan economy will strengthen further with the execution of mega infrastructure projects under CPEC and GDP growth going beyond 5%. As per recent Asian Development Bank report, Pakistan will be sixth fastest growing country in 2017 and highest among Islamic countries. We expect positive changes on economy will have positive trickledown impact on industry and overall business environment in the country.

Improved availability of electricity to industries at comparatively lower cost helped significant improvement in economic growth in the country. GDP growth rate of 4.7% in 2016 is the highest during last eight years. Low crude oil prices in the international markets helped to keep energy cost lower, particularly, electricity and fuel prices. RLNG

(Regasification of Liquefied Natural Gas) supply to industry eased gas availability constraints and virtually helped to diminish load shedding to the industry at large. Present Federal Government is profoundly claiming complete elimination of electricity shortage from 2018 and onward.

## OPERATING RESULTS

		2016	2015
Net Sales	Rs. (Million)	25,061	24,618
Net Income After Tax	Rs. (Million)	3,879	3,275
Earnings Per Share	Rs.	420.01	354.59

We are colossally pleased to pronounce our strong profitability growth despite all difficult circumstances. The business portrayed excellent results yet another year with 18% growth in net profit, 4% increase in volumes and posted 2% growth in net sales.

Our continuous improvement initiatives continued to yield strong benefits and helped to decrease cost, improve efficiencies, conserve energies and optimize plant yields. Our volume growth boasted from high demand from confectionary segment, industrial specialties and exports. Consistent grain prices, particularly the corn prices in international markets helped to stabilize corn prices in Pakistan as well. Our business greatly benefited from improved and cheaper availability of electricity and gas.

## BUSINESS REVIEW

Rafhan Maize has positioned itself as the supplier of first choice for customers and industrial users of our products. In 2016, we were able to grow our volumes by ensuring quality of our products and timely delivery to our customers across the country. Our history of reliable operations, sustaining long term relationships and focused investments helped to place us among the premiere corn refiners in Pakistan. Our ingredients and solutions add functionality to our customer's products across many diversified consuming industries. We have increased our focus on customer relationships and providing them complete range of solutions and services. We serve diverse and balanced range of segments and promptly cater their needs in highly professional and efficient manner. Customer satisfaction is our prime deliverable and we make things happened through active participation of all our business factions including our sales proficiency together with technical and commercial skills to create great value for our revered customers.

Rafhan team strategically contributes towards building relationships and delivering value in the form of final product to our customers through an in-depth analysis of the customers, competition and market trends. We continue our efforts to create customized solutions and to become a partner of choice in today's competitive corporate world. Our







generous investment on new technologies and cost reduction is the reflection of intention to place our customers at the center of our efforts and improve all aspects of customers' experience.

We are determined to pursue our strategy of multi-dimensional growth by developing novel ingredient and innovated products. We have a strong portfolio of well-researched ingredient solutions and continuously expanding our product portfolio to cater growing needs of our customers. Our fast growth and strong volume delivery in the specialty and food ingredient business is another indicator of effectiveness of our proactive strategies, service excellence and customer satisfaction.

We believe in our abilities to respond to ever changing customer requirements and are fully committed to adhere to our core values. Our product portfolio spans a broad range of products categories include Industrial, Food and Animal Nutrition & Health Ingredients. We are serving many consuming segments in Textiles, Confectionery, Processed Food, Dairy, Ice Cream, Beverages, Pharmaceuticals, Paper, Corrugation, Baking, Chemicals, Edible Oils, Poultry, Livestock, Aquaculture and a host of other industries. We are fully aligned with global philosophy of our parent company and are proud of our commitment to excel in safety, product quality and service

excellence to our customers for winning their confidence.

## INDUSTRIAL BUSINESS

Our Industrial business exhibited a mixed growth trend. Our Company is among the largest providers of quality integrated solutions for different industrial applications such as Textile, Paper, Corrugation, Chemicals, Laundry and Personal Care etc. We have a broad geographical reach and cover diverse mix of customers in industrial business. We are committed to deliver superior value ingredients at competitive cost and respond positively to emerging need of our valued customers.

Textile industry is the most essential manufacturing sector of Pakistan and the sector serves as the backbone of Pakistan's economy. Difficult market environment persists for the textile industry which is facing a series of issues and problems for its survival. Much of our industrial business success depends upon steady growth of textile industry as it is the largest segment of our industrial grade starches. Textile exports remained static and the exporters are demanding for more relief package to boost textile exports. Uncertainty around demand for the starches used in textile industry continued to be a major concern; particularly from downstream industries.



Changing quality patterns and GSP plus status to Pakistani textile sector provided slight support to value added segment but full potential couldn't be realized due to weaker growth of EU economies. Our Company offers diversified portfolio of solutions, products and services to the Textile includes Rafhan®, Penetrose®, Amisol®, Tex-o-Film® and Coratex®.

Despite all adverse conditions and depression, textile composite/mill sector depicted some resilience and displayed growth in demand. Large textile group with composite units are continuously making investments on expanding capabilities and building alternate power arrangements. We continued to win the confidence of our valued customers by passing on cost reduction benefit and by elevating our field service level. We are coordinating with our big customers to understand their emerging need and frame our strategy to fulfill their needs at highly competitive cost structure.

Market outlook for paper and board is quite stable particularly packaging products depicted strong resilience. Paper and paperboard demand in Pakistan has shown strong growth in line with overall improvement in education and changing life style. We have witnessed consistent new investments in this sector to enhance domestic capacities of quality paper and paperboard to meet the growing needs. The phenomenon created some opportunities for our business as well and boosted sales of our Q-Tac® and Amisol® starches. Corrugation and paper sack

industries also operated at better pace to cover industrial, electronics, fruits, vegetables, cement and food packaging demand and thus stimulated the sales of our Tex-o-Film®, Coragum® starches and Dextrin. A growing number of double baker corrugators further strengthen our business potential during the year.

Market for chemical & allied segments; particularly Home & Personal Care continued to deliver high sales growth. We have a good range of products for this segment and serve our customers at their best satisfaction. We maintain competitive edge on our competitors because of high quality low cost ingredients, strong distribution network and excellent customer services.

Pharmaceutical industry in Pakistan continued to grow at double digit; thus created demand for our products at the same growth rate. We offer a well-balanced and strong portfolio of leading and innovative brands (SnowFlake®, Farmal® & Flo-Sweet®) to cater the needs of Pharma industry. We promptly cater the needs of our pharma customers and provide premium quality products at highly competitive costs.

## FOOD BUSINESS

Food ingredients market in Pakistan is growing at a better pace fueled by emerging consumer trends, growing urbanization, population growth, increasing



standards of living and globalization. We have a strong portfolio of well-researched leading brands and are continuously expanding our product range in the food segment. Despite stiff challenges, we have made a successful improvement in the food ingredient business with proactive strategies, service excellence and extending customer base. The Company efficiently managed to maintain an uninterrupted and timely flow of supplies to the customers through well-coordinated and integrated efforts of whole supply chain system.

Our food segment offers a wide spectrum of products, services and solutions to diversified customers including confectionery, baking, desserts, beverages, ketch-ups premixes, condiments, soups, ice cream, custard and many other food processors. Our product line covers a wide range of products includes Globe®, Snowflake®, Rafhan® Liquid Glucose, Flow Sweet® EE Liquid Glucose, Cerelose® Dextrose Monohydrate, Rafhan® Liquid Caramel and Golden Syrup.

Confectionery and bakery are the mainstay of our food business especially sweetener lines. New trends in confectionery were noted with investments in flavored/center filled candies, bubble gums, jelly confections and chocolates. Our supplies of specialty food grade starches to ketchup and sauces continue

to face setback as Punjab Food Authority has imposed restrictions on use of food grade starches in formulation of ketchups and sauces. Ease in sugar prices- the major substitute of sweeteners has negative impact on demand for liquid glucose and dextrose, however, ice cream, soups, food processors and baking continued to sustain demand. Food segments also provided the impetus for market growth due to the high demand for branded packed products. We expect this emerging transition from unpacked to packed foods will boost the demand for our ingredients and will continue to dominate downstream customer base. Our R&D is poised well to accept the challenge to enter into new applications and provide novel ingredients for emerging consuming trends.

## ANIMAL NUTRITION & ANIMAL HEALTH BUSINESS

Animal Nutrition & Animal Health Business consists of significant part of our business. Our Animal Nutrition product lines includes Prairie Gold® and Rafhan® maize gluten meals, Buffalo® Maize Bran, Rafhan® Maize Germ Cake and Enzose® Hydrol. Rafhan Maize has steady history of growth in Animal Nutrition & Animal Health business. Over the years, our ANIs Business has become recognized for its



manufacturing consistency, reliability, product quality and seamless support services. Our sales team place high emphasis on building strong and long lasting relationships with the customers by providing best of class support services.

During the year under review, our volume delivery witnessed consistency from all our consuming segments including Poultry, Livestock and Aquaculture. Poultry industry is making sizeable investments for mechanization, integrated farming systems, improvement in bio-security, processing and ready to eat value additions. Poultry sector is one of the most vibrant segments in the agriculture of Pakistan and the sector has shown robust annual growth of 8-10%. However the industry continued to face serious challenges in terms of disease endemics and price fluctuations. Livestock market of Pakistan still remains largely unorganized; however large investments have been made during the last 2-3 years by large industrial groups to enter into milk/dairy markets. The segment has gained significant attention for new investments and the investors are using scientific approaches to pave way for dairy revolution in terms of milk and meat production.

We are continuously improving our capabilities and coordinating with farmer community to eliminate the presence of aflatoxin in feeds. Our project is progressing well and a good number of initiatives are underway to overcome the issue of aflatoxin levels in corn (naturally inhibited and traditional sourcing). Our agronomist teams are interactive with farming community to eliminate & reduce growth of aflatoxin at it's very origin. We are extending premiums to farmers and corn business intermediaries for providing corn with low aflatoxin counts.

Consistent and steady growth in aquaculture farming is another healthy prospect for our ANIs business. Fish consumption during winter season and consistent market prices helped to increase fish farming area and kept good demand for our ANIs business.

In 2016, our timely price rationalization, improved order execution, contracts with Military Farms, GTM (go to market) approach and extensive geographical reach greatly benefited to our ANIs business.

## EXPORT

Geographic spread is one of the main pillars of our strategic blueprints. We are aligning our capabilities to expand business in the international markets. Our Company is continuously engaged in exploring new possibilities and drive excellence in export markets. Our emphasis is to develop new products and solutions which compete with other regional players at highly competitive cost layouts. Our strategy roams around focusing on innovation, expanding product portfolio, improving quality, and building technology oriented capabilities to sustain growth. Our business has done excellent to increase its reach and access to Middle East, African and APAC markets. Our concentrated efforts helped to sustain our export sales growth at double digit during the last three years. We are striving hard to further enhance our global presence and sales by catering the requirements of international markets through launching new products as well as boosting the existing ingredients.

We have worked vigorously to design the right business model in export. During the year under review exports performance surpassed targets and achieved 13% volume growth despite economic slowdown in international markets and stiff competition from the other regional players – China and India. We believe still significant untapped potential exists where we can excel and increase demand for our ingredients.

Our focus will be on pursuing long-term sustainable growth by offering premium quality innovated products to our customers. Presently we are focusing on Middle East and Africa however we strongly believe big potential exist for exports to far Eastern countries like Indonesia, Malaysia, Philippines, China and Taiwan. Our Company is determined to explore new export markets for maximum capacity utilization and earn valuable foreign exchange.

We maintain a positive long term outlook and achieved strong growth in exports in 2016. The Company has earned precious foreign exchange of US\$10.8 million during the current year. Rafhan Maize has explored new opportunities in Turkey and Iran with a hope to gain significantly in the future

years through mapping new initiatives and agile network.

Our business is continuously engaged in exploring new opportunities and transforming operating model by strengthening and expanding business in the international markets. Our sales team is constantly engaged in assessing customer needs & market dynamics in the export markets to attain competitive edge and develop core competencies.

## OPERATIONS

Rafhan Maize is one of the premier corn refiners in Pakistan and the Company has three plants in the country two located in Central Punjab and one in Interior Sindh. The Company has strong customers and serving diversified industrial segments in the country. We are a manufacturing driven Company and much of our success depends upon efficient management of our operations and cost conservations.

Rafhan Maize operations team has the tendency and capability to meet expectations and deliver strong results. During the year under review our operations teams positively responded to the imposing challenges of cost escalations and successfully generated cost savings from Continuous Improvement Initiatives. Our Company successfully

met customers' demands while keeping minimum finished goods inventories and optimizing capacity utilization of our plants.

Rafhan Maize is making targeted capital investments on capacity enhancement, new technologies and cost saving projects. The Company has initiated a mega project to consolidate dextrose operations at Cornwala Plant which will not only increase our capacity but also significantly decrease utility. The project will help to save precious foreign exchange of \$2 million annually for the country by extending an opportunity to the importers to use high quality local product in place of Indian & Chinese imports.

Rafhan Maize invested \$18.4 million on new coal based 12 MW Co-generation facility. The plant is providing 100% electricity and steam requirements at Cornwala plant at cost effective rates. The investment on highly efficient cogeneration plant will go long way to provide cost effective utilities on continuous basis and help to reduce power related shutdowns.

We have successfully commissioned cost efficient MVR (Mechanical Vapor Recompression) System at our Rakh Canal Plant. The facility will significantly reduce steam usage and ultimately ensure to reduce greenhouse gases emissions. Our recently implemented separation of food grade starches at Cornwala plant will help to eliminate intermixing of



food grade starches with industrial grade starches during drying & packing processes. The project also envisaged reduction of environmental impact by installing stainless steel imported rotary sifters in place of old wooden sifters.

Prime focus of our operation team has been on process optimization, energy conservation, improving first pass compliance and reducing complaint rate. Our strategic initiative of CI (Continuous Improvement) yielded strong benefits. Lean Six Sigma philosophy and Blitz study helped to understand our complex processes and improve efficiency through highly organized and structure mechanism. We successfully rolled out LSS (Lean Six Sigma) training program and overall 74% of our operational manpower has been trained. Capital investments were planned in such a way that every single rupee spent adds value to our products & processes and make them safe, environment friendly and value oriented for the customers.

## RESEARCH AND DEVELOPMENT

We are a research oriented organization and future of the Company much depends upon developing new

innovative ingredients. The Company has highly experienced Research and Development team-working dedicated on a long list of projects involving development of new ingredients and enhancing application of existing products. The team is focusing to develop novel ingredients to provide new options for our customers for improving product functionality and reducing costs.

The Company has established state of the art Research and Customer Service Center for lab scale trials and demonstration of new applications to our valued customers. Our technologists with the help of technical services teams work on new ideas and develop solutions fulfilling our customer's needs. The Company has a good number of innovative ingredients in the pipeline to meet our strategic blue print of broadening product portfolio. Our strong feedback mechanism strategy is going long way to help us in diversifying product mix, maintaining long term customer relations and enhancing service quality. The Company uses "voice of customer" as driving force for new product development, enhancing product functionality and making major capital investments.





## ENVIRONMENT PROTECTION

Rafhan Maize is environment friendly and socially responsible organization. The Company has initiated multiple environment stewardship programs to make the world a better place to live. Our initiatives and activities include but not limited to:

- Environmental slogan for the year was “Go Wild for Life”.
- Awareness was created by arranging 173 talks for 1,790 employees and contractors.
- Monthly Environmental Stewardship Bulletin issued for the awareness of employees.
- Water saving posters and slogans were placed at distinctive locations.
- 30,000 new plants were planted in green fields of farmers surrounding our plants and added 99,700 square feet as green field.
- Air emissions at all our plants maintained within NEQS limits. Varied steps were taken to reduce environmental impact. During the year CO2 emission per ton of product was reduced by 11.9% at the three plants.
- Preventive and predictive maintenance and lubrication of machines are carried out on regular basis with special focus to control and monitor noise level at the plants.

## WASTE WATER TREATMENT

Water is highly precious natural resource particularly in Pakistan which is now among the water scarce countries in the world. Water reservoirs are continuously depleting and the country required active participation from every corner on water conservation, water preservation and water recycling. Rafhan Maize is a responsible corporate citizen and fully cognizant of its role towards clean safe and secure environment. The Company has built and commissioned two waste water treatment plants at its manufacturing sites. These WWT Plants treat and cleanse the water at international and NEQ standards before discharging into canal and drain. The Company is maintaining a strong mechanism of monitoring water discharges on regular basis and our highly qualified quality assurance professionals perform regular test to ensure effluent discharges remain within the NEQ limits.

## INTEGRATED QUALITY SYSTEM

Rafhan Maize is a market-focused, process centric organization and delivering successful performance through a strong focus on quality as well as process excellence. The Company is certified for the Quality



Management System ISO 9001:2008. The quality assurance initiatives for the year 2016 were not only a source of inspiration for all our employees but also resulted in reduction of process wastes and controllable costs. During the year we have successfully passed through a number of third party and customers' audits to reiterate our promise of delivering quality products.

The Company has continuous focus on reassessing the changing needs of its customers by investing in product quality and capacities. These changes along with inherent strength of its diverse portfolio have helped the Company to attain its overall growth objective. Our commitment to deliver best quality was strengthened in 2016 through a customer satisfaction survey. The result shows a high satisfaction level i.e., above 90%. Your Company is certified for QMS, HALAL, KOSHER, EMS, OHSAS, FSSC and NON-GMO. We have successfully achieved GOTS Certification and gone through SMETA/URSA membership process which enabled us to raise our standards even higher to meet the modern market needs. We are also successfully moving towards the ISO 17025 Certification for Microbiological Laboratories.

Rafhan Maize hosted multiple training courses for imparting training to our employees, contractors and customers on quality and quality management systems. This will go long to help us in determining current and future state of our processes and identifying various opportunities that can be used to improve our ways of working. At Rafhan Maize quality means creating a lean, cost efficient, borderless organization with an aim of providing right quality products to our esteemed customers. We are actively working on application of MSA techniques in our Quality Testing.

## CORPORATE SOCIAL RESPONSIBILITY AND DONATIONS

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

Our Company made strong interventions in the areas



of education, healthcare, poverty alleviation and environment protection. Our strong quest is to make contribution in alleviating the hardships of the people; particularly living in and around the area of our business. The Company has executed a long list of projects around Faisalabad and Jamshoro districts as well as in other underprivileged communities across Pakistan. Rafhan Maize in partnership with social welfare organizations is actively engaged in providing information, advices and support to employees as well as general masses on health matters, common diseases and protection measures. Our major contribution towards community activities includes donations to the following organizations/institutions:

- Mehran University of Engineering & Technology Jamshoro -Sponsored International Conference on Chemical Engineering
- Rotary Club Faisalabad- sponsored and funded Hepatitis Screening Camp & Polio Awareness Seminar
- Dr. Mirza Kamal Sharif - Arranged awareness lectures on Diabetic Control and facilitated Sugar Checking Camp
- G.C. University Faisalabad - Sponsored Lyallpur Food & Poultry Products Festival
- Sponsored and arranged Earth Day with EPA (Environment Protection Authority) at Jamshoro
- Donated to Kotri Association of Trade & Industry Jamshoro for welfare and uplifting of amenities at Kotri Industrial Estate
- Tanzeem Al-Lissan Faisalabad – Donated money for special children education
- Patient Welfare Society Allied Hospital Faisalabad –donated money for the treatment of poor patients from lower class of the society
- District Anti T.B. Association Faisalabad – Donated money for treatment and eradication of TB disease
- Liver Foundation Faisalabad -Donated money for treatment of poor hepatitis patients
- Ali Zaib Foundation Faisalabad- Provided blood bags for thalassemia children
- Galaxy Foundation Faisalabad - Provided Uniform, School Bags, Books and note books to the foundation which manages two welfare schools for poor children who can not afford education expenses.
- AL Bashir Blind School Faisalabad- Donated money to Faisalabad based welfare foundation which manages and operates schools for blind children
- Arranged Blood Camp to facilitate Rafhan Maize employees for blood donations and all the collected blood bags were donated to Ali Zaib Foundation for Thalassemia children
- Provided training/internship opportunity to 85 students of different professional institutions during the year.
- World Environment Day was celebrated with SOS children and food items were distributed among SOS children.

- Drinking water supply arrangement was made at Blind's School children

## ENERGY CONSERVATION

Energy conservation and saving in usage of power is the responsibility of every human being and organizations at large. More focus is required to use renewable energy sources and minimize the usage of deplete able hydrocarbon fuels. Energy conservation is the part of our strategic blue prints. The Company has completed high energy saving project MVR (Mechanized Vapors Recompression) which has significantly reduced the usage of steam in liquid glucose manufacturing. Rafhan Maize complemented current government's efforts to eliminate load shedding from the country and

efficient TVR technology which will save up to 70% of energy cost of dextrose manufacturing. Our utmost efforts are to bring new technologies that reduce energy usage and improve effectiveness of our equipment.

## CONSUMER PROTECTION MEASURES

Rafhan Maize is a service based organization and the Company has developed variety of ingredients to cater for day to day needs of our highly revered customers. Our technical experts visit customer's manufacturing premises and guide them on properties/usages of input ingredients, improving quality /feature of their finished goods and help them in creating value on cost effectiveness, quality improvement and innovations.



initiated \$18.4m coal fired Co- generation project to produce 12 MW electricity and 40 tons per hour steam. The project has started commercial production and meeting all electricity as well as steam requirements of our largest plant at Jaranwala. The Company has initiated another mega energy conservation project with total investment outlay of US\$13 million to replace an existing high energy consuming dextrose plant with new energy

Our Company has made a big investment on improvement of packaging technologies, packing process, bar codes and tractability mechanism to protect its customers from the counterfeiters. The Company prints and engraves its logos, registered products names and trademarks on product packaging. Our trade name Rafhan® carries strong legacy and highly cognized by our customers.



## INDUSTRIAL RELATION, HUMAN RESOURCE AND EMPLOYMENT OPPORTUNITIES

Rafhan Maize has been operating three plants at different locations including one plant in Sindh. The Company is providing employment to over 2000 employees (directly/indirectly) and has been very successful in developing harmonious culture at all our business locations. The Company adheres to well-structured recruitment strategy for hiring people with the relevant qualifications, core professional competencies and desired leadership skills. We are equal opportunity employer and strongly believe in fairness and merit in recruitment. Our Company maintains online employment portal and encourages people to apply through online source for maximizing our reach and search of best talent.

Rafhan Maize is the employer of first choice and attracts promising talent from whole country. Our employees rest at highest ladder of accountability and sense unparalleled level of ownership to take on their responsibilities and perform their job with zest and zeal. The Company offers competitive remuneration package plus attractive benefits which include but not limited to subsidized food at canteens, Eidee packages, fuel allowance, long service awards, fair price shop quotas, free medical dispensary, wheat subsidy, free wearing cloth/uniforms, scholarships for children and free Haj to employees.

We believe in competence and abilities of our people

for delivery of desired results in a challenging environment and long term sustainability. The Company has well-structured performance management systems and encourages employees to develop their own challenging goals and exhibit strong performances for earning merit based bonuses. Employees are recognized through a unique Achieve Recognition Program throughout the year. In 2016, 623 employees were recognized under this program out of which 356 employees were granted redeemed cards for choice shopping from specified Malls. People capability review is one of the pillars of our HR structure. Our 2016 financial results speak about the whole hearted efforts of our employees despite volatile economic conditions in the country.

Our Core Values consist of Safety, Quality, Integrity, Respect, Excellence and Innovation. Every employee is well aware of the Company's Code of Conduct Policies and strictly adheres to these policies and values.

The Company espouses continuous professional development drive and initiated scores of training programs on soft skills, leadership framework, technical competencies, emerging trends in business/profession and changing legal/statutory business environment. In 2016, more than 400 employees of different professional groups have undergone multiple training programs.

Annual Sports and Picnic for employees are regular features at Rafhan Maize. The Company provides



excellent platform to all employees for keeping them physically and mentally fit. This year more than 700 employees participated in different indoor and outdoor games and won consolatory prizes/awards. The Company takes care of recreational requirements of its staff and arranges picnic tours for the employees to take day off and enjoy trips/excursions. The Company is fully aware of the religious obligations of its employees and each year provides finances for 17 Muslim employees to perform Haj and one Christian employee to visit his religious places. The Company offers merit scholarships to the children of its employees as a gesture to recognize their talent and help them to achieve their career ambitions. The Company also imparts technical training to students under Apprenticeship program.

Our Company maintains cordial industrial relations with its unionized employees and their Collective Bargaining Agent (CBA). The Company takes care of due demands of its workforce and extends highly competitive remuneration package to unionized staff based on the principle of mutual trust, respect and open communication.

We strongly believe in listen the voice of our highly valued employees and biannually conduct Listen Survey under global initiative. In 2016 survey,

participation of our employees was exceptional; overall 98% employees took part in the survey and given their free and honest feedback for future improvements. The Management deliberates employee feedbacks and takes effective steps to develop/improve the system on the basis of opinions, and feedback captured from survey results.

## INFORMATION TECHNOLOGY

Information Technology has played a critical role in support of our growth strategy. The Company has successfully executed numerous system implementations and built a solid/reliable core technology platform. Our IT systems are highly reliable with well embedded controls and strongly support operational excellence across the business functions. Our diversified applications and infrastructure implementations have been instrumental in quick and efficient integration of all strategic initiatives.

Ingredion IT Transformation (ITT) Project has been completed in this year. ITT process aimed at creating a fit-for-growth IT organization that can deliver insightful information (in line with a future business intelligence and analytics platform), deploy innovative solutions and continue to support



operational excellence. As part of this IT transformation, all application/software systems and infrastructure support activities have been transitioned to our global third party service providers.

Our Company has successfully replaced AS/400 based applications with open platform MS Dot.Net based business solutions. Our IT developed 21 different types of applications and solutions in MS Dot.Net to facilitate our operations and reporting. These applications not only facilitated our business by enhancing functionalities but also augmented controls/data security features.

New Global IT Service Desk went live on October, 2016 for the 24x7 voices, email and online support. Our service desk is standardized support model which enables IT people to consolidate and analyze data, provide framework to be more strategic and proactive in identifying trends and resolving issues. This new service model will enable robust escalations of user issue/problems and provide framework for quick/timely resolution.

Our Company continued its focus on enhancement and alignment of its IT capabilities with the proven Global Corporate standards and long term growth strategy. We continued our streak to make positive changes in business configuration, improving functionalities of our SAP-ERP system and several other related initiatives to bring more value to business across the organization. Rafhan Maize IT will

continue to provide strong support for business sustainability and realization of strategic business ambitions.

#### OCCUPATIONAL HEALTH AND SAFETY

At Rafhan Maize safety is our first ingredient and we are actively pursuing global campaigns of “Round the clock Safety” and “All Eyes on Safety”. We have been very successful in involving, engaging and aligning our people with Health and Safety drives and enjoying strong participation from all echelons. Now Safety is part of critical objective of every employee and periodic performance is evaluated on the basis of active contribution in the safety related initiatives. In Rafhan Maize health and safety is highly structured business drive and we initiate host of events and activities to achieve our high end objectives. Our drive includes but not limited to the activities and events:

- Four Safety Training workshops were conducted which were attended by 240 Company employees and contractors’ supervisory staff.
- Annual internal health & safety audit was conducted in September.
- Safety observation culture was promoted to eliminate hazards which may lead to accidents, 5856 safety observations were made.
- Global Health and Safety Days/Drives were observed for the awareness of employees and contractors. This helped to achieve employee motivation and supported in enhancing productivity.

- Safety Month was observed at all the plants in November, 2016. Mock exercise, evacuation drills, rescue demonstrations, First Aid procedures, Fire Fighting drills, confined space rescues, shock hazard first aid exercises and spill response drills were conducted.
- Safety Campaign “Heroes of Zero” was conducted to motivate all personnel to remain accident free which was participated by a large number of employees and contractors.
- 575 safety talks were delivered to 1747 employees whereas 133 practical firefighting training sessions conducted for 1617 employees and contractors.
- Cornwala Plant completed cumulative 10.9 million accident-free man-hours for employees since January 2005 and 25.93 million accident-free man-hours for Contractors’ employees.
- Mehran Plant completed 2.07 million man-hours for employees and 4.55 million man-hours contractor’s employees since October 2012.
- Non-Manufacturing Locations completed 0.14 million and 1.41 million man-hours for Company and contractor’s employees respectively without lost workday injury accident during the year.

## RURAL DEVELOPMENT PROGRAM

Corn requirement in the country is increasing by approximately 15% annually with the rise in industrial demand. Poultry feeds are the major user whereas silage for cattle is another highly growing sector as corn grain user. Rafhan Maize is the only player in the market that has strong teams of agronomists and the Company has played

exceptional role in increasing corn growing area and crop productivity. Since the usage of corn has increased manifolds, hence, there is dire need to increase corn output for meeting rising demand. Rafhan Maize takes the pride in spearheading the corn farming community and invested huge amount of resources to increase area under corn cultivation, bring new high quality seeds and improve crop yields.

Rafhan Maize shoulders the responsibility of building capacity of small farmers to enable them to improve their farm output and support our quest for sustainable supply of higher quality corn. Our teams of agronomists interact with farmers on day to day basis and guide them on changing farming trends, update them on new technologies/implements and impart trainings to reduce post-harvest losses. Our Company effectively steer agri-business teams in increasing high quality corn production under “GROW MORE & CONSERVE MORE” program.

Rural land scape in Pakistan is changing at very fast pace. Number of small farmers is increasing @ 8% annually owing to land division by inheritance thus making small farms holdings even plus 90% of the total. This fragmentation in land holding has posed serious challenges to improve crop productivity and hindered economic growth capacity of farmer community. Climatic changes coupled with poor rural infrastructure, hackneyed farming practices, weak institutions, absence of agriculture research, limited access to innovative technologies and low literacy levels has been the major constraints in development of Pakistan. In real terms Pakistan has the agricultural potential to grow food grains not



only to meet its own rising demands but also capable to provide global food security.

After wheat and rice corn is the third most important cereal in Pakistan and its demand is continuously increasing due to high rising usage in poultry feed industry. In order to keep pace with the growing requirements, corn production needs to grow at least @ 15% annually. Since under cultivation in Pakistan is shrinking, hence increasing area under corn crop may not be a long term solution rather all efforts must be directed towards improving yields and curbing post harvesting losses which currently roaming around 30%. Our consistent efforts on corn supply chain optimization and reducing post harvesting losses will not only increase the income of small farmers but also potentially make another 0.6 to 0.7 million tons grain available to growing food and feed sectors.

Our unending program of capacity development of small farmers through supply chain optimization will improve their access to modern market chains where they can dispose of their products at highly competitive and stable prices. Our long term objective is to transform rural community from traditional way of living to highly progressive unit where they can survive, thrive and grow.

## BUSINESS ETHICS AND ANTICORRUPTION MEASURES

Professional integrity and ethics in business is in the heart of our business strategy and ways of working. The Company has a well-structured process to train and guide employees at all levels on business ethics and the Company Values. All the employees are required to certify the Company on clear understanding and adherence to all the policies on business conduct by semi-annually. All the employees have to report details of the gifts received from the business partners, customers, suppliers, consultants and financial institutions while conducting business with them.

The Company requires submitting of SOX 404 entity certification duly signed by CEO and CFO on implementation of sound system of internal control in the Company. The Company has well-structured whistle blower policy wherein employees are

encouraged and protected to highlight unethical events or violation of the Company policies on business conduct.

## CONTRIBUTION TO NATIONAL EXCHEQUER

Our Company is a responsible corporate citizen and our long term sustainable growth is much dependent upon strong and prosperous Pakistan. We strongly believe, it is our duty pay due taxes with all integrity and national fervor. Our Company contributed Rs.5,863 million towards national exchequer in the shape of taxes, duties, cess and levies etc. during the year 2016, besides earning US\$ 11 million foreign exchange by exporting high quality ingredients.



## BUSINESS CHALLENGES AND OUTLOOK

Pakistan economy is showing positive signs on back of improved security situation, continuous spell of low inflation, lower interest rates, stable currency and inflow of Chinese investment under CPEC. Our 2016 business results are also reflective of overall improving economic environment in the country. We hope if current economic conditions prevail, our Company will continue its delivery of economic benefits to our stakeholders.

Current government is taking modest steps to manage both energy and security issues on

accelerated basis which, we believe, will help to restore the confidence of investors and international donors. Low international crude oil prices, narrowing budget deficit, controlled fiscal deficit, extended stock market rally and modest rise in economic growth rate has posed salutary impact on overall outlook of Pakistan economy and the country is receiving very positive response from external world. We continue to have a cautiously optimistic outlook for the business and our focus remains on driving sustainable profitable growth. Our Company is striving hard to build growth platform for 2017 and beyond. We anticipate our growth pattern will continue in the food and other related segments owing to changing life styles, expanding population and urbanization.

We are fully cognizant of growing competition and influx of imports from India, China and Thailand. We have placed ourselves well to counter their tactics of low price offerings through improved customer service, improving quality of our products, implementation of value addition program and our continuous focus on innovation in developing new ingredients.

During the year 2017, the Company aims to counter unfavorable market conditions through customer engagement and new business development initiatives. We will continue to focus on cost optimization and improve process efficiencies to ensure business sustainability.

Our strategic blueprints and Assets Master Plan envisages steady investment on new avenues, developing novel ingredients, expansion in ingredients portfolio, harvesting new markets (geographic spread) and organic growth for value delivery to our shareholders. Our business is positioned well to anticipate the potential threats, develop strategies for countering imposing challenges and retranslate impedes into business opportunities.

## ACKNOWLEDGMENT

We fully acknowledge and appreciate the continuous support and patronage from our valued suppliers,

trading partners, bankers, customers, regulators and all other stakeholders for our sustained growth and business success.

We are also thankful to our parent Company and regional/corporate management for their continuous support and guidance in the effective management of Rafhan Maize business. We highly value the trust and confidence reposed by our shareholders on the management as well the Board. We strongly believe in transparent relationship with our investors and strive hard to disseminate sensitive information to our investors at best priority.

We take this opportunity to thank our Board of Directors for their visionary guidance and incessant support throughout the year. Their leadership has been the driving force for brighter future of the Company. My sincere thanks are to all employees for their hard working and relentless efforts which have been instrumental in driving solid financial performance of the Company. Our impressive results would have not been possible without their contributions and our Company is immensely proud of its highly motivated human resource.

On behalf of the Board



**Usman Qayyum**  
Chief Executive &  
Managing Director

## Board & Chief Executive's Performance Review



### Board Performance Review

Rafhan Maize Board comprises of professionals of high caliber with diversified experience in all echelons of business. The Company adheres to highly structured process for the Board performance wherein individual Board members rate overall Board performance by responding to a series of performance evaluation questions.

The Board members individually and collectively have been guiding and wherever required complementing management efforts on implementation of corporate strategy. Their contribution on development and implementation of Company's high level strategies, Vision/Mission Statements, Policies on Business Conduct and evaluation of internal control system have been phenomenal. The Board has been proactive in setting up of Committees (Board) with specific jurisdictions, defining specific roles of Chairman and Chief Executive, conducting periodic meetings – at least quarterly; and extending due consideration to significant business issues.

### CEO's Performance Review

Chief Executive is captain of the business plane and drives the teams for the delivery of super performances. The track record of exceptional benefit delivery to the shareholders during last five years of his tenure is the first glimpse of his performance. The CEO of the Company acts and performs subservient to the Roles and Powers prescribed by the Board of Directors. The Board has formed various committees to review overall performance of the Company, particularly the CEO and senior executives.

The Company has highly structured performance management system "Workday" wherein all the executives including CEO have to develop SMART goals which are periodically reviewed by hierarchical management and subsequently by Human Resource Committee of Board of Directors. Very importantly the parent company Ingredion Incorporated also has its own performance evaluation system of country business heads or CEO of the local companies.

## DIRECTORS' PROFILE

### PIERRE PEREZ y LANDAZURI

Chairman  
Non-Executive Director

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

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

Office Address:  
Ingredion GmbH,  
Grüner Deich-110,  
Hamburg-20097,  
Germany.

### JACK C. FORTNUM

Non-Executive Director

He joined the Board in 2014. He represents Ingredion Incorporated, the parent company, on the Board. He is also a member of Rafhan Maize Board's Audit Committee. At Ingredion, he is Executive Vice President and Chief Financial Officer since January 6, 2014. Prior to that, he served as Executive Vice President and President North America since February 1, 2012.

He is Chartered Accountant and holds a Bachelor degree in Economics from the University of Toronto. He has completed the Senior Business Administration Course offered by McGill University.

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

### CHRISTINE M. CASTELLANO

Non-Executive Director

She joined the Board in 2013. She represents Ingredion Incorporated, the parent company on the Board. She is also a member of Rafhan Maize Board's Audit Committee. At Ingredion, she is Senior Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer since April 1, 2013.

She holds a Bachelor degree in Political Science from the University of Colorado and a Juris Doctor degree from the University of Michigan - School of Law.

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

## MARCEL HERGETT

Non-Executive Director

He joined the Board of Rafhan Maize on August 12, 2016 and represents Ingredion Incorporated, the parent company. At Ingredion, he is Director Finance EMEA since February 1, 2016.

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

Office Address:  
Ingredion GmbH,  
Grüner Deich-110,  
Hamburg-20097,  
Germany.

## JORGEN KOKKE

Non-Executive Director

He joined the Board on February 24, 2016. He has been Senior Vice President and President of Asia Pacific & EMEA at Ingredion Incorporated since September 16, 2014 and January 1, 2016 respectively. Mr. Kokke served as Ingredion's Vice President and General Manager at Asia-Pacific from January 6, 2014 to September 15, 2014 and as President of Asia Pacific from September 16, 2014 to January 1, 2016.

He served as Chairman and Non-Executive Director on Rafhan Board from March 8, 2011 to April 12, 2014. He holds a Master's degree in Economics from the University of Amsterdam.

Office Address:  
Ingredion Singapore Pte. Ltd.,  
21 Biopolis Road, #05-21/27 Nucleos,  
Singapore 138567.

## USMAN QAYYUM

Chief Executive & Managing Director  
Executive Director

He joined the Board on March 31, 2016. In Rafhan Maize, he started his career as Director, Business Development & Specialty on January 1, 2015 and promoted as Chief Operating Officer on December 01, 2015.

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

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

Office Address:  
Rafhan Maize Products Co. Ltd.,  
Rakh Canal East Road,  
Faisalabad.

## DR. ABID ALI

Executive Director

He joined the Board in 2012. He is Ph.D and FCMA with over 26 years of experience in diversified business disciplines. Presently, he is holding the position of Chief Financial Officer of the Company. He is also a member of the Board's Shares Transfer Committee.

Office Address:  
Rafhan Maize Products Co. Ltd.,  
Rakh Canal East Road,  
Faisalabad.

### ZULFIKAR MANNOO

Non-Executive Director

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

He also holds directorship of Unilever Pakistan Foods Ltd and is Chairman of its Audit Committee.

Office Address:

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

### MIAN M. ADIL MANNOO

Non-Executive Director

He joined the Board in 1985. He is graduate and alumni of Aitchison College, Lahore. He is engaged in textile business for the last 24 years. He represents minority shareholders on the Board.

He also holds directorship of Unilever Pakistan Foods Ltd.

Office Address:

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

### WISAL A. MANNOO

Non-Executive Director

He joined the Board in 2006. He is engaged in textile business for the last 24 years. He represents minority shareholders on the Board.

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

Office Address:

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

### ANIS AHMAD KHAN

Independent Director

Mr. Anis Ahmad Khan, a Business Executive, joined the Board in 2015. He is also a member of Rafhan Maize Board's Audit Committee and Shares Transfer Committee. He served Rafhan Maize from 1995 to 2012. His last title was Chief Financial Officer and Director. He remained on Rafhan Board from 1998 to 2012. He was admitted as Fellow Member in 1986 by the Institute of Cost and Management Accountants of Pakistan.

Besides 18 years' service in Rafhan, he has wide range of experience in the fields of Cost Management and Finance by working in various local as well as international companies.

Address:

H. No.P-245,  
Khayaban Colony No.2,  
Faisalabad.

## Forward Looking Statements

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

## Major Events – 2016

DATE	DESCRIPTION
January 01, 2016	Annual Manager's Meeting.
January 14, 2016	Won Corporate Social Responsibility Award in the Category of Corporate Community Program arranged by National Forum for Environment and Health.
January 21-23, 2016	Annual Sales Conference.
March 29, 2016	Shareholders Annual General Meeting.
April 08, 2016	Hajj Draw.
April 11, 2016	Quarterly Sales Meeting.
April 22, 2016	Tree Plantation Drive around Mehran Plant.
April 28, 2016	Awarded Shield by Employers Federation of Pakistan on the eve of Best Practices Awards distribution on OHS&E. Also received a Certificate for participation in celebration of International Day on Safety and Health at Work.
May 05, 2016	Management Review Meeting.
May 06, 2016	Manager's Meeting.
May 19, 2016	Maize Buying Agents Meeting.
May 19, 2016	Distribution of Books, Stationery items, School Bags and Uniforms to deserving students of Galaxy Welfare Foundation to promote education in less privileged rural areas.
May 24, 2016	Rafhan Maize Management and a Team from National Forum for Environment & Health jointly planted a tree as memoir at Cornwala Plant.
May 26, 2016	Agronomist's Meeting.
May 27, 2016	Prize Distribution among employees who completed training in Firefighting and Safety related activities in collaboration with Civil Defence Department at Rakh Canal and Cornwala Plants.
June 01, 2016	Donated an electric water cooler to Government Secondary School of Special Education for Blinds, Madina Town, Faisalabad.
June 04, 2016	Scholarships Distribution Ceremony for children of the Company's employees.

## Major Events – 2016

DATE	DESCRIPTION
June 09, 2016	Rs. 200,000/- donated to Tanzeem ul Lissan, Faisalabad; an institution working for rehabilitation of mentally retarded and physically disabled children.
June 13, 2016	Contributed an amount of Rs. 500,000/- to Liver Foundation Trust, Faisalabad for treatment of poor and needy patients suffering from Liver related diseases.
June 16, 2016	Grant of Rs. 500,000/- to Allied Hospital Patient Welfare Society for treatment of Urinary, Medical and Gynecological Cases.
June 20, 2016	Donated 200 blood bags to Ali Zaib Foundation, Faisalabad.
June 20, 2016	Financial Support of Rs. 400,000/- provided to District Anti T. B. Association, Faisalabad.
June 29, 2016	CEO Award Ceremony.
July 05, 2016	Distributed Eid ul Fitr gifts to the habitants of SOS Children's Village, Faisalabad.
August 25, 2016	Long Service Award Ceremony.
August 25, 2016	Lean Six Sigma Training Session.
August 25, 2016	Donation of Meat to a Volunteer Organization for less privileged people.
August 30, 2016	Sponsored a training course at Nuclear Institute for Agriculture and Biology (NIAB), Faisalabad on Soil, Water and Plant Analyses.
August 30, 2016	National Forum for Environment and Health, Karachi awarded 13th Annual Environment Excellence Award 2016.
October 07, 2016	Won Best Corporate and Sustainability Report Award 2015 by the Institute of Chartered Accountant of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).
December 15, 2016	Received 40th FPCC&I – Special Merit Export Trophy Award (2015-16) from Federation of Pakistan Chambers of Commerce and Industry.

## HORIZONTAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2016	2015	2014	2013	2012	2011
Sales	2%	-2%	6%	21%	7%	31%
Cost of sales	-4%	-7%	6%	25%	8%	36%
Gross profit	23%	17%	11%	6%	5%	15%
Distribution cost	20%	12%	16%	-39%	152%	11%
Administrative expenses	4%	15%	11%	5%	19%	20%
Operating profit	24%	19%	6%	11%	-3%	15%
Other operating income	13%	55%	-48%	119%	-5%	28%
Finance cost	17%	-87%	102%	3%	-3%	83%
Other operating expenses	31%	11%	20%	6%	-3%	12%
Profit before taxation	24%	23%	4%	15%	-3%	15%
Taxation	38%	7%	52%	-25%	-8%	23%
Profit after taxation	18%	30%	-10%	36%	0%	11%

## HORIZONTAL ANALYSIS OF BALANCE SHEET

	2016	2015	2014	2013	2012	2011
<b>NON CURRENT ASSETS</b>						
Property, plant and equipment	20%	-4%	-4%	31%	64%	5%
Intangible assets	-63%	-84%	-48%	-32%	-11%	-20%
Capital work-in-progress	-28%	322%	85%	-82%	-28%	86%
<b>EMPLOYEES RETIREMENT BENEFITS</b>	1543%	100%	-100%	-67%	16%	-33%
<b>LONG TERM LOANS</b>	46%	65%	6%	-1%	88%	-27%
<b>CURRENT ASSETS</b>						
Stores and spares	6%	-9%	24%	25%	20%	18%
Stock in trade	5%	29%	-46%	63%	3%	-4%
Trade debts	-2%	11%	17%	4%	38%	43%
Loans and advances	-5%	-43%	25%	-49%	260%	-43%
Trade deposits and prepayments	4%	23%	-26%	19%	104%	155%
Other receivables	-42%	48%	-28%	64%	86%	-30%
Cash and bank balances	36%	-11%	5336%	-89%	704%	59%
<b>TOTAL ASSETS</b>	12%	13%	8%	16%	25%	14%
<b>CURRENT LIABILITIES</b>						
Trade and other payables	9%	-5%	-14%	-2%	92%	22%
Mark up accrued on short term running finances	-61%	157%	-100%	-56%	-2%	38%
Short term running finances - secured	0%	0%	-100%	0%	-100%	-37%
Provision for taxation	-26%	-45%	131%	-49%	10%	28%
<b>NON CURRENT LIABILITIES</b>						
Deferred taxation	50%	-4%	-5%	26%	50%	6%
<b>SHARE CAPITAL AND RESERVES</b>						
Share capital	0%	0%	0%	0%	0%	0%
Reserves	12%	21%	15%	23%	17%	19%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	12%	13%	8%	16%	25%	14%

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

## VERTICAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2016	2015	2014	2013	2012	2011
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	73.2%	77.8%	81.5%	82.2%	79.7%	79.2%
Gross profit	26.8%	22.2%	18.5%	17.8%	20.3%	20.8%
Distribution cost	1.4%	1.2%	1.0%	0.9%	1.9%	0.8%
Administrative expenses	1.7%	1.7%	1.4%	1.3%	1.5%	1.4%
Operating profit	22.8%	18.7%	15.4%	15.4%	16.9%	18.6%
Other operating income	0.8%	0.7%	0.5%	0.9%	0.5%	0.6%
Finance cost	0.1%	0.1%	0.5%	0.2%	0.3%	0.3%
Other operating expenses	1.7%	1.3%	1.1%	1.0%	1.2%	1.3%
Profit before taxation	22.8%	18.7%	14.9%	15.2%	16.0%	17.6%
Taxation	7.3%	5.4%	4.9%	3.4%	5.5%	6.5%
Profit after taxation	15.5%	13.3%	10.0%	11.7%	10.4%	11.1%

## VERTICAL ANALYSIS OF BALANCE SHEET

	2016	2015	2014	2013	2012	2011
<b>NON CURRENT ASSETS</b>						
Property, plant and equipment	33.5%	31.3%	36.7%	41.2%	36.3%	27.6%
Intangible assets	0.0%	0.0%	0.1%	0.1%	0.2%	0.3%
Capital work-in-progress	7.9%	12.5%	3.4%	2.0%	12.7%	21.9%
<b>EMPLOYEES RETIREMENT BENEFITS</b>	1.5%	0.1%	0.0%	0.1%	0.5%	0.5%
<b>LONG TERM LOANS</b>	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT ASSETS</b>						
Stores and spares	4.0%	4.2%	5.2%	4.6%	4.2%	4.4%
Stock in trade	22.5%	24.1%	21.1%	42.4%	30.0%	36.3%
Trade debts	6.0%	6.9%	7.0%	6.5%	7.2%	6.5%
Loans and advances	0.5%	0.6%	1.3%	1.1%	2.5%	0.9%
Trade deposits and prepayments	0.9%	1.0%	0.9%	1.3%	1.3%	0.8%
Other receivables	0.1%	0.2%	0.1%	0.2%	0.2%	0.1%
Cash and bank balances	23.1%	19.1%	24.2%	0.5%	4.9%	0.8%
<b>TOTAL ASSETS</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>CURRENT LIABILITIES</b>						
Trade and other payables	13.9%	14.4%	17.1%	21.5%	25.2%	16.4%
Mark up accrued on short term running finances	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Short term running finances - secured	0.0%	0.0%	0.0%	0.7%	0.0%	4.8%
Provision for taxation	0.8%	1.3%	2.6%	1.2%	2.8%	3.1%
<b>NON CURRENT LIABILITIES</b>						
Deferred taxation	5.9%	4.4%	5.2%	5.9%	5.4%	4.5%
<b>SHARE CAPITAL AND RESERVES</b>						
Share capital	0.6%	0.6%	0.7%	0.8%	0.9%	1.1%
Reserves	78.8%	79.3%	74.3%	69.9%	65.6%	69.9%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## Directors' Report

The Directors of your Company feel pleasure in presenting the annual audited accounts along with auditor's report thereon for the year ended December 31, 2016.



### Financial Results

#### Profit and Appropriations

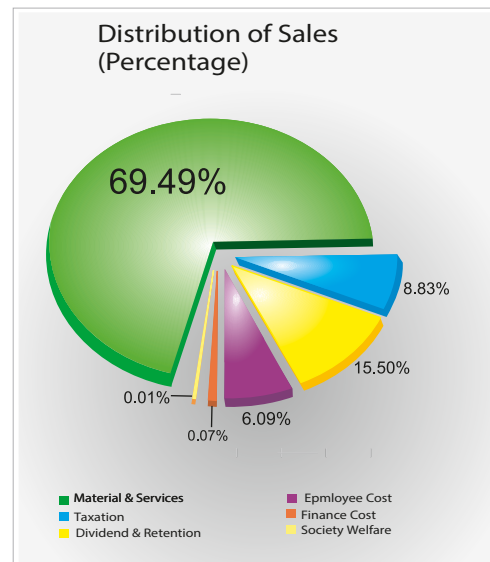
	Year ended December 31	
	2016	2015
	<b>Rupees in Thousand</b>	
Profit after taxation	3,879,431	3,275,165
Actuarial gains of employees retirement benefits	158,847	10,273
Un-appropriated profit brought forward	11,543,328	9,550,990
	15,581,606	12,836,428
<b>Appropriations</b>		
Final Dividend 2015 @1200% (2014: @850%)	1,108,371	785,096
1st Interim Dividend 2016 @500% (2015: @250%)	461,821	230,911
2nd Interim Dividend 2016 @600% (2015: @300%)	554,186	277,093
3rd Interim Dividend 2016 @600%	554,186	-
	2,678,564	1,293,100
<b>Un-appropriated Profit</b>	12,903,042	11,543,328
<b>Earnings per Share (Rupees)</b>	420.01	354.59

### Chief Executive's Review

The Directors of the Company endorse the contents of the Chief Executive's Review which covers your Company's business performance, salient activities in different fields of operations, investment plans for strategic growth, outlook and disclosures under corporate social responsibilities.

### Corporate Governance

Your Company is fully abreast of all standards and requirements of corporate governance. The Directors are pleased to state that your Company is fully compliant with the provisions of the Code of Corporate Governance 2012 as updated thereafter and formed as part of Pakistan Stock Exchange's rules and regulations. The statement of compliance with Code of Corporate Governance is reproduced on Page No. 94

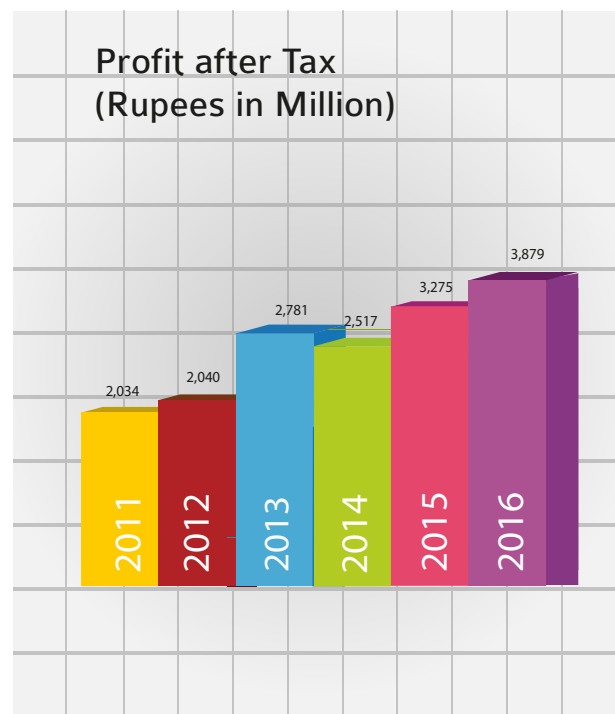
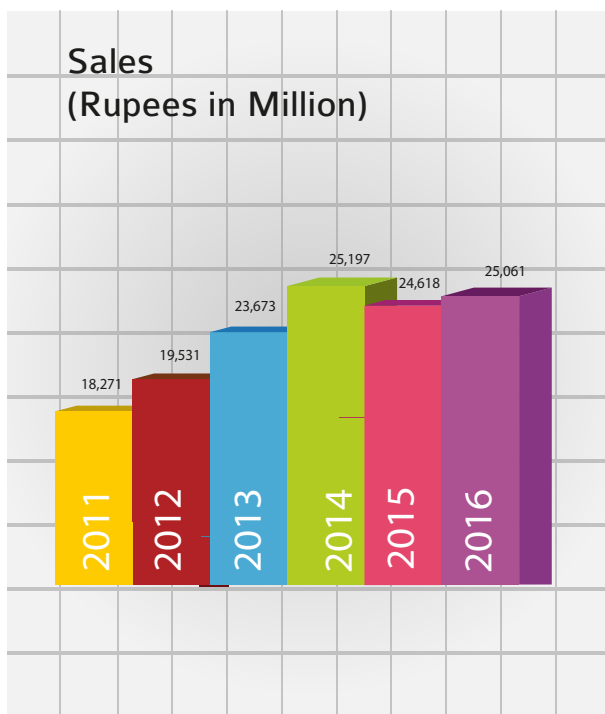




## Disclosures under Code of Corporate Governance

### Corporate and Financial Reporting Framework:

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



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

		2016	2015	2014	2013	2012	2011
Net Sales	Rs. Million	25,061	24,618	25,197	23,673	19,531	18,271
Cost of Sales	Rs. Million	18,345	19,164	20,540	19,460	15,557	14,471
Gross Profit	Rs. Million	6,716	5,454	4,657	4,213	3,975	3,800
% of Sales		27	22	18	18	20	21
Operating Profit	Rs. Million	5,725	4,615	3,871	3,652	3,304	3,400
% of Sales		23	19	15	15	17	19
Profit Before Tax	Rs. Million	5,707	4,599	3,754	3,593	3,123	3,216
Profit After Tax	Rs. Million	3,879	3,275	2,517	2,781	2,040	2,034
Earnings per Share	Rupees	420.01	354.59	272.48	301.14	220.86	220.20
Dividend Amount	Rs. Million	2,679	1,293	1,247	1,201	1,062	1,062
Dividend Percentage		2,900	1,400	1,350	1,300	1,150	1,150
Capital Expenditure	Rs. Million	870	1,665	469	453	1,185	1,122

### Resources Management

Our Company operates 100% on equity capital with no long term or short term debt financing or even has any lease financing arrangements. Our business is working capital intensive and heavy cash resources required to procure corn from the farmers at harvest time and store till the next harvest season. The Company has less than 50 days' cash conversion cycle mainly driven by sixty seven days Inventory, fourteen days' Accounts Receivable and thirty two days' Accounts Payables.

Most of our ingredients are produced mainly from corn, hence, ensuring a reliable source of corn for our plants is essential. This involves developing long-term, mutually beneficial relationships with growers, farmers and other commercial partners to secure supply. We maintain exemplary relationship with our suppliers and work with them to meet our customer's requirements for traceability, quality and ethical standards throughout the supply chain. We place ourselves on critical path towards food security value chain and keep highest emphasis on continuity of availability. We are endeavoring to establish best farming practices and provide the farmers with the latest technology for increase in corn yields.

We are serving farmer community at grass root level and motivating/guiding them on adopting modern agricultural process/techniques. Our team is specifically trained on seed technologies as well as good farm management practice. We aim to pay fair price for their produce and help them to improve their working practices/cultivation techniques.

### Investment

The Company has highly structured Capital investment planning system coherent with strategic blue prints. We focus to make investment in areas that support our objective of delivering long-term sustainable growth. The Company has been strategically investing on building production capacities, adding new product lines, bringing new technologies, quality compliance and alternate energy sources for meeting growing local as well as export market demands. Our targeted investment strategy has given us an edge in gaining premier market position.

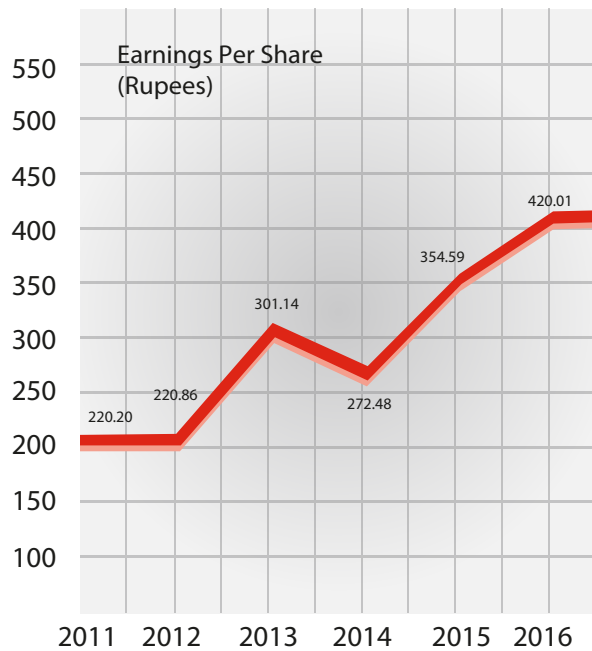
The Company has made big investment on coal based alternate energy project with total investment outlay of \$18.4m. The plant is capable of producing 12MW electricity and 40 tons per hour steam. The plant has and will significantly reduce utility cost, improve energy availability and bring operational efficiencies. Our Company successfully commissioned 300 TPD green field plant at Kotri, Sindh to transform the way we interact with our customers. The new plant has enabled us to increase our geographical reach and serve our south region customers in most efficient way. Our Company has a number of capital projects planned to continue to serve our strategic plans. We wish to reinforce our strong commitment to serve our customers by making prudent investment on capacity building, innovations and new technologies. Our Company will continue to pursue our expansion and diversification plans in line with our strategic blue prints.

## Capital Structure

The Company maintains highly balanced capital structure with 100% equity investment whereas current liabilities accounts for less than 15% of the total assets base. Our current assets are continuously growing to improve the liquidity position of the

Company. The Company follows highly structured dividend policy to satisfy its shareholders while also investing a sufficient amount of earnings to sustain growth pattern and keep abreast with new technologies. Given at infra condensed balance sheet depicts highly impressive state of the Company's affairs.

Particulars	2016	2015
	Rupees in Thousand	
Current Assets	9,367,040	8,193,977
Non - Current Assets	7,057,662	6,412,256
Total Assets	16,424,702	14,606,233
Current Liabilities	2,422,796	2,287,557
Non -Current Liabilities -Deferred Tax	968,406	644,890
Share Capital and Unappropriated Profits	13,033,500	11,673,786
Total Liabilities and Capital Employed	16,424,702	14,606,233



## Changes in Financial Position, Liquidity and Performance

The Company is enjoying excellent liquidity position (Current Ratio 3.9:1). It has been significantly improved over the years from 1.8 in 2012 to 3.9 in 2016. Other measures and performance evaluation indicators depict strong performances and strength of our Company's financial position: Gross Profit ratio 27%, EBITDA 24.65%, Return on Capital Employed 27.7%, Operating Cycle 55 days, Earnings per share 420.01 and Interest Cover 321.0 times.

## Liquidity and Cash Management

Your Company enjoys unique capital structure with no long term debt financing. The Company arranges short term finances from commercial banks as and when need basis at market best financing rates. The Company also entered into contractual arrangements with Islamic banks for procurement of corn under the Islamic system of financing called Murahbah. The Banks procure corn on behalf of the Company and later on sell to the Company as and when needed. The Company has internationally renowned treasury management systems called "Mysis" and "Reval" for cash management, cash forecasting and treasury risk management. The Company has entered into contractual arrangements with MCB Bank Limited and Standard Chartered Bank Pakistan Limited for using their cash management systems to accelerate cash collections and for smooth cash disbursements.

## Business Risk Management and Business Continuity Planning

Over the years, Enterprise Risk Management has become a highly significant management activity rather than just a business strategy. Ability to optimize earnings much depends on strategy to save business from imposing challenges and threats. Your Company is fully cognizant of this highly important business strategy and has developed a strong enterprise risk management system wherein critical strategic, commercial, operational, financial, Supply Chain, EHS, Product Quality and Internal Control Risks are identified through a well-structured process.

The Company's business leadership team actively oversees the whole risk management process and

guides the risk management team on effective management of risks. The identified risks are categorized as red, amber and green by using 5\*5 (five by five) matrix on the basis of significance and consequence. Risk mitigation plans are developed by using STPs (situation, target and Proposal) process to either reduce the significance of incurrence or manage the severity of the loss. The Risk Management Team continue their mitigating efforts until all of the risks enter into green area.

Business Continuity Planning is part of the Company's risk management process and the Company is fully conscious of the importance of business continuity planning process for long term sustainability. The Company has developed a comprehensive Business Continuity Plan to mitigate the adverse effects of unforeseen disastrous event(s). An Emergency Response Plan and a Disaster Recovery Plan are integral part of the business continuity planning process. The Company regularly tests the plans with mock exercises and drills.

The Company has three manufacturing plants located geographically away from each other. Geographical diversity of our manufacturing sites has poised us well to maintain continuity of supply to our customers in case any unpleasant event happened at any one plant or any site goes into dysfunction. All the three plants have alternate fuel arrangements to counter utilities supply failures. The Company maintained sufficient corn the core material stocks to cope with drought or mass level of corn supply failures. The Company has good inventory of highly trained work force to move from plant to plant if need arises.

## Investment's value of Employees Retirement Funds

The Company takes care of its employees and provides handsome amount of terminal benefits for long term allegiance of the employees with the Company. The Company maintains three retirement plans one defined contribution (Provident Fund) and two defined benefit plans (Gratuity and Superannuation). The Company has established trust for each fund and the Board of Trustees is responsible to manage the affairs of the funds. All the three plans are fully funded and total investment in the funds is:

		2016 (Rupees in Millions)	2015
Provident Fund	As at June 30, 2016	1,045.266	972.431
Gratuity Fund	As at December 31, 2016	810.430	828.335
Superannuation Fund	As at December 31, 2016	569.297	523.995

### Board of Directors

The Board consists of eleven members including nine non-executive and two executive directors. Out of nine non-executive directors, one is independent non-executive director and three directors represent minority shareholders. Chairman of the Board is other than the CEO. All the current Board members are listed in the Company Information. All local directors have obtained certification as required under the provisions of Code of Corporate Governance 2012 specified under Directors' Training Program.

### Attendance at Board Meetings

During the year, four meetings of the Board of Directors were held. Two meetings were held abroad; one in USA and the other in UK. The remaining two meetings were held in Pakistan. Attendance of Directors at meetings was as under:

Name of Director	Joined	Resigned	Meetings attended in person/through video link
Pierre Perez y Landazuri	12-08-2016		2
Martin Sonntag		12-08-2016	3
Usman Qayyum	31-03-2016		3
Rashid Ali		30-07-2016	2
Ansar Yahya		31-03-2016	1
James P. Zallie		24-02-2016	0
Jorgen Kokke	24-02-2016		4
Jack C. Fortnum	Continued		4
Christine M. Castellano	Continued		4
Marcel Hergett	12-08-2016		1
Zulfikar Mannoo	Continued		4
Mian M. Adil Mannoo	Continued		4
Wisal A. Mannoo	Continued		4
Dr. Abid Ali	Continued		4
Anis Ahmad Khan	Continued		4

### Transactions in Company's Shares

Directors, Executives, their spouses and minor children have made no transactions in the Company's shares during the year except as stated below -

		No. of shares sold/gifted	No. of shares received as gift
Wisal A. Mannoo	Director		1,520

## Parent Company

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

## Auditors

The retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, has proposed appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants for the year 2017.

## Audit Committee

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

			No. of Meetings Attended
Zulfikar Mannoo	Chairman	Non-Executive Director	4
Jack C. Fortnum	Member	Non-Executive Director	4
Christine M. Castellano	Member	Non-Executive Director	4
Anis Ahmad Khan	Member	Independent Director	4
Marcel Hergett	Member	Non-Executive Director	1*
Rashid Ali (Resigned)	Member	Non-Executive Director	2

\* Out of one meeting in his tenure.

The Audit Committee reviewed the quarterly, half yearly and annual financial statements before submission to the Board and their publishing. CFO, Head of Internal Audit and a representative of external auditors attended all the meetings where issues relating to accounts and audit were discussed. The Audit Committee also reviewed resources, appropriate placement of internal audit within the Company, internal audit findings and measures to safeguard Company's assets. The Audit Committee also held separate meetings with internal and external auditors as required under the Code of Corporate Governance. The Audit Committee discussed with the external auditors their letter to the management. Related Parties Transactions were placed before the Audit Committee. Chairman of the Audit Committee is a non-executive director. The independent director in the Committee has expert knowledge of finance and accounting. The Internal Auditor has direct access to the Audit Committee. The Audit Committee has fully adopted the terms of reference as specified in Code of Corporate Governance 2012.

## Human Resource & Remuneration Committee

The Board of Directors has established a Human Resource & Remuneration Committee comprising of the following four Board members. During the year, two meetings of the Committee were held and attended as under -

			No. of Meetings Attended
Jorgen Kokke	Chairman	Non-Executive Director	1
Pierre Perez y Landazuri	Member	Non-Executive Director	1
Usman Qayyum	Member	Executive Director	1
Zulfikar Mannoo	Member	Non-Executive Director	2
Martin Sonntag (Resigned)	Chairman	Non-Executive Director	1
Rashid Ali (Resigned)	Member	Non-Executive Director	1
Ansar Yahya (Resigned)	Member	Executive Director	1

The Committee is responsible for –

- i) Recommending human resource management policies to the Board;
- ii) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- iii) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of the COO, CFO, Company Secretary and Head of Internal Audit; and
- iv) Consideration and approval on recommendations of the CEO on such matters for key management positions who report directly to the CEO or COO.

### Shares Transfer Committee

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

		No. of Meetings Attended
Usman Qayyum	Chairman	8
Dr. Abid Ali	Member	9
Mr. Anis Ahmad Khan	Member	3
Mr. Rashid Ali (Resigned)	Member	1
Mr. Ansar Yahya (Resigned)	Member	1

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

### Pattern of Shareholding

Pattern of Shareholding as on December 31, 2016, according to requirements of Code of Corporate Governance and a statement reflecting distribution of shareholding appears at the end of this report.

### Dividend

The Company has already paid three interim dividends @500%, 600% and 600%. The Directors now propose a final dividend of 3000% making the total 4700% for the year.

On behalf of the Board



Usman Qayyum  
Chief Executive &  
Managing Director

February 16, 2017



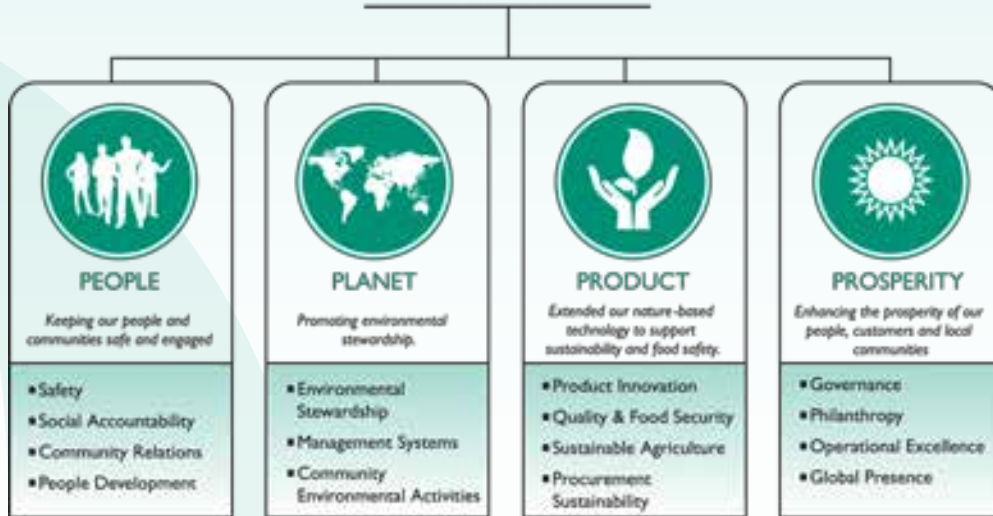
# RafhanMaize

PRODUCTS CO LTD

## Sustainability Report



### SUSTAINABILITY



The Company exhibits exceptional emphasis on sustainability and carries highly structured sustainability model composed of four core pillars of people, planet, products and prosperity with multifaceted drivers and focal shots. The Company and its management believes in Keeping people and communities safe and well engaged, planet environmentally safe heaven for generation to come, develops nature based health conscious products for long term food safety/security and complement efforts for the prosperity of our people, customers and the communities we serve.



# People



At Rafhan Maize, there is nothing more important than the welfare of the people, business associates and the communities we operate. The Company strives hard to improve its safety performance and develop strong social accountability practices on continuous basis. The company believes in promoting good community relationships as its top most corporate responsibility. Our priorities include but not limited to:

- Promoting Safety and Health
- Demonstrating our Social Responsibility
- Engaging in our Communities
- Listening to our Employees



# Planet



As a responsible corporate citizen, we recognize the importance of maintaining environmentally sound manufacturing practices. We continually work to improve our management systems to foster our environmental stewardship. The Company understands the value of engaging external partners to accelerate benefits delivery. We have a well-structured process to benchmark ourselves against peers and other key stakeholders. Our focal areas are:

- Environment
- Biodiversity
- Waste Water Treatment
- Construction and Refurbishment
- Emissions and Discharges
- Better Offices
- Better Community



# Product



Over the years, the Company has established itself as highly reliable and best of class producer of high quality ingredients. Our products and brand names carry un-matched loyalty among our customers both locally as well as internationally. The Company strives hard to bring innovated products and ingredients for catering diversified customer's requirements. Our goal is to deliver value to our customers and our shareholders while incorporating sustainability in our innovation pipeline. We collaborate with our agricultural suppliers to enhance the sustainability of farm-grown raw materials. Our strategic framework includes:

- Quality Products
- Innovative Solutions
- Focus on Agricultural Sustainability
- Supplier Sustainability Assessment
- Packaging
- Warehousing



# Prosperity



The Company promotes prosperity of its people, customers and local communities through ethical business practices underpinned by our robust governance requirements. As a responsible corporate citizen, we are committed to philanthropy and operational excellence, making a difference in those places where we do business.

- Giving back through philanthropy
- Harnessing continuous improvement
- Honoring employee sustainability
- Maintaining responsible governance



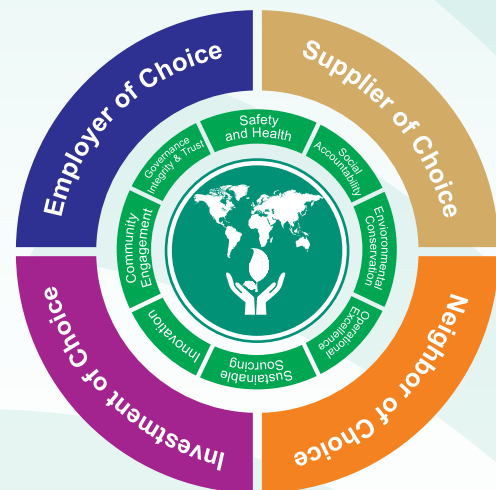
# Company of Choice

**Rafhan Maize, over the years, has won the status of Company of choice. The Company:**

- with relentless innovation efforts;
- persistent value delivery to its customers;
- serving communities;
- engaging employees, suppliers, financial institutions and regulators;
- posting strong financial performances;

has established itself among the top most organizations in the country. The Company adheres to strong value and transparency in every echelon of business / management endeavors. Our success as a company of first choice much owes to our:

- Core Values
- Vision
- Mission Statement
- Business Conduct Policies
- Regulatory Compliance
- Adherence to Code of Corporate Governance
- Brand Promise
- 4Ps of Sustainability



## Employer of Choice

Rafhan Maize considers its employees as first customers and the Company is considered as one of the best employers not only in the localities we operate but also in the whole country. The Company attracts highly qualified and capable human resource from all over the country and offers attractive compensation package commensurate with qualification and experience. The Company has lowest turnover particularly among the managers and senior executives which indicates allegiance and resilience of the employees with the Company. The Company is undoubtedly rated as the employer of first choice.



## Supplier of Choice

The Company has won over the period a unique position in the hearts of our highly valued customers. We serve our customers from the best of our heart and offer customized products to fulfill ever changing needs of our customers. The Company has customer base of over 5000 and serves the needs of every customer with same religious zeal and fervor without any discrimination. Our customers rest great confidence on our products, systems and service delivery and the Company exhibits un-matched responsiveness and agility to the changing needs of its customers. Our Company has been very successful in winning confidence of our customers and they are continuously reposing their trust on us for best quality products and seamless services.



# Neighbor of Choice

Rafhan Maize is a socially responsible Company. We allocate handsome amount of resources for social uplifting of the general masses and communities living around our premises. Two of our newest plants have waste water treatment facilities to clean the water before discharge. Our water discharges are well within NEQ limits and farmers around our Cornwala Plant prefer to use discharged water over canal water because of its purity and nutritional value. We have a highly structured campaign to grow one million new plants around our Cornwala Plant to mitigate the adverse effects of carbon discharge from new established Cogen Plant. We generously spend on alleviating the hardship of the people living around our plants from natural calamities, floods, earthquake etc. The Company in partnership with philanthropy organizations provides education and health facilities to the people of the areas near to our plants. The Company provides direct/indirect employment to over 2000 people with top priority to those people who live around the localities of our operations.



## Investment of Choice

A successful and balance organization always keeps all the stakeholders satisfied and content with its performance and value delivery. Rafhan Maize is the best success story and the Company maintains highly balanced equilibrium of its resources to satisfy all segments of its stakeholders. The Company distributes handsome amount of dividend to its investors and shareholders. The Company shares in the market are considered as hot cake and attract strong response from analysts, brokers and potential investors. The Company embeds sustainability into its business strategy in such a manner that creates both short-term and long-term value addition to the shareholders.



# Sustainability Agenda



## Key focal areas of sustainability agenda include:

- Safety & Health
- Social Accountability
- Environmental Conservation
- Operational Excellence
- Sustainable Sourcing
- Innovation
- Community Engagement
- Governance, Integrity & Trust

# Safety & Health



## Cornwala Plant- Since Jan' 2005

- Employees: 10.9mm man-hours
- Contractors: 25.93mm man-hours

Target: TRIR < 0.22 and LTIR = 0.00  
 Achievement: TRIR = 0.00 and LTIR = 0.00

## Mehran Plant - since Jan' 2012

- Employees: 2.07mm man-hours
- Contractors: 4.55mm man-hours

## Building Toward World Class Safety



## All Eyes on Safety



Safety is our first ingredient and we endeavor hard to keep our work place safe and secure not only for our employees but also for our suppliers, customers, contractors and the communities living around our premises. The Company has highly structured safety management systems, our 100% employees have to carry at least one annual performance goal with clear safety related milestones.

### Safety efforts include:

- Safety Observations
- Root Cause Analysis
- Joint Health & Safety Committees
- Job Safety Analysis
- PPE
- Near Miss Team
- Permit to Work
- Procedures/Instructions
- Training/Awareness Programs
- Safety Manuals
- Safety Culture

**Safety is every body's responsibility.  
All Officers, Managers and Executives  
are required to set at least One Safety  
Goal every year.**

# Occupational Health



All eyes are on safety, security and health of our employees. We pay special attention to good health of our employees.

**Our health related initiatives and offerings include but not limited to:**

- Dispensary at all Plants
- Availability of Emergency Medicines
- Biannual Medical Examination of Workers
- Health Insurance/Social Security to Officers/Workers
- Availability of Proper PPEs
- First Aid Trainings
- First Aid Drills
- First Aid Medicine Boxes
- Bulletins on Important Health Issues
- International Observances
- Audiometric Testing of Employees in High Noise Areas



## Corporate Social Responsibilities



Our most cherish mission is to create opportunities for our employees, farmers, communities, society as a whole and the people of Pakistan to improve their well-being and quality of life. We contribute to social welfare through health, education, shelter, environment protection, community development, calamities rehabilitation and related welfare activities/events:

- We have executed a long list of projects in Faisalabad, Jamshoro and other areas.
- Rafhan Maize supported in rehabilitation of villages affected by devastating floods across Punjab and Sindh.
- Generously contributing to society through highly structured social investment program for integrating economic, social and environmental needs of the communities.
- Providing ample funds for education/rehabilitation of orphan, mentally retarded, deaf and duff children



# Education



Independent experts place overall literacy rate in Pakistan at 60% and the rate for females at 47%. Poverty is a big hurdle in girl's education. According to UNICEF, 17.6% of Pakistani children are working and supporting their families. Rafhan Maize Education Program includes -

- Maintenance of a Primary school at Faisalabad site.
- Distribution of clothes to children at SOS school, Faisalabad
- Financial support for research studies of PG students, internship program and apprenticeship training
- Furniture and wheel chairs for special children school
- School bags, uniforms, note books and stationery provided to the students of schools managed by Galaxy Welfare Foundation, Faisalabad
- Promotion of primary education in Sindh
- Basic education and literacy under auspices of Rotary Club of Faisalabad



## Shelter



Pakistan is among the countries which are the worst victim of climatic change. Uneven torrential rains and flash floods not only cause serious damages to crops, cattle and properties of the masses but also perish precious human lives. Only in 2015, approximately 3.3m people were affected by the floods and rains with 109 deaths. Over 1.3million acres of cropland and 300,000 farmers were affected; resulting in loss of standing food, fodder or cash crops.

Rafhan Maize rose to the occasion and played its part as responsible corporate citizen to alleviate the sufferings of the people by generously contributing both in cash as well as kind. The Company distributed relief goods including ration, beds and other goods among flood affected farmers of Punjab as well as Sindh.

- Relief goods for Earthquake affected farmers of KPK
- Flood Relief goods provided to flood affected people at Jamshoro Sindh



# Health



Healthcare and health services in Pakistan are not in par with other countries in the region. The Government's spendings on healthcare are among the lowest in the world. Rafhan Maize, in partnership with other healthcare providers, is extending commendable services help low income communities for alleviating their health related sufferings. The Company is cognizant of the fact that the affordability in healthcare is declining due to pressure on consumer buying power. Rafhan Maize generously contributes to provide medical awareness/assistance to poor patients in different ways -

- Polio awareness drive under the auspices of Rotary Club of Faisalabad
- Dialysis of poor patients at Sindh institute of Urology
- Dental Camp at Primary School at Kotri
- Patient bed and mattress provided to Social Security Hospital
- Blood Donation Camp at RCP celebrate World Blood Donation Day
- Stretcher, Wheel Chairs and Ward screens provided at Social Security Hospital
- Allied Hospital Patient Welfare Society Faisalabad –Treatment of needy patients
- Liver Foundation Faisalabad- Treatment of needy patients
- District Anti T.B. Association Faisalabad- Treatment of needy patients
- Wheel Chair, Stretcher and Examination Couch at Social Security Dispensary Faisalabad
- Donation for Special Children of Tanzeem Al-Lissans Foundation, Faisalabad



## Employees Welfare



The Company strives hard to create highly conducive working environment where employees take pride in optimizing benefit delivery to business. Rafhan Maize is proud of its highly loyal workforce that has exhibited un-paralleled resilience for posting exceptional performances of the business over long periods of time. The Company pays full attention to the welfare of the employees where people can discover their potential, build career and find new challenges, get reward for performance and recognitions.

- The Company offers highly competitive compensation package commensurate with qualifications and experience.
- Rafhan Maize extends a long list of facilities to its employees including subsidized foods at its canteens, long service awards, free ration quotas, free medical dispensaries, wheat subsidy, free wearing cloth, uniforms, picnic excursions and scholarships for children, free Haj to 17 employees and competitive salary package.
- The Company offers industry best long term and terminal benefits to its employees to facilitate best after retirement life.
- Rafhan Maize has well organized five star recognition programs to publically recognized employees for recognition of their excellences and out of bond performances.



## Sports and Recreation

At Rafhan Maize, Annual Sports is a regular feature. Employees take part in sports with tremendous zeal and passion. In 2016 over 800 employees took part in Annual Sports.

The Company encourages every employee to take active part in Company sports gala. We believe healthy and physically fit employee strongly contribute to our impressive results. The Company publically recognizes winners in the sports and distributes trophies and medals to the winners in well-organized prize distribution ceremony which encourages more and more employees to take part in sports



# Training and Development



People are our first customer and the Company pays all attention to impart professional and leadership trainings to its manpower. The Company reinforces success drivers and equips its Managers/Professionals with skills and knowledge to perform their duties effectively in a dynamic work environment. The Company arranges training sessions for the promising and talented employees, both within the country as well as arranges training programs abroad. Rafhan Maize keeps inventory of talent pool and develops them as future leaders and successors for critical positions. Our training programs include:

- Lean Six Sigma Belts Program.
- Leadership and Soft Skills Program.
- Knowledge management, in house knowledge exchange program.
- Training Program designed for the development of future leaders.



## Environment Stewardship Program



Rafhan Maize is fully aware of its contribution towards protection of environment and conservation of natural resources. The Company continuously strives hard to reduce environmental loads, decrease emission and conserve natural resources. The Company has successfully planted over forty thousand plants to contribute towards greener environment. Our emissions are well under NEQS (National Environment Quality standards) limits and we are managing our effluent discharges through waste water treatment plants. The Company is adhering to a number of initiatives at all stages of production and non-manufacturing areas to promote responsible use of natural resources through green work practices.

- Environmental talks
- Environmental Stewardship Bulletins
- Spillage Monitoring and Control
- Reuse/Recycle of metallic scrap
- Noise Level Survey
- Regulatory Support Visits
- Customer Compliance Visits
- Environment Improvement Slip
- Increase in Green Area and Tree Plantation
- Purchase of HVAC Equipment with Environment Friendly refrigerant

## Our Recognitions

<b>World Water Day</b>	<b>Mar 22, 2016</b>
<b>World Health Day</b>	<b>Apr 07, 2016</b>
<b>Earth Day</b>	<b>Apr 22, 2016</b>
<b>World Day for Safety and Health at Work</b>	<b>Apr 28, 2016</b>
<b>International Firefighter's Day</b>	<b>May 04, 2016</b>
<b>World No Tobacco Day</b>	<b>May 31, 2016</b>
<b>World Hepatitis Day</b>	<b>Jul 28, 2016</b>
<b>World Environment Day</b>	<b>Jun 05, 2016</b>
<b>World Heart Day</b>	<b>Sep 29, 2016</b>
<b>Global Hand-Washing Day</b>	<b>Oct 15, 2016</b>
<b>World Diabetes Day</b>	<b>Nov 14, 2016</b>

## Energy Conservation



Our country is facing severe energy shortage menace. Load shedding and restricted energy supply to industries as well as households is causing antagonistic impacts not only on economy but also the lives of common people. We, at Rafhan Maize, regard energy conservation as national cause and have developed a strong mechanism to conserve energy. We have initiated energy conservation drive and termed the initiative as a blue chip project. Our teams are actively working on the drive and submitted a long list of projects on energy conservation. The Company has a well-structured excellence recognition program to publically recognize and rewards employees for their excellence work on energy conservation. The Company has a well-designed energy audit program to critically review the energy usages at our facilities and root out UDE (undesirable effects) from the structure. Our utilities teams are engaged to optimize energy utilization at our operation, offices and warehouses to provide action framework for accelerated rectification.

The Company has recently completed mega project of US\$ 18.4m to generate own power and steam from coal. Our concurrent step will not only help us to reduce our energy cost but also reduce load on national grid and enable the energy supply companies to supply energies to other needy users.



# Quality Excellence



We are highly quality centric organization. In Rafhan Maize, quality means business and the Company is heavily investing on implementing new quality management system. Our Company has following certifications for our plants, processes and products:

- IMS FSSC 22000 Certification from Bureau Veritas : Rakh Canal and Cornwala Plants
- ISO-9001:2008 QMS by TUV Austria : Rakh Canal, Cornwala and Mehran Plants
- ISO-14001:2004 EMS by TUV Austria : Rakh Canal, Cornwala and Mehran Plants
- OHSAS 18001:2007 by TUV Austria : Rakh Canal, Cornwala and Mehran Plants
- Halal re- certification audit by Islamic Food and Nutrition Council of America (IFANCA): Rakh Canal, Cornwala Plants
- Non GMO Re- Certification Audit by Bureau Veritas Pakistan – Rakh Canal, Cornwala and Mehran Plants
- SEDEX Members Ethical Trade Audit by Bureau Veritas - Rakh Canal, Cornwala and Mehran Plants
- Plan- 2016
- GOTS Certification - Rakh Canal, Cornwala and Mehran Plants
- ISO 17025 Certification of Micro. Lab. from PNAC Pakistan - Cornwala Plant



## Development & Innovation



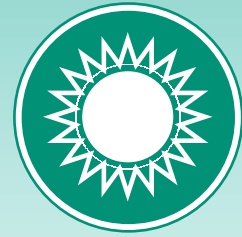
Our team of experts at Technical Centre extends customized services to our valuable customers and the markets. Our strong feedback mechanism and “Listen Customer Voice” strategies are helping us in diversifying product mix, maintaining long term customer relations, enhancing service quality and productivity.

The Company has built a state of the art Idea Lab/Customer Service Center to further strengthen our R&D aspirations and facilitate customers in the right selection and application of food ingredients in their products. At Rafhan Maize customer comes first and we are always looking forward to adapt to emerging needs of the market and our valuable customers through continuous development and innovation programmes.

We at Rafhan Maize view world as a global village and are addressing the geographically dispersed needs and requirements of our customers all around the world. We are always looking forward to update and upmark our process standards and product quality to all technological advancements in global market. Our aim is to provide best value to customers for thier money through continuous development and innovation.



# Agriculture Sustainability



Agriculture produce is our major raw material and much of our success is dependent upon agricultural development and sustainability. The Company has strong contribution in multiplication of corn output in Pakistan and the country is now self-sufficient in corn grain. Rafhan Maize has successfully developed spring crop of corn as a second crop in the cropping pattern of Central Punjab farmers. The Company is providing unique marketing mechanism to the farmers by contracting with them to lift their produces at market best rates. Our corn contracting model yielded exceptional results and considered as best practice to replicate at other alike industries.

## Our Initiatives and projects include but not limited to:

- Agriculture Sustainability Projects
- Women Empowerment
- Conservation of Water for Irrigation
- Farmers' Education & Awareness Programs
- Inter Cropping
- Genetic Diversity
- Corn Development Program in Sindh and KPK



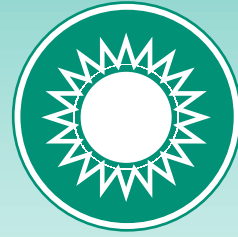
## Gender Diversity and Women Empowerment



Rafhan Maize is fully cognizant of its duty towards gender diversity and active contribution of women folk in agricultural development of the country. The Company has initiated engagement of women in agriculture in the Sindh Province where women are the adverse effectees of gender discrimination. Rafhan Maize has initiated a well-structured process wherein women are encouraged to participate in the growth of agriculture and the Company has announced Annual Educational Excellence Award for the top performing female students in Crop Production Faculty, University of Agriculture TandoJam.



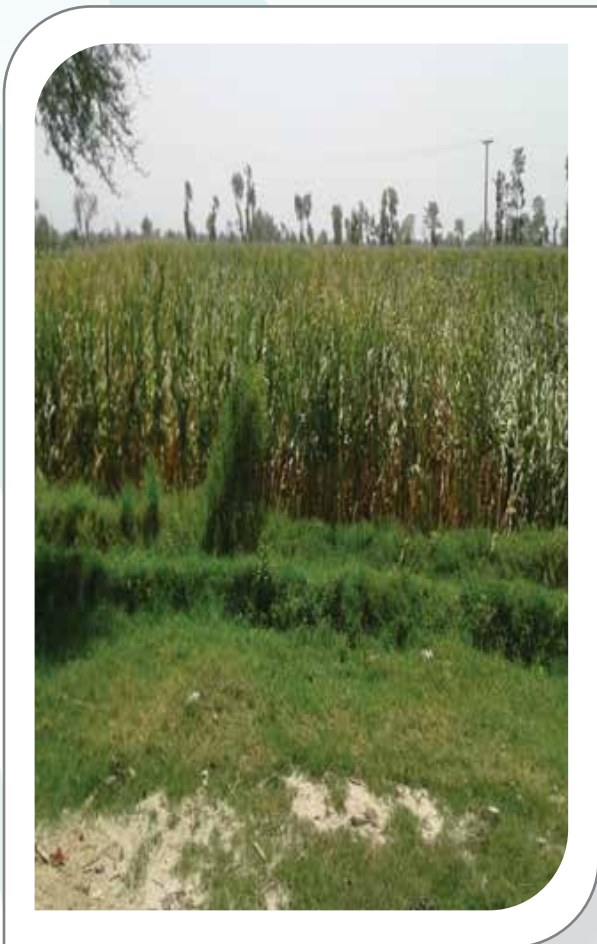
## Water Conservation



Pakistan is water stressed country and is close to be called as water scarce, 93% farmers in the country are with small holding and have limited knowledge and experience of water conservation practices. Our team of experts are helping and guiding farmers on the techniques and processes that can help them to optimize the utilization of their land and water resources.

Our experts developed an on-farm irrigation system that is capable to save 21% water and 5 % land.

Intercropping corn with other field crops like sugarcane and onion on the same piece of land has given promising results towards farm productivity and income enhancement



## Agriculture Sustainability



### Farmers' Education & Awareness Programs

Farmers are our business partners and we have developed a highly structured TM (Technical Mastery) Development Program for the farmers. The Company has a strong team of expert agronomists to provide extensive services to farmers and provide technical help to increase crop output, decreasing input cost and preserve quality of the produce. We have developed crop production brochures in Urdu and Sindhi language to educate the farmers on different farming techniques through highly professional, well trained and experienced teams. Education is provided on climate-smart agricultural practices for capacity building of the farmers and enables them to mitigate effects of climatic changes occurring through extreme droughts & floods.

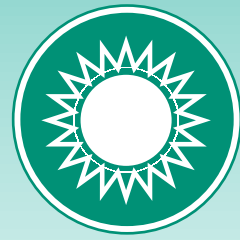


## Genetic Diversification



Rafhan Maize has entered into agreement with French Company Massdour for multiplication of their parent seeds in Pakistan. Our relentless efforts will bring new technologies in non GMO seed development and multiplication in the country. Our agricultural research team has developed capability of altering chemical composition of corn grain to develop desirable traits through conventional breeding approach. We ensure that our seeds should make a real contribution to our farmers and the community as a whole while having the least possible adverse impact on environment.

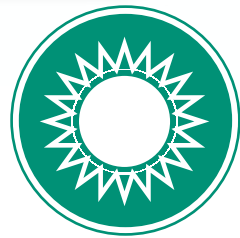
## Post-Harvest Handling



Pakistan is among the countries where post-harvest losses are highest in the world, in many cases up to 40% of the crop lost after harvest. Rafhan Maize is strongly intervening in helping the farmer community to preserve the quantity as well as the quality of corn crop after harvest. The Company has collaborated with farmers to use in field bio fuel dryers for drying corn in place of open field drying. The process has tremendously improved the quality of the grain at the same time reduced grain losses significantly. We trust development of crop protection culture will boost farm productivity and income level of the farmer community.



## Corn Development in Sindh



The weather and environmental conditions in Sindh Province are very unique and highly conducive to produce corn crop around the year. Rafhan Maize initiated Corn Development Program in Sindh during 2009 and now 10,000 acres corn crop is being cultivated and the harvest has reached to 30,000 tons. The Company is providing subsidized hybrid seeds, jute bags, transportation cost reimbursement and host of other facilities. Our efforts have been very successful in helping farmers in the Sindh Province to embrace the benefits through diversifying their old traditional cropping pattern. The results are encouraging and area under corn cultivation is consistently increasing.

# Strategy Model



# Stakeholders' Information

## Performance Indicators for Six Years

		2016	2015	2014	2013	2012	2011
<b>Profit and Loss Account</b>							
Net turnover	Rs. Million	25,060.83	24,618.08	25,196.60	23,672.63	19,531.40	18,270.99
Gross profit	Rs. Million	6,715.68	5,454.14	4,656.97	4,212.81	3,974.51	3,799.82
Operating profit	Rs. Million	5,725.21	4,614.70	3,870.89	3,651.55	3,304.12	3,399.87
Profit before tax	Rs. Million	5,707.38	4,599.40	3,753.87	3,593.50	3,122.80	3,216.19
Profit after tax	Rs. Million	3,879.43	3,275.17	2,516.77	2,781.48	2,039.93	2,033.83
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Rs. Million	6,177.46	5,061.95	4,323.83	4,029.96	3,398.56	3,453.23
<b>Balance Sheet</b>							
Share capital	Rs. Million	92.36	92.36	92.36	92.36	92.36	92.36
Reserves	Rs. Million	12,941.14	11,581.42	9,589.08	8,330.60	6,771.49	5,789.23
Shareholders funds	Rs. Million	13,033.50	11,673.79	9,681.45	8,422.96	6,863.86	5,881.59
Property, plant and equipment (Exclusive CWIP)	Rs. Million	5,500.06	4,567.11	4,733.19	4,909.26	3,749.06	2,283.49
Net current assets	Rs. Million	6,944.24	5,906.42	5,179.50	3,953.42	2,289.13	2,091.54
Long term / deferred liabilities	Rs. Million	968.41	644.89	675.06	708.05	562.06	373.68
Total assets	Rs. Million	16,424.70	14,606.23	12,898.08	11,920.48	10,320.45	8,280.18
<b>Profitability Ratios</b>							
Gross profit ratio	Percentage	26.80	22.16	18.48	17.80	20.35	20.80
Net profit to sales	Percentage	15.48	13.30	9.99	11.75	10.44	11.13
EBITDA margin to sales	Percentage	24.65	20.56	17.16	17.02	17.40	18.90
Operating leverage	Percentage	13.38	(8.37)	0.93	0.50	(0.41)	0.48
Return on equity	Percentage	29.77	28.06	26.00	33.02	32.01	37.54
Return on capital employed	Percentage	27.71	26.59	24.30	30.46	27.47	32.51
<b>Liquidity Ratios</b>							
Current ratio	Times	3.87	3.58	3.04	2.42	1.79	2.03
Quick/ Acid test ratio	Times	2.07	1.77	1.70	0.41	0.57	0.37
Cash to current liabilities	Times	1.56	1.22	1.23	0.02	0.17	0.03
Cash flow from operations to sales	Times	0.18	0.11	0.20	0.05	0.16	0.14
<b>Activity / Turnover Ratios</b>							
Inventory turnover ratio	Times	4.22	4.63	6.03	3.47	4.41	4.29
No. of days in inventory	Days	86.49	78.83	60.53	105.19	82.77	85.08
Debtors turnover ratio	Times	25.54	24.52	27.91	30.71	26.31	33.97
No. of days in receivables	Days	14.29	14.89	13.08	11.89	13.87	10.74
Creditors turnover ratio	Times	8.03	9.13	9.33	7.61	5.99	10.68
No. of days in payables	Days	45.45	39.98	39.12	47.96	60.93	34.18
Total assets turnover ratio	Times	1.53	1.69	1.95	1.99	1.89	2.21
Fixed assets turnover ratio	Times	4.56	5.39	5.32	4.82	5.21	8.00
Operating cycle	Days	55.21	44.99	49.84	48.98	46.57	63.92
<b>Investment / Market Ratios</b>							
Earnings per share	Rupees	420.01	354.59	272.48	301.14	220.86	220.20
Price earning ratio	Times	20.87	25.52	41.12	26.79	18.10	11.41
Dividend yield ratio	Percentage	3.00	2.00	1.00	2.00	3.00	5.00
Dividend payout ratio	Percentage	69.05	39.48	49.54	43.17	52.07	52.23
Dividend cover ratio	Times	1.45	2.53	2.02	2.32	1.92	1.91
Cash dividend per share	Rupees	290.00	140.00	135.00	130.00	115.00	115.00
Stock Dividend (Bonus) per share	Percentage	-	-	-	-	-	-
Market value per share at the end of the year	Rupees	8,764.36	9,050.00	11,203.80	8,067.38	3,998.38	2,513.28
Market value per share during the year (High)	Rupees	9,100.00	12,000.00	12,600.00	8,450.00	4,625.00	3,016.00
Market value per share during the year (Low)	Rupees	6,800.00	8,400.00	6,365.00	3,485.00	2,405.00	2,010.00
Break-up value per share - Refer note below							
- Without surplus on revaluation of fixed assets	Rupees	1,411.10	1,263.89	1,048.18	911.93	743.13	636.78
- Including the effect of surplus on revaluation of fixed assets	Rupees	1,411.10	1,263.89	1,048.18	911.93	743.13	636.78
<b>Capital Structure Ratios</b>							
Financial leverage ratio	Times	-	-	-	0.01	-	0.07
Weighted average cost of debt	Percentage	6.66	7.41	10.65	9.78	11.87	13.88
Debt : Equity ratio	Times	-	-	-	-	-	-
Interest cover	Times	321.01	301.71	33.08	62.90	56.67	56.70

# Stakeholders' Information

## Performance Indicators for Six Years

		2016	2015	2014	2013	2012	2011
Reconciliation of Weighted average number of shares for calculating EPS and diluted EPS							
Opening balance	Nos.	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428
Add: Bonus shares issued during the year	Nos.	-	-	-	-	-	-
Total	Nos.	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428	9,236,428

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

## Summary of Cash Flow Statement

	2016	2015	2014	2013	2012	2011
	(Rupees in thousands)					
Cash flow from operating activities	4,560,404	2,644,295	4,950,060	1,214,757	3,217,376	2,531,109
Cash flow used in investing activities	(868,588)	(1,666,864)	(440,975)	(448,813)	(1,180,865)	(1,116,204)
Cash flow used in financing activities	(2,689,496)	(1,306,852)	(1,450,576)	(1,215,142)	(1,593,017)	(1,391,620)
	1,002,320	(329,421)	3,058,509	(449,198)	443,494	23,285
Opening cash and cash equivalents	2,786,410	3,115,831	57,322	506,520	63,026	39,741
Closing cash and cash equivalents	3,788,730	2,786,410	3,115,831	57,322	506,520	63,026

## Cash Flow Statement - Direct Method

	2016	2015	2014	2013	2012	2011
	(Rupees in thousands)					
<b>Cash flows from operating activities</b>						
Cash received from customers	25,083,706	24,516,614	25,064,880	23,644,067	19,326,826	18,110,107
Cash paid to suppliers and employees	(19,025,778)	(20,443,465)	(19,072,748)	(21,638,434)	(15,240,314)	(14,486,937)
Interest income received	123,665	82,006	30,047	3,074	1,252	3,614
Taxes paid	(1,621,189)	(1,510,860)	(1,072,119)	(793,950)	(870,388)	(1,095,675)
Net cash flows from operating activities	4,560,404	2,644,295	4,950,060	1,214,757	3,217,376	2,531,109
<b>Cash flows from investing activities</b>						
Property, plant and equipment	(870,327)	(1,665,395)	(468,727)	(452,894)	(1,184,502)	(1,122,352)
Sale proceeds of property, plant and equipment	7,138	2,325	28,244	4,421	6,186	5,411
Disbursement of long term loans	(12,700)	(8,000)	(3,440)	(3,600)	(4,746)	(2,943)
Repayment from long term loans	7,301	4,206	2,948	3,260	2,197	3,680
Net cash used in flows from investing activities	(868,588)	(1,666,864)	(440,975)	(448,813)	(1,180,865)	(1,116,204)
<b>Cash flows from financing activities</b>						
Dividend paid	(2,671,639)	(1,291,579)	(1,246,203)	(1,199,955)	(1,061,351)	(1,061,483)
Finance cost paid	(17,857)	(15,273)	(123,985)	(95,575)	(133,764)	(93,579)
Increase / (Decrease) in short term running finances	-	-	(80,388)	80,388	(397,902)	(236,558)
Net cash used in flows from financing activities	(2,689,496)	(1,306,852)	(1,450,576)	(1,215,142)	(1,593,017)	(1,391,620)
Net increase / (Decrease) in cash and cash equivalents	1,002,320	(329,421)	3,058,509	(449,198)	443,494	23,285
Cash and cash equivalents at the beginning of the year	2,786,410	3,115,831	57,322	506,520	63,026	39,741
Cash and cash equivalents at the end of the year	3,788,730	2,786,410	3,115,831	57,322	506,520	63,026

## Comments on Analysis Results

We have sustained our success by anticipating the future and continuously adapting ourselves to harness the opportunities. In 2016, we continued to invest on new concepts, building capacities and enhancing capabilities by investing Rs. 870 million on capital expenditure.

The company embarked on a cost saving exercise to mitigate the pressure on cost, and continues its efforts to optimize production, improving plant yields, realize energy savings and focus on customer relationships as a source of new business opportunities. Lower fuel and corn prices support us to maintain an excellent financial position.

### Profitability Ratios

The company has succeeded to increase sales by 2%, gross profit by 23%, after tax net Income by 18% mainly due to decrease in CGS by 4%. EBITDA Margin to sales 24.65% and Return on equity 29.77% also increased over 2015. Reduction in CGS is due to decrease in corn and fuel prices.

### Liquidity Ratios

The Company has maintained very excellent current

ratios 3.87:1 that considerably improved over last year due to increase in Corn inventory. Cash to current liabilities ratio 1.56:1 also increased due to increase in cash flow from operations.

### Activity / Turnover Ratios

Inventory Turnover Ratio (4.22 times) with day's cover of approximately 86.49 reduced over last year due to increase in inventory level. We strategically manufacture Finished Goods Inventory to cater supplies and Fixed assets turnover ratio (4.56 times).

### Investment / Market Ratios

EPS of the company has been increased by 18.5% and market value of share decreased by 3% over the last year which posts a very dynamic sign P/E ratio reduced by 18% and dividend yield ratio increased by 50% over 2015. whereas cash dividend per share improved by 107% over the last year.

### Capital Structure Ratios

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



# SWOT Analysis

## Risk

- 20% to 30% cheaper prices of imported products from China and India
- Increasing demand for food compliant products
- Low prices of substitute products
- Increase in corn prices due to higher prices of other grain products .
- Security concerns – Global Buyers
- Multiple sweetener lines of Rice based competition
- Entry of new competitor
- Growing awareness & bargaining
- Variation in FX rate

## Strengths

- Technological advancement and multinational infrastructure
- Efficient logistics and supply chain management
- Availability of financial and technical support
- Cogen facility to meet energy crisis and availability of lower cost electricity and steam
- Robust inventory management
- Strong market orientation and relevant capability
- Plants situated within close proximity of major industrial cities
- Presence of efficient sales force on geographical lines
- Wide range of products line with stronger brands
- Effective segment management
- Safe & Excellent working environment

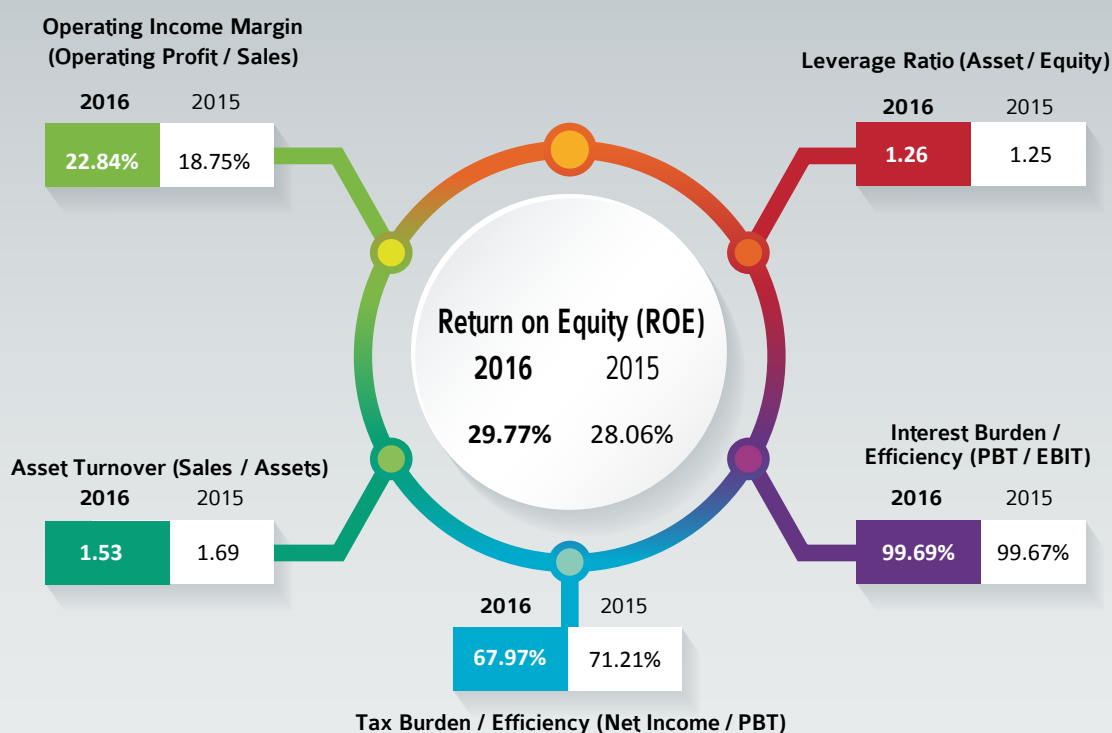
## Weaknesses

- Dependence on one raw material (Corn) mainly procured from local market.
- Dependence for utilities supplies from Govt companies (FESCO & SNGPL)

## Opportunities

- Growing GDP rate and increasing demand for food grade products
- Increasing demand for specialty starches
- Implementation of adoptive strategies for expansion
- Multi service practices in promotion and executing sale
- Effective communications with customers
- Practices of key customer management

# DuPont Analysis



## Leverage Ratio (Assets/ Equity)

Increased due to increase in capital expenditure during the year on major projects.

## Interest Burden / Efficiency ( PBT/EBIT)

slight Increase due to increase in operating profit.

## Tax Burden / Efficiency (Net Income/PBT)

Decreased mainly due to increase in tax expense for the period

## Asset Turnover ( Sales/ Assets)

Decrease due to increase in capital expenditure for the period.

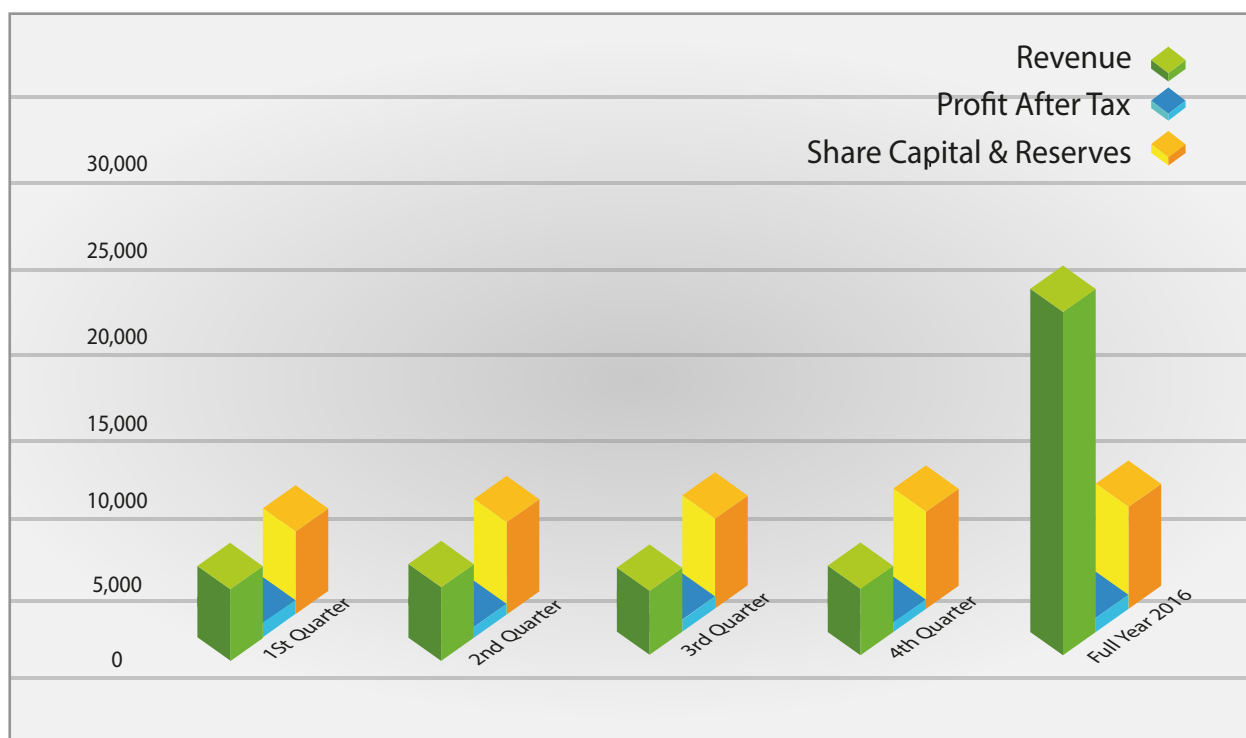
## Operating Income Margin

Operating Income increased due to decrease in fuel and corn cost.

## Return on Equity ( ROE)

Return on Equity increased due to increase in net profit by 18.45% than last year.

## Quarterly Analysis



	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
.....Rs Million.....					
Revenue	6,499	6,382	5,832	6,348	25,061
Profit after Taxation	965	1,066	850	998	3,879
Share Capital and Reserves	11,530	12,124	12,419	13,034	13,034
Earnings Per Share (Rupees)	104.45	115.46	91.98	108.12	420.01

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

### Sales-net

Sales revenue increased by 2% as compared to last year. This increase in revenue over the periods is attributable to volumetric increase of head products. Moreover, variation in sales revenue quarter to quarter is due to seasonal impact and overall industrial batter growth.

### Profit after Taxation

Profit after Taxation increased by 10% in second quarter due to increase in volumes, in the fourth quarter we maintained our performance by taking

timely and efficient cost saving initiatives.

### Share Capital and Reserves

Share capital and reserves increased by 12% against last year. At start of first quarter Share Capital and reserves were Rs.11,673 Million, which has minor decrease at the end of the first quarter due to payment of final dividend on ordinary shares for the year ended December 31, 2015. Furthermore, strategic decisions support us to maintain a persistent increase in Reserves.

### Earnings per Share

Earning per Share directly relate with respective changes in Profit after Tax during the year.

## Sensitivity Analysis

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

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

	2016 (Rupees in thousands)	2015
<b>Effect on profit and loss</b>		
US Dollar	2,677	7,079

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

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

## Statement of Value Added and its Distribution

	2016 (Rupees in thousands)		2015	
<b>VALUE ADDED</b>				
Net sales	25,060,830		24,618,077	
Material and services	(17,138,824)		(18,033,068)	
Other income	200,541		177,476	
Foreign Exchange Gain / (Loss)	2,721		(3,742)	
	8,125,268		6,758,743	
<b>DISTRIBUTION</b>		%		%
<b>EMPLOYEES AS REMUNERATION</b>				
Salaries, wages and amenities	1,524,846	18.9	1,377,276	20.4
<b>FINANCIAL CHARGES TO PROVIDERS OF FINANCE</b>				
Finance Cost	17,835	0.2	15,295	0.2
<b>GOVERNMENT AS TAXES</b>				
Tax	1,827,944	22.6	1,324,236	19.6
Workers profit participation fund	285,369	3.5	230,511	3.4
Workers welfare fund	97,659	1.2	83,892	1.2
	2,210,972	27.3	1,638,639	24.2
<b>SHAREHOLDERS AS DIVIDEND</b>				
Cash dividend	2,678,564	33.1	1,293,100	19.1
<b>SOCIETY WELFARE</b>				
Donations	3,147	-	5,116	0.1
<b>RETAINED WITHIN THE BUSINESS</b>				
Depreciation/amortization	452,253	5.6	447,252	6.6
Retained profit	1,200,867	14.9	1,982,065	29.3
	1,653,120	20.4	2,429,317	35.9
	8,088,484	100	6,758,743	100

## Code of Conduct

The Company's reputation and future prospects are heavily dependent upon the standards of business conduct demonstrated by all our employees. The Company must, therefore, articulate the high ethical standards it expects from its employees concerning such matters as conflicts of interest, payments to outside entities and individuals and the maintenance of proper books, records, and controls. The Public awareness of our consistent commitment to the high standards contained in the Policies on these matters protects both the Company and our employees in their dealings with others.

The terms "gift", "loan", "favour" and "contribution" are used in the broadest sense. They apply to a transmission of, or any express or implied promise to transmit, anything of value, regardless of the form of the transaction, whether in money, property or services, including the use of facilities or personnel.

Similarly, a payment which cannot be made by the Company must not be made indirectly through an officer, employee, family member, agent, broker, trade association, consultant, or other third party who is provided or reimbursed with funds for the purpose by the Company or who receives funds from the Company under circumstances giving rise to concern that he or she may be diverting some of them to such purpose.

## Business Conduct Policies

It is the responsibility of every employee to follow the Policies. The Company's reputation and business objectives are dependent upon the constant observance of the high moral and ethical standards that are embodied in the following Policies :

Policies on :

- Quality
- Employee Relations
- Health, Safety and the Environment
- Community Relations
- Compliance with Laws
- Confidentiality, Disclosure and Insider Trading
- Conflicts of Interest
- Commercial, Labor and Government Relations
- Political Contributions
- Books, Records and Controls
- Corporate Guidelines on Social Media

# Whistle Blower Policy

RafhanMaize has a Whistle Blower Protection Policy to protect employees who raise concerns about actual, suspected or anticipated wrongdoing within the Company.

The aim of this policy is to make employees feel confident about raising concerns internally, by offering a reporting and investigation mechanism and protects employees from any reprisal or disadvantage.

## **The policy outlines activities of wrongdoing such as:**

- corrupt conduct;
- fraudulent or any other illegal activity;
- a substantial mismanagement of Rafhan Maize Products Company Limited resources;
- conduct involving substantial risk to public health or safety;
- conduct involving substantial risk to the environment; or
- any other conduct that could cause loss to Rafhan Maize Products Company Limited or become detrimental to Rafhan Maize Products Company Limited

## **The Company has several channels for reporting wrongdoing, such as our:**

- Suggestion Box
- People Leaders
- HR teams
- Chief Compliance Officer
- Chief Financial Officer (if fraud or financial crime involved).

In addition to these channels Company has online and corporate hotline whistleblowing reporting channels for employees who wish to report wrongdoing anonymously. A comprehensive investigation process is in place.

## Corporate Social Responsibility Policy

This policy widely covers activities under CSR and all philanthropic activities including donations, charities, contributions and payments of similar nature where consideration is social uplift and wellbeing of masses.

The Company has formed CSR Committee comprising Chief Executive, Chief Financial Officer, Director HR, Admin. & Legal Affairs and Company Secretary to critically review the CSR proposals and allocate resources for social uplift projects/donation requests.

All donations, charity, contributions or other payments of similar nature can be made to the deserving charitable or other institutions, sports organizations and clubs for the welfare of the community. However, wherever possible, such payments are restricted to the institutions who are registered with the Income Tax department for this purpose. The Company made generous contributions to augment Government efforts for fighting against calamities, floods, internal displacements and natural disasters. By policy, the Company prefers to extend donations to charitable institutions in kind or provide specific equipments or build asset for the institution.

## Policy for Safety of Records of the Company

The main objective of this Policy is to develop comprehensive mechanism for safe keeping of Company records, monitoring binding process and clearly define the role and responsibilities of staff for structuring the process.

The Policy focuses on controls and standard processes to prevent mishandling and misplacement of important Company documents.

The Company maintains and safeguards record as per corporate legal requirements and taxation obligations. Our system enables us to log, store and dispose of records of our business and facilitate us to:

- Plan and work more efficiently
- Meet legal, tax, and financial requirements
- Measure profit and performance
- Generate meaningful reports
- Protect our rights
- Manage potential risks

We prefer to use an electronic record keeping system to make it easier to capture information, generate reports and meet financial, customers, tax and legal reporting requirements.

The Company restricts the access to record. Only authorized personal can access company sensitive record with specifically documentary approvals. Only copies are allowed for legal compulsions and obligations.

# Information Technology - Governance & Security Policy

The Company's success and potential are highly dependent upon reliable information to support business transactions, provide management and customers with timely, accurate and complete information in highly effective way.

All types of information, regardless of form, must be treated as company assets.

Examples of such assets are business plans and results, employees' data, research and development data, product formulas, computer hardware and software etc. The Company expects all employees and contracted third parties to safeguard these information assets in accordance with established security measures and procedures.

Our Global Steering Committee guides the overall direction of Information System in the Company.

It is the policy of the Company to protect and secure the integrity, confidentiality and availability of its information assets:

- By establishing physical and logical security measures and procedures to permit authorized access to the Company information assets;
- By requiring all employees to adhere to all security measures and procedures and to disclose information only to authorized employees or third parties;
- By providing security measures and procedures to prevent unauthorized destruction, copying or alteration of information assets by internal or external entities;
- By providing secure communication capabilities, via public or private networks to ensure that sensitive information shared within the company as well as with external entities is not intercepted, modified or destroyed;
- By providing the ability to restore, in an acceptable time frame, critical systems and information capabilities in the event of a disaster.
- The company proactively enforces the information security policy.
- The standards and guidelines are maintained and updated on a regular basis as significant changes occur.
- Senior management proactively supports, maintains, and monitors the effectiveness of and compliance with the information security standards.



## Investors Grievances Policy

At RafhanMaize, we strive for the satisfaction and growth of our Shareholders/Investors by adopting only those business practices which add value to our stakeholders. The Company has hired the services of highly qualified Shares Registrar M/s FAMCO Associates for prompt and smooth handling of all shares related matters. We are actively pursuing through direct letters, newspaper ads and periodic financial reports and pay outstanding dividend to our valued shareholders.

The Company has also created a comprehensive website as per SECP's requirements which includes INVESTORS SECTION that contain useful information for the shareholders. The website has Investor Complaint Section linked with SECP site wherein investors can express their grievances by filling online complaint Form. Rafhan also has designated following representative for handling investors' grievances:

Mr. M. Yasin Anwar  
Company Secretary & Compliance Officer  
Tel. No. (0092) (41) 8556799, 8540121-23 (Ext. 206 / 348)  
Email: corporate@rafhanmaize.com

All investors' grievances received are responded within three days. After due verification and scrutiny, appropriate steps are initiated to resolve the complaint at the earliest.

## Conflict of Interest Policy

An employee or director's personal interests should never influence his/her business judgment or decision-making on behalf of RafhanMaize. RafhanMaize fully respects the employees and directors private life, but expects employees and directors to avoid situations that could result in a conflict between their personal interests and those of the company. This Policy provides rules on how to avoid or handle such conflicts.

Nobody, whether an individual, a commercial entity, or a company with a relationship to a RafhanMaize employee, may improperly benefit from RafhanMaize through his or her relationship with the employee or as a result of the employee's position in the company. Furthermore, no employee may personally benefit in an improper way. Employees and directors must also be aware that according to various international conventions and national laws, the granting or acceptance of improper benefits can constitute a criminal offence.

- Disclosure of a conflict of interest shall be made to the employee's immediate supervisor or Company compliance officer. Where approval is required, such approval shall be sought from the employee's supervisor or company secretary office.
- Disclosures, approvals and rejections shall be documented in writing and a copy shall be kept by the employee as well as by his/her supervisor or Company Secretary's Office (in case of non-executive director).
- Disclosure and, if applicable, approval is always required prior to engaging in the conduct in question. Any material changes to the disclosed/approved conflicts shall also be subject to renewed disclosure/approval.
- New hires should disclose all actual or potential conflicts of interest at or before commencement of employment.

For ensuring all potential conflicts of interest are recognized, all employees and directors shall disclose any mandates they may hold in a board of directors, in any advisory board or in a supervisory body of an external organization to Company Compliance Officer or HR Director.

Activities which violate or appear to violate this Policy shall be reported to the Company Compliance Officer/Company Secretary. RafhanMaize will regard any violation of this policy as a serious breach of an employee's obligations and will take strong disciplinary action including termination of employment.

## Social and Environmental Responsibility Policy

RafhanMaize is fully committed to providing a quality service in a manner that ensures a safe and healthy workplace for our employees and minimises our potential impact on the environment. The Company will operate in compliance with all relevant environmental legislation and will strive hard to use pollution prevention and environmental best practices in all it does.

The Company will:

- integrate the consideration of environmental concerns and impacts into all of the decision making and activities;
- promote environmental awareness among the employees and encourage them to work in an environmentally responsible manner;
- train, educate and inform the employees about environmental issues that may affect their work;
- reduce waste through re-use and recycling and by purchasing recycled, recyclable or re-furnished products and materials where these alternatives are available, economical and suitable;
- promote efficient use of materials and resources throughout our facilities and business locations including water, electricity, raw materials and other resources, particularly those that are non-renewable;
- avoid unnecessary use of hazardous materials and products, seek substitutions when feasible, and take all reasonable steps to protect human health and the environment when such materials must be used, stored and disposed of;
- purchase and use environmentally responsible products;
- where required by legislation or where significant health, safety or environmental hazards exist, develop and maintain appropriate emergency and spill response programmes;
- communicate its environmental commitment to clients, customers and the public and encourage them to support the cause; and
- strive to continually improve its environmental performance and minimise the social impact and damage of activities by periodically reviewing its environmental policy in light of the current and planned future activities.



## Succession Planning Policy

RafanMaize is fully committed to maintain inventory of highly skilled and professionally competent business leaders. The Company has a well structured Succession Planning Policy for desired results.

The process features as:

- Identify high-potential employees capable of rapid advancement to positions of higher responsibility than those they presently occupy.
- Ensure the systematic and long-term development of individuals to replace key job incumbents as the need arises due to deaths, disabilities, retirements, and other unexpected losses.
- Provide a continuous flow of talented people to meet the organization's management needs.
- Meet the organization's need to exercise social responsibility by providing for the advancement of protected labor groups inside the organization.
- The Company has one of the best in class performance management system called "Workday" for personnel development and succession planning.
- All the managers and supervisors required to identify successor for each position from bottom up.
- Respective managers and supervisors are responsible to identify additional training requirements of incumbent individuals by using training need assessment tool.
- High level People Capability Review with individual managers and executive leadership team members are performed to review the progress and readiness of the individuals.
- Progress from the last people capability review tracked through well-structured template and action plans for the futures years is developed with short span milestones and hard coded deliverables.
- Development plans for the individuals with high potential are prepared and modular training programs accordingly earmarked; and
- Critical positions or position with high turnover are reviewed frequently to ensure smooth succession planning and availability of right resource.

Throughout the year, HR Director periodically visits top managers to review progress in developing identified successors throughout their areas of responsibility.

"Workday" system provides all the time updated information on Succession planning.



# Stakeholders Engagement

## Policy and Procedure for Stakeholders' Engagement

Activity	Detail	Frequency
AGMs/EGMs	AGMs & EGMs provide easy access to shareholders to directly communicate with directors and executives of the Company and openly convey their views.	AGM – Annually EGM – As and when shareholders participation required
Financial Reports	Annual, half-year and quarterly reports are circulated among shareholders and also placed on Company website for easy access to all stakeholders.	Annual, Half-Year and Quarterly
Pakistan Stock Exchange	In compliance with Stock Exchange Rules and Code of Corporate Governance, all material information is conveyed to Pakistan Stock Exchange. Financial reports are also sent to Pakistan Stock Exchange for potential investors.	Periodic and ongoing
Customers & Suppliers	Company's Business Conduct Policies are annually circulated among Customers and Suppliers to remind them of Company's strong business culture. New parties are briefed about company's policies for strict adherence.	Annually and ongoing
Banks and other lenders	Company's periodic financial statements are sent to its financial institutions. Borrower's basic fact sheet is provided on renewal of borrowing limits. Frequent meetings are held with the bankers and Company's financial institutions.	Periodic and Annually
Media	Company's updated website is available for all public information. Necessary notices to shareholders like dividend announcement, notice of general meeting, etc. are conveyed to shareholders through press advertisement. Since Company is an industrial organization, it has no direct media contact.	Through Website
Regulator	All statutory requirements are complied and communicated to SECP within stipulated time.	Periodic and ongoing
Analyst	Periodic financial statements including management's corporate reports are regularly sent to Financial institutions, libraries, research institutes, students, etc.	Periodic

# Review Report to the Members

## on Statement of Compliance with Best Practices of Code of Corporate Governance



We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of Rafhan Maize Product Company Limited (“the Company”) for the year ended 31 December 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange (formally Karachi, Lahore and Islamabad Stock Exchanges), where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company’s compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

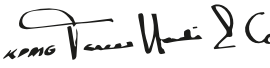
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal

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 Code requires the Company to place before the Audit Committee, and upon the recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2016.

Lahore  
February 16, 2017

  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
(Kamran I. Yousafi)

# Statement of Compliance with the Code of Corporate Governance - Year Ended December 31, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present, the board includes:

Category	Names
Independent Director	Mr. Anis Ahmad Khan
Non-Executive Directors	Mr. Pierre Perez y Landazuri Mr. Jorgen Kokke Mr. Jack C. Fortnum Ms. Christine M. Castellano Mr. Marcel Hergett Mr. Zulfikar Mannoo Mian M. Adil Mannoo Mr. Wisal A. Mannoo
Executive Directors	Mr. Usman Qayyum Dr. Abid Ali

The independent director met the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Four casual vacancies occurred on the Board during the year under review which were filled up by the Board within the stipulated time.
5. 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.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by the Vice Chairman and in their absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of the Board were apprised of their duties and responsibilities from time to time during Board meetings. In accordance with mandatory requirement of SECP and Stock Exchange, two new local Directors have obtained certification from approved institutions during the year under review.
10. The board has approved/ratified appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment after implementation of CCG 2012. No new appointment of CFO, Company Secretary and

Head of Internal Audit was made during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. At present, it comprises five members. All are non-executive directors including one Independent Director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors. The chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function. The Internal Auditor is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of

the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with



USMAN QAYYUM  
Chief Executive &  
Managing Director

February 16, 2017

# Financials



## Auditors' Report to the Members

We have audited the annexed balance sheet of Rafhan Maize Product Company Limited ("the Company") as at 31 December 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year

was for the purpose of the Company's business; and

- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



KPMG Taseer Hadi & Co.  
Chartered Accountants  
(Kamran Iqbal Yousafi)

Lahore  
February 16, 2017

# Balance Sheet

As at 31 December 2016

	Note	2016 (Rupees in thousands)	2015
<b>Non-current assets</b>			
Property, plant and equipment	5	6,805,788	6,389,399
Intangibles	6	427	1,161
Employees retirement benefits	7	241,184	14,680
Long term loans	8	10,263	7,016
		<u>7,057,662</u>	<u>6,412,256</u>
<b>Current assets</b>			
Stores and spares	9	649,729	614,537
Stock in trade	10	3,692,891	3,523,547
Trade debts	11	981,253	1,004,129
Loans and advances	12	88,524	93,234
Trade deposits and short term prepayments	13	149,800	144,351
Other receivables	14	16,113	27,769
Cash and bank balances	15	3,788,730	2,786,410
		<u>9,367,040</u>	<u>8,193,977</u>
<b>Current liabilities</b>			
Trade and other payables	16	2,284,354	2,099,989
Mark-up accrued on short term running finances		14	36
Provision for taxation - net		138,428	187,532
		<u>2,422,796</u>	<u>2,287,557</u>
<b>Working capital</b>			
		<u>6,944,244</u>	<u>5,906,420</u>
<b>Total capital employed</b>			
		<u>14,001,906</u>	<u>12,318,676</u>
<b>Non-current liabilities</b>			
Deferred taxation	17	968,406	644,890
<b>Net capital employed</b>			
		<u>13,033,500</u>	<u>11,673,786</u>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Share capital	18	92,364	92,364
Reserves	19	12,941,136	11,581,422
<b>Contingencies and commitments</b>			
	20	<u>13,033,500</u>	<u>11,673,786</u>

The annexed notes 1 to 41 form an integral part of these financial statements.

**Dr. Abid Ali**  
Director

**Usman Qayyum**  
Chief Executive and  
Managing Director

**Zulfikar Mannoo**  
Director

# Profit and Loss Account

For the year ended 31 December 2016

	Note	2016 (Rupees in thousands)	2015
Sales - net	22	25,060,830	24,618,077
Cost of sales	23	(18,345,146)	(19,163,936)
<b>Gross profit</b>		<b>6,715,684</b>	<b>5,454,141</b>
Distribution expenses	24	(346,699)	(289,904)
Administrative expenses	25	(427,225)	(408,872)
Other income	26	200,541	177,476
Other expenses	27	(417,091)	(318,145)
		(990,474)	(839,445)
<b>Operating profit</b>		<b>5,725,210</b>	<b>4,614,696</b>
Finance cost	28	(17,835)	(15,295)
<b>Profit before taxation</b>		<b>5,707,375</b>	<b>4,599,401</b>
Taxation	29	(1,827,944)	(1,324,236)
<b>Profit after taxation</b>		<b>3,879,431</b>	<b>3,275,165</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	30	<b>420.01</b>	<b>354.59</b>

The annexed notes 1 to 41 form an integral part of these financial statements.



**Dr. Abid Ali**  
Director



**Usman Qayyum**  
Chief Executive and  
Managing Director



**Zulfikar Mannoo**  
Director

# Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	2016 (Rupees in thousands)	2015
<b>Profit for the year</b>		3,879,431	3,275,165
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss:			
Actuarial gain on retirement benefits recognized directly in equity	7.3	226,504	15,112
Deferred tax on actuarial gain recognized directly in equity	17.1	(67,657)	(4,839)
		158,847	10,273
<b>Total comprehensive income for the year</b>		<b>4,038,278</b>	<b>3,285,438</b>

The annexed notes 1 to 41 form an integral part of these financial statements.



**Dr. Abid Ali**  
Director



**Usman Qayyum**  
Chief Executive and  
Managing Director



**Zulfikar Mannoo**  
Director

# Cash Flow Statement

For the year ended 31 December 2016

	Note	2016 (Rupees in thousands)	2015
<b>Cash flows from operating activities</b>			
<b>Cash generated from operations</b>	31	6,117,824	4,132,541
Taxes paid		(1,621,189)	(1,510,860)
Employees retirement benefits paid		(59,896)	(59,392)
Interest received		123,665	82,006
		(1,557,420)	(1,488,246)
<b>Net cash generated from operating activities</b>		4,560,404	2,644,295
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		(870,327)	(1,665,395)
Proceeds from sale of property, plant and equipment		7,138	2,325
Long term loans disbursed		(12,700)	(8,000)
Receipt from long term loans disbursed		7,301	4,206
<b>Net cash used in investing activities</b>		(868,588)	(1,666,864)
<b>Cash flows from financing activities</b>			
Dividend paid		(2,671,639)	(1,291,579)
Finance cost paid		(17,857)	(15,273)
<b>Net cash used in financing activities</b>		(2,689,496)	(1,306,852)
<b>Net increase / (decrease) in cash and cash equivalents</b>		1,002,320	(329,421)
<b>Cash and cash equivalents at the beginning of the year</b>		2,786,410	3,115,831
<b>Cash and cash equivalents at the end of the year</b>	15	3,788,730	2,786,410

The annexed notes 1 to 41 form an integral part of these financial statements.



**Dr. Abid Ali**  
Director



**Usman Qayyum**  
Chief Executive and  
Managing Director



**Zulfikar Mannoo**  
Director

# Statement of Changes in Equity

For the year ended 31 December 2016

	Capital Reserves			Revenue Reserves		Total
	Share capital	Share premium	Other	General	Un-appropriated profit	
----- (Rupees in thousands) -----						
<b>Balance as at 31 December 2014</b>	92,364	36,946	941	207	9,550,990	9,681,448
Total comprehensive income						
Profit for the year	-	-	-	-	3,275,165	3,275,165
Other comprehensive loss	-	-	-	-	10,273	10,273
	-	-	-	-	3,285,438	3,285,438
<b>Transactions with owners of the Company recognized directly in equity</b>						
Final dividend 2014 @ Rs. 85.00 per share	-	-	-	-	(785,096)	(785,096)
1st interim dividend 2015 Rs. @ 25.00 per share	-	-	-	-	(230,911)	(230,911)
2nd interim dividend 2015 Rs. @ 30.00 per share	-	-	-	-	(277,093)	(277,093)
	-	-	-	-	(1,293,100)	(1,293,100)
<b>Balance as at 31 December 2015</b>	92,364	36,946	941	207	11,543,328	11,673,786
Total comprehensive income						
Profit for the year	-	-	-	-	3,879,431	3,879,431
Other comprehensive income	-	-	-	-	158,847	158,847
	-	-	-	-	4,038,278	4,038,278
<b>Transactions with owners of the Company recognized directly in equity</b>						
Final dividend 2015 Rs. 120.00 per share	-	-	-	-	(1,108,371)	(1,108,371)
1st interim dividend 2016 Rs. 50.00 per share	-	-	-	-	(461,821)	(461,821)
2nd interim dividend 2016 Rs. 60.00 per share	-	-	-	-	(554,186)	(554,186)
3rd interim dividend 2016 Rs. 60.00 per share	-	-	-	-	(554,186)	(554,186)
	-	-	-	-	(2,678,564)	(2,678,564)
<b>Balance as at 31 December 2016</b>	92,364	36,946	941	207	12,903,042	13,033,500

The annexed notes 1 to 41 form an integral part of these financial statements.

**Dr. Abid Ali**  
Director

**Usman Qayyum**  
Chief Executive and  
Managing Director

**Zulfikar Mannoo**  
Director

# Notes to the Financial Statements

For the year ended 31 December 2016

## 1 Reporting entity

Rafhan Maize Products Company Limited ("the Company") was incorporated in Pakistan as a Public unlisted Company under Companies Ordinance, 1984 and was subsequently listed on the Pakistan Stock Exchange (Previously Karachi and Lahore Stock Exchange). Ingredion Inc. Chicago, U.S.A., holds majority shares of the Company. The registered office of the Company is situated at Finlay House, I.I. Chundrigar Road, Karachi. The Company uses maize as the basic raw material to manufacture and sell a number of industrial products, principal ones being industrial starches, liquid glucose, dextrose, dextrin and gluten meals.

## 2 Basis of preparation

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS's) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

### 2.2 Functional and presentation currency

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

### 2.3 New Standards, amendments to approved accounting standards and interpretations which became effective during the year ended 31 December 2016.

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

### 2.4 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 01 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The change would result in disclosures regarding change in liabilities arising from investing activities.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new

# Notes to the Financial Statements

For the year ended 31 December 2016

and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The above amendments are not likely to have an impact on Company's financial statements.

### 3 Basis of measurement

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

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

### 4 Summary of significant accounting policies

#### 4.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost of certain property, plant and equipment comprises of historical cost, exchange differences recognized, for the acquisition of property, plant and equipment up to the commencement of commercial

# Notes to the Financial Statements

For the year ended 31 December 2016

production and the cost of borrowings during construction period in respect of loans taken, if any, for specific projects.

Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to profit and loss account over its estimated useful life after taking into account the residual value, if material. Depreciation on additions is charged from the month in which the asset is available for use and on disposals is charged up to the month preceding the disposal. The rate of depreciation is specified in Note 5.1 to these financial statements.

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

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

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

## Capital work-in-progress

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

## 4.2 Intangibles

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

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

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit and loss as incurred.

## 4.3 Employees retirement benefits

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

### Defined benefit plans

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

The contributions have been made to pension and gratuity funds in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at 31 December 2016.

# Notes to the Financial Statements

For the year ended 31 December 2016

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

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

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

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

## Defined contribution plans

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

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

## 4.4 Stores and spares

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

## 4.5 Stocks in trade

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

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

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

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

# Notes to the Financial Statements

For the year ended 31 December 2016

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

## 4.6 Financial instruments

### 4.6.1 Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit and loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories:

- Financial assets at fair value through profit and loss
- Held-to-maturity financial assets
- Loans and receivables; and
- Available-for-sale financial assets.

### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses. A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Loans and receivables includes loans, deposits, trade debts, other receivables including accrued interest and cash and bank balances of the Company.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

As at 31 December 2016 no financial assets of the Company are classified under following categories:

- Financial assets at fair value through profit and loss;
- Held-to-maturity financial assets; and
- Available-for-sale financial assets.

### 4.6.2 Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities, if any, on the date that

# Notes to the Financial Statements

For the year ended 31 December 2016

they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost, using the effective interest rate method.

Other financial liabilities comprise trade payables and mark-up accrued.

## **Share capital (Ordinary shares)**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### **4.6.3 Derivative financial instruments**

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

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

## **4.7 Impairment**

### **Financial assets (including receivables)**

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit and loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

### **Non-financial assets**

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the

# Notes to the Financial Statements

For the year ended 31 December 2016

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

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

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 4.8 Provisions

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

## 4.9 Contingent liabilities

**Contingent liability is disclosed when:**

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## 4.10 Revenue recognition

### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and sales tax.

### Interest

Income from bank deposits and loans is recognized using the effective interest rate method.

## 4.11 Compensated absences

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

## 4.12 Borrowings and their cost

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

# Notes to the Financial Statements

For the year ended 31 December 2016

## 4.13 Foreign currency translation

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

## 4.14 Taxation

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

### Current

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

### Deferred

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

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

## 4.15 Earnings per share

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

## 4.16 Dividend and other appropriations

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

	Note	2016 (Rupees in thousands)	2015
<b>5 Property, plant and equipment</b>			
Operating property, plant and equipment	5.1	5,500,059	4,567,109
Capital work in progress	5.2	1,305,729	1,822,290
		<u>6,805,788</u>	<u>6,389,399</u>

## 5.1 Operating property, plant and equipment

	Owned assets						Total
	Freehold land	Factory building on freehold land	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	
	----- (Rupees in thousands) -----						
<b>Cost</b>							
Balance at 1 January 2015	376,195	2,035,909	5,004,004	53,943	119,509	47,593	7,637,153
Additions	10,522	54,306	181,304	2,922	20,311	5,938	275,303
Disposals	-	-	(490)	-	(5,608)	(2,116)	(8,214)
Balance at 31 December 2015	386,717	2,090,215	5,184,818	56,865	134,212	51,415	7,904,242
<b>Balance at 1 January 2016</b>	386,717	2,090,215	5,184,818	56,865	134,212	51,415	7,904,242
Additions	-	9,499	1,354,121	4,271	17,371	1,628	1,386,890
Disposals	-	-	(874)	(515)	(11,775)	(2,102)	(15,266)
<b>Balance at 31 December 2016</b>	386,717	2,099,714	6,538,065	60,621	139,808	50,941	9,275,866
<b>Rate of depreciation - %age</b>	-	4%	5%	20%	20%	25%	
<b>Accumulated depreciation</b>							
Balance at 1 January 2015	-	944,793	1,804,814	41,051	88,701	24,604	2,903,963
Depreciation	-	190,649	221,817	5,608	14,843	8,121	441,038
Disposals	-	-	(326)	-	(5,467)	(2,075)	(7,868)
Balance at 31 December 2015	-	1,135,442	2,026,305	46,659	98,077	30,650	3,337,133
<b>Balance at 1 January 2016</b>	-	1,135,442	2,026,305	46,659	98,077	30,650	3,337,133
Depreciation	-	188,634	235,603	4,722	13,938	9,357	452,254
Disposals	-	-	(873)	(466)	(10,157)	(2,084)	(13,580)
<b>Balance at 31 December 2016</b>	-	1,324,076	2,261,035	50,915	101,858	37,923	3,775,807
<b>Carrying amounts</b>							
At 31 December 2015	386,717	954,773	3,158,513	10,206	36,135	20,765	4,567,109
<b>At 31 December 2016</b>	386,717	775,638	4,277,030	9,706	37,950	13,018	5,500,059

**5.1.1** The cost of fully depreciated assets which are still in use is Rs. 1,048,072 thousands (2015: Rs. 1,014,598 thousands).

<b>5.1.2 Depreciation is allocated as under:</b>	<b>Note</b>	<b>2016 (Rupees in thousands)</b>	<b>2015 (Rupees in thousands)</b>
Cost of sales	23	434,781	423,775
Distribution cost	24	5,225	4,723
Administrative expenses	25	12,247	12,540
		<u>452,253</u>	<u>441,038</u>

**5.1.3 Following assets were disposed-off during the year:**

<b>Description</b>	<b>Sold to</b>	<b>Cost</b>	<b>Book value</b>	<b>Sale Proceeds</b>	<b>Gain</b>	<b>Mode of disposal</b>
----- (Rupees in thousands) -----						
Vehicle	M.Saeed Akhtar H# G.30, ST11#, Wapda City Faisalabad	1,756	263	351	88	Company Policy
Vehicle	Dr. Khalid Aziz S/O Abdul Aziz Chak122#/JB, Noorpura Faisalabad	1,424	261	285	24	Company Policy
Vehicle	Tayyab Raza H18#, Toyota Colony, Near Toyota Motor, West Canal Road Faisalabad	1,876	1,094	1,255	161	Company Policy
Assets with book value less than Rs. 50 thousands	Miscellaneous	10,210	67	5,247	5,180	Tender and negotiations
<b>2016</b>		<u>15,266</u>	<u>1,685</u>	<u>7,138</u>	<u>5,453</u>	
2015		<u>8,214</u>	<u>346</u>	<u>2,325</u>	<u>1,978</u>	

# Notes to the Financial Statements

For the year ended 31 December 2016

## 5.2 Capital work in progress

	Co-Gen plant	Plant expansion projects	Others	2016	2015
----- (Rupees in thousands) -----					
Land - note 5.2.1	-	-	6,814	6,814	6,814
Civil works and buildings	203,585	72,849	-	276,434	171,382
Plant and machinery	362,432	425,996	-	788,428	372,990
Advances	28,889	171,312	-	200,201	1,258,564
Machinery in transit	-	33,852	-	33,852	12,540
<b>2016</b>	<b>594,906</b>	<b>704,009</b>	<b>6,814</b>	<b>1,305,729</b>	<b>1,822,290</b>
2015	1,575,406	240,070	6,814		

**5.2.1** This represents full payment of Rs. 1,814 thousands (2015: Rs. 1,814 thousands) and legal cost incurred Rs. 5,000 thousands (2015: Rs. 5,000 thousands) for the Company's factory land in Faisalabad which was acquired from the Government in 1953 but registration of title is still pending in the name of the Company.

**5.2.2** Plant and machinery includes markup amounting to Rs. 1,520 thousands (2015: 5,301 thousands) calculated at the rates ranging from 6.47% to 6.76% per annum (2015: 6.7% to 8.7%).

	Note	(Rupees in thousands)
<b>6 Intangibles</b>		
SAP and other computer software		
<b>Cost</b>		
Balance at 1 January 2015		33,567
Addition		-
Balance at 31 December 2015		<u>33,567</u>
Balance at 1 January 2016		33,567
Addition		-
<b>Balance at 31 December 2016</b>		<u>33,567</u>
<b>Amortization</b>		
Balance at 1 January 2015		26,192
Amortization for the year		6,214
Balance at 31 December 2015		<u>32,406</u>
Balance at 1 January 2016		32,406
Amortization for the year	25	734
<b>Balance at 31 December 2016</b>		<u>33,140</u>
<b>Amortization rate per annum (%)</b>		<u>20%</u>
<b>Carrying amounts</b>		
At 31 December 2015		<u>1,161</u>
<b>At 31 December 2016</b>		<u>427</u>

Amortization on intangibles is charged to administrative expenses.

# Notes to the Financial Statements

For the year ended 31 December 2016

7 Employees retirement benefits	Note	2016 (Rupees in thousands)	2015
Gratuity	7.1	187,290	52,220
Pension	7.1	53,894	(37,540)
		<u>241,184</u>	<u>14,680</u>

## 7.1 Movements in the net assets / (liabilities) recognized in the balance sheet are as follows:

	Gratuity		Pension	
	2016	2015	2016	2015
	----- (Rupees in thousands) -----			
Net assets / (liabilities) at the beginning of the year	52,220	(7,158)	(37,540)	6,726
Expenses recognized	(40,341)	(45,278)	(19,555)	(14,114)
Contribution paid during the year	40,341	45,278	19,555	14,114
Actuarial gain / (loss) recognized	135,070	59,378	91,434	(44,266)
<b>Net assets / (liabilities) at the end of the year</b>	<u>187,290</u>	<u>52,220</u>	<u>53,894</u>	<u>(37,540)</u>

## 7.2 The amounts recognized in the profit and loss account are as follows:

	Gratuity		Pension	
	2016	2015	2016	2015
	----- (Rupees in thousands) -----			
Current service cost	(46,856)	(46,904)	(17,056)	(15,562)
Interest cost	(68,006)	(76,407)	(49,002)	(49,489)
Interest income on plan assets	74,521	78,033	46,503	50,937
	<u>(40,341)</u>	<u>(45,278)</u>	<u>(19,555)</u>	<u>(14,114)</u>

## 7.3 The amounts recognised in other comprehensive income are as follows:

	Gratuity		Pension	
	2016	2015	2016	2015
	----- (Rupees in thousands) -----			
Remeasurements of plan obligation from:				
- Change in demographic assumptions	-	-	-	-
- Change in financial assumptions	32,672	86,654	(53,912)	(24,484)
- Experience on obligation	84,934	(24,987)	138,775	(12,076)
	<u>117,606</u>	<u>61,667</u>	<u>84,863</u>	<u>(36,560)</u>
Remeasurements of plan assets:				
- Actual net return on plan assets	88,871	75,744	51,213	43,231
- Interest income on plan assets	(74,521)	(78,033)	(46,503)	(50,937)
- Experience difference	3,114	-	1,861	-
	<u>17,464</u>	<u>(2,289)</u>	<u>6,571</u>	<u>(7,706)</u>
	<u>135,070</u>	<u>59,378</u>	<u>91,434</u>	<u>(44,266)</u>

## 7.4 The amounts recognized in the balance sheet are as follows:

	Gratuity		Pension	
	2016	2015	2016	2015
	----- (Rupees in thousands) -----			
Present value of the obligation	(623,140)	(776,115)	(515,403)	(561,535)
Fair value of plan assets	810,430	828,335	569,297	523,995
<b>Net asset / (liability)</b>	<u>187,290</u>	<u>52,220</u>	<u>53,894</u>	<u>(37,540)</u>

# Notes to the Financial Statements

For the year ended 31 December 2016

	Gratuity		Pension	
	2016	2015	2016	2015
------(Rupees in thousands)-----				
<b>7.5 Movement in present value of defined benefit obligation</b>				
<b>Present value of defined benefit obligation as at the beginning of the year</b>	(776,115)	(746,841)	(561,535)	(487,352)
Current service cost	(46,856)	(46,904)	(17,056)	(15,562)
Interest cost	(68,006)	(76,407)	(49,002)	(49,489)
Actual benefits paid during the year	150,231	32,370	27,327	27,428
Actuarial gain / (loss) on obligation	117,606	61,667	84,863	(36,560)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>(623,140)</b>	<b>(776,115)</b>	<b>(515,403)</b>	<b>(561,535)</b>
<b>7.6 Movement in fair value of plan assets</b>				
<b>Fair value of plan asset as at the beginning of the year</b>	828,335	739,683	523,995	494,078
Interest income on plan assets	74,521	78,033	46,503	50,937
Actual benefits paid during the year	(150,231)	(32,370)	(27,327)	(27,428)
Actual contribution by the employer- normal	40,341	45,278	19,555	14,114
Net return on plan assets over interest income	17,464	(2,289)	6,571	(7,706)
<b>Fair value of plan asset as at the end of the year</b>	<b>810,430</b>	<b>828,335</b>	<b>569,297</b>	<b>523,995</b>
<b>7.7 Actual return on plan assets</b>				
Expected return on plan assets	74,521	78,033	46,503	50,937
Net return on plan assets over interest income	17,464	(2,289)	6,571	(7,706)
	<b>91,985</b>	<b>75,744</b>	<b>53,074</b>	<b>43,231</b>
<b>7.8 Plan assets comprise</b>				
Pakistan Investment Bonds (PIBs)	192,192	489,529	138,347	239,416
Mutual funds	245,873	206,370	107,477	88,819
Treasury Bills (T-Bills)	91,516	88,682	139,263	134,517
Debt instruments	-	27,181	-	45,301
Cash at Bank	280,849	16,573	184,210	15,942
	<b>810,430</b>	<b>828,335</b>	<b>569,297</b>	<b>523,995</b>
<b>7.9 Analysis of Present value of defined benefit obligation</b>				
Type of Members:				
Management	410,512	561,851	-	-
Non-management	212,628	214,264	-	-
Active	-	-	283,307	331,834
Pensioners	-	-	232,096	229,701
	<b>623,140</b>	<b>776,115</b>	<b>515,403</b>	<b>561,535</b>

# Notes to the Financial Statements

For the year ended 31 December 2016

	Gratuity		Pension	
	2016	2015	2016	2015
----- <b>(Rupees in thousands)</b> -----				
Vested / non-vested:				
Vested benefits	470,693	775,417	415,518	450,091
Non-vested benefits	152,447	698	99,885	111,444
	<u>623,140</u>	<u>776,115</u>	<u>515,403</u>	<u>561,535</u>
Type of Benefits:				
Accumulated benefit obligation	308,105	434,506	403,974	434,688
Amounts attributed to future salary increases	315,035	341,609	111,429	126,847
	<u>623,140</u>	<u>776,115</u>	<u>515,403</u>	<u>561,535</u>
<b>7.10 Disaggregation of fair value of plan assets</b>				
<b>Cash and cash equivalents (after adjusting current liabilities):</b>				
Quoted	280,849	16,573	184,210	15,942
<b>Investment in mutual funds:</b>				
Quoted	245,873	206,370	107,477	88,819
<b>Debt instruments:</b>				
Quoted	283,708	578,211	277,610	373,933
Not quoted	-	27,181	-	45,301
	<u>283,708</u>	<u>605,392</u>	<u>277,610</u>	<u>419,234</u>
<b>Total fair value of plan assets</b>	<u>810,430</u>	<u>828,335</u>	<u>569,297</u>	<u>523,995</u>

**7.11** Plan assets does not include any investment in the Company's ordinary shares as at 31 December 2016 (2015: Nil).

**7.12** Expected contributions to gratuity fund and pension fund for the year ending 31 December 2017 are Rs. 22,826 thousands and Rs. 13,183 thousands respectively.

**7.13** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at the beginning of the year.

**7.14** The future contribution rates of these funds include allowances for deficit and surplus. Projected unit credit method is used for valuation of these funds based on the following significant assumptions:

	Gratuity Fund		Pension Fund	
	2016	2015	2016	2015
----- <b>(Rupees in thousands)</b> -----				
Annual discount rate	9.50%	9.00%	9.50%	9.00%
Expected return on plan assets	9.50%	9.00%	9.50%	9.00%
Contribution rates (% of basic salaries)	14.86%	17.01%	10.47%	7.51%

# Notes to the Financial Statements

For the year ended 31 December 2016

	Gratuity Fund		Pension Fund	
	2016	2015	2016	2015
	------(Rupees in thousands)-----			
Expected rate of growth per annum in future salaries:				
- First year following valuation	12.00%	13.75%	12.00%	13.75%
- Second year following valuation	10.00%	11.75%	10.00%	11.75%
- Third year following valuation	10.00%	9.75%	10.00%	9.75%
- Long term (fourth year following valuation and onwards)	9.00%	8.75%	9.00%	8.75%
Mortality rates	SLIC	SLIC	SLIC	SLIC
	(2001-05)-1	(2001-05)-1	(2001-05)-1	(2001-05)-1

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

**7.15** The weighted average duration of the defined benefit obligation is 8.84 years and 12.22 years (2015: 7.27 years and 10.85 years) for gratuity and pension funds respectively.

**7.16** These defined benefit plans exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

**7.17** The main features of the employee retirement benefit schemes are as follows:

- Under the gratuity scheme, the normal retirement age in case of managers and officers is 63 years and 60 years in case of staff and workers. A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
- Under pension scheme the member shall be entitled to pension, subject to conditions laid down in the rules, on reaching the normal retirement age, disability, early retirement or death in which case the surviving spouse shall be entitled.

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

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

**7.19** Sensitivity analysis

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

Change in assumptions	Impact on defined benefit obligation				
	Gratuity		Pension		
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	
	------(Rupees in thousands)-----				
Discount rate	0.5%	26,531	(28,654)	31,485	(35,031)
Salary growth rate	0.5%	(22,162)	20,807	(10,390)	9,751

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

# Notes to the Financial Statements

For the year ended 31 December 2016

	Note	2016 (Rupees in thousands)	2015
<b>8 Long term loans - secured considered good</b>			
Staff loans outstanding:			
Executives	8.1	13,587	9,238
Other employees		2,720	1,670
		<u>16,307</u>	<u>10,908</u>
Less: current maturity	12	(6,044)	(3,892)
		<u>10,263</u>	<u>7,016</u>
<b>8.1 Loans to executives</b>			
Opening balance		9,238	4,467
Disbursement during the year		10,900	8,000
Recoveries during the year		(6,551)	(3,229)
Closing balance		<u>13,587</u>	<u>9,238</u>

**8.2** Loan to executive represent car loan provided to executives in accordance with the Company's policy and are repayable in 48 equal installments. These loans are either secured against the employees' provident fund or the vehicle purchased against the loan which is under joint ownership of the employee and the Company. Maximum aggregate balance outstanding during the year, at the end of any month, of loans to executives was Rs. 14,573 thousands (2015 : Rs. 9,545 thousands).

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

**8.4** Loans to other employees represent house building loans provided to employees in accordance with the Company's policy and are repayable over a period of five years. These loans are secured against the employees provident fund. Loans to employees carry interest at the rate of 8% (2015: 8%) at the end of the loan term.

	Note	2016 (Rupees in thousands)	2015
<b>9 Stores and spares</b>			
Mechanical Spares		515,925	505,508
<b>Consumable Stores</b>			
Fuels		85,584	19,507
Supplies		65,724	47,440
		<u>667,233</u>	<u>572,455</u>
Provision for slow moving and obsolete items	9.1	(34,471)	(31,194)
		<u>632,762</u>	<u>541,261</u>
Stores in transit		16,967	73,276
		<u>649,729</u>	<u>614,537</u>

# Notes to the Financial Statements

For the year ended 31 December 2016

	<b>2016</b>	2015
	<b>(Rupees in thousands)</b>	
<b>9.1 Provision for slow moving and obsolete items</b>		
Opening balance	31,194	61,359
Provision/ (reversal of provision) for the year	3,277	(30,165)
Closing balance	<u>34,471</u>	<u>31,194</u>

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

	<b>2016</b>	2015
	<b>(Rupees in thousands)</b>	
	<b>Note</b>	
<b>10 Stock in trade</b>		
Raw materials		
- Corn and Cobs	2,290,892	1,189,661
- Chemicals	83,792	72,585
- Packing Materials	36,261	42,851
Work in process	90,012	86,447
Finished goods	10.1 1,194,950	2,149,676
	3,695,907	3,541,220
Less: Provision for slow moving and obsolete stocks:		
- Raw materials	(1,802)	(17,544)
- Finished goods	(1,214)	(129)
	(3,016)	(17,673)
	<u>3,692,891</u>	<u>3,523,547</u>

**10.1** This includes imported finished goods amounting to Rs. 43,287 thousands (2015: Rs. 24,969 thousands) out of which goods in transit amounts to Rs. 16,195 thousands (2015: 15,937 thousands)

	<b>2016</b>	2015
	<b>(Rupees in thousands)</b>	
	<b>Note</b>	
<b>11 Trade debts</b>		
<b>Considered good</b>		
<b>Unsecured:</b>		
Related parties	11.1 211,048	178,505
Others	136,374	144,281
Secured	11.2 633,831	681,343
	981,253	1,004,129
Considered doubtful	460	542
	981,713	1,004,671
Provision for doubtful debts	11.3 (460)	(542)
	<u>981,253</u>	<u>1,004,129</u>

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

	2016					
	Neither past due nor impaired	Past due (1- 60 days)	Past due (61- 90 days)	Past due (91- 365 days)	Past due more than 365 days	Total
	----- (Rupees in thousands) -----					
Ingredion Holding LLC Kenya	83,512	21,700	-	-	-	105,212
PT Ingredion, Indonesia	5,177	7,766	-	-	-	12,943
Ingredion China Limited	2,432	-	-	-	-	2,432
National Starch & Chemical (Thailand) Ltd.	162	-	-	-	-	162
Ingredion Malaysia Sdn. Bhd.	-	1,294	-	-	-	1,294
Ingredion Germany GmbH	1,491	-	-	-	-	1,491
Unilever Pakistan Food Limited	86,309	-	-	1,205	-	87,514
	<b>179,083</b>	<b>30,760</b>	<b>-</b>	<b>1,205</b>	<b>-</b>	<b>211,048</b>
	----- (Rupees in thousands) -----					
	2015					
	Neither past due nor impaired	Past due (1- 60 days)	Past due (61- 90 days)	Past due (91- 365 days)	Past due more than 365 days	Total
	----- (Rupees in thousands) -----					
Ingredion Holding LLC Kenya	42,288	29,616	-	-	-	71,904
Ingredion Singapore Pte Ltd.	6,836	-	-	-	-	6,836
Ingredion Philippine Inc.	2,574	2,574	2,574	-	-	7,722
Ingredion Malaysia Sdn. Bhd.	1,300	1,392	-	-	-	2,692
Ingredion Germany GmbH	104	-	-	-	-	104
Unilever Pakistan Food Limited	83,765	3,016	-	2,466	-	89,247
	<b>136,867</b>	<b>36,598</b>	<b>2,574</b>	<b>2,466</b>	<b>-</b>	<b>178,505</b>

**11.2** These debts are secured against security deposits and bank guarantees received from customers.

# Notes to the Financial Statements

For the year ended 31 December 2016

<b>11.3 Provision for doubtful balances</b>	<b>Note</b>	<b>2016</b> <b>(Rupees in thousands)</b>	<b>2015</b> <b>(Rupees in thousands)</b>
Opening balance		542	1,749
Reversal of provision for the year	26	(82)	(1,197)
Bad debts written off during the year		-	(10)
Closing balance		<u>460</u>	<u>542</u>

No provision has been made against receivables from related parties, as none of the amounts receivable are considered impaired. Reversal of provision for doubtful debts is credited in other income.

<b>12 Loans and advances</b>	<b>Note</b>	<b>2016</b> <b>(Rupees in thousands)</b>	<b>2015</b> <b>(Rupees in thousands)</b>
Loans and advances - considered good:			
Suppliers of goods and services		74,562	84,095
Employees	12.1	7,918	5,247
Current maturity of long term loans	8	6,044	3,892
		<u>88,524</u>	<u>93,234</u>

**12.1** No advances were given to executives, directors and chief executive officer of the Company during the year.

<b>13 Trade deposits and short term prepayments</b>	<b>Note</b>	<b>2016</b> <b>(Rupees in thousands)</b>	<b>2015</b> <b>(Rupees in thousands)</b>
Security deposits		34,384	34,204
Prepayments		115,416	110,147
		<u>149,800</u>	<u>144,351</u>

## **14 Other receivables**

Other receivables - farmers balances:

Considered good		1,066	7,436
Considered doubtful		1,675	1,675
		2,741	9,111
Less: Provision for doubtful balances	14.1	(1,675)	(1,675)
		1,066	7,436
Due from Affiliates		229	756
Others		14,818	19,577
		<u>16,113</u>	<u>27,769</u>

### **14.1 Provision for doubtful balances**

There was no movement during the current and previous year.

## **15 Cash and bank balances**

Cash at banks			
- current accounts		97,323	147,960
- saving accounts	15.1	3,554,468	2,525,572
		3,651,791	2,673,532
Cheques in hand		127,541	107,145
		3,779,332	2,780,677
Cash in hand			
- local currency		8,891	5,082
- foreign currency		507	651
		9,398	5,733
		<u>3,788,730</u>	<u>2,786,410</u>

**15.1** These carry profit at rates ranging from 3.73 % to 6.9 % per annum (2015: 4.00 % to 9.00% per annum).

# Notes to the Financial Statements

For the year ended 31 December 2016

	Note	2016 (Rupees in thousands)	2015
<b>16 Trade and other payables</b>			
Creditors		391,329	494,042
Advances from customers		217,496	121,113
Security deposits from dealers and contractors	16.1	645,528	619,939
Other deposits	16.2	1,310	2,297
Accrued liabilities		346,678	345,573
Workers' welfare fund	16.3	98,235	92,590
Workers' profit participation fund	16.4	285,902	230,442
Employees provident fund	16.5	10,429	10,262
With holding tax payable		10,229	4,344
Sales tax payable		261,371	170,465
Unclaimed dividend		15,847	8,922
		<u>2,284,354</u>	<u>2,099,989</u>

**16.1** As per the terms of agreement between dealers and contractors, the Company can utilize these deposits in the normal course of business.

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

	Note	2016 (Rupees in thousands)	2015
<b>16.3 Workers' welfare fund</b>			
Opening balance		92,590	81,913
Provision for the year	27	97,659	83,892
Payment to the fund		(92,014)	(73,215)
Closing balance		<u>98,235</u>	<u>92,590</u>
<b>16.4 Workers' profit participation fund</b>			
Opening balance		230,442	197,773
Provision for the year	27	285,369	230,511
Payment to the fund		(229,909)	(197,842)
Closing balance		<u>285,902</u>	<u>230,442</u>

## 16.5 Provident fund related disclosures:

The Company operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the un-audited financial statements of the provident fund as at 31 December 2016:

# Notes to the Financial Statements

For the year ended 31 December 2016

	(Unaudited)	
	2016	2015
	(Rupees in thousands)	
Size of the fund - total assets	978,928	1,008,521
Cost of investments made	765,205	810,903
Percentage of investments - (% of total assets)	78.17%	80.41%
Fair value of investments	807,103	840,780

## 16.5.1 The break-up of investments is as follows:

	2016		2015	
	(Rupees in thousands)	%	(Rupees in thousands)	%
Pakistan Investment Bonds	298,500	36.98%	542,087	64.47%
Treasury Bills	281,525	34.88%	112,713	13.41%
Meezan Mutual Funds	205,623	25.48%	171,550	20.40%
Bank Placements	21,455	2.66%	14,430	1.72%
	807,103	100%	840,780	100%

The investments out of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	2016 (Rupees in thousands)	2015
<b>17 Deferred taxation</b>			
<b>Taxable temporary difference</b>			
Accelerated tax depreciation		909,226	657,861
Employees retirement benefits		72,354	4,697
<b>Deductible temporary difference</b>			
Others		(13,174)	(17,668)
	17.1	968,406	644,890

## 17.1 Deferred taxation

Movement in deferred taxation is as follows:

	2016			
	Opening	Charged to profit and loss	Charged to other comprehensive income	Closing
	----- (Rupees in thousands) -----			
<b>Taxable temporary difference</b>				
Accelerated tax depreciation	657,861	251,365	-	909,226
Employees retirement benefits	4,697	-	67,657	72,354
<b>Deductible temporary difference</b>				
Others	(17,668)	4,494	-	(13,174)
	644,890	255,859	67,657	968,406

# Notes to the Financial Statements

For the year ended 31 December 2016

	2015			Closing
	Opening	Charged to profit and loss	Charged to other comprehensive income	
------(Rupees in thousands)-----				
Taxable temporary difference				
Accelerated tax depreciation	698,038	(40,177)	-	657,861
Employees retirement benefits	(142)	-	4,839	4,697
Deductible temporary difference				
Others	(23,273)	5,605	-	(17,668)
	<u>674,623</u>	<u>(34,572)</u>	<u>4,839</u>	<u>644,890</u>

2016	2015	2016	2015
----(Number of shares)----		----(Rupees in thousands)----	

## 18 Authorized, issued, subscribed and paid up capital

Authorized share capital - ordinary shares of Rs.10 each

	20,000,000	20,000,000	200,000	200,000
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### 18.1 Issued, subscribed and paid up capital

Ordinary shares of Rs. 10 each

fully paid up for cash

	1,858,991	1,858,991	18,590	18,590
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Issued for other than cash - plant

and machinery

	36,294	36,294	363	363
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Issued as bonus shares

	7,341,143	7,341,143	73,411	73,411
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	<u>9,236,428</u>	<u>9,236,428</u>	<u>92,364</u>	<u>92,364</u>
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**18.2** Ingredion Inc. Chicago, U.S.A. (the holding company), holds 6,494,243 (2015: 6,494,243) ordinary shares of Rs. 10 each as at 31 December 2016.

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

# Notes to the Financial Statements

For the year ended 31 December 2016

	Note	2016 (Rupees in thousands)	2015
<b>19 Reserves</b>			
<b>Capital</b>			
Share premium	19.1	36,946	36,946
Other	19.2	941	941
		<u>37,887</u>	<u>37,887</u>
<b>Revenue</b>			
General reserve		207	207
Unappropriated profit		12,903,042	11,543,328
		<u>12,903,249</u>	<u>11,543,535</u>
		<u>12,941,136</u>	<u>11,581,422</u>

**19.1** This reserve can be utilized in accordance with the provision of section 83(2) of the Companies Ordinance, 1984.

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

## 20 Contingencies and commitments

### 20.1 Contingencies

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

**20.1.2** Land registration fee as per Note 5.2.2.

**20.2** Counter guarantees given by the Company to its bankers as at balance sheet reporting date amounting to Rs. 164,300 thousands (2015: Rs. 142,300 thousands).

	2016 (Rupees in thousands)	2015
<b>20.3 Commitments</b>		
Commitments in respect of capital expenditure	283,774	134,087
Commitment in respect of purchase of corn	5,593,724	7,148,400
Commitment in respect of forward exchange contracts	116,483	73,577

## 21 Short term running finances - secured

**21.1** The aggregate financing facility available from commercial banks is Rs. 2,500,000 thousands (2015: Rs. 2,500,000 thousands).

**21.2** The rate of markup ranges from 6.47% to 6.76% per annum (2015: 6.75% to 10.06% per annum). These facilities are secured by joint pari-passu hypothecation charge on current assets of the Company, amounting to Rs. 2,777,778 thousands and are subject to repricing on monthly/quarterly basis.

# Notes to the Financial Statements

For the year ended 31 December 2016

**21.3** The unutilized facility for letters of credit as on 31 December 2016 amounts to Rs. 426,305 thousands (2015: Rs. 525,000 thousands).

	Note	2016 (Rupees in thousands)	2015
<b>22 Sales - net</b>			
Domestic		27,269,192	25,977,213
Export		1,294,471	1,258,425
		<u>28,563,663</u>	<u>27,235,638</u>
Less: Sales tax		(3,491,490)	(2,607,074)
Trade discount and commission		(11,343)	(10,487)
		<u>(3,502,833)</u>	<u>(2,617,561)</u>
		<u>25,060,830</u>	<u>24,618,077</u>
<b>23 Cost of sales</b>			
Raw material consumed:			
Corn		11,442,941	12,891,064
Chemicals		267,342	252,865
Packing material		349,090	386,649
		<u>12,059,373</u>	<u>13,530,578</u>
<b>Factory expenses:</b>			
Salaries, wages and amenities	23.1	1,167,305	1,024,596
Spares consumed		235,668	191,480
Logistics and handling		538,363	542,547
Fuel and power		2,643,880	3,392,095
Rent, rates and taxes		9,825	9,540
Consumables		18,583	14,485
Repairs and maintenance		37,364	34,038
Depreciation	5.1.2	434,781	423,775
Insurance		14,211	14,740
Factory general expenses		123,021	182,424
		<u>5,223,001</u>	<u>5,829,720</u>
		<u>17,282,374</u>	<u>19,360,298</u>
Add: Opening work in process		86,447	60,390
		<u>17,368,821</u>	<u>19,420,688</u>
Less: Closing work in process	10	(90,012)	(86,447)
<b>Cost of production</b>		<u>17,278,809</u>	<u>19,334,241</u>
Add: Opening finished goods stock - own manufactured		2,124,708	1,873,501
		<u>19,403,517</u>	<u>21,207,742</u>
Less: Closing finished goods stock - own manufactured		(1,151,663)	(2,124,708)
Cost of goods sold -own manufactured products		<u>18,251,854</u>	<u>19,083,034</u>
Cost of goods sold -purchased products		93,292	80,902
<b>Cost of goods sold</b>		<u>18,345,146</u>	<u>19,163,936</u>

**23.1** Salaries, wages and amenities include Rs. 32,010 thousands (2015: Rs. 32,484 thousands) in respect of contribution to pension and gratuity fund and Rs. 22,978 thousands (2015 : Rs. 21,567 thousands) in respect of contribution to provident fund.

# Notes to the Financial Statements

For the year ended 31 December 2016

<b>24 Distribution expenses</b>	<b>Note</b>	<b>2016</b> <b>(Rupees in thousands)</b>	<b>2015</b>
Salaries and amenities	24.1	89,661	84,374
Traveling and automobile expenses		16,620	15,620
Provision of technical support fee		19,481	19,847
Freight and distribution		192,951	149,032
Insurance		2,845	2,610
Rent, rates and taxes		2,689	2,390
Repair and maintenance		57	36
Electricity charges		1,072	1,030
Printing and stationery		297	322
Telephone and postage		3,744	3,165
Advertising and sales promotion		1,778	1,588
Depreciation	5.1.2	5,225	4,723
Market research and development		609	494
Miscellaneous expenses		9,670	4,673
		<b>346,699</b>	<b>289,904</b>

**24.1** Salaries, wages and amenities include Rs. 6,317 thousands (2015: Rs. 6,064 thousands) in respect of contribution to pension and gratuity fund and Rs. 3,953 thousands (2015: Rs. 3,331) thousands in respect of contribution to provident fund.

<b>25 Administrative expenses</b>	<b>Note</b>	<b>2016</b> <b>(Rupees in thousands)</b>	<b>2015</b>
Salaries and amenities	25.1	267,880	268,306
Traveling and automobile expenses		26,865	25,842
Insurance		1,110	1,082
Rent, rates and taxes		2,458	2,029
IT, networking and data communication		87,139	66,898
Repair and maintenance		64	180
Electricity charges		1,582	1,780
Printing and stationery		1,801	1,702
Telephone and postage		4,476	3,843
Legal and professional charges		5,211	2,925
Depreciation	5.1.2	12,247	12,540
Amortization of intangible assets	6	734	6,214
Auditors' remuneration	25.2	3,120	2,980
Miscellaneous expenses		9,391	7,435
Donation and charity	25.3	3,147	5,116
		<b>427,225</b>	<b>408,872</b>

**25.1** Salaries, wages and amenities include Rs. 21,569 thousands (2015: Rs. 20,844 thousands) in respect of contribution to pension and gratuity fund and Rs. 9,809 thousands (2015 : Rs. 10,324 thousands) in respect of contribution to provident fund.

<b>25.2 Auditors' remuneration</b>	<b>2016</b> <b>(Rupees in thousands)</b>	<b>2015</b>
Statutory audit fee	1,280	1,220
Review of half yearly accounts	420	400
Services in connection with review and reporting of accounts to Ingredion Inc. (formerly CPI Inc.)	1,130	1,074
Audit of gratuity and pension funds	115	115
Miscellaneous certifications	40	36
Out of pocket expenses reimbursed	135	135
	<b>3,120</b>	<b>2,980</b>

**25.3** This represents donation to different associations and trusts. None of Directors has any interest in the donee.

# Notes to the Financial Statements

For the year ended 31 December 2016

26 Other income	Note	2016 (Rupees in thousands)	2015
<b>Income from financial assets</b>			
Mark up on staff loans and profit on bank deposits		122,718	83,393
Foreign exchange gain		2,721	-
Reversal of provision against doubtful debts	11.3	82	1,197
<b>Income from non-financial assets</b>			
Profit on sale of scrap		62,742	74,095
Profit on sale of property, plant and equipment		5,453	1,978
Miscellaneous income		6,825	16,813
		<u>200,541</u>	<u>177,476</u>
<b>27 Other expenses</b>			
Workers' welfare fund	16.3	97,659	83,892
Workers' profit participation fund	16.4	285,369	230,511
Foreign exchange loss		-	3,742
Loss on sale of damaged corn		34,063	-
		<u>417,091</u>	<u>318,145</u>
<b>28 Finance cost</b>			
Mark up on short term running finances		9	28
Bank charges and commission		17,826	15,267
		<u>17,835</u>	<u>15,295</u>
<b>29 Taxation</b>			
Current Taxation			
- for the year		1,470,770	1,424,224
- prior year		101,315	(65,416)
		1,572,085	1,358,808
Deferred Taxation		255,859	(34,572)
		<u>1,827,944</u>	<u>1,324,236</u>
		<b>2016</b>	<b>2015</b>
		-----Percentage-----	
<b>29.1 Reconciliation of effective tax rate:</b>			
Applicable tax rate		31.00	32.00
Tax effect of inadmissible expenses		2.70	3.35
Tax effect of admissible expenses		(8.02)	(3.05)
Effect of prior period adjustments		1.78	(1.39)
Effect of presumptive tax regime and others		4.57	(2.12)
<b>Average effective tax rate (tax expense divided by profit before tax)</b>		<u>32.03</u>	<u>28.79</u>

# Notes to the Financial Statements

For the year ended 31 December 2016

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

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

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

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

**29.4** The taxation officer under section 161/205 of the Income tax Ordinance, 2011 (the Ordinance) created tax demand of Rs. 51,935 thousands on the grounds that tax was deducted at lower rates, on payment of dividends to non-residents for the tax years 2004 to 2006. The Company filed appeal to Commissioner Income Tax (Appeals) and upon rejection filed an appeal before Appellate Tribunal Inland Revenue (ATIR) who decided the case in favour of the Company. The Tax Department has filed the reference application before Lahore High Court (LHC) which was rejected by LHC. Against the order of LHC, the Tax Department filed appeal before the Supreme Court of Pakistan, which is pending for hearing. The management is confident that the case will be decided in the favor of the Company.

**29.5** The Deputy Commission Inland Revenue (DCIR) under section 161(1A) of the Ordinance objected that the tax was deducted at lower rates on payment of dividends to non-residents for the tax year 2009 to 2015. The Company filed writ petition against the said notice before the Court which directed the DCIR to consider the provisions of the Ordinance, the relevant double taxation treaty and the judgments of ATIR in respect of tax years 2004 to 2006 and ordered to charge tax on dividend income at the lower rates. The DCIR after considering the Company's reply in light of the court order issued another notice to the Company showing intention to charge tax at higher rate, against which the Company filed a second petition before the Court. The Court directed DCIR to determine the application and relevance of its order passed in this regard. The proceedings are still pending and no notice from DCIR has been received so far.

**29.6** While finalising income tax assessment for the tax year 2014, the ACIR made certain add backs with the aggregated tax impact of Rs. 52.272 million. Against the amended order, the Company has filed appeal before CIR (Appeals), which is pending for hearing.

# Notes to the Financial Statements

For the year ended 31 December 2016

		2016	2015
<b>30 Earnings per share - basic and diluted</b>			
<b>30.1 Earning per share - basic</b>			
Profit attributable to ordinary shareholders	(Rupees in thousands)	3,879,431	3,275,165
Weighted average number of ordinary shares	(Numbers)	9,236,428	9,236,428
Earnings per share - basic	(Rupees)	420.01	354.59

## 30.2 Earning per share - diluted

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

		2016 (Rupees in thousands)	2015
<b>31 Cash generated from operation</b>			
<b>Profit before tax</b>		5,707,375	4,599,401
Adjustment for:			
Depreciation of property, plant and equipment		452,253	441,038
Amortization of intangible assets		734	6,214
Provision for employees retirement benefits		59,896	59,392
Reversal of provision for doubtful debts		(82)	(1,197)
Provision/ (reversal of provision) for slow moving and obsolete items		5,159	(12,492)
Gain on disposal of property, plant and equipment		(5,453)	(1,978)
Loss on sale of damaged corn		34,063	-
Interest income		(122,718)	(83,393)
Finance cost		17,835	15,295
		441,687	422,879
<b>Cash generated from operation before working capital changes</b>		6,149,061	5,022,280
<b>Effect on cash flow due to working capital changes</b>			
Decrease / (increase) in current assets:			
Stores and spares		(38,469)	(22,998)
Stock in trade		(205,289)	(698,658)
Trade debts		22,958	(100,266)
Loans and advances		6,862	70,195
Trade deposits and short term prepayments		(5,449)	(26,874)
Other receivables		10,710	(7,623)
		(208,677)	(786,224)
Increase / (decrease) in current liabilities:			
Trade and other payables		177,440	(103,515)
<b>Net decrease in working capital</b>		(31,237)	(889,739)
<b>Cash generated from operations</b>		6,117,824	4,132,541

# Notes to the Financial Statements

## For the year ended 31 December 2016

### 32 Financial instruments - Fair values and risk management

#### 32.1 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

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

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

	Carrying amount				Fair value			
	Derivatives	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees in thousands -----								
<b>31 December 2016</b>								
<b>Financial assets - measured at fair value</b>								
Forward exchange contract	710	-	-	710	-	710	-	710
<b>Financial assets - not measured at fair value</b>								
Long term loans	-	10,263	-	10,263	-	-	-	-
Trade debts	-	981,253	-	981,253	-	-	-	-
Loans and advances	-	13,962	-	13,962	-	-	-	-
Trade deposits	-	34,384	-	34,384	-	-	-	-
Other receivables	-	15,403	-	15,403	-	-	-	-
Cash and bank balances	-	3,788,730	-	3,788,730	-	-	-	-
	-	4,843,995	-	4,843,995	-	-	-	-
<b>Financial liabilities - not measured at fair value</b>								
Trade and other payables	-	-	1,795,258	1,795,258	-	-	-	-
Mark up accrued on short term running finances	-	-	14	14	-	-	-	-
	-	-	1,795,272	1,795,272	-	-	-	-
<b>31 December 2015</b>								
<b>Financial assets - measured at fair value</b>								
Forward exchange contract	307	-	-	307	-	307	-	307
<b>Financial assets - not measured at fair value</b>								
Long term loans	-	7,016	-	7,016	-	-	-	-
Trade debts	-	1,004,129	-	1,004,129	-	-	-	-
Loans and advances	-	9,139	-	9,139	-	-	-	-
Trade deposits	-	34,204	-	34,204	-	-	-	-
Other receivables	-	27,769	-	27,769	-	-	-	-
Cash and Bank balances	-	2,786,410	-	2,786,410	-	-	-	-
	-	3,868,667	-	3,868,667	-	-	-	-
<b>Financial liabilities - not measured at fair value</b>								
Trade and other payables	-	-	1,807,614	1,807,614	-	-	-	-
Mark up accrued on short term running finances	-	-	36	36	-	-	-	-
	-	-	1,807,650	1,807,650	-	-	-	-

# Notes to the Financial Statements

## For the year ended 31 December 2016

### 32.2 Risk management of financial instruments

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

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

- Credit risk
- Liquidity risk
- Market risk

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

#### 32.2.1 Risk management framework

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

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

#### 32.2.2 Credit risk

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

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

##### 32.2.2.1 Exposure to credit risk

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

	Note	2016 (Rupees in thousands)	2015
Long term loans	8	10,263	7,016
Trade debts	11	981,253	1,004,129
Loans and advances	12	13,962	9,139
Trade deposits		34,384	34,204
Other receivables	14	16,113	27,769
Bank balances	15	3,779,332	2,780,677
		<u>4,835,307</u>	<u>3,862,934</u>
Secured		650,138	692,251
Unsecured		4,185,169	3,170,683
		<u>4,835,307</u>	<u>3,862,934</u>

# Notes to the Financial Statements

For the year ended 31 December 2016

## 32.2.2.2 Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings or to historical information about counterparty:

### 32.2.2.2.1 Bank balances

Banks	Rating		Rating agency	2016	2015
	Short term	Long term		(Rupees in thousands)	
Meezan Bank Limited	A-1+	AA	JCR-VIS	575,057	233,652
Standard Chartered Bank (Pakistan) Limited	A 1+	AAA	PACRA	94,189	185,960
Citi Bank Limited	P 1	A2	Moody's	161	294
MCB Bank Limited	A 1+	AAA	PACRA	1,104,861	767,437
Habib Bank Limited	A-1+	AAA	JCR-VIS	898,447	390,237
National Bank of Pakistan	A 1+	AAA	PACRA	1,106,617	1,103,095
Bank Alfalah Ltd	A 1+	AA	PACRA	-	100,002
Cash in transit				-	-
				<u>3,779,332</u>	<u>2,780,677</u>

### 32.2.2.2.2 Trade debts

The maximum exposure to credit risk for trade debts by geographic regions was:

	Note	2016 (Rupees in thousands)	2015
Domestic		833,870	871,788
Foreign		147,382	132,341
		<u>981,252</u>	<u>1,004,129</u>
The aging of trade receivables that are not impaired at the reporting date is:			
Neither past due nor impaired			
		936,809	883,329
<b>Past due:</b>			
1-30 days		38,913	93,727
31-60 days		352	11,702
61-90 days		406	9,338
91-365 days		5,232	6,575
more than 365 days		-	-
		44,903	121,342
Provision for doubtful debts	11.3	(460)	(542)
		<u>981,252</u>	<u>1,004,129</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to major customers are secured through security deposits, bank guarantees and letters of credit.

All transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

### 32.2.2.2.3 Other financial assets

Long term loans, short term loans, trade deposits and other receivables are mostly due from related parties, employees and Government institutions. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

### 32.2.2.2.4 Derivatives

The derivatives are entered with banks and financial institution counterparties, which are rated AA based on JCR-VIS ratings.

# Notes to the Financial Statements

For the year ended 31 December 2016

## 32.2.2.2.5 Concentration risk

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

	2016 (Rupees in thousands)	2015
Paper and Board	57,215	12,269
Confectionary	130,577	246,421
Textile	34,647	93,871
Poultry	4,530	23,653
Pharmaceuticals	32	8
Chemical & Allied Industries	239	-
Dealers	754,473	628,449
Bank	3,779,332	2,780,677
Employees	24,225	16,155
Others	52,172	63,648
Provision for doubtful balances	(2,135)	(2,217)
	<u>4,835,307</u>	<u>3,862,934</u>

## 32.2.3 Liquidity risk

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

The following are the remaining contractual maturities of financial liabilities:

	2016			
	Carrying amount	Contractual cash flows	Up to one year or less	More than one year
----- (Rupees in thousand) -----				
<b>Non- derivative financial liabilities</b>				
Trade and other payables	1,795,258	1,795,258	1,795,258	-
Mark up accrued on short term running finances	14	14	14	-
	<u>1,795,272</u>	<u>1,795,272</u>	<u>1,795,272</u>	<u>-</u>
	2015			
	Carrying amount	Contractual cash flows	Up to one year or less	More than one year
----- (Rupees in thousand) -----				
<b>Non- derivative financial liabilities</b>				
Trade and other payables	1,807,614	1,807,614	1,807,614	-
Mark up accrued on short term running finances	36	36	36	-
	<u>1,807,650</u>	<u>1,807,650</u>	<u>1,807,650</u>	<u>-</u>

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

# Notes to the Financial Statements

For the year ended 31 December 2016

## 32.2.4 Market risk

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to major market risks as at 31 December 2016.

### 32.2.4.1 Currency risk

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

	USD 2016	USD 2015
Foreign debtors	1,412,039	1,262,198
Foreign currency bank balance	4,964	6,313
Trade and other payables	(1,161,666)	(594,042)
Net balance sheet exposure	255,337	674,469
Forward exchange contracts	1,116	702
Net exposure	256,453	675,171

The following significant exchange rates have been applied:

	Average rate for the year		Reporting date rate	
	2016	2015	2016	2015
USD to PKR	104.72	102.77	104.38	104.85

### Sensitivity analysis:

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

	2016 (Rupees in thousands)	2015
<b>Effect on profit and loss</b>		
US Dollar	2,677	7,079

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

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

### 32.2.4.2 Interest rate risk

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

	Effective rate		Carrying amount	
	2016 (Percentage)	2015	2016 (Rupees in thousands)	2015
<b>Financial assets</b>				
Fixed rate instruments:				
Long term loans	8.0%	8.0%	16,307	10,908
Variable rate instruments:				
Bank balances - saving	3.7% to 6.9%	4.0% to 9.0%	3,554,468	2,525,572
			3,570,775	2,536,480

### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

# Notes to the Financial Statements

## For the year ended 31 December 2016

### Cash flow sensitivity analysis for variable rate instruments

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

	Profit and loss 100 bps	
	Increase	Decrease
	(Rupees in thousands)	
<b>As at 31 December 2016</b>	1,227	(1,227)
As at 31 December 2015	834	(834)

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

#### 32.2.4.3 Other price risk

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

#### 32.2.4.4 Capital management

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

The Company's objectives when managing capital are:

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

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

For working capital requirement and capital expenditure, the Company relies substantially on short term borrowings.

### 33 Remuneration of Chief Executive, Directors and Executives

	Chief Executive and Managing Director		Executive Director		Executives	
	2016	2015	2016	2015	2016	2015
	(Rupees in thousands)					
Managerial remuneration	9,941	19,779	4,519	3,907	146,257	110,650
Rent, medical and other allowances	5,458	3,626	4,225	3,653	137,073	111,317
Bonus and leave encashment	18,367	10,352	3,141	2,518	54,298	43,385
Retirement benefits	2,277	4,827	1,035	954	30,259	27,004
Club subscription	20	40	-	-	24	29
	36,063	38,624	12,920	11,032	367,911	292,385
Number	1	1	1	1	127	107

**33.1** Meeting fees aggregating to Rs. 280 thousands (2015: Rs 180 thousands) were paid to 4 (2015: 4) non-executive directors for attending board meetings. In addition, Chief Executive & Managing Director (CE&MD), full time working director and some executives are provided with company maintained car. Number of non-executive directors of the Company as at 31 December 2016 are 9 (2015: 9).

**33.2** The remuneration of CE&MD include remuneration of outgoing CE&MD, Mr. Ansar Yahya, from January to March 2016 and remuneration of incoming CE & MD, Mr. Usman Qayyum, from April to December 2016.

### 34 Transactions with related parties

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

Name of parties	2016		2015	
	Total value of transaction (Rupees in thousands)	Closing balance [asset/ (liability)] (Rupees in thousands)	Total value of transaction (Rupees in thousands)	Closing balance [asset/ (liability)] (Rupees in thousands)
Ingration Inc. U.S.A	53,313	(25,979)	49,256	(20,630)
Ingration Inc. U.S.A	993	229	757	754
Ingration Inc. U.S.A	1,883,298	-	909,179	-
Ingration Inc. U.S.A	25,247	(9,261)	-	-
Ingration Holding LLC Kenya	3,554	438	-	-
Ingration Holding LLC Kenya	452,944	104,773	481,121	71,904
Ingration Holding LLC Kenya	59	(59)	-	-
Ingration Singapore Pte Ltd.	49,051	(6,263)	49,421	6,836
Ingration Singapore Pte Ltd.	694	-	44,457	(6,233)
Ingration Germany GmbH	1,497	1,491	104	103
Ingration Germany GmbH	46,006	(8,783)	17,637	(15,282)
National Starch & Chemical (Thailand) Ltd.	1,551	162	-	-
National Starch & Chemical (Thailand) Ltd.	8,061	(1,930)	4,597	(839)
Ingration Brasil Ingredients Industrials Ltd.	293	(293)	-	-
Ingration Philippines Inc.	16,516	-	27,675	7,723
Ingration Malaysia Sdn. Bhd.	7,798	1,294	10,392	2,693
Ingration China Limited	5,091	2,432	-	-
Ingration India Private Ltd.	1,338	-	157	-
Corn Products Development Inc.	19,481	(3,648)	19,847	(3,505)
Unilever Pakistan Food Limited	1,078,171	87,515	1,142,768	89,247
PT Ingridion, Indonesia	27,306	12,943	-	-
Employees retirement funds	96,637	(3,046)	94,614	(2,906)

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

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

# Notes to the Financial Statements

For the year ended 31 December 2016

	2016	2015
	----- (Metric tons) -----	
<b>35 Plant capacity and production</b>		
Average grind capacity per day	1,850	1,841
Grind capacity for 350 working days	647,500	644,350
Actual days worked	301	280
Actual grind	497,385	514,925

## 36 Number of employees

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

	2016	2015
	(Number of persons)	
Total number of employees as at 31 December	2,131	2,080
Average number of employees during the year	2,114	2,067

## 37 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- a) Taxation - (note 4.14 & 29)
- b) Useful life of depreciable assets- (note 4.1 & 5.1)
- c) Useful life of intangibles- (note 4.2 & 6)
- d) Employees retirement benefits- (note 4.3 & 7)
- e) Provision against stores and spares and stock in trade (note 4.4 & 4.5)
- f) Provision for doubtful debt- (note 4.8 & 11)
- g) Provision and contingencies- (note 4.8 & 20)

# Notes to the Financial Statements

For the year ended 31 December 2016

## 38 Dividends

The Board of Directors have proposed a final dividend for the year ended 31 December 2016 of Rs. 300 per share, amounting to Rs. 2,770,928 thousands at their meeting held on 16 February 2017, for approval of members at the Annual General Meeting to be held on 29 March 2017 (2015: Rs. 120 per share amounting to Rs. 1,108,371 thousands).

## 39 Operating segments

The financial statements have been prepared on the basis of a single reportable segment. 95.47% (2015: 95.38%) out of total sales of the Company relates to customers in Pakistan. All non current assets of the Company as at 31 December 2016 are located in Pakistan.

## 40 Date of authorization of issue

These financial statements were authorized for issue on 16 February 2017 by the Board of Directors of the Company.

## 41 General

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



**Dr. Abid Ali**  
Director



**Usman Qayyum**  
Chief Executive and  
Managing Director



**Zulfikar Mannoo**  
Director

# Pattern of Shareholding

As at 31 December 2016

Number of Shareholders		Shareholding		Total Shares Held
696	1	-	100	31210
150	101	-	500	35125
45	501	-	1000	33785
40	1001	-	5000	105533
7	5001	-	10000	55725
1	10001	-	15000	13919
1	15001	-	20000	20000
2	30001	-	35000	66874
1	40001	-	45000	43140
3	50001	-	55000	155784
1	55001	-	60000	58252
1	60001	-	65000	63822
2	65001	-	70000	133508
1	90001	-	95000	93689
1	100001	-	105000	100131
2	110001	-	115000	226265
2	140001	-	145000	283066
1	150001	-	155000	152139
2	165001	-	170000	332964
1	200001	-	205000	200085
1	235001	-	240000	236578
1	300001	-	305000	300595
1	6490001	-	6495000	6494239
<b>963</b>				<b>9,236,428</b>

Sr. No.	Shareholders Category	Number of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children	7	582,193	6.30
2	Associated Companies, Undertakings and Related Parties	1	6,494,239	70.31
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	55,147	0.60
5	Insurance Companies	5	119,342	1.30
6	Modarabas and Mutual Funds	10	39,011	0.42
7	General Public : a. Local b. Foreign	914 -	1,940,592	21.01 -
8	Others	24	5,904	0.06
	<b>Total:</b>	<b>963</b>	<b>9,236,428</b>	<b>100.00</b>
	Shareholders holding 10% or more	1	6,494,239	70.31

The above two Statements include 495 shareholders holding 508,727 shares through Central Depository Company of Pakistan Limited.

# Pattern of Shareholding

As at 31 December 2016 information as required under Code of Corporate Governance

Shareholders' Category	Number of	
	Shareholders	Shares Held
<b>Associated Companies, Undertaking and Related Parties (name wise details)</b>		
Ingredion Incorporated	1	6,494,239
<b>Total &gt;&gt;</b>	<b>1</b>	<b>6,494,239</b>
<b>Mutual Funds (name wise details)</b>		
MCBFSL - TRUSTEE JS VALUE FUND	1	7,455
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	6,260
CDC - TRUSTEE JS ISLAMIC FUND	1	1,520
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	6,100
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	112
CDC - TRUSTEE APF-EQUITY SUB FUND	1	500
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	532
MC FSL - TRUSTEE JS GROWTH FUND	1	13,919
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	973
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	1,640
<b>TOTAL &gt;&gt;</b>	<b>10</b>	<b>39,011</b>
<b>Directors and their spouse</b>		
ANIS AHMAD KHAN	1	1,346
MR. ZULFIKAR MANNOO	1	238,263
MRS. SARWAT ZULFIKAR	1	9,370
MR. MOHAMMAD ADIL MANNOO	1	155,994
MR. WISAL A. MANNOO	1	177,218
MISS. CHRISTINE M.CASTELLANO	1	1
MR. JACK C. FORTNUM	1	1
<b>TOTAL &gt;&gt;</b>	<b>7</b>	<b>582,193</b>
<b>Executives</b>		
<b>TOTAL &gt;&gt;</b>	<b>1</b>	<b>164</b>
<b>Public Sector Companies and Corporations</b>		
<b>TOTAL &gt;&gt;</b>	<b>1</b>	<b>58,252</b>
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds</b>		
<b>TOTAL &gt;&gt;</b>	<b>7</b>	<b>116,257</b>
<b>Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)</b>		
INGREDION INCORPORATED	1	6,494,239
<b>TOTAL &gt;&gt;</b>	<b>1</b>	<b>6,494,239</b>

# INVESTORS' EDUCATION

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



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## ہیومن ریسورس اینڈری میونریشن کمیٹی

بورڈ آف ڈائریکٹرز نے بورڈ کے چار درج ذیل ممبران پر مشتمل ہیومن ریسورس اینڈری میونریشن کمیٹی قائم کی۔ سال کے دوران کمیٹی کے دو اجلاس منعقد ہوئے اور شرکت درج ذیل کے مطابق رہی:

شرکت کردہ اجلاسوں کی تعداد			
1	نان ایگزیکٹو ڈائریکٹر	چیرمین	یوگن کوکی
1	نان ایگزیکٹو ڈائریکٹر	ممبر	جینیفر جیری وائی لینڈا زوری
1	ایگزیکٹو ڈائریکٹر	ممبر	عثمان قیوم
2	نان ایگزیکٹو ڈائریکٹر	ممبر	ذوالفقار منوں
1	نان ایگزیکٹو ڈائریکٹر	چیرمین	مارٹن سوئیگ (مستعفی)
1	نان ایگزیکٹو ڈائریکٹر	ممبر	راشد علی (مستعفی)
1	ایگزیکٹو ڈائریکٹر	ممبر	انصرتی (مستعفی)

کمیٹی درج ذیل امور کے لئے ذمہ دار ہے:

- 1- بورڈ کیلئے ہیومن ریسورس مینجمنٹ پالیسیوں کی سفارش کرنا؛
- 2- انتخاب، جانچ پڑتال، زرتلانی (بشمول ریٹائرمنٹ کے فوائد) سی او او اور سی ای او کی وراثت کی منصوبہ بندی کیلئے بورڈ کو سفارش کرنا؛
- 3- انتخاب، جانچ پڑتال، زرتلانی (بشمول ریٹائرمنٹ کے فوائد) برائے سی او او، سی ایف او، کمپنی سیکریٹری اور انٹرنل آڈٹ کے سربراہ کے سلسلے میں بورڈ کو سفارش کرنا؛ اور
- 4- اہم انتظامی عہدوں جو براہ راست سی ای او کو رپورٹ کریں، کیلئے ایسے امور پر سی ای او یا سی او کی سفارشات پر غور و خوض اور منظوری۔

## شیرزٹرانسفر کمیٹی

بورڈ آف ڈائریکٹرز نے بورڈ کے تین ممبران پر مشتمل شیرزٹرانسفر کمیٹی قائم کی ہے۔ سال کے دوران شیرزٹرانسفر کمیٹی کے نو (9) اجلاس منعقد ہوئے اور اس میں حاضری درج ذیل کے مطابق رہی:

شرکت کردہ اجلاس کی تعداد			
8	چیرمین		جناب عثمان قیوم
9	ممبر		ڈاکٹر عبدالعلی
3	ممبر		جناب انیس احمد خان
1	ممبر		جناب راشد علی (مستعفی)
1	ممبر		جناب انصرتی (مستعفی)

کمیٹی وقتاً فوقتاً شیرزٹرانسفر کی کارآمد منتقلیوں اور ٹرانسمیشن پر غور کرنے اور منظوری اور اس سے متعلق کسی امور کے سلسلے میں ملاقات کرتی رہتی ہے۔

## شیر ہولڈنگ کا طریقہ کار

شیر ہولڈنگ کا طریقہ کار بمطابق 31 دسمبر 2016ء کو جوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق اور شیر ہولڈنگ کی تقسیم کے بارے میں اسٹیٹمنٹ اس رپورٹ کے آخر میں ظاہر کیا گیا ہے۔

## منافع منقسمہ

کمپنی پہلے سے تین عبوری منافع منقسمہ بشرح 500 فیصد، 600 فیصد اور 600 فیصد کی ادائیگی کر رہی ہے۔ ڈائریکٹرز نے اب 3000 فیصد حتمی منافع منقسمہ تجویز کیا ہے جس سے سال کیلئے مجموعی منافع منقسمہ 4700 فیصد ہو جائے گا۔

منجانب بورڈ

  
عثمان قیوم  
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر

16 فروری 2017

## کمپنی کے شیئرز میں منتقلیاں

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

تختے کے طور پر وصول کئے گئے شیئرز کی تعداد	فروخت/تختے کے طور پر دیئے گئے شیئرز کی تعداد	ڈائریکٹر	وصال اے۔ منوں
1,520			

## مرکزی کمپنی

انگریڈین انکارپوریٹڈ، امریکہ کمپنی کے اکثریتی شیئرز کی حامل ہے۔

## آڈیٹرز

سبکدوش ہونے والے آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے اہل ہونے کی بناء پر خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر سال 2017 کے لئے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی تقرری کیلئے تجویز پیش کی ہے۔

## آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس پر عمل درآمد کے تحت بورڈ کے پانچ ممبران پر مشتمل ایک آڈٹ کمیٹی قائم کی ہے۔ سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے اور ان میں شرکت کی تعداد درج ذیل کے مطابق تھی:

شرکت کردہ اجلاسوں کی تعداد			
4	نان ایگزیکٹو ڈائریکٹر	چیئر مین	ذوالفقار منوں
4	نان ایگزیکٹو ڈائریکٹر	ممبر	جیک سی۔ فورٹم
4	نان ایگزیکٹو ڈائریکٹر	ممبر	کرشن ایم۔ کاسٹیلا نو
4	آزاد ڈائریکٹر	ممبر	انیس احمد خان
1*	نان ایگزیکٹو ڈائریکٹر	ممبر	مارسل ہرگیٹ
2	نان ایگزیکٹو ڈائریکٹر	ممبر	راشد علی (مستعفی)

\*ان کی مدت میں ایک اجلاس منعقد ہوا

آڈٹ کمیٹی نے سہ ماہی، ہشماہی، اور سالانہ مالیاتی حسابات کو بورڈ کے پاس جمع کرانے اور ان کی اشاعت سے قبل ان کا جائزہ لیا۔ سی ایف او، ہیڈ آف انٹرنل آڈٹ اور ایکسٹرنل آڈیٹرز کے نمائندے نے تمام اجلاسوں میں شرکت کی جہاں اکاؤنٹس اور آڈٹ سے متعلق امور زیر بحث لائے گئے۔ آڈٹ کمیٹی نے وسائل، کمپنی کے اندر انٹرنل آڈٹ کی درست پالیسی، انٹرنل آڈٹ کے نتائج اور کمپنی کے اثاثہ جات کے تحفظ کے اقدامات کا جائزہ بھی لیا۔ آڈٹ کمیٹی نے انٹرنل اور ایکسٹرنل آڈیٹرز کے ساتھ الگ الگ اجلاس بھی منعقد کئے جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے۔ آڈٹ کمیٹی نے ایکسٹرنل آڈیٹرز کے ساتھ مینجمنٹ لیٹر پر بھی بات چیت کی۔ متعلقہ پارٹیز کے ساتھ جو ٹرانزیکشنز ہوئیں وہ بھی آڈٹ کمیٹی کے رو برو کھی گئیں۔ آڈٹ کمیٹی کے چیئر مین ایک نان۔ ایگزیکٹو ڈائریکٹر ہیں۔ کمیٹی کے خود مختار ڈائریکٹر کے پاس فنانس اور اکاؤنٹنگ کی فیلڈ کا علم اور تجربہ بھی ہے۔ انٹرنل آڈیٹرز آڈٹ کمیٹی تک براہ راست رسائی رکھتے ہیں۔ آڈٹ کمیٹی نے ان تمام ٹرمز آف ریفرنس پر عمل کیا جو کوڈ آف کارپوریٹ گورننس 2012 میں درج ہیں۔

2015	2016		
972.431	1,045.266	برطابق 30 جون 2016	پراویڈنٹ فنڈ
828.335	810.430	برطابق 31 دسمبر 2016	گر بچو پیٹی فنڈ
523.995	569.297	برطابق 31 دسمبر 2016	سپرائیو ایڈیشن فنڈ

## بورڈ آف ڈائریکٹرز

بورڈ 11 ارکان بشمول نو (9) نان ایگزیکٹو اور دو (2) ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ نو (9) نان ایگزیکٹو ڈائریکٹرز میں سے ایک آزاد نان ایگزیکٹو ڈائریکٹر اور تین ڈائریکٹرز اقلیتی شیئر ہولڈرز کی نمائندگی کرتے ہیں۔ بورڈ کے چیئرمین سی ای او سے الگ ہیں۔ بورڈ کے تمام موجودہ ممبران کمپنی کی معلومات کے مطابق لسٹڈ ہیں۔ تمام مقامی ڈائریکٹرز، ڈائریکٹرز کے تربیتی پروگرام کے تحت مقررہ کوڈ آف کارپوریٹ گورننس 2012 کی شقوں کے تحت سرٹیفیکیشن حاصل کر چکے ہیں۔

## بورڈ کے اجلاسوں میں شرکت

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کئے گئے۔ دو اجلاس بیرون ملک ایک امریکہ اور ایک برطانیہ میں منعقد ہوئے جبکہ دو اجلاسوں کا انعقاد پاکستان میں کیا گیا۔ اجلاس میں ڈائریکٹرز کی شرکت درج ذیل کے مطابق رہی:

ڈائریکٹرز کا نام	شمولیت اختیار کی	مستعفی ہوئے	ذاتی طور پر/بذریعہ ڈپوٹنٹ اجلاسوں میں شرکت
چیئرمین پروائی لینڈ اوری	12-08-2016		2
مارٹن سوٹنگ		12-08-2016	3
عثمان قیوم	31-03-2016		3
راشد علی		30-07-2016	2
انصر بیگی		31-03-2016	1
جمیز بی۔ زالی		24-02-2016	0
یورگن کوکی	24-02-2016		4
جیک سی۔ فورٹم	جاری ہے		4
کرشین ایم۔ کاسٹیلانو	جاری ہے		4
مارسل ہرگیٹ	12-08-2016		1
ذوالفقار منوں	جاری ہے		4
میاں ایم۔ عادل منوں	جاری ہے		4
وصال اے۔ منوں	جاری ہے		4
ڈاکٹر عابد علی	جاری ہے		4
انیس احمد خان	جاری ہے		4

## مالیاتی پوزیشن، لیکویڈیٹی اور کارکردگی میں تبدیلیاں

کمپنی بہترین لیکویڈیٹی پوزیشن (موجودہ شرح 3.9:1) سے لطف اندوز ہو رہی ہے۔ یہ گزشتہ سالوں سے بتدریج بہتر ہو رہی ہے اور جو کہ 2012 میں 1.8 تھی اور اب 2016 میں 3.9 ہو چکی ہے۔ دیگر پیمانے اور کارکردگی کی جانچ کرنے والے اشارے واضح طور پر ہماری کمپنی کی مالی پوزیشن کی شاندار کارکردگی اور استحکام کی نشاندہی کرتے ہیں: گروس منافع شرح 27 فیصد (EBTIDA) 24.65 فیصد، لاگو کردہ سرمائے پر منافع 27.7 فیصد، آپریٹنگ کا دائرہ 55 دن، آمدنی فی شیئر 420.01 اور شرح سود کو 321.0 گنا۔

## لیکویڈیٹی اور کیش مینجمنٹ

آپ کی کمپنی کسی طویل مدتی قرضہ جاتی فنانسنگ نہ ہونے کے ساتھ انفرادی کیپٹل اسٹرکچر سے لطف اندوز ہو رہی ہے۔ کمپنی جب اور جہاں درکار ہوگی کی بنیاد پر مارکیٹ کے بہترین فنانسنگ ریٹس پر تجارتی بینکوں سے مختصر مدتی فنانس کا انتظام کرتی ہے۔ کمپنی فنانسنگ کے اسلامی نظام بنام مراہبہ کے تحت ملکی کے حصول کیلئے اسلامی بینکوں کے ساتھ معاہدہ جاتی انتظامات بھی کرتی ہے۔ بینکس کمپنی کی جانب سے ملکی حاصل کرتے ہیں اور بعد ازاں جب اور جہاں ضرورت ہو کمپنی کو فروخت کر دیتے ہیں۔ کمپنی بین الاقوامی طور پر معروف انتظامی نظام "Mysis" اور (Revel) برائے نقدی کا انتظام، کیش کی پیشگوئی اور ٹریڈی ریسک کے انتظام کی حامل ہے۔ کمپنی ایم سی بی بینک لمیٹڈ اور اسٹینڈرڈ چارٹرڈ بینک پاکستان لمیٹڈ کے ساتھ نقد وصولیاتی اور کیش کی سہل تقسیم کروا کر رکھنے کیلئے ان کے کیش مینجمنٹ سسٹم کو استعمال کرنے کی غرض سے معاہدہ جاتی معاملات طے کر چکی ہے۔

## بزنس ریسک مینجمنٹ اور کاروباری تسلسل کی منصوبہ بندی

گزشتہ کئی سالوں سے انٹرنیشنل ریسک مینجمنٹ ایک انتہائی اہم انتظامی سرگرمی بلکہ حکمت عملی بن چکی ہے۔ آمدنی کو درست سطح پر رکھنے کیلئے صلاحیت، چیلنجوں اور خطرات سے کاروبار کو بچانے کی حکمت عملی پر زیادہ توجہ ہے۔ آپ کی کمپنی اس انتہائی اہم کاروباری حکمت عملی سے مکمل طور پر آگاہ ہے اور اس نے ایک انتہائی مستحکم انٹرنیشنل ریسک مینجمنٹ سسٹم تیار کیا ہے جس میں منفرد اسٹریٹجک، تجارتی آپریشن، مالیاتی، سپلائی چین ای ایچ ایس، پروڈکٹ کے معیار اور انٹرنل کنٹرول ریسک کی شناخت ایک انتہائی منظم طریقہ کار کے ذریعے کی جاتی ہے۔

کاروباری قیادت کی ٹیم موثر طور پر ریسک مینجمنٹ کے عمل کی مکمل نگرانی کرتی ہے اور خطرات کے موثر بندوبست پر ریسک مینجمنٹ ٹیم کی رہنمائی کرتی ہے۔ واضح کئے گئے خطرات کی سرخ، عسبر اور سبز کے طور پر درجہ بندی اہمیت اور نتائج کی بنیاد پر 5\*5 (پانچ بائی پانچ) میٹرکس استعمال کرتے ہوئے کی جاتی ہے۔ خطرے کی تخفیف کی منصوبہ بندی ایس ٹی بی (سچویشن، نارگیٹ اور پروپوزل) کے طریقہ کار پر عمل کر کے تیار کی جاتی ہے تاکہ خطرے کے ہونے کو کم یا مہلک ہونے کا بندوبست کیا جائے۔ ریسک مینجمنٹ ٹیم اس وقت تک تخفیف کیلئے اپنی کوششیں جاری رکھتی ہے جب تک خطرات سبز ایریا میں داخل نہ ہو جائیں۔

کاروباری تسلسل کی پلاننگ، کمپنی کے خطرات سے نمٹنے کے انتظام کے لائحہ عمل کا حصہ ہے اور کمپنی طویل مدتی استحکام کیلئے کاروباری تسلسل کی پلاننگ کے عمل کی اہمیت سے بخوبی آگاہ ہے۔ کمپنی نے نادیدہ ناگہانی واقعات کے مہلک اثرات سے بچنے کیلئے جامع کاروبار کا تسلسل کا پلان تیار کیا ہے۔ ایمرجنسی ریسپانس پلان اور ڈیزاسٹر ریکوری پلان کاروباری تسلسل کی منصوبہ بندی کے عمل کا ایک اٹوٹ حصہ ہے۔ کمپنی باقاعدگی سے فرضی مشقوں اور ڈرلز کے ساتھ منصوبوں کی جانچ کرتی ہے۔

کمپنی 3 مینوفیکچرنگ پلانٹس کی حامل ہے جو جغرافیائی طور پر ایک دوسرے سے دور ہیں۔ ہماری مینوفیکچرنگ سائٹس کی جغرافیائی تنوع ہمیں اپنے صارفین کو سپلائی برقرار رکھنے میں مددگار ہے اور کسی ناخوشگوار واقعہ پیش آنے کی صورت میں کوئی ایک پلانٹ یا سائٹ کام بند کرتی ہے تو دوسری سائٹ متبادل بندوبست کر دیتی ہے۔ تینوں پلانٹس یوٹیلٹی کی سپلائی رک جانے کی صورت میں متبادل ایندھن کی فراہمی کے حامل ہیں۔ کمپنی کسی قحط سالی یا خراب فصل یا عوامی سطح پر ملکی کی سپلائی رک جانے جیسے معاملات سے نمٹنے کیلئے مناسب مقدار میں ملکی کا ذخیرہ برقرار رکھتی ہے۔ کمپنی پلانٹ سے پلانٹ منتقلی کیلئے انتہائی تربیت یافتہ افرادی قوت کی حامل ہے، اگر ضرورت پڑے۔

## ملازمین کے ریٹائرمنٹ فنڈ کی سرمایہ کاری کی قدر و قیمت

کمپنی اپنے ملازمین کی دیکھ بھال اور تحفظ کرتی ہے اور کمپنی کے ساتھ ملازمین کی طویل رفاقت پر انہیں کئی مراعات کی مدد میں پُرکشش مشاہرہ دیا جاتا ہے۔ کمپنی تین ریٹائرمنٹ پلان، ایک صراحت کردہ کنٹری بیوشن (پروویڈنٹ فنڈ) اور دو واضح ہینڈلڈ پلان (گریجویٹ اور سپرائیویشن) برقرار رکھے ہوئے ہیں۔ کمپنی نے ہر ایک فنڈ کیلئے ٹرسٹ قائم کیا ہے اور بورڈ آف ٹرسٹیٹرز کے امور سنبھالنے کے ذمے دار ہیں۔ تینوں پلانز مکمل طور پر فنڈ ہیں اور فنڈز میں مجموعی سرمایہ کاری درج ذیل کے مطابق ہے:

ہمارے بیشتر اجزاء مکئی سے تیار کئے جاتے ہیں، لہذا اپنے کلائنٹس کیلئے مکئی کا ایک قابل اعتماد ذریعہ ہمارے لئے ضروری ہے۔ یہ کاشتکاروں، آبادکاروں اور دیگر تجارتی شراکت کاروں کے ساتھ طویل مدتی، باہمی فوائد پر مشتمل تعلقات کار پر منحصر ہے تاکہ محفوظ سپلائی حاصل ہوتی رہے۔ ہم اپنے سپلائرز کے ساتھ مثالی تعلقات برقرار رکھتے ہیں اور ان کے ساتھ پوری سپلائی چین کے تحت بہترین معیار اور اخلاقی ادوار کو برقرار رکھتے ہوئے اپنے صارفین کی ضروریات کو پورا کرنے کیلئے سرگرم رہتے ہیں ہم خوراک کے تحفظ کی بنیادی کڑی کے ضمن میں انتہائی محتاط طریقہ کار اختیار کرتے ہیں اور مستقل دستیابی پر ہمارا بھرپور زور دیتا ہے۔ ہم کوشش کرتے ہیں کہ کاشتکاری کے بہترین طریقہ کار تیار کریں اور کاشتکاروں کو مکئی کی پیداوار میں اضافے کیلئے جدید ترین ٹیکنالوجی فراہم کریں۔

ہم کاشتکار برادری کو متحرک کرنے/ان کی رہنمائی کے لئے بنیادی سطح سے کام کرتے ہیں اور انہیں جدید زرعی طریقہ کار/ٹیکنیکس سے آگاہ کرتے رہتے ہیں۔ ہماری ٹیم بیج کی ٹیکنالوجیز اور ساتھ ہی ساتھ کاشتکاری کے بہترین طریقہ کار کے بارے میں خصوصی طور پر تربیت یافتہ ہے۔ ہمارا مقصد کاشتکاروں کو ان کی پیداوار کیلئے مناسب قیمت کی ادائیگی اور ان کے کام کرنے کے طریقہ کار/زرعی ٹیکنیکس کو بہتر بنانا ہے۔

## سرمایہ کاری

کمپنی انتہائی منظم ڈھانچے پر مشتمل سرمایہ کاری کی منصوبہ بندی کے نظام کی حامل ہے جو اسٹریٹجک بلیو پرنٹس پر تشکیل دیا جاتا ہے۔ ہم ان شعبوں میں سرمایہ کاری پر خصوصی توجہ دیتے ہیں جو ہمیں طویل مدتی مستحکم ترقی کے مقاصد میں معاونت فراہم کریں۔ کمپنی پیداواری صلاحیتوں میں اضافے، نئی پروڈکٹس کے اضافے پر کام کرنے، نئی ٹیکنالوجیز لانے، معیار بہتر بنانے اور بڑھتی ہوئی مقامی نیز برآمدی مارکیٹ کی طلب کو پورا کرنے کیلئے توانائی کے متبادل وسائل پر مستحکم سرمایہ کاری کر رہی ہے۔ ساری طے کردہ سرمایہ کاری کی حکمت عملی مارکیٹ میں نمایاں مقام حاصل کرنے کے ضمن میں انفرادیت کی حامل ہے۔

کمپنی نے کولے سے چلنے والے متبادل توانائی پروجیکٹ پر بھاری سرمایہ کاری کرتے ہوئے مجموعی طور پر 18.4 ملین ڈالر کا سرمایہ لگایا ہے۔ یہ پلانٹ 12 میگا واٹ بجلی اور 40 ٹن فی گھنٹہ بھاپ تیار کرنے کی صلاحیت رکھتا ہے۔ یہ سرمایہ کاری مناسب حد تک یوٹیلیٹی اخراجات میں کمی، توانائی کی دستیابی بہتر بنانے اور آپریشنل کارکردگی میں تیزی لانے کا موجب ہوگی۔ ہماری کمپنی نے کامیابی سے کوٹری، سندھ میں 300 ٹی پی ڈی گرین فیلڈ پلانٹ نصب کیا جو اس راستے کو تبدیل کرے گا جس پر ہم اپنے صارفین کے ساتھ روابط رکھنا چاہتے ہیں۔ یہ نیا پلانٹ ہماری جغرافیائی دسترس میں اضافے اور ہماری جنوبی خطے کے صارفین کو بروقت اور مستعد خدمات کی فراہمی کیلئے ہمیں اس کا اہل ثابت کرتا ہے۔ ہماری کمپنی کے پاس اسٹریٹجک مقاصد کے حصول کیلئے کئی اہم منصوبے ہیں۔ ہم اپنے اس مستحکم عزم کو یقینی بناتے ہیں کہ پیداواری صلاحیت میں اضافے، انفرادی اور نئی ٹیکنالوجیز میں سرمایہ کاری کے ذریعے اپنے صارفین کی بہتر خدمات کا سلسلہ جاری رکھیں گے۔ ہماری کمپنی اپنے اسٹریٹجک بلیو پرنٹس کے خطوط پر کمپنی کی توسیع اور مختلف شعبوں میں کام کرنے کے منصوبوں پر جدوجہد جاری رکھے گی۔

## کیپٹل اسٹریچر

کمپنی 100 فیصد ایکویٹی نوٹس کے ساتھ انتہائی متوازن کیپٹل اسٹریچر کو برقرار رکھے ہوئے ہے جبکہ موجودہ مالی ذمے داریوں کے اکاؤنٹس مجموعی اثاثہ جات کی بنیاد کا 15 فیصد سے کم ہیں۔ ہمارے موجودہ اثاثہ جات میں مسلسل اضافہ ہو رہا ہے اور کمپنی کی لیکویڈیٹی پوزیشن بہتر ہو رہی ہے۔ کمپنی انتہائی منظم منافع منقسمہ کی پالیسی پر عمل کرتی ہے تاکہ اپنے شیئر ہولڈرز کو مطمئن رکھے اور شرح نمو کے طریقہ کار کیلئے آمدنی کی مناسب رقومات مہیا کرنے کے ساتھ اپنی منشاء کے مطابق ٹیکنالوجیز کو برقرار رکھے ذیل میں دی گئی انفرامجموعی بیلنس شیٹ کمپنی کے امور کی انتہائی متاثر کن اور واضح نشاندہی کرتی ہے:

تفصیلات	2015	2016
روپے ہزاروں میں		
کرنٹ اثاثہ جات	8,193,977	9,367,040
نان کرنٹ اثاثہ جات	6,412,256	7,057,662
مجموعی اثاثہ جات	14,606,233	16,424,702
موجودہ مالی ذمہ داریا	2,287,557	2,422,796
نان کرنٹ ذمہ داریاں - ڈفرڈ ٹیکس	644,890	968,406
شیئر کیپٹل اور غیر مختص شدہ منافع جات	11,673,786	13,033,500
مجموعی مالی ذمہ داریاں اور لاگو کردہ سرمایہ	14,606,233	16,424,702

## کوڈ آف کارپوریٹ گورننس کے تحت واضح امکانات اور اعتراضات کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

(اے) لسٹڈ کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی حسابات، تمام کاروباری امور، ان کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو شفاف انداز میں پیش کرتے ہیں۔

(بی) لسٹڈ کمپنی کے کھاتوں کی باقاعدہ بکس تیار کی گئی ہیں۔

(سی) موزوں ترین اکاؤنٹنگ پالیسیوں کو مالیاتی حسابات اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں مستقل لاگو کیا جاتا ہے جو مناسب اور محتاط فیصلوں پر مشتمل ہوتے ہیں۔

(ڈی) انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز پر جیسا کہ پاکستان میں رائج ہیں، مالیاتی حسابات کی تیاری میں عمل کیا جاتا ہے اور اس لئے کسی بھی روگردانی کی باقاعدہ اور مناسب انداز میں تشریح اور وضاحت کردی جاتی ہے۔

(ای) اندرونی کنٹرول کا نظام مستحکم ڈیزائن کیا گیا ہے اور اس پر موثر عمل درآمد کے ساتھ اس کی نگرانی کی جاتی ہے؛ اور

(ایف) اس امر میں کسی قسم کے شکوک و شبہات نہیں کہ لسٹڈ کمپنی میں مستقل طور پر ترقی کرنے کی صلاحیت موجود ہے۔

## گزشتہ 6 سالوں کے کلیدی آپریشنز اور مالیاتی ڈیٹا کی تفصیل درج ذیل کے مطابق ہے:

2011	2012	2013	2014	2015	2016		
18,271	19,531	23,673	25,197	24,618	25,061	روپے ملین میں	نیٹ سیلز
14,471	15,557	19,460	20,540	19,164	18,345	روپے ملین میں	فروخت کی لاگت
3,800	3,975	4,213	4,657	5,454	6,716	روپے ملین میں	مجموعی منافع
21	20	18	18	22	27		فروخت کا فیصدی
3,400	3,304	3,652	3,871	4,615	5,725	روپے ملین میں	آپریٹنگ منافع جات
19	17	15	15	19	23		فروخت کا فیصدی
3,216	3,123	3,593	3,754	4,599	5,707	روپے ملین میں	منافع قبل از ٹیکس
2,034	2,040	2,781	2,517	3,275	3,879	روپے ملین میں	منافع بعد از ٹیکس
220.20	220.86	301.14	272.48	354.59	420.01	روپے	آمدنی فی شیئر
1,062	1,062	1,201	1,247	1,293	2,679	روپے ملین میں	منافع منقسمہ کی رقم
1,150	1,150	1,300	1,350	1,400	2,900		منافع منقسمہ فیصدی
1,122	1,185	453	469	1,665	870	روپے ملین میں	کیپٹل اخراجات

## ریسورسز مینجمنٹ

ہماری کمپنی 100 فیصدی ایکویٹی کیپٹل پر کام کر رہی ہے جس میں کوئی طویل مدتی یا مختصر مدتی ڈیبٹ فنڈنگ یا کسی بھی قسم کی لیز فنڈنگ کے انتظامات نہیں کئے گئے ہیں۔ ہمارا کاروبار انتہائی ورکنگ کیپٹل اور بھاری کیش ریسورسز سے ہے جو کاشتکاروں سے کمائی کی فصل کی بوائی اور ذخیرہ کرنے پر اگلے زرعی فصل تک حاصل کیا جاتا ہے۔ کمپنی 50 دنوں سے کم کیش منتقلی کا دائرہ رکھتی ہے جو خصوصی طور پر 67 دن کی انویسٹری، 14 دنوں کے قابل وصولی کھاتوں اور ادائیگی کے کھاتے 32 دنوں کے حامل ہیں۔

## ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2016 کو ختم ہونے والے سال کیلئے بمسرت سالانہ آڈٹ شدہ حسابات مع ان پر ڈائریکٹرز کی رپورٹ پیش کر رہے ہیں۔

مالیاتی نتائج		سال مختتمہ 31 دسمبر	
منافع جات اور مختص شدہ رقم		2015	2016
منافع بعد از ٹیکس		روپے ہزاروں میں	
منافع جات اور مختص شدہ رقم		3,275,165	3,879,431
ملازمین کی ریٹائرمنٹ کے فوائد کے حقیقی منافع جات		10,273	158,847
غیر مختص شدہ منافع جو کہ آگے منتقل کیا گیا		9,550,990	11,543,328
مختص شدہ رقمات		12,836,428	15,581,606
حتمی منافع منقسمہ 2015 بشرح 1200 فیصد	(2014: بشرح 850 فیصد)	785,096	1,108,371
پہلا عبوری منافع منقسمہ 2016 بشرح 500 فیصد	(2015: بشرح 250 فیصد)	230,911	461,821
دوسرا عبوری منافع منقسمہ 2016 بشرح 600 فیصد	(2015: بشرح 300 فیصد)	277,093	554,186
تیسرا عبوری منافع منقسمہ 2016 بشرح 600 فیصد			554,186
غیر مختص شدہ منافع جات		1,293,100	2,678,564
آمدنی فی شیئر (روپے)		11,543,328	12,903,042
		354.59	420.01

### چیف ایگزیکٹو کا جائزہ

کمپنی کے ڈائریکٹرز نے چیف ایگزیکٹو کے جائزے کے مشتملات کی توثیق کی ہے جو کہ آپ کی کمپنی کی کاروباری کارکردگی، آپریشنز کے مختلف شعبوں میں نمایاں سرگرمیاں، اسٹریٹجک گروتھ کیلئے سرمایہ کاری کے پلان، کارپوریٹ سوشل ریسپانسیبلٹی کے تحت آؤٹ لگ اور واضح امکانات پر مبنی ہیں۔

### کارپوریٹ گورننس

آپ کی کمپنی کارپوریٹ گورننس کے تمام اسٹینڈرڈز اور شرائط پر مکمل عمل درآ مد کرتی ہے۔ ڈائریکٹرز بمسرت آگاہ کرتے ہیں کہ آپ کی کمپنی کوڈ آف کارپوریٹ گورننس 2012 اور بعد ازاں اپ ڈیٹ کی گئی تمام شقوں اور پاکستان اسٹاک ایکسچینج کے قواعد و ضوابط کے حصے کے طور پر تشکیل دی گئی شقوں پر مکمل عمل درآ مد کرتی ہے۔ کوڈ آف کارپوریٹ گورننس پر عمل درآ مد کا بیان صفحہ نمبر 94 پر دوبارہ بیان کیا گیا ہے۔



# Proxy Form

## 126th General Meeting (Annual Ordinary)

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

I/We.....

of.....

being shareholder(s) of Rafhan Maize Products Company Limited hereby appoint

.....

..... of .....

or failing him .....

as my/our proxy to vote for me/us and on my/our behalf at the 125th General Meeting (Annual Ordinary) of the Company to be held at Karachi on Wednesday, March 29, 2017 at 10:00 a.m. and/or at any adjournment thereof.

Dated this ..... day of ..... 2017.

\_\_\_\_\_  
(Signature of Proxy)

Affix Revenue  
Stamp of  
Rs.5/-

Witness ..... Signature of Shareholder .....

Place ..... Folio No./CDC No. ....

No. of Shares held .....

### NOTES:

- a) This Form of Proxy, duly completed and signed across a revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time of holding the meeting.
- b) A proxy need not be a member of the Company.

AFFIX  
CORRECT  
POSTAGE

The Company Secretary,  
**Rafhan Maize Products Co. Ltd;**  
Rakh Canal East Road,  
Faisalabad.

# پراکسی فارم

126 واں اجلاس عام (سالانہ عمومی)

دی کمپنی سیکریٹری

رفان میٹل پراڈکٹس کمپنی لمیٹڈ

رکھ کینال ایسٹ روڈ

فیصل آباد

میں ہم \_\_\_\_\_ بابت \_\_\_\_\_ بحیثیت شیئر ہولڈر (ز)

بابت رفان میٹل پراڈکٹس کمپنی لمیٹڈ نے بذریعہ ہذا \_\_\_\_\_ بابت \_\_\_\_\_

یا ان کی عدم دستیابی پر \_\_\_\_\_ کو بحیثیت پراکسی مقرر کیا ہے جو میری/ہماری جگہ پر کمپنی کے

126 ویں اجلاس عام (سالانہ عمومی) منعقدہ کراچی بروز ہفتہ بتاریخ 29 مارچ 2017 کو بوقت صبح 10 بجے یا کسی ملتوی شدہ تاریخ پر شرکت کر کے ووٹ ڈال سکے گا/گی۔

بتاریخ آج \_\_\_\_\_ بابت \_\_\_\_\_ 2017

5/- روپے  
کارپونیا اسٹمپ چسپاں کریں

پراکسی کے دستخط

\_\_\_\_\_ شیئر ہولڈرز کے دستخط

\_\_\_\_\_ فولیو نمبر/سی ڈی سی نمبر

\_\_\_\_\_ گواہ

\_\_\_\_\_ مقام

\_\_\_\_\_ موجود شیئرز کی تعداد

نوٹ:

(الف) پراکسی کا یہ فارم ہر طرح سے مکمل کر کے اور ریونیو اسٹمپ پر دستخط کر کے لازمی طور پر کمپنی کے رجسٹرڈ آفس میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرا دیا جائے۔

(ب) پراکسی کیلئے کمپنی کا ممبر ہونا لازمی نہیں ہے۔

کمپنی سیکرٹری،  
رفحان میز پراڈکٹس کمپنی لمیٹڈ،  
رکھ کنال ایسٹ روڈ،  
فیصل آباد۔



**RafhanMaize**  
PRODUCTS CO LTD  
FAISALABAD - KARACHI  
[www.rafhanmaize.com](http://www.rafhanmaize.com)