



FrieslandCampina  
Engro Pakistan Limited

# GUARDIANS OF GOODNESS

Annual Report 2025



**NUTRITIONAL INFORMATION**

Per 100ml		Per 1 Litre	
Energy	280 kJ	2800 kJ	
Protein	3.5g	35g	
Carbohydrate	4.8g	48g	
Total Fat	3.6g	36g	
Saturated Fat	2.2g	22g	
Sodium	0.1g	1g	
Calcium	120mg	1200mg	
Phosphorus	90mg	900mg	
Vitamin A	1000 IU	10000 IU	
Vitamin B1	0.1mg	1mg	
Vitamin B2	0.1mg	1mg	
Vitamin B6	0.05mg	0.5mg	
Vitamin B12	0.1µg	1µg	
Vitamin D	1.5µg	15µg	

**OLPER'S**

FULL CREAM MILK

**OLPER'S**

FULL CREAM MILK

**OLPER'S**

**OLPE**

**OLPE**

**OLPER**

**OLPE**

**OLP**

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# INTRODUCTION

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

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

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# THE RAKHWALAY OF PURITY

With over 1 billion glasses of milk enjoyed every year, FCEPL brings trusted nourishment to families across Pakistan- strengthening children, supporting mothers, and nourishing the nation's future.



# COMPANY OVERVIEW

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

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

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

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

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

## **Our Purpose: Nourishing by Nature**

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

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

# COMPANY INFORMATION

## Board of Directors

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

## Chief Financial Officer

Imran Husain

## Company Secretary

Syed Ali Hyder Imran

## Members of the Audit Committee

Zouhair Abdul Khaliq (Chairman)  
Robert ter Borg  
Ehsan Ali Malik

Secretary of the Committee is  
Mohsin Qureshi,  
Manager Internal Audit Department

## Banks Conventional

Askari Bank Limited  
Allied Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Citibank N.A. (Pakistan)  
Habib Bank Limited (HBL)  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited (UBL)  
JS Bank Limited

## Shariah Compliant

Meezan Bank Limited  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Bank Makramah Limited (BML)

## Auditors

A.F. Ferguson & Company  
Chartered Accountants  
State Life Building No. 1-C, I.I. Chundrigar Road,  
Karachi - 74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5

## Share Registrar

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

## Registered Office

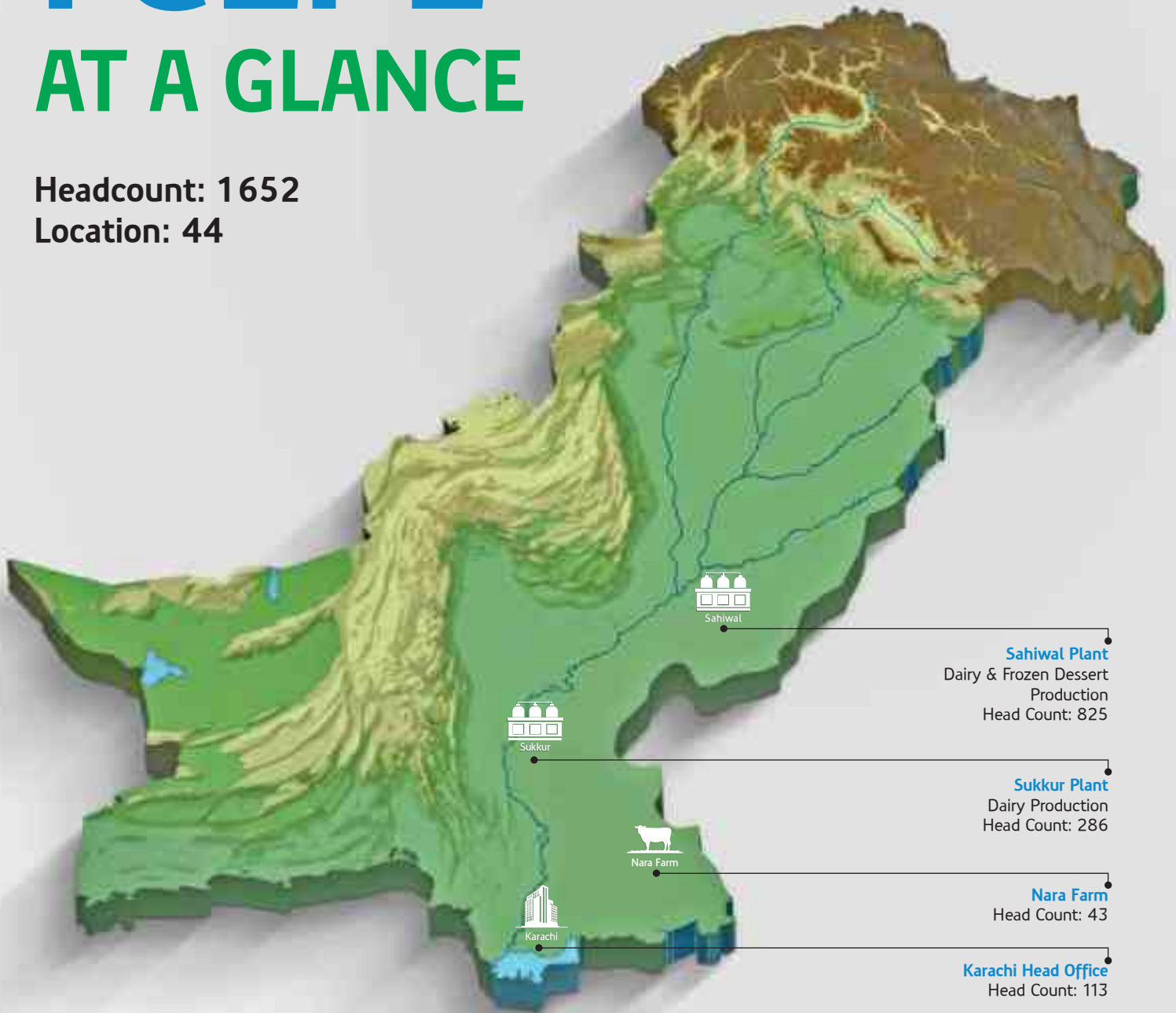
5th Floor, The Harbor Front Building,  
HC-3, Marine Drive, Block-4, Clifton,  
Karachi - 75600, Pakistan  
Tel: +92 (21) 35296000 (9 Lines)  
Fax: +92 (21) 35296010  
E-mail: [shareholders.pk@frieslandcampina.com](mailto:shareholders.pk@frieslandcampina.com)  
Website: [www.frieslandcampina.com/pk/](http://www.frieslandcampina.com/pk/)

# FCEPL

## AT A GLANCE

Headcount: 1652

Location: 44



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

**Agri Business  
MPAS Office**  
Head Count: 180  
MPAS Office: 23

Note: The total number of employees includes 178 individuals stationed in alternate locations such as the corporate offices in Lahore and Islamabad, as well as other sales offices in different locations. These specific locations are not detailed in the preceding breakdown but are encompassed within the overall count.



# FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the **Twenty First** Annual General Meeting of FrieslandCampina Engro Pakistan Limited will be held at The Royal Rodale, TC-V, 34th Street, Khayaban-e-Sehar, Phase 5, Ext. D.H.A, Karachi on Friday, April 24th, 2026 at 03:30 p.m. to transact the following business:

## **VIDEO CONFERENCE FACILITY**

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

### **A) ORDINARY BUSINESS**

- (1) To receive and consider the Audited Financial Statements of the Company for the year ended December 31, 2025 together with the Chairman's Review and Directors' and Auditor's Reports thereon.
- (2) To declare and approve, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 3.50 per share i.e. 35% for the year ended December 31, 2025.
- (3) As required under section 223(6) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:



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

- (4) To appoint Auditor for the year 2026 and fix their remuneration. The present auditors, A.F. Ferguson & Co. Chartered Accountants, retire and do not offer themselves for reappointment. The Board proposes the appointment of EY Ford Rhodes Chartered Accountants as statutory auditors of the Company for the financial year 2026.

By order of the Board

Karachi  
February 16, 2026

Company Secretary  
Syed Ali Hyder Imran

## **NOTES:**

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

The Share Transfer Books of the Company will be closed from Friday, April 17, 2026 to Friday, April 24, 2026 (both days inclusive). The transfers received in order at the office of the Company's share registrar, M/S. FAMCO Share Registration Services (Private) Limited, 8-F, near Hotel Faran, Block 6, PECHS, Shakra-e-Faisal, Karachi PABX Nos. (92-21) 34380101-5 and email [info.shares@famcosrs.com](mailto:info.shares@famcosrs.com) by the close of business (5:00 p.m.) on Thursday, April 16, 2026 will be treated in time for the purposes of payment of final cash dividend to the transferees and to attend and vote at the Annual General Meeting.

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

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

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

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

### **4) Requirements for appointing Proxies**

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

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

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

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

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

The audited financial statements of the Company for the year ended December 31, 2025, have been made available on the website: <https://www.frieslandcampina.com/pk/financial-annual-reports>

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

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

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

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

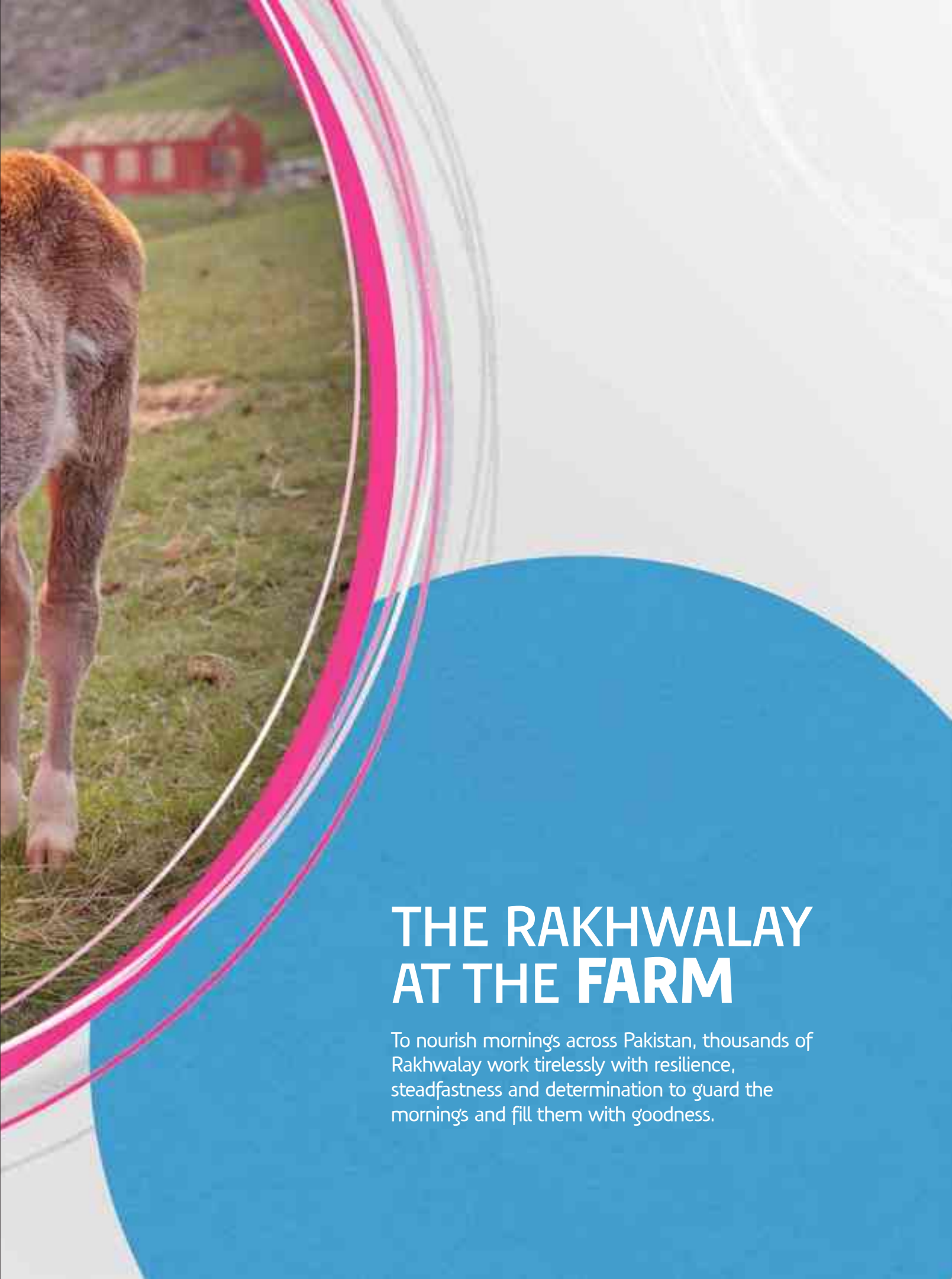
## **9) Electronic dividend mandate**

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

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

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

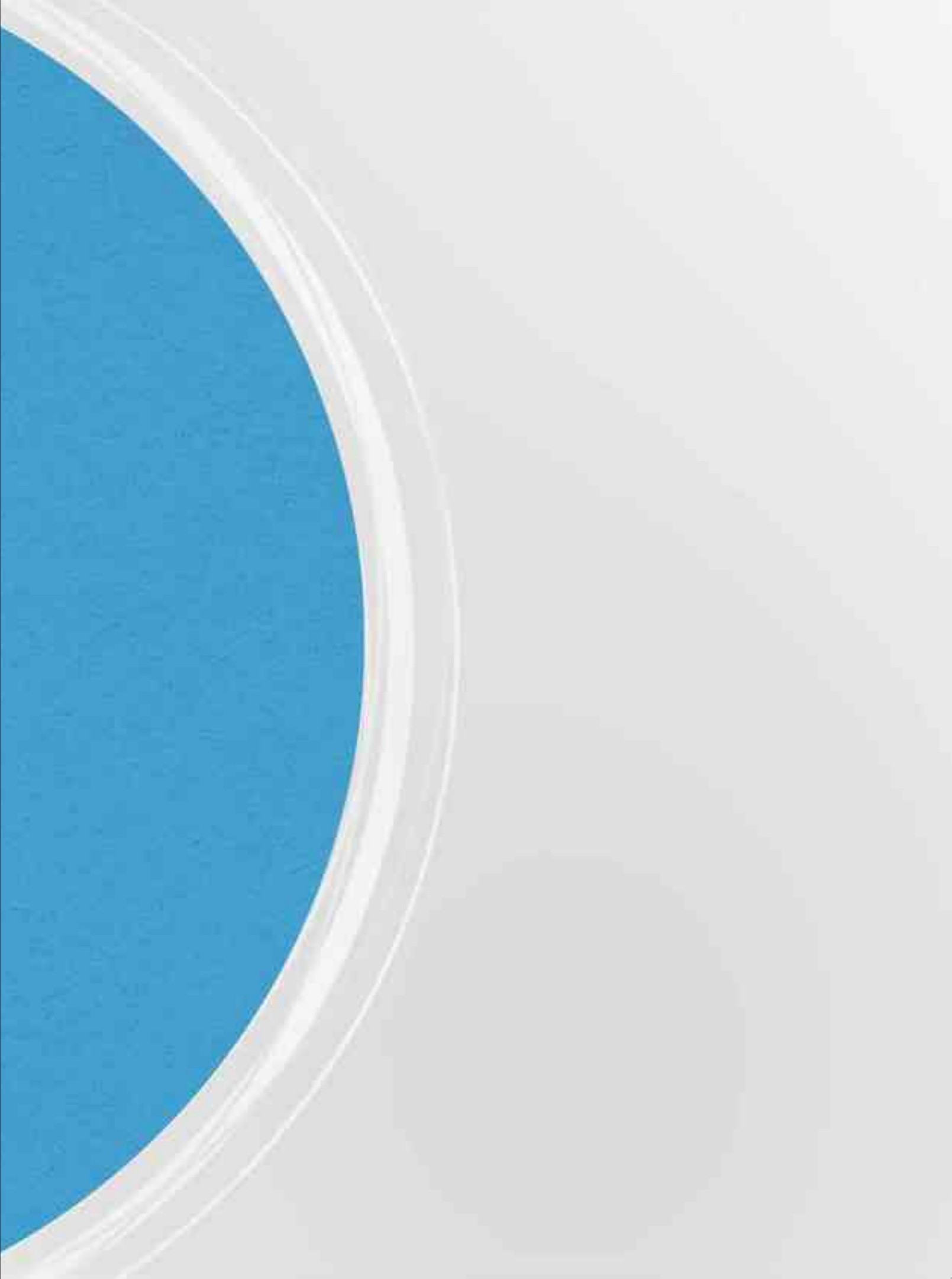




# THE RAKHWALAY AT THE FARM

To nourish mornings across Pakistan, thousands of Rakhwalay work tirelessly with resilience, steadfastness and determination to guard the mornings and fill them with goodness.

# CORPORATE GOVERNANCE



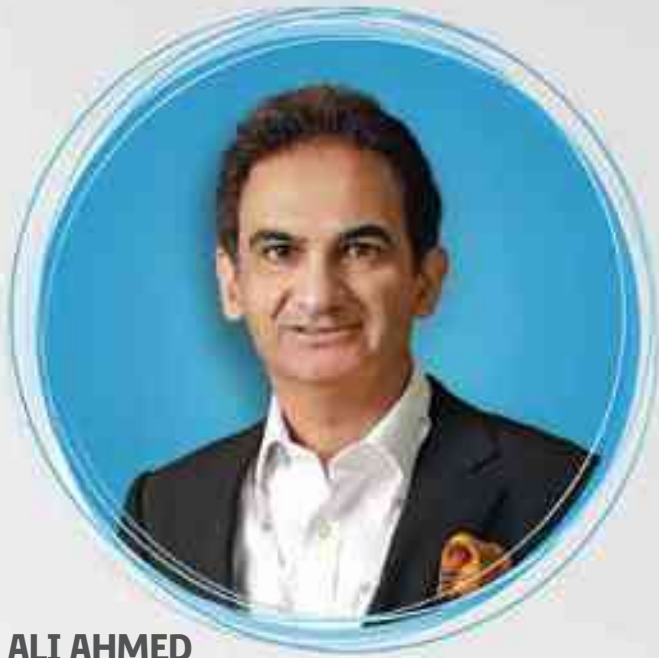
# DIRECTORS' PROFILES



**ABDUL  
SAMAD DAWOOD**  
Chairman



**KASHAN  
HASAN**  
CEO & Managing Director



**ALI AHMED  
KHAN**  
Director &  
President - Middle East, Africa & Pakistan



**EHSAN  
ALI MALIK**  
Director



**ZOUHAIR  
ABDUL KHALIQ**  
Director



**LISELOTTE  
KOOI**  
Director



**ROBERT TER  
BORG**  
Director

# DIRECTORS' PROFILES



**ABDUL SAMAD  
DAWOOD**  
Chairman

As Vice Chairman & CEO of Engro Holdings, **Abdul Samad Dawood** leads Engro's diverse investment portfolio, which includes interests in telecommunications infrastructure, petrochemicals, energy, trading, food and agriculture. His responsibilities span oversight of major investments and supporting the long-term evolution of the group's portfolio.

Over the past 20 years, he has worked across mergers and acquisitions, partnerships, and capital investments tied to Engro's growth. His transaction work includes expanding Engro's telecom tower portfolio by 10,000+ towers, supporting Engro's joint venture with Royal FrieslandCampina in the dairy sector, and overseeing Engro's full investment cycle in The Hub Power Company. Beyond transaction-related responsibilities, Abdul Samad Dawood is engaged in governance roles across several organizations. These include:

- Serving as Chairman of Friesland Campina Engro Pakistan Limited, involved in steering the company's role within the national dairy industry.
- Contributing as a board member at Khaadi Corporation and as an advisor to Endeavor Pakistan, which supports high-growth entrepreneurship.
- Participating on the boards of The Dawood Foundation, Karachi School of Business & Leadership, and the Pakistan Business Council, where he is involved in education, philanthropy, and policy-related initiatives.

He is also a member of the Young Presidents' Organization (YPO) and an alumnus of University College London. His roles across business, education, and social initiatives reflect an interest in how private

sector institutions can align commercial outcomes with broader development objectives.



## KASHAN HASAN

CEO & Managing Director

**Kashan Hasan**, the CEO and Managing Director of FrieslandCampina Engro Pakistan Limited, is a seasoned professional and leader, known for driving performance and spearheading innovation at multinational and local companies. His career encompasses various regional and global roles in markets such as Pakistan, South Africa, United Kingdom, the Middle East, and North Africa.

Kashan Hasan's leadership has been instrumental in directing the success of FrieslandCampina Engro Pakistan Limited through the ever-challenging landscape of the Pakistan dairy industry. His expertise in various commercial functions, including sales, customer management, marketing, and trade marketing has been key in bringing the company's motto of 'Doing Dairy Right' to the forefront of how the company operates.

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

Kashan is known for his purpose-driven leadership and getting the organization behind a rallying cry. He has a relentless focus on execution and believes in the power of teamwork and collaboration. He challenges norms and devises transformative solutions, all of which contribute to his track record of delivering exceptional performance.

# DIRECTORS' PROFILES



## ALI AHMED KHAN

Director &  
President – Middle East, Africa  
& Pakistan

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

As President of the Middle East, Pakistan, and Africa (MEPA) Region, Ali's exceptional leadership and visionary approach have been pivotal to the growth of company. His leadership has led to continuous growth and profitability and increase

in market share across all categories for the region.

Ali has brought sharp focus to the Company's purpose, driven by his strong belief in delivering nutrition and safe dairy to the consumers, as well as enhancing the livelihoods of dairy farmers. Under his dynamic leadership, the Company has prioritized initiatives on diversity and inclusion, sustainability, and transparency in business conduct, whilst continuing to drive business results.



**EHSAN  
ALI MALIK**  
Director

**Ehsan Ali Malik** is an independent director of FrieslandCampina Engro Pakistan Limited and Standard Chartered Bank Pakistan, Chairman of Abbott Laboratories Pakistan, and Non-Executive Director of Gul Ahmed Textiles.

For nearly ten years till July 2024, he was the Chief Executive Officer of the Pakistan Business Council where he spearheaded its objectives to promote investment-friendly policies that lead to the creation of jobs, value-added exports, reduction in reliance on imports and formalization of the economy.

Earlier, in a 24-year career with Unilever PLC, Ehsan Malik held senior positions in the Head Office in the UK. Then, based in Egypt, he led the amalgamation of Unilever's businesses in Egypt, Lebanon, Jordan, and Syria,

and subsequently served as CEO in Sri Lanka. During his last nine years with Unilever, as CEO of Unilever Pakistan and Director Unilever Pakistan Foods Limited till end of 2015, he grew the companies' turnover by four-fold.

Ehsan Malik has published numerous articles in leading newspapers on the economy and its reform agenda. He is also engaged in various advisory roles, including with the government as member of the Advisory Council for the Tax Policy Office.

# DIRECTORS' PROFILES



## ZOUHAIR ABDUL KHALIQ

Director

**Zouhair Abdul Khaliq** is a business executive with 42 years of global experience in Board Strategy, Executive Leadership, C-Suite & Executive Management, Communication, Global Strategy, Operations, Turnarounds, Startups, Scale-ups, Wind downs, and M&A. He's led group initiatives in digital banking, telecom & technology, mobile financial services, micro-finance, FMCG and infrastructure sharing.

He is currently a Member the Pakistan Development Group, The Kings Trust International, a Member of the IOD International, and Member of the GCC Board Directors Institute. He is also a Non-Executive Director at Friesland Campina Engro Foods, Non-Executive Director National Food Limited, on the Advisory Board of FieldForce, USA and Member Board of Regents, Harris Manchester College, Oxford University, United Kingdom.

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

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

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

Earlier in his career he has worked as Group CFO and later Group CEO of Orascom Telecom and then CEO of Mobilink in Pakistan. He served as Director Operations EMEA Motorola UK and as Managing Director Mobile for Development at the GSM Association.

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



**LISELOTTE  
KOOI**  
Director

**Liselotte Kooi** has been an integral part of Royal FrieslandCampina N.V. leadership team since 2013 and Director FrieslandCampina Engro Pakistan Limited. As Director Group Legal and Company Secretary, she co-heads the global legal department and is responsible for governance and legal and financing structure of the company, including the compliance in relation to the listing of hybrid bonds at Euronext Dublin. She advises both the Executive Board and Supervisory Board of Royal FrieslandCampina N.V. as well as the Board of the Cooperative which represents the member-farmers, who are the owners of FrieslandCampina.

Liselotte has more than 20 years of experience in corporate governance and finance. Working as senior associate at De Brauw Blackstone Westbroek N.V. and other law firms in Amsterdam and New York,

Liselotte advised companies, investors, financial institutions and investment funds in corporate governance, finance and M&A transactions. She specialised in issuing and listing of financial instruments and in financial laws and has a lot of experience with governance for listed companies and board dynamics within listed companies.

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

# DIRECTORS' PROFILES



**ROBERT TER  
BORG**  
Director

**Robert ter Borg** is the Finance Director of Global Supply Chain of Royal FrieslandCampina N.V. and joined the Board of Directors of FrieslandCampina Engro Pakistan Limited in 2023. Prior to his current role, he held various leadership positions at Danone and Royal FrieslandCampina N.V.

His leadership roles in his career of 24 years include Finance Director in Brazil, Russia, and Indonesia, as well as Global Finance Director responsible for Corporate Accounting, Tax, Treasury, and Enterprise Controlling.

Robert holds a master's degree in business economics and an executive master's degree in finance and Control (RC) from VU Amsterdam.





## MESSAGE FROM THE CHAIRMAN

### Dear Shareholders,

It is my privilege to present the Annual Report of FrieslandCampina Engro Pakistan Limited (FCEPL; "the Company") for the year ended 31st December 2025.

Each year offers a reminder that our work touches the lives of millions of families across Pakistan – especially children, who represent the country's future potential. Pakistan's promise

over the long-term will be judged not only by GDP growth, but by how effectively we turn this young, expanding population into a real demographic dividend. That outcome begins with the basics of human development: reliable access to safe, affordable, and nutritious food for children. And among the most scalable levers is dairy – when it is safe, traceable, and delivered through a documented, quality-assured supply chain. This is where the formal

packaged-dairy ecosystem matters: it is the bridge between national human-development goals and everyday household nutrition.

Our strategy is built precisely around this national need: accelerating the shift from loose, undocumented milk to safe, packaged dairy, while widening affordability and access. For investors, that conversion is a durable, long-term value driver – it

enlarges our addressable market, strengthens brand trust, and underpins farm-level productivity through stable demand and capability building. In short, the pathway to better nourishment for Pakistan's children is also the pathway to sustainable value creation for our shareholders.

### **Operating Context and Performance**

The sector continues to grapple with the sales tax on packaged UHT milk introduced in 2024. This tax distorts category economics by incentivizing loose milk – outside the tax net and food-safety frameworks – and constrains reinvestment by formal players in category and dairy development. We, therefore, maintain a clear advocacy position: Pakistan needs an equitable, balanced tax regime that aligns with public-health goals, economic documentation, and sustainable farmer livelihoods. These are preconditions for unlocking Pakistan's dairy potential at scale.

Amid these headwinds, we concentrated on what we control: consumer-centric brand investment (especially in value-added segments), sharper route-to-market execution, and rigorous cost and productivity across the value chain – procurement, manufacturing, logistics, and overheads. These actions drove market-share gains and an improved volume mix, alongside measurable financial uplift. Gross margin expanded by 75 basis points and operating profit grew by 16% versus 2024, with quality, safety, and service standards intact. This is the compounding effect of disciplined execution, supported by a clear capital-allocation lens – protect margins and cash today; invest selectively behind category conversion for tomorrow.

### **Strategic Priorities for Long-Term Value Creation**

The Company has clearly laid out its strategic priorities that will be the basis of long-term performance:

#### **1. Convert the Category at Scale:**

The opportunity lies in the unconverted sector. We will drive the shift from loose to packaged milk through brand trust, availability, and affordability SKUs, widening access without compromising safety.

#### **2. Relentless Cost & Productivity:**

We will compound efficiencies in materials, manufacturing, logistics, and overheads – protecting margins and funding growth. Our 2025 outcomes validate the headroom that still exists in operational excellence.

#### **3. Acceleration in Value-Added Dairy:**

We have continued sharpening our focus on value-added and other specialty dairy formats. These products offer consumers convenience and consistent quality in categories that are difficult to replicate at home. This segment will remain a strategic growth pillar as we expand household penetration and strengthen portfolio resilience.

#### **4. Value-Chain Strengthening & Supply Security:**

Through farmer training, collection centers, financing enablement, and on-farm capability building, we will keep improving quality, consistency, and productivity at source, which are foundations for scalable, profitable growth and our long-term license to operate.

#### **5. Policy Engagement for Sector Competitiveness:**

We will continue constructive engagement for equitable taxation on packaged dairy, aligned with food safety and economic formalization. A predictable, supportive framework is essential to unlock category investment and sustainable sector growth.

### **Purpose, Sustainability, and Execution Resilience**

Our purpose – Nourishing by Nature – remains embedded in how we operate. We sustain focus on school

nutrition programs, farmer capability development, and renewable energy and resource efficiency across our footprint. These initiatives reinforce operational resilience and improve economics over time by stabilizing supply, elevating quality, and lowering our cost curve – while contributing tangibly to national human-development outcomes.

### **Looking Ahead**

Our investment thesis is straightforward: Pakistan's demographic momentum and urbanization will continue to grow structural demand for safe, traceable, and affordable dairy. The conversion from loose to packaged is the sector's underpenetrated, high-conviction growth driver – and we are positioned to lead it through focused brand building, route-to-market strength, affordability innovation, and supply-chain productivity. With a supportive policy environment, we can accelerate category growth, enhance farmer livelihoods, and contribute to a healthier, more prosperous Pakistan – while delivering sustained value creation for our shareholders.

I want to thank our Board – especially the Directors from FrieslandCampina – for their continuous support during a challenging external environment. I am also grateful to the leadership team, our employees, partners, and consumers for their commitment and trust. To our shareholders, I reaffirm our focus on operational excellence, disciplined capital allocation, and long-term growth.



Sincerely,

**Abdul Samad Dawood**

Chairman, Board of Directors  
FrieslandCampina Engro Pakistan  
Limited



## MESSAGE FROM THE CEO & MANAGING DIRECTOR

### Dear Shareholders,

2025 was a year of significant achievement for FrieslandCampina Engro Pakistan Limited (FCEPL). The company performed very well, despite the challenging 2024 imposition of 18% sales tax on packaged UHT milk that followed us into the year.

I am happy and proud to be part of a team who navigated the business through the continuous headwinds

throughout the year. The team accomplished this by driving our core brands through strong execution, launching strategic consumer focused innovations and strong customer partnerships.

The commitment, dedication and resilience of our people towards living our purpose of 'Nourishing Pakistan' is evident in the growth of the business that has struggled and started to stabilize from the challenging tax

implications of the previous year. As we moved ahead with our commitment to "Doing Dairy Right", we also ensured our continuous support in enhancing the livelihoods of our farmers and extended communities; focusing on results through efficiencies across the business; cultivating a growth mindset and a winning culture by empowering our people.

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

- Olper's maintained its market leader position for yet another year, achieving its highest ever market share in 2025. The Olper's Khalis Kay Rakhwalay campaign drove ownership of the morning consumption occasion while consistently building nutrition and purity credentials, further strengthening the brand's equity in Pakistan and positioning Olper's as the guardian of purity, providing millions of Pakistanis with safe and nutritious milk.
- Olper's (flavoured milk) School Activations inculcated good nutritional habits and promoted awareness in children, reaching over 150,000 in 2025.
- Omoré continued its growth in 2025, delivering steady volume growth and improved profitability. A key driver of this performance was the 'Wow Bharay Desserts' campaign, which effectively captured price-sensitive consumer segments through compelling price-point communication while promoting the versatile use of Omoré Bricks to create everyday dessert experiences at home across key occasions. Complementing this was the 'Wow Bhari Side' campaign, which highlighted the multi-faceted experiences offered by Omoré's sticks portfolio, aligning the brand's wide range of sticks with the dynamic and expressive lifestyles sought by today's youth.
- Our key sales driver for the past five years – The Perfect Store Program, achieved its highest-ever volume in Feb 2025 on top-end retail. The program inducted 1,300 shops, breaking its previous year's

Omoré strengthened its Right-to-Win portfolio through exciting innovations and relaunches in sticks and cones. This included the launch of Majestic and the reintroduction of Caramel Crunch and Strawberry Cheesecake in the 80ml cone format, further enhancing the brand's appeal through distinctive offerings and reinforcing Omoré's position in delivering indulgent frozen dessert experiences.

record, making 2025 its largest expansion year; becoming one of the key growth drivers and retail execution excellence.

- At FCEPL, we believe in maintaining the highest standards in Health, Safety, and Environment (HSE) and ensuring the well-being of our employees, partners, and communities. Our HSE management systems are aligned with the best international practices, and this year we delivered 10,845 safety training hours.
- In 2025, we advanced our sustainability agenda through large scale clean energy and conservation initiatives. The 3.4 MW solar project at the Sahiwal Plant generated 3.97 million solar units and reduced 1,550 metric tons of CO<sub>2</sub>, alongside solar installations at Milk Collection Area Offices and cold stores that collectively saved over 124,882 grid units. Water recycling improvements saved 143,040 cubic meters of water, and our strengthened HSE culture delivered ZERO Lost Time Accidents across FCEPL.
- Our farmer and community development efforts continued with training for 41,000+ farmers, deployment of 110 milking machines, construction and improvement of 160 sheds, PKR 210 million in farm financing, and availability of 500,000 tons of silage. We supported 1,500 female farmers, operated 24 female led Milk Collection Centers, awarded eight scholarships, and expanded healthcare, education, and nutrition programs that benefited over 150,000 students and communities nationwide.

Over the years, we have continued to drive our brand equity and market share through consumer centric campaigns and market execution. We continued cost structure optimization to drive profitability and improve efficiency – something that remained to be a focus for 2025 to ensure competitiveness across the value chain. We also ensured continued focus on internal controls, financial discipline,

compliance, and transparency. We upheld strong stewardship and accountability across all levels of the organization.

Positive collaborations with the Government of Pakistan in 2025 have made me confident that it will yield solutions to ensure a sustainable future for the dairy industry – balancing both fiscal needs with equitable growth along with farmer welfare, and public health.

Our People are our greatest strength at FCEPL. They are our Jaanbaaz (Heroes) and the key to our success. They have consistently and still continue to outperform in the headwinds created by the ever-changing market status, policy changes, consumer needs and have soared beyond these challenges through a 'Winning Mindset'.

It makes me immensely proud to lead this remarkable team, who have showcased tremendous resilience, strength and have consistently soared above not only external challenges but also outperformed their own records year after year. I take this opportunity to thank each and every team member for their commitment to our purpose of 'Nourishing Pakistan'. You are the Khalis kay Rakhwalay and as such, I am confident that together, we will continue to rise above our ambitions.

Finally, I extend my sincere gratitude to our Shareholders and Board of Directors for their continued trust in us. On behalf of FrieslandCampina Engro Pakistan Limited., I am pleased to present our financial performance for the year ended December 31, 2025.

Regards,



Kashan Hasan  
CEO & Managing Director

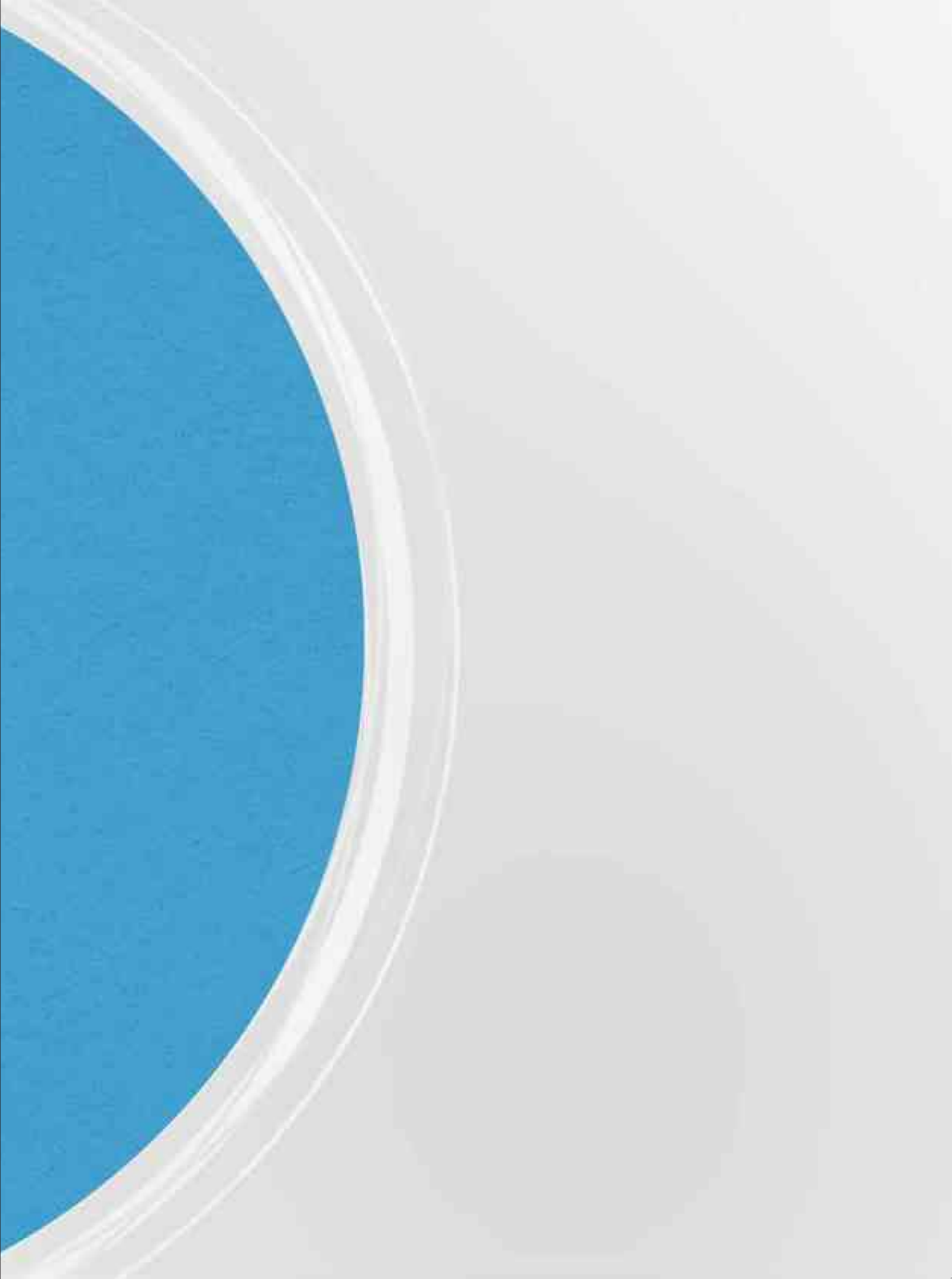


# THE RAKHWALAY AT THE COLLECTION CENTER

At the collection centres, rakhwalay take on the responsibility of trust. With trained eyes and steady hands, they examine every drop, uphold strict quality controls, and ensure that the milk meets quality standards.



# DIRECTORS' REPORT



# DIRECTOR'S REPORT

The Directors of FrieslandCampina Engro Pakistan Limited (FCEPL) (the "Company") are pleased to submit the report along with the financial statements of the Company for the year ended December 31, 2025.

## Business Overview

The uneven playing field for packaged UHT milk created by the implementation of the sales tax in 2024 remains to be a big challenge for the dairy sector. It encourages consumption of loose milk, which remains outside tax net, documented economy and food safety frameworks. This taxation is misaligned with the government's stated objectives of improving access to safe and nutritious food, strengthening documented supply chains, and supporting sustainable livelihoods for dairy farmers. Furthermore, the prevailing tax regime eliminates the ability of organized dairy companies to invest in category development, dairy development programs and long-term initiatives aimed at improving farmer livelihoods and productivity across the value chain.

We look to the government to prioritize public health and the documented economy by implementing equitable taxation on packaged milk.

Despite these external challenges, the Company maintained a strong focus on its commercial agenda by continuing to invest behind its brands and delivering customer centric offerings. The emphasis remains on improved route to market execution and selective commercial initiatives. These actions led to increase in market share and improvement in volume mix.

In parallel, the Company pursued disciplined cost management and efficiency initiatives across the value chain. This included optimization of procurement, manufacturing, logistics and overheads, while maintaining quality, safety and service standards. The combined impact of improved commercial execution and cost optimization resulted in an expansion in gross margin of 75 basis points and growth in operating profit of 16% vs 2024.

## Financial Performance Overview

The financial performance of the company for the year ended December 31, 2025, is summarized below:

(Rs. in million)	Full Year ended Dec 31, 2025		Variation
	2025	2024	
Net Sales	104,452	107,051	-2.4%
Operating Profit	7,936	6,835	16%
% of sales	7.6%	6.4%	120 bps
Profit / (Loss) after tax	2,691	2,203	22%
% of sales	2.6%	2.1%	50 bps
Earnings / (Loss) per share (Rs.)	3.51	2.87	

## Health, Safety and Environment

FrieslandCampina Engro Pakistan Limited (FCEPL) remains committed to the highest standards of Health, Safety,

Environment, and Sustainability, maintaining OSHA aligned systems and fostering a strong safety culture through risk assessments, DuPont safety methodologies, extensive training, and nationwide awareness activities.

## Sustainability risks and management strategies

Climate change, waste management, natural resource depletion, and evolving social expectations represent material risks that can significantly impact business continuity and long-term value creation. In response, we maintain a robust environmental and social governance framework designed to proactively identify, assess, and mitigate these risks. Our approach also ensures organizational readiness for ESG-related disclosures and reporting obligations in alignment with applicable local and international guidelines.

## Sustainability and Corporate Social Responsibility

FCEPL truly believes in its purpose of Nourishing by Nature, which is evident in its approach towards its sustainability and Corporate Social Responsibility initiatives.

**Nourishing millions of people:** The Company promoted better nutrition and wellbeing by supporting school milk programs, healthcare awareness initiatives, and partnerships benefiting marginalized communities. FCEPL continued its support to community schools, educating over 2,100 students, reinforcing its mission to contribute towards an equitable future.

**Caring for people is in our nature:** Through its Dairy Development Program, FCEPL strengthened farmer livelihoods by training over 41,000 farmers, empowering women in the dairy value chain, upgrading farm infrastructure and providing financial support.

**Producing in balance with the planet:** The Company advanced environmental responsibility by reducing resource consumption, progressing toward ISO 14001 certifications, installing a 3.4 MW Solar Power Plant at Sahiwal expanding current projects, enhancing logistics efficiency, promoting water conservation, and planting over 23,828 trees across Sindh and Punjab.

**Flood Relief:** FCEPL set up relief camps in 7 districts, supporting over 2,200 farmers and our team members affected by the floods that impacted 53% of its operational areas in the first half of 2025.

FCEPL is committed to continue its efforts towards growing our positive impact on the people of Pakistan and the environment through its sustainability and CSR initiatives detailed later in the report.

## Our Human Resource

FrieslandCampina Engro Pakistan Limited (FCEPL) continues to anchor long-term performance on a strong people and culture foundation. The Company fosters an environment where employees are empowered to deliver

with excellence, collaborate with respect, and contribute to sustainable value creation. During the year, FCEPL further continued to strengthen its core values; Act with RESPECT, Aim HIGHER, and Succeed TOGETHER, through leadership-led recognition, role modelling, and strong participation in organizational engagement surveys, reinforcing a culture of active listening, inclusion, and continuous improvement.

Ethical conduct and responsible business practices remain central to the people agenda. The Compass framework continues to guide behaviour and decision-making, supported by trained Local Trusted Representatives who enable awareness, compliance, and speak-up confidence. The Company advanced its diversity, equity, and inclusion focus through inclusive cultural engagements, International Women's Day initiatives, global mentoring circles, and programmes supporting female participation across the dairy ecosystem, including farmer livelihood initiatives.

Employee engagement and connection were strengthened through a mix of formal and informal platforms, including company-wide townhalls, weekly indoor gaming hours, flagship forums such as the Annual Commercial Conference and Annual Sports event. Continued investment in learning and development through global learning platforms, leadership and talent development interventions, farmer capability programmes, and targeted plant-level training, that supports resilient and sustainable business performance.

### Accounting Standards

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

### Pension, Gratuity and Provident Fund

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

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

The above-mentioned plan is a funded scheme recognized by the tax authorities. The latest actuarial valuation of gratuity scheme was carried out on December 31, 2025, and the financial statements of these have been audited up to June 30, 2024.

### AUDITORS

The present auditors, M/s A.F. Ferguson & Co. retired have not offered themselves for reappointment as the statutory auditors of the Company. The Board proposes the appointment of EY Ford Rhodes Chartered Accountants as statutory auditors of the Company for the financial year 2026.

### Pattern of Shareholding

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

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors, Executives and their spouses including minor children during 2025, is shown later.

### Dividend

For the year 2025, the Directors have recommended a final cash dividend of PKR 3.5 per share (i.e. 35%).

### Holding Company

FrieslandCampina Pakistan Holdings B.V. (the Holding Company), which is a subsidiary of Zuivelcoöperatie FrieslandCampina UA (the Ultimate Parent Company), holds 51% of the Company's shares and is registered in the Netherlands.

### Internal Control Framework

#### Responsibility

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

#### Framework

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

## Review

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

## Internal Audit

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

## Risk Management

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

## Director's Remuneration Policy

Directors Fee is paid in line with Board approval, and the Company has approved a formal policy in this regard in accordance with the Companies Act, 2017 and the Code of Corporate Governance (CCG). It is ensured that no director takes part in deciding their own remuneration. The fee of the non-executive and the independent

directors for attending the Board and Committee meeting of the Company is determined by the Board from time to time. The Board, if it deems appropriate, may engage independent consultants to determine the appropriate level of remuneration of its directors. The remuneration shall not compromise nor influence in any way the independence of the directors. The remuneration including director's fee for attending the Board or Board Committee Meetings, paid to the Directors and Chief Executive Officer is disclosed in Note 38 of the financial statements.

## BOARD OF DIRECTORS

### Statement of Director Responsibilities

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

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

## Board meetings and attendance

In 2025, the Board of Directors held 5 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended					Total
	1 (13 Feb 2025)	2 (21 Apr 2025)	3 (13 Aug 2025)	4 (16 Oct 2025)	5 (14 Jan 2026)	
Abdul Samad Dawood	✓	✓	✓	✓	✓	5
Ali Ahmed Khan	✓	✗	✓	✓	✓	4
Kashan Hasan	✓	✓	✓	✓	✓	5
Ehsan Ali Malik	✓	✓	✓	✓	✓	5
Liselotte Kooi	✓	✓	✓	✓	✓	5
Zouhair Abdul Khaliq	✓	✓	✓	✓	✓	5
Robert ter Borg	✓	✓	✓	✓	✓	5

## Board Composition and Governance

As of December 31, 2025, the Board comprises of seven Directors (6 males, 1 female) including one Executive Director, two Independent Directors and four Non-Executive Directors. The Board has the collective responsibility for ensuring that the affairs of FCEPL are managed competently and with integrity. Mr. Abdul Samad Dawood, a non-executive Director, is the Chairman of the Board, and Mr. Kashan Hasan is the Chief Executive Officer. Biographical details of the Directors are included in this report.

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

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

## Board Compensation Committee

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

Ehsan Ali Malik	Chairman
Kashan Hasan	Member
Ali Ahmed Khan	Member

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

## Board Audit Committee

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The committee met 4 times during 2025. The committee comprises the following members:



**ABDUL SAMAD DAWOOD**  
Chairman

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

The secretary of the committee is Mohsin Qureshi.

## Environment, Social & Governance Committee

The Environment, Social & Governance (ESG) Committee ("the Committee") is established as a separate sub-committee to assist the Board in its oversight of ESG matters related to FrieslandCampina Engro Pakistan Limited ("the Company"). The Committee shall also support the Board in oversight of policies related to diversity, equity, and inclusion (DE&I) that is part of company's strategy. The Committee is responsible for reviewing management strategies related to ESG matters and ensuring policies to promote DE&I are in place, with a focus on gender mainstreaming, gender equality, and women's participation at the Board, management and workforce levels. The Committee currently consists of four (04) members as appointed by the Board, comprising of independent Directors as well as one female Director listed below:

Ehsan Ali Malik	Chairman
Zouhair Abdul Khaliq	Member
Ali Ahmed Khan	Member
Liselotte Kooi	Member

## FUTURE OUTLOOK

As we look ahead, we will continue to build on the strong foundations of our business by strengthening our brands and reinforcing consumer trust in the safety and nutritional value of packaged dairy. A sustained focus on improving affordability, cost efficiency across our supply chain and mix management will remain central to how we operate.

Since the imposition of the taxation on packaged dairy, there have been no major investments behind category development and broader dairy sector initiatives, limiting the pace at which the formal sector can expand its positive impact.

We will continue to engage with government stakeholders and relevant authorities to advocate for a more balanced and equitable taxation regime for packaged dairy, aligned with practices adopted in many other parts of the world. Such an approach would support food safety, formalization of the economy, and sustainable growth of the dairy sector.



**KASHAN HASAN**  
Chief Executive Officer

# THE RAKHWALAY AT THE QA LABORATORY

Behind every glass of trusted milk stands a team of Rakhwalay.

With trained expertise and unwavering focus, they examine, test and confirm the integrity of each batch.





# OUR BRANDS

## OLPER'S UHT MILK



Olper's, launched in 2006, has grown to become Pakistan's No. 1 UHT milk brand by consistently delivering high-quality, nutritious milk to consumers nationwide. Anchored in the brand's Grass to Glass promise, Olper's ensures that every pack is preservative-free, UHT treated, and undergoes 28 rigorous quality checks to meet the highest standards of safety and nutrition.

Today, Olper's stands as Pakistan's most trusted dairy brand, playing an integral role in everyday consumption, from drinking and tea preparation to a wide range of homemade culinary applications. Its strong equity is built on reliability, purity, and relevance across households and usage occasions.

## OLPER'S DAIRY CREAM



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

## OLPER'S TARRKA



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

## OLPER'S FLAVOURED MILK



Olper's Flavoured Milk, launched in 2020, offers children a nutritious and great-tasting beverage available in four flavours: Chocolate, Strawberry, Badam Zafran, and Chaunsa Mango. Built on a strong proposition of taste and nutrition, the brand has steadily gained acceptance among children and parents, establishing itself as a trusted choice of drink.

## OLPER'S PROCAL+



Launched in 2018, Olper's ProCal+ is a nutrient-rich milk specially formulated with high levels of protein and calcium, while containing less than 1% fat. This combination supports the development and maintenance of muscles and bones, promoting health and vitality for consumers and their families.

## OLPER'S FULL CREAM MILK POWDER



Olper's Full Cream Milk Powder is made from 100% natural cow & buffalo milk and is a high source of Protein, Calcium, Vitamin A & B2. It provides all the delicious goodness and versatility of milk since it is great for drinking, making tea, making desserts and all other dairy applications.

# Tarang



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

# Dairy Omung



Launched in 2011, Dairy Omung is an affordable, low-fat UHT milk for everyday use. Targeted at the economy segment of Pakistani households, the brand provides unadulterated and hygienic milk for families. Positioned to compete with loose milk (khula doodh), it caters to households seeking quality milk at an accessible price, reinforcing FCEPL commitment to serving diverse consumer segments across the country.

# omoré



Launched in 2009, Omoré is one of Pakistan's leading frozen dessert brands, bringing fun and indulgent dessert experiences to consumers across the country. With a diverse portfolio including cones, sticks, cups, bricks, and tubs, the brand offers a wide range of flavours and formats suited to different tastes and occasions.

Positioned as an accessible and exciting treat for families and young consumers alike, Omoré continues to delight audiences through innovation and strong nationwide availability, reinforcing FrieslandCampina Engro Pakistan Limited's commitment to serving diverse consumer segments across Pakistan.



# OLPER'S UHT MILK

## Khalis Kay Rakhwalay Campaign

In 2025, Olper's delivered a strong performance, achieving its highest-ever market share and recovering volumes at a faster pace than the overall category. This momentum was driven by the Khalis Kay Rakhwalay campaign, which strengthened consumer confidence by reinforcing the brand's promise of 100% pure goodness, carefully sourced from farms across Pakistan and brought safely to families while preserving milk's natural goodness at every step of the process. Delivered through an integrated, multi-channel activation spanning mass media, digital, and in-store execution, the campaign reaffirmed Olper's leadership in purity and quality, reinforcing its role as a guardian of purity through the care and commitment involved in delivering every pack nationwide.



# OLPER'S FLAVOURED MILK

## Performance Mein Break Na Ho Campaign

In 2025, Olper's Flavoured Milk delivered 10% growth, supported by a focused strategy to strengthen relevance and drive penetration within the kid's beverage segment. Growth was driven by the Olper's All Stars campaign, activated across TV and digital channels, and complemented by impactful school engagement programs and strong in-store visibility aligned with the back-to-school season. These initiatives, combined with consistent messaging around nutrition and energy, helped further strengthen the brand, improve off-take, and support sustained business momentum.



# OLPER'S CREAM

## Ramadan Campaign

During Ramadan, our campaign centered on Creamy Fruit Chaat, recognizing it as one of the most significant consumption occasions for cream. The objective was to elevate the Iftar experience for families by inspiring the preparation of a rich and delicious Creamy Fruit Chaat made with Olper's Cream. This idea was brought to life through an integrated communication strategy across TV and digital platforms. In addition, the campaign leveraged trusted voices to introduce the concept of the "Goodness Platter," symbolizing warmth, care, and togetherness during Iftar. Through this narrative, individuals shared heartfelt stories about what the fruit chaat platter represented to them highlighting its importance, the memories it evoked, and the joy it brought to their families. By connecting these personal stories with Olper's Cream, the campaign positioned goodness as a reflection of family bonds, love, and shared traditions – transforming everyday Iftar moments into meaningful and memorable experiences.



## BBQ Campaign

For Eid-ul-Adha 2025, Olper's Cream led a festive BBQ campaign celebrating the joy of grilling and shared meals. The film highlighted Olper's Cream as the hero ingredient, perfect for marination, cooking, and finishing, making every BBQ richer, creamier, and more indulgent. With appetizing visuals, the campaign showcased how Olper's Cream elevates meat and sauces at every stage, transforming a simple BBQ into an irresistible feast.



## RENOVATING THE VALUE-ADDED CONES FORMAT

Observing the growth trajectory of the 80ml cones in the single serve segment, two of Omoré's consumer favourite flavours i.e., Strawberry Cheesecake and Caramel Crunch were re-launched at attractive price points to gain share and drive incremental value growth.

80ml cones is a format that is quite popular amongst the masses as it drives ample price-to-pack value for consumers looking for affordable indulgence. This renovation acted as a stepping stone in strengthening our "Right-to-win" strategy and reinforced the format's value proposition.



## INTRODUCING NEW 600ML BRICK FORMAT – MANGO FLAVOUR

New 600ml Brick format was introduced in the in-home segment to drive incremental volume growth by strategically positioning it at an entry level price point of **Rs. 349**.

600ml Mango Brick was then aired as part of full-fledged Wow Bharay Desserts Campaign, capturing visibility and attention from all consumer segments. The introduction of this format resulted in arresting decline across bricks portfolio as well.



## INTRODUCING ALL NEW MAJESTICK

Majestick – a premium chocolate stick, was launched as part of extending the sticks portfolio that is sacrosanct for Omoré’s **'Right-to-Win'** strategy.

The stick combines a decadent chocolate base with a soft caramel core, topped with fudgy brownie bits infused in a crackling chocolate coating.

Liven up by rich and tantalizing visuals, the campaign brought the irresistible layers of Majestick to life. The symphony of music emphasized the indulgence of flavours by highlighting both structure and the premium experience of the product. This launch positioned Omoré as an indulgent frozen desserts Brand.



## WOW BHARAY DESSERTS CAMPAIGN

Under the Wow Bharay Desserts platform, the **"Meethay Mein Wow Kaise Layein?"** campaign was developed to position Omoré Brick Packs as the hero that transforms familiar desserts into elevated experiences.

The idea celebrated desserts people already enjoy, while showing that the true "WOW" comes alive when they are served with Omoré.

Through a functional film, the campaign demonstrated how Omoré becomes the defining element, enhancing taste, texture, and overall indulgence. The communication focused on real dessert occasions, illustrating how Omoré takes centre stage within everyday sweet moments rather than acting as a side addition.

By repositioning Omoré Brick packs as an essential part of dessert serving, the campaign expanded its role within households and inspired consumers to create more memorable dessert experiences. This strengthened Omoré’s positioning as a frozen dessert that brings "WOW" to every sweet occasion.



## WOW BHARI SIDE CAMPAIGN

Omoré redefined what it means to indulge by aligning the brand with the dynamic, multi-layered personalities of today's youth. Omoré Single Serves have always been more than just frozen desserts, they've been little moments of joy, innovation, and surprise. The **"WOW BHARI SIDE,"** campaign celebrated this very essence, highlighting how Omoré's unique layers of taste, texture, and experience mirror the diverse, bold, and spontaneous sides of the youth.

Youth today are complex, full of contrasts and surprises, just like Omoré's creations. Each bite of Omoré is an exploration of different moods and flavours, much like the multi-faceted identities of young people. The campaign positioned Omoré not only as a treat but as a way to express oneself, emphasizing how each flavour captured the vibrancy, playfulness, and unpredictability that youth crave.

Through relatable storytelling and playful visuals, this campaign turned Omoré's Single Serves into an expression of personality and self, bringing the brand into everyday conversations. This campaign resulted in sparking engagements, driving sales, and re-inforcing Omoré's place as the go-to frozen dessert brand for every mood and moment.

# DAIRY SALES

## A Unified Commitment from Day One

At the start of the year, the entire sales organization came together with a clear and collective commitment to deliver, stay resilient, and remain focused despite challenging market conditions. This shared resolve set the tone for disciplined execution and sustained momentum throughout the year.



## CELEBRATING PEOPLE, POWERING PERFORMANCE

### Jaanbaaz Recognition, Honoring Excellence

To strengthen engagement and reinforce a performance driven culture, the Jaanbaaz Recognition Program was launched to celebrate and reward our top performers each month. The initiative created a strong sense of ownership, pride, and motivation across the frontline, highlighting individuals who consistently delivered outstanding results.

### One Team, Shaping a Stronger Tomorrow

Throughout the year, the sales organization came together with a shared focus on building a stronger and more impactful future. Collaborative thinking and creative problem-solving enabled teams to generate new ideas and approaches aimed at delivering better execution, deeper market engagement, and stronger performance in the coming year. This collective effort reflects a unified commitment to continuous improvement and positions the organization to deliver a more powerful and successful year ahead.



## Perfect Store Program

The Perfect Store Program continues to strengthen store fundamentals, improving visibility, availability, pricing, and promotion to enhance shopper experience and drive retail performance. A key pillar of FCEPL for the past five years, the program delivered strong results in 2025, achieving the highest-ever monthly volume in May 2025 and recording its largest expansion with the addition of 1,300 new stores, reinforcing its role in driving execution and growth.



## Olper's New Campaign

To ensure rapid and effective rollout of the new Olper's campaign "Olper's Kay Rakhwalay" across the trade, a focused competition was introduced to drive the quickest changeover of communication on ground. The initiative energized teams, encouraged swift execution, and ensured strong alignment of messaging across outlets. By combining speed with disciplined execution, the competition helped achieve faster visibility, and a sharper recall.

## Extending Campaign Impact through Consumer Engagement

To capitalize on the new communication, an interactive game was launched across B2C platforms to engage consumers and strengthen brand connection. The initiative translated campaign messaging into active participation, increasing excitement, recall, and overall impact beyond traditional touchpoints.



## CREAMS, RECORD PERFORMANCE WITH SUSTAINED DOUBLE-DIGIT GROWTH

### Cream Champions League

During the peak season, the Cream Champions League, a cricket themed engagement initiative, played a pivotal role in accelerating volume and energizing the market. The program intensified execution, improved productivity, and strengthened competitive spirit across regions, translating seasonal opportunity into record setting performance.

## Record Breaking Growth

The Creams portfolio delivered an exceptional performance during the year, achieving strong double-digit growth and surpassing all previous records to establish a new benchmark for the business. This achievement reflects sustained consumer demand, disciplined execution, and focused market engagement across channels, reinforcing the growth foundation for the future.



### FLAVOURED MILK, TURNING MOMENTUM INTO SUSTAINABLE GROWTH

#### Back to School, Capturing Seasonal Opportunity

Building on the Back-to-School program, the Flavoured Milk portfolio successfully capitalized on peak seasonal demand, delivering strong acceleration and closing the season with 2,000 basis points growth. Focused market activation, improved availability, and targeted execution enabled the brand to strengthen consumption and expand its presence across key markets.

#### Assortment Expansion in General Trade, Driving Turnaround

Strengthening assortments across General Trade helped rebuild brand momentum and restore performance. Improved availability and sharper execution enabled Flavoured Milk to deliver strong double-digit growth and reestablish a stable growth path.

## Owning the Store Through Disruptive in Store Execution

Disruptive in store asset designs for Olper's and Olper's Cream strengthened visibility and shelf dominance across key outlets. Category captaincies, breakfast carts, seasonal podiums, and FSUs were expanded to fully own key consumption occasions, converting presence into stronger retail impact.



# FROZEN DESSERT JOURNEY

2025 was a breakthrough year for the Frozen Dessert category. We focused on sharpening how we win in the market. The year was driven by focused asset placement, hero products, high-impact in-store execution, and a stronger operational backbone — all coming together to deliver stronger growth, better visibility, and more value across the category.



## Driving Core SKUs

To grow faster and more profitably, we identified high-potential SKUs as our MSL (Must Stock List). The objective was to scale the products that drive the most value and replenishment.

For the first time, a channel-wise dedicated planogram was designed and implemented. Execution was closely supported through a structured merchandising program and digital tracking of POSM compliance. This real-time visibility allowed teams to act faster in the market and and positively impact sales.



## Creating Excitement through Innovations

Majestick, our key innovation of the year, was launched as a hero SKU and tracked through defined KPIs. Strong trade and merchandising support ensured high-quality execution on the ground and accelerated its scale in the market.



## Assets: Making Every Freezer Count

Freezers and trikes are the front line of our market execution. They have created visibility, drove trial, and strengthened Omoré's presence in the category.



Freezers were deployed at high-potential outlets to build first-choice presence at the point of purchase.

To win during the peak season, freezers were deployed in the first quarter, allowing us to secure prime locations, lock visibility ahead of competition, and maximize season's demand. Each placement was guided by one objective: convert visibility into sales.

## E-commerce & Digital Presence

In 2025, Omoré's presence was increased across key e-commerce platforms to stay closer to shoppers. Better visibility of our hero SKUs and improved availability helped drive online sales and support our overall growth.

## Operational Excellence

To support this growth, we strengthened our operational backbone. The addition of cold stores, an expanded vehicle fleet, and wider service coverage enabled faster deliveries, better stock availability, and stronger support for our sales teams. These investments helped the sales team respond to the market with speed and confidence, especially during peak season.



## Sustainability & Social Impact

In line with the company's sustainability agenda, we converted one more of our operations into solar-powered distribution. This reduced operating cost, lowered environmental impact, and reinforced our commitment to building a more responsible and future-ready business.





ASLI DESI GHEE

پاجارون ذاتہ  
امنگ  
دوبالا

Dairy Omung

تازا

PROB CAL  
OLPER'S

NEW  
OLPER'S  
TEA Creamer

amoré  
KULF3

OLPER'S  
DAIRY CREAM  
100% PURE STEVEDIA

OLPER'S  
CHOCOLATE FAVOURED MILK



**SUPER SAVER**

**OLPER'S**

**OLPER'S**

**OLPER'S**

**OLPER'S**

**OLPER'S**

**OLPER'S**

**OLPER'S**

1/2

FULL CREAM MILK

CALCIUM  
PROTEIN

300ml e

FULL CREAM MILK



OLPER'S

OLPER'S  
FULL CREAM MILK



# THE RAKHWALAY AT THE PLANT

At the plant, the Rakhwalay ensure goodness is protected at scale.

Through advanced technology, strict hygiene protocols and constant monitoring, they oversee every step of processing and packaging.

# PEOPLE & CULTURE

## Building a High-Performing, Values-Led Organisation

In 2025, FrieslandCampina Engro Pakistan Limited (FCEPL) continued strengthening a performance-driven culture anchored in our global values; Act with RESPECT, Aim HIGHER, Succeed TOGETHER. These values remain embedded in performance management, recognition and talent practices, reinforcing alignment between behaviours, accountability and business outcomes.



Our annual Organizational Health Survey score increased to 83%, the highest result across the past four survey cycles. Participation remained above 90%, ensuring robust insights and focused action planning across teams. The improvement reflects strengthened clarity of direction, stronger alignment to organisational purpose, enhanced confidence in growth opportunities, and a workplace culture rooted in respect.

## Talent, Capability & Performance

Strengthening our talent bench remained a central priority in 2025. Structured talent reviews and succession planning discussions enhanced visibility of critical roles and readiness levels, strengthening leadership continuity



and organisational resilience. Managers were supported through targeted capability sessions focused on talent assessment and performance differentiation, reinforcing objective and transparent people decisions.

Inclusive talent acquisition practices were further strengthened to widen candidate pools and promote equitable hiring outcomes across functions. This ensures that capability, potential and diversity considerations are embedded from the point of entry into the organisation.

Operational capability building continued across plant and commercial teams through focused technical training and development interventions, contributing to improvements in efficiency, safety and quality performance. Employees also leveraged FrieslandCampina's global learning platforms to support cross-functional growth and readiness for future roles.

## Diversity, Inclusion & Gender Advancement

FCEPL remains committed to Inclusive Diversity as a business enabler and cultural strength.



Gender participation continued to receive focused attention. Female apprenticeship pathways at manufacturing sites supported the development of technical capability and expanded representation in operational roles. Women employees also participated in global mentorship programmes, strengthening leadership exposure, cross-border learning and career progression opportunities within the broader FrieslandCampina network.

Beyond the organisation, dairy development initiatives continued empowering female farmers and female milk collection service providers within our broader value chain.

During the year, employee benefit frameworks were reviewed and enhanced to better support evolving workforce needs, including improvements aligned to working families. These measures reinforce our commitment to creating an enabling and supportive work environment.

Alongside structural inclusion efforts, shared moments of connection during the year further strengthened a culture of belonging, reinforcing respect and unity across teams.

### Wellbeing & Employee Experience

Employee wellbeing and workplace connection remained important components of our engagement strategy in 2025.



Town halls, functional forums and cross-business events including the annual Commercial Summit strengthened alignment, recognition and shared accountability. Informal engagement initiatives during the year created regular opportunities for employees to connect beyond functional boundaries, reinforcing camaraderie and collaboration across the organisation. Local wellbeing activities supported physical and emotional health, contributing positively to employee experience indicators



reflected in the engagement survey results.

### Governance & Ethical Conduct



Integrity and responsible business conduct continue to underpin our organisational culture.

Our Compass, Code for Good Business Conduct remains central to reinforcing ethical standards and accountability. Local Trusted Representatives across sites continued to provide accessible guidance and support, ensuring clarity and confidence in ethical decision-making.

At FCEPL, we believe sustainable business performance is built on strong capability, inclusive practices and an engaged workforce. The record-high engagement score of 83% and strengthened talent foundations reflect our continued commitment to building a resilient, high-performing and values-driven organisation.

### Gender Pay Gap

Following is gender pay gap calculated for the year ended 2025:

- I. Mean Gender Pay Gap: -62%
- II. Median Gender Pay Gap: -87%

# SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

Sustainability is engraved in FCEPL's purpose to nourish Pakistan. The Company is dedicated to improving the lives of farmers, empowering rural women in the dairy value chain, producing in balance with nature, and nourishing millions of Pakistanis every day by providing safe, healthy, and accessible nutrition.

## Producing in Balance with The Planet

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

- To foster a culture of safety, the Company has implemented a robust workplace safety program focused on identifying and mitigating potential risks to prevent injuries. This program includes comprehensive safety gap analyses and the adoption of the DuPont Safety Management, a people-centric approach that drives continuous improvement.
- We had ZERO Lost Time Accident across FCEPL. We delivered 10,845 safety training hours in 2025 and organized Safety Weeks, awareness campaigns, and Environment Day activities with fence line community schools as well as with Local EPA Offices.
- In Manufacturing, Key improvements included stronger fall protection controls, installation of an auto-dosing system to eliminate chemical exposure for workforce, scaffolding safety training for shop-floor teams, and emergency response certification for the Plant Emergency Squad by Punjab Emergency Service 1122. A 3.4 MW Solar Plant was set up in Sahiwal Plant that helped generated 3,974,884 Solar Units and avoided 1,550 metric tonnes of CO<sub>2</sub> avoided. This is equivalent to planting 151,429 trees.
- At Sahiwal Plant, to maximize reuse of treated water, water recycling project was conducted to filter reject water streams for RO Plants and this helped us save 143,040 cubic meters of water.
- In Milk Collection, the HSE team promoted road safety through mobile phone campaigns for milk suppliers, school and college awareness sessions, safety banners on milk tankers, and defensive driving refreshers conducted with the National Highways and Motorway Police. Safe Riding trainings for two-wheelers were also delivered in partnership with Atlas Honda Limited. In MPAS, solar systems were installed at some of our area offices to support uninterrupted operations and to drive sustainability. The total installed base of PV Panels at our Milk Collection Area Offices is 180 KW and that helped us save 124,882 Units from Utility Grid and 45 tons of CO<sub>2</sub> as part of our global drive. This is equivalent to planting 2,143 trees.
- In Sales, solar systems were installed at all Frozen Dessert cold stores to support uninterrupted cold chain operations and sustainability. The total installed base at 2 of our distributions is 780 KW and that helped us save 651,000 Units from Utility Grid and 233.7 tons of CO<sub>2</sub> as part of our global drive, though this saving of CO<sub>2</sub> falls in Scope III. This is equivalent to planting 11,160 trees. Additionally, complete earthing and grounding installations were implemented at dairy sales warehouses nationwide to strengthen electrical safety and ensure compliance with IEC/OSHA standards.

## Nourishing Millions of People

- During 2025 FCEPL partnered with The Blessing Foundation, invested PKR 11.9 million to provide primary healthcare, health awareness, and maternal and child health services to marginalized communities; improving access to essential healthcare for those who need it most.

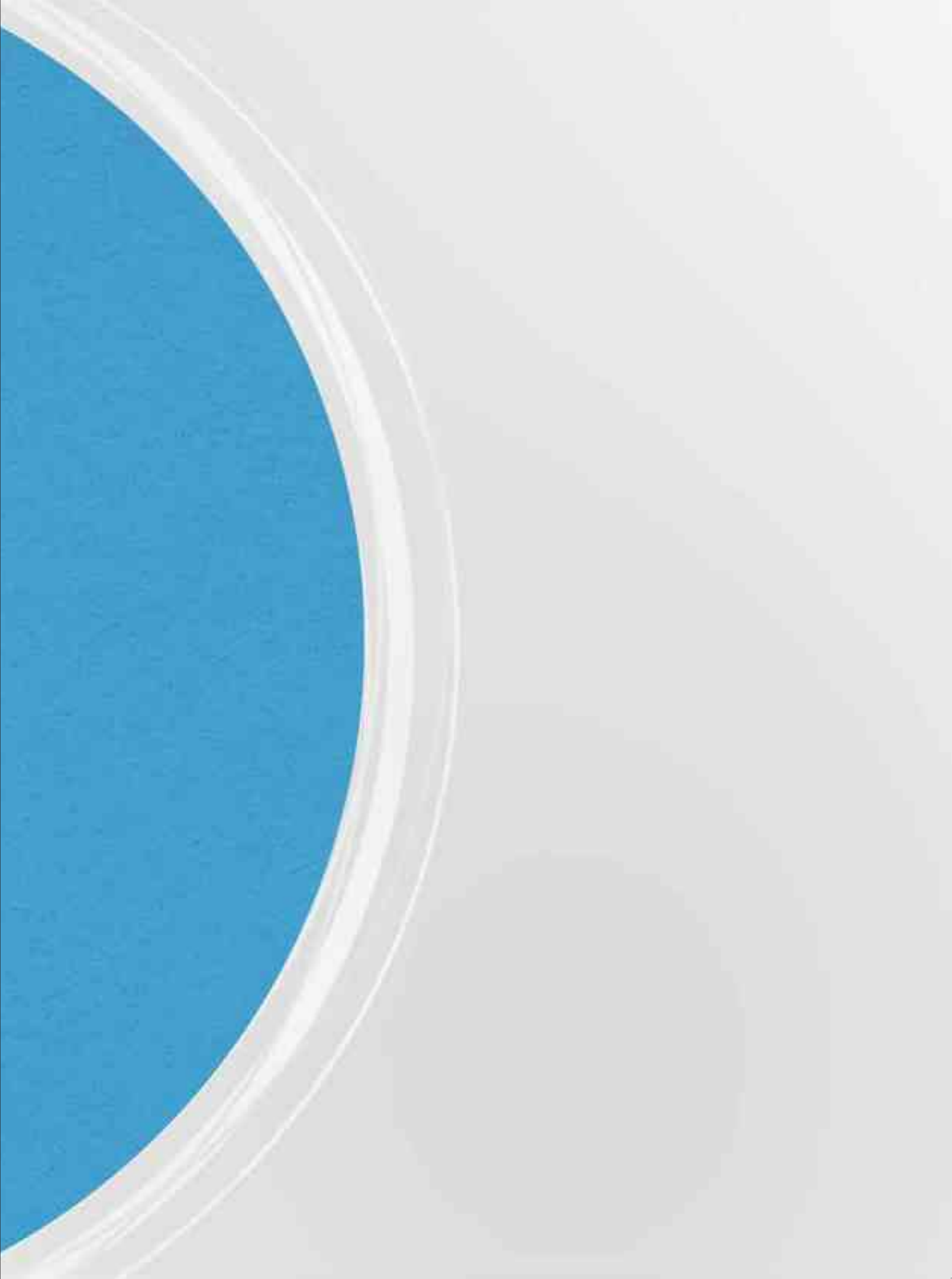
- Believing in the power of education FCEPL invested PKR 25.9 million in partnership with Indus Resource Center and CARE Pakistan to support seven community schools two in Nara and five in Sahiwal. This initiative provided essential infrastructure, academic resources, and operational support, benefiting over 2,100 students aged 5–15 and helping shape a brighter future for young learners.
- Contributed to Government of Punjab's school nutrition programme, providing safe milk to 150,000+ students in 1,200+ schools across Bhakkar and Mianwali.
- Continued support to Raast School in Karachi providing nutritious milk to 360+ underprivileged children from Qayyumabad.
- Contributed 5 million worth of Olper's milk to The Citizens Foundation to support nutritional needs of children across Pakistan through their network of schools.
- 500,000 tons of silage were availed at farms (PKR 9 billion), helping farmers reduce feed costs and maintain herd health during lean periods.
- Farmers supported (PKR 210 million) financing feed and farm machinery at reduced markup rates.
- 8 educational scholarships awarded to farmers' children and siblings. (0.7 million)
- 1,500 female farmers trained on improving herd health, milk quality, and farm profitability while promoting sustainable dairy management techniques.
- 24 female-led milk collection centers, strengthening gender inclusion, and enhancing livelihoods in rural communities.
- Allocated 0.3 million towards flood-relief initiatives in addition to establishing farmer assistance camps across seven districts. Medicines, feed, and expert guidance were provided to support farmers and safeguard their livestock.

#### Caring for People Is in Our Nature:

- 41000+ farmers trained by expert dairy development team.
- 160 dairy sheds were constructed and modified by installing 110 milking machines and deploying 35 TMR and silage machines.
- Donated 0.3 million to Karwan-e-Hayat, a mental health organization, as part of our commitment to supporting communities in need.



# FINANCIAL REVIEW



# FINANCIAL REVIEW

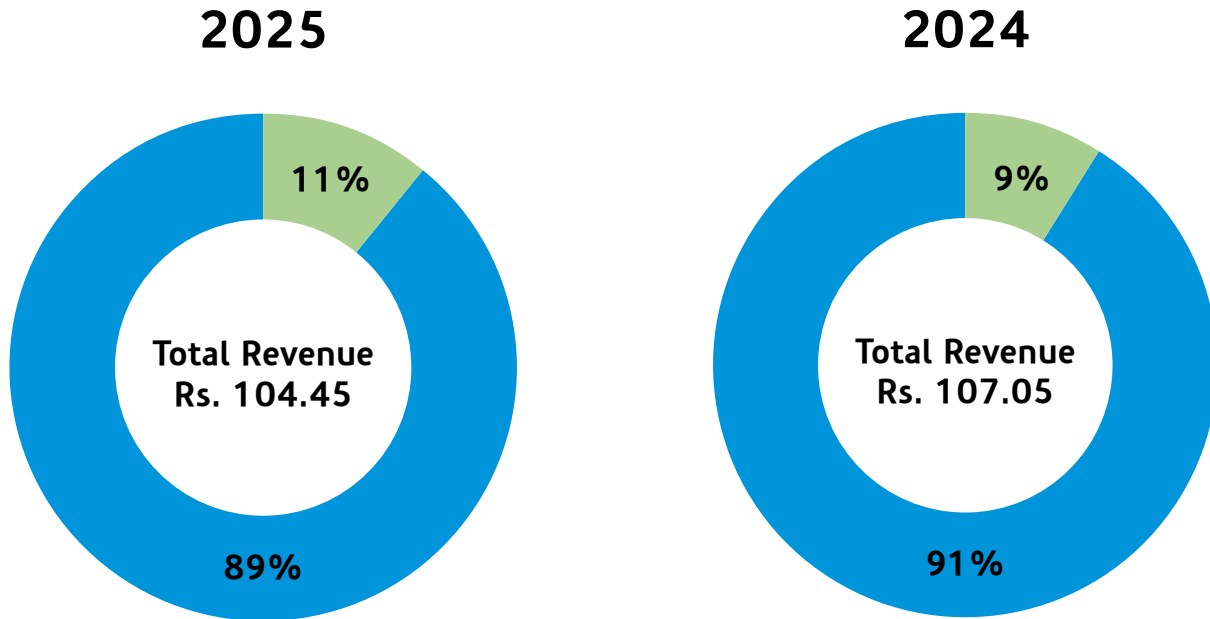
(Amounts in thousand)

Business Revenue (Rs. in billions)

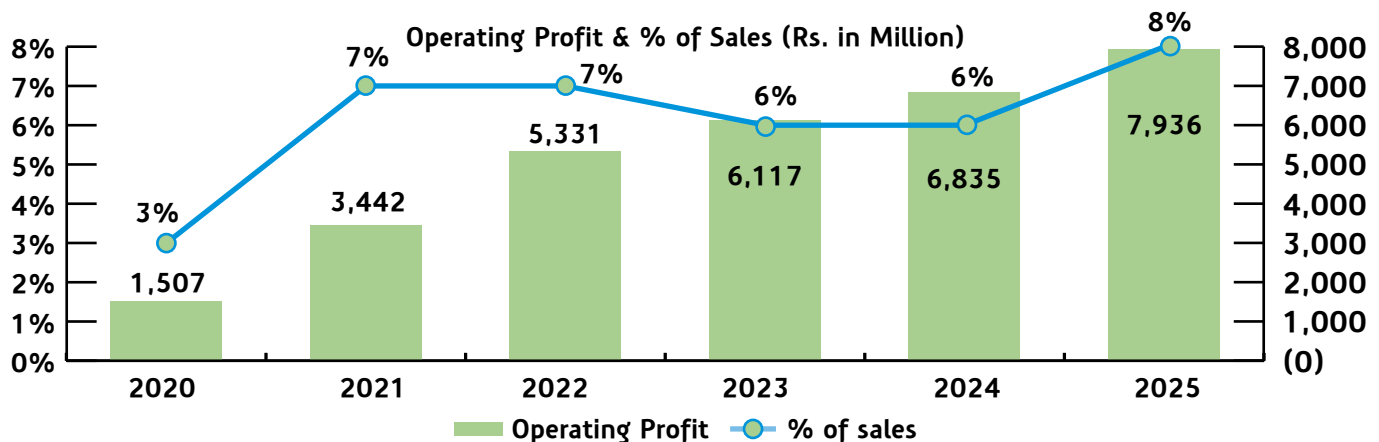
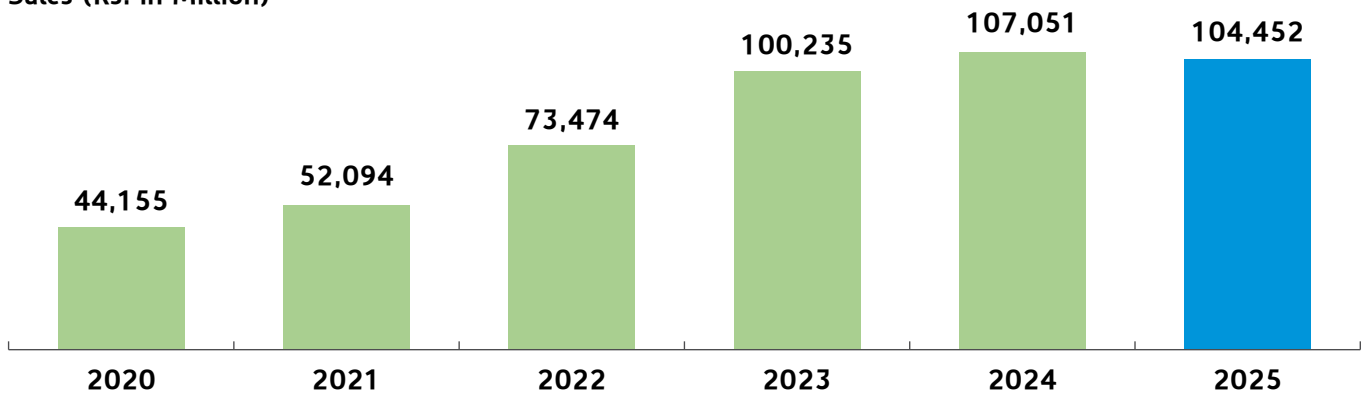
% Segment Share

■ Dairy based products

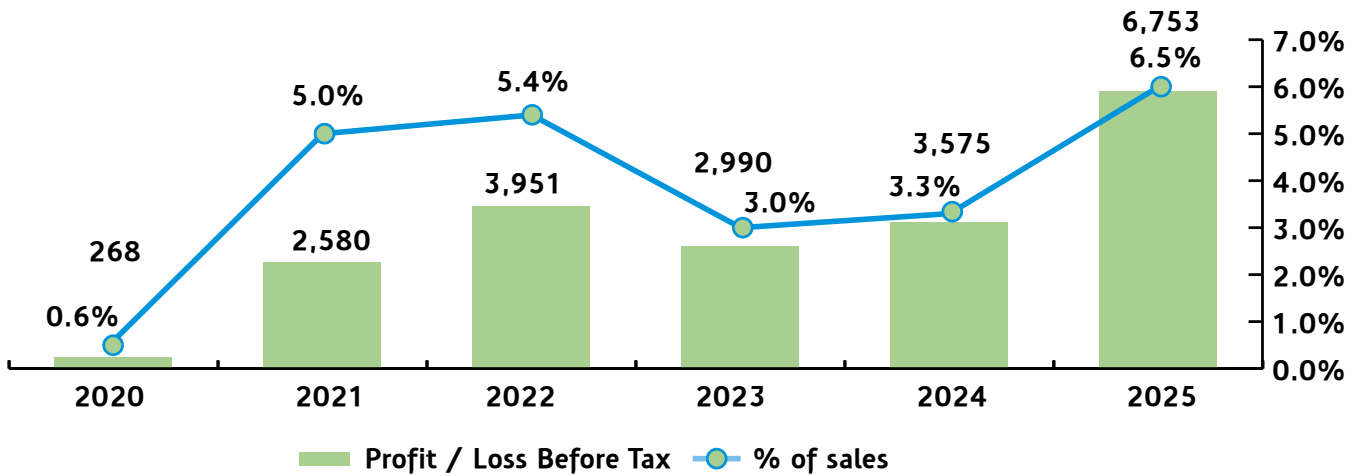
■ Frozen desserts



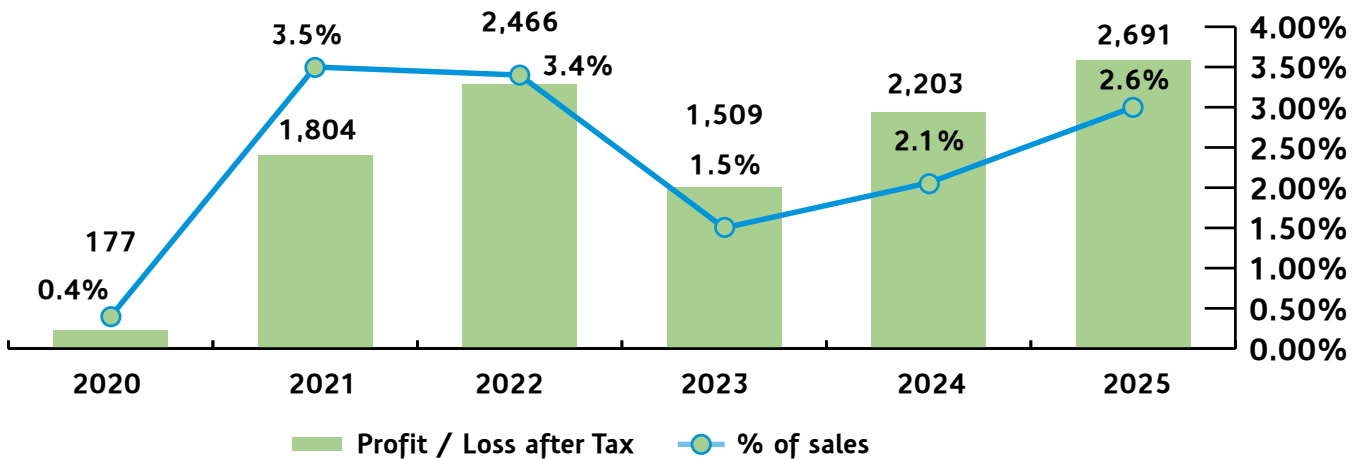
Sales (Rs. in Million)



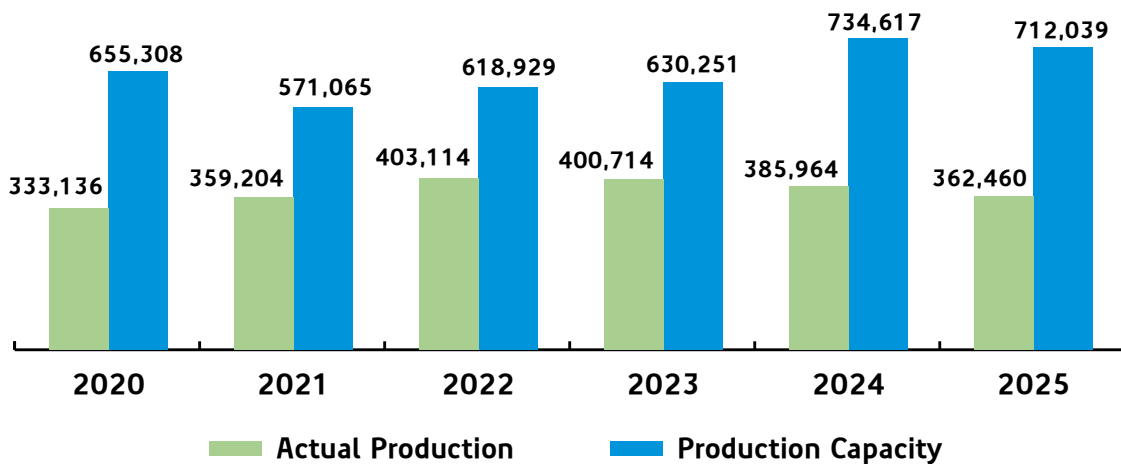
Profit / Loss Before Tax (Rs. in millions)



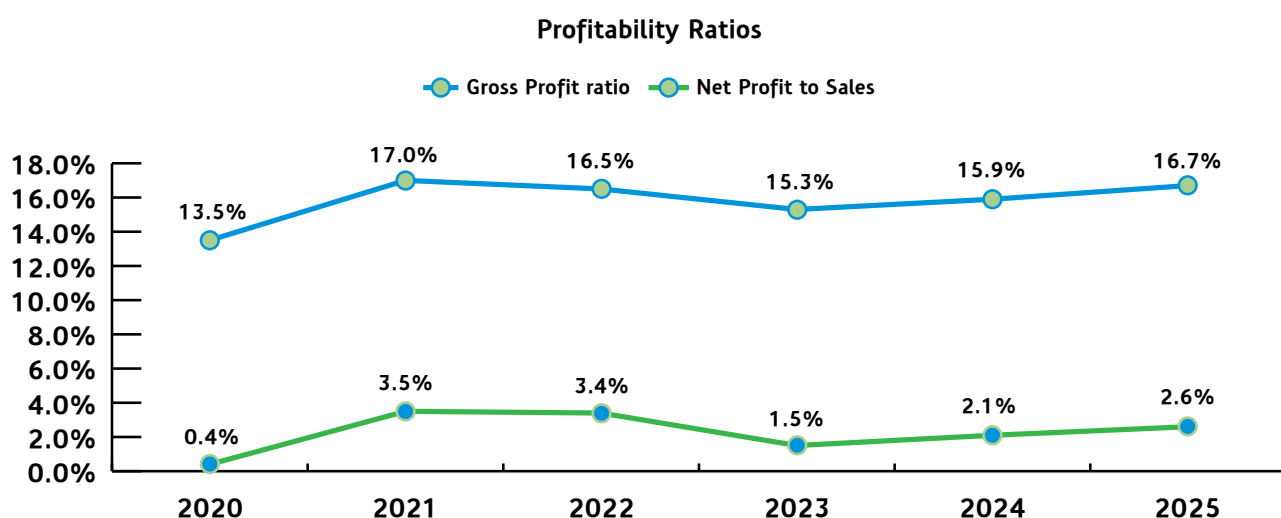
Profit / Loss After Tax (Rs. in millions)



Actual Production vs. Production Capacity ('000 litres)



# Profitability Ratios:



## STATEMENT OF VALUE ADDITION & DISTRIBUTION

WEALTH GENERATED	2025		2024	
	Rs. in millions	%	Rs. in millions	%
Total Revenue inclusive of sales-tax and other income	124,395		118,860	
bought-in material and services	(101,615)		(96,849)	
	<b>22,780</b>		<b>22,011</b>	
<b>WEALTH DISTRIBUTED</b>				
To employees				
Salaries, benefits and other costs	5,872	25.78%	5,753	26.13%
To Government				
Taxes, duties and development surcharge	12,789	56.14%	8,548	38.84%
To Society				
Donations towards education, health, environment and natural disaster	43	0.19%	16	0.07%
To Providers of Capital				
Mark up/interest expense on borrowed money	1,183	5.19%	3,259	14.80%
Retained for reinvestment and future growth, depreciation, amortization, retained profit	2,893	12.70%	4,435	20.14%
	<b>22,780</b>		<b>22,011</b>	

# FINANCIAL SUMMARY

Description	2025	2024	2023	2022	2021	2020
	-----Rupees in million-----					
<b>Statement of Financial Position</b>						
Share capital	7,666	7,666	7,666	7,666	7,666	7,666
Share premium	865	865	865	865	865	865
Employee compensation reserve	-	-	-	1	43	100
Remeasurement of post employment benefits - Remeasurement loss	(253)	(218)	(297)	(274)	(171)	(146)
Unappropriate profit / (loss)	8,689	8,144	5,941	4,431	1,924	62
Shareholders' funds / Equity	16,966	16,457	14,176	12,690	10,327	8,548
Long term borrowings	970	318	250	750	2,200	4,663
Capital employed	17,936	16,775	14,426	13,440	12,527	13,211
Property, plant & equipment	13,181	12,407	11,394	9,858	9,513	10,448
Long term advances and deposits	516	314	253	129	61	44
<b>Statement of Profit or Loss</b>						
Revenue from contracts with customer - net	104,452	107,052	100,235	73,474	52,094	44,155
Gross profit	17,394	17,028	15,289	12,108	8,837	5,953
Operating profit	7,936	6,835	6,117	5,331	3,442	1,507
Profit / (loss) before tax	6,753	3,575	2,990	3,951	2,580	268
Profit / (loss) after tax	2,691	2,203	1,509	2,466	1,804	177
<b>Statement of Cash Flows</b>						
Net cash flow from operating activities	2,327	2,861	3,344	6,223	3,683	1,934
Net cash flow utilised in investing activities	(1,794)	(2,127)	(2,137)	(1,445)	(884)	(1,316)
Net cash flow utilised in financing activities	(2,386)	(1,420)	(1,953)	(2,836)	(1,486)	1,703
Changes in cash & cash equivalents	(1,853)	(687)	(746)	1,941	1,313	2,321
Cash & cash equivalents - Year end	539	2,392	3,078	3,825	1,883	570
<b>Others</b>						
Market capitalisation	66,315	68,455	62,794	50,392	64,988	63,101
Number of shares issued	767	767	767	767	767	767
<b>Quantitative Data</b>						
	-----Litres in '000-----					
<b>Production Capacity</b>						
Dairy based products	674,619	697,197	592,831	581,509	533,645	617,888
Frozen desserts	37,420	37,420	37,420	37,420	37,420	37,420
<b>Actual Production</b>						
Dairy based products	334,071	360,204	375,894	373,722	334,986	314,979
Frozen desserts	28,389	25,760	24,820	29,392	24,218	18,157

# FINANCIAL PERFORMANCE INDICATORS

RATIOS	2025	2024	2023	2022	2021	2020
<b>Profitability Ratios:</b>						
Gross Profit ratio	16.7%	15.9%	15.3%	16.5%	17.0%	13.5%
Net Profit to Sales	2.6%	2.1%	1.5%	3.4%	3.5%	0.4%
EBITDA Margin to Sales	9.8%	8.5%	8.0%	9.6%	11.0%	8.6%
Return on Equity	15.9%	13.4%	10.6%	19.4%	17.5%	2.1%
Return on Capital employed	14.7%	13.5%	10.4%	18.4%	13.7%	1.4%
Operating leverage ratio	(6.63)	1.72	0.41	1.34	7.14	78.87
<b>Liquidity Ratios:</b>						
Current ratio	1.0	1.0	1.0	1.0	1.1	1.1
Quick / Acid test ratio	0.4	0.5	0.5	0.7	0.7	0.6
Cash to Current Liabilities	0.1	0.1	0.1	0.1	0.0	0.1
Cash flow from Operations to Sales	0.0	0.0	0.0	0.1	0.1	0.0
<b>Activity / Turnover Ratios:</b>						
No. of Days Inventory	40.3	39.7	38.1	36.4	34.6	34.7
No. of Days Receivables	5.1	5.6	6.9	8.0	7.4	7.1
No. of Days Payables*	92.1	107.1	97.2	93.4	96.1	98.6
Operating cycle	(46.6)	(61.8)	(52.1)	(49.0)	(54.1)	(56.8)
Inventory turnover	9.0	9.2	9.6	10.0	10.5	10.5
Debtors turnover	71.4	65.7	52.9	45.8	49.5	51.4
Creditors turnover*	4.0	3.4	3.8	3.9	3.8	3.7
Total Assets turnover ratio	2.8	2.6	2.4	2.1	1.9	1.9
<b>Investment /Market Ratios:</b>						
Earnings per Share (EPS) – basic & diluted	3.51	2.87	1.97	3.22	2.35	0.23
Price Earnings ratio	24.63	31.10	41.56	20.40	36.06	357.70
Market value per share at the end of the year	86.46	89.25	81.87	65.70	84.73	82.27
Highest market value during the year	109.41	100.00	105.00	93.52	124.24	95.32
Lowest market value during the year	75.31	57.12	52.60	63.21	76.27	43.20
Breakup value per share	22.13	21.47	18.49	16.55	13.47	11.15
<b>Capital Structure Ratios:</b>						
Long-term Debt to Equity	12.0%	7.2%	5.9%	9.4%	23.7%	59.0%

\*including supplier finance unfunded

# KEY SHAREHOLDING & SHARES TRADED

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

## 1. Associated Companies, Undertakings and Related Parties

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

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

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

3. Executives 20,061

4. Public sector companies and corporations -

5. Banks, Development Financial Institutions, Non-Banking Financial Institutions 6,205,561

6. Insurance Companies 1,740,000

## 7. Modarabas and Mutual Funds

Shareholder's Category	No. of shares held
Name	Holding
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1,583,500
CDC - TRUSTEE MEEZAN ISLAMIC FUND	850,000
CDC - TRUSTEE MEEZAN TAHAFUJZ PENSION FUND - EQUITY SUB FUND	822,500
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	54,900
CDC - TRUSTEE HBL EQUITY FUND	722,940
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	131,000
DCCL - TRUSTEE AKD ISLAMIC STOCK FUND	60,000
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	230,000
Total	4,454,840

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

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

# PATTERN OF SHARE HOLDING

AS AT DECEMBER 31, 2025

No. of Shareholders	No. of Sharesholdings		Total Shares
	From	To	
1,410	1	100	54,907
3,203	101	500	1,377,762
1,286	501	1,000	1,186,449
1,657	1,001	5,000	4,347,746
379	5,001	10,000	2,961,800
154	10,001	15,000	1,973,826
94	15,001	20,000	1,671,426
63	20,001	25,000	1,480,010
43	25,001	30,000	1,217,185
31	30,001	35,000	1,026,493
22	35,001	40,000	840,710
15	40,001	45,000	635,901
26	45,001	50,000	1,282,133
12	50,001	55,000	630,164
8	55,001	60,000	466,258
8	60,001	65,000	505,103
8	65,001	70,000	538,676
4	70,001	75,000	294,120
4	75,001	80,000	318,057
2	80,001	85,000	163,600
5	85,001	90,000	437,793
4	90,001	95,000	375,215
14	95,001	100,000	1,395,406
5	100,001	105,000	511,222
2	105,001	110,000	215,000
4	110,001	115,000	453,415
2	115,001	120,000	237,640
3	120,001	125,000	372,000
2	125,001	130,000	258,971
1	130,001	135,000	131,000
1	135,001	140,000	138,000
1	140,001	145,000	140,378
3	145,001	150,000	448,297
3	150,001	155,000	459,000
2	155,001	160,000	315,580
2	160,001	165,000	326,686
2	165,001	170,000	333,268

No. of Shareholders	No. of Sharesholdings		Total Shares
	From	To	
1	170,001	175,000	174,700
1	175,001	180,000	180,000
3	180,001	185,000	550,600
2	190,001	195,000	388,640
4	195,001	200,000	800,000
1	225,001	230,000	230,000
1	240,001	245,000	244,574
3	245,001	250,000	750,000
1	255,001	260,000	255,225
1	265,001	270,000	269,350
1	270,001	275,000	275,000
2	275,001	280,000	555,450
2	280,001	285,000	569,922
1	290,001	295,000	293,000
3	295,001	300,000	897,281
1	330,001	335,000	330,394
2	355,001	360,000	714,474
1	380,001	385,000	385,000
1	385,001	390,000	390,000
1	550,001	555,000	554,148
1	570,001	575,000	573,468
1	695,001	700,000	699,048
1	720,001	725,000	722,940
1	820,001	825,000	822,500
1	845,001	850,000	850,000
1	1,150,001	1,155,000	1,155,000
1	1,580,001	1,585,000	1,583,500
1	1,600,001	1,605,000	1,601,907
1	1,960,001	1,965,000	1,960,565
1	1,995,001	2,000,000	2,000,000
1	2,175,001	2,180,000	2,180,000
1	3,095,001	3,100,000	3,095,321
1	3,935,001	3,940,000	3,936,211
1	10,045,001	10,050,000	10,046,714
1	306,075,001	306,080,000	306,075,947
1	390,960,001	390,965,000	390,963,999
8,534			766,596,075

# Categories of shareholding

As at December 31, 2025

Shareholder's Category	No. of	No. of shares held	Percentage
Name	Shareholders	Holding	of Holding
Directors, Chief Executive Officer, and their spouse(s) and minor children.	5	603	0.00
Associated companies, undertakings and related parties.	2	697,039,946	90.93
Banks, Development Financial Institutions, Non-Banking Financial Institutions.	3	6,205,561	0.81
Insurance Companies	6	1,740,000	0.23
Modarabas and Mutual Funds	8	4,454,840	0.58
Shareholders holding 10% or more shares	2	697,039,946	90.93
General Public (individuals)			
a. Local b. Foreign	8,387	44,806,123	5.84
Others	123	12,349,002	1.61
	8,534	766,596,075	100%

# SHAREHOLDERS' INFORMATION

## Annual General Meeting

The annual shareholders meeting will be held at 03:30 p.m. on April 24<sup>th</sup>, 2026 at Karachi.

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

Shareholders as of April 16<sup>th</sup>, 2026 are encouraged to participate and vote.

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

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

## Ownership

On December 31, 2025 there were 8,534, shareholders on record of the Company's ordinary shares.

## Circulation of Annual Reports.

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

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

## E-DIVIDEND MANDATE (MANDATORY)

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

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

## Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in 2026 are:

1st quarter: April 24, 2026  
2nd quarter: August 20, 2026  
3rd quarter: October 23, 2026

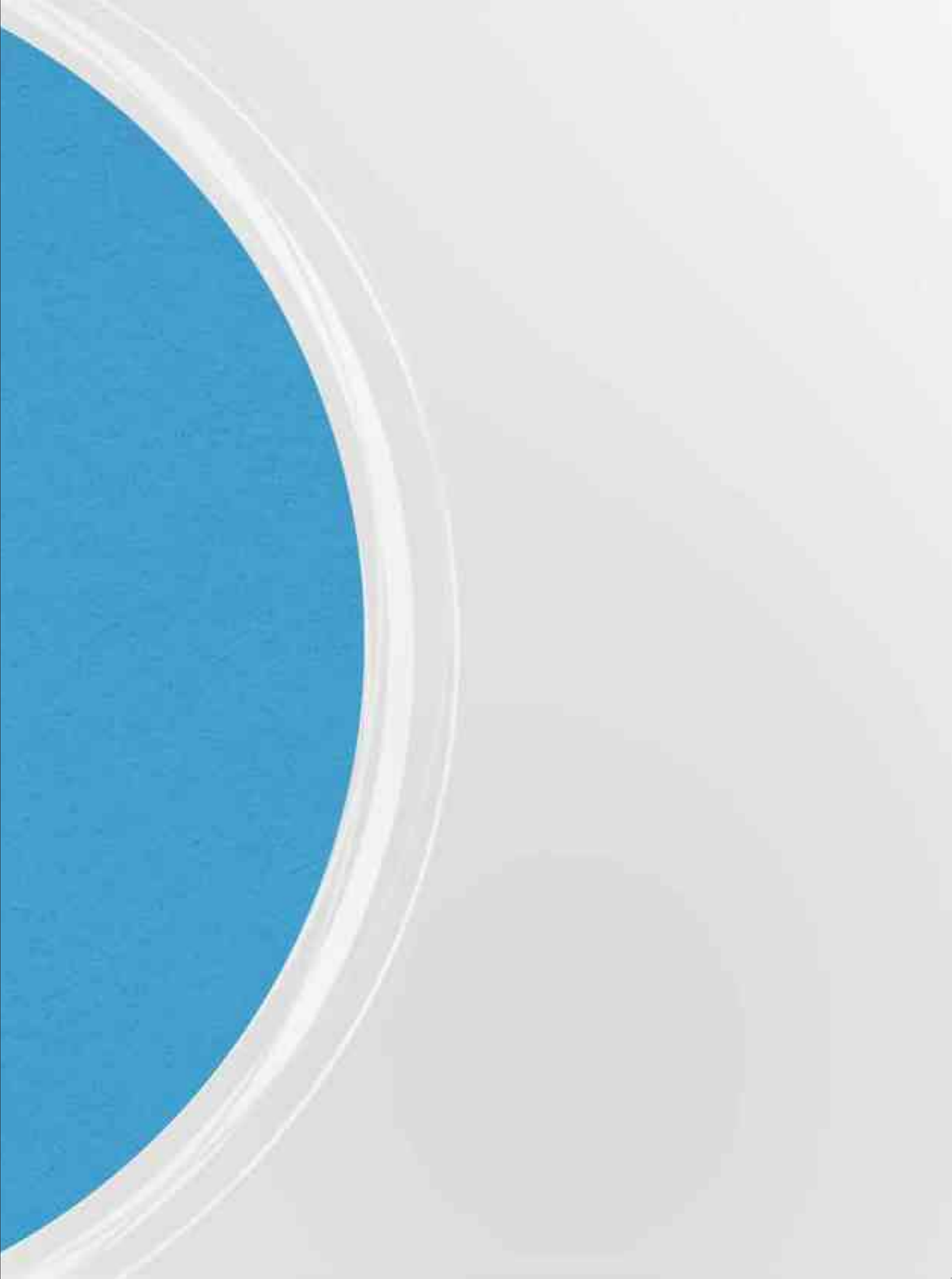
The Company reserves the right to change any of the above dates.

## Change of Address

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

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

# FINANCIAL STATEMENTS





A.F. FERGUSON & CO.

# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of FrieslandCampina Engro Pakistan Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of FrieslandCampina Engro Pakistan Limited for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2025.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: April 01, 2026

UDIN: CR202510069nDmRM5VHb

**A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan**  
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■ KARACHI ■ LAHORE ■ ISLAMABAD

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

For the year ended December 31, 2025

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

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

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

2. The composition of Board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. No director attended the Directors' Training program during the year. However, three directors have already completed the Directors' Training program in prior years;
10. The Board has approved re-appointment of Chief Financial Officer including the remuneration and terms and conditions of employment. The Board has approved the remuneration of Company Secretary and Head of Internal Audit and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed Committees comprising of members given below:

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

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance;
14. The frequency of meetings of the Committees was as follows:
  - a. Audit Committee: Four quarterly meetings during the financial year ended December 31, 2025;
  - b. Human Resource and Remuneration Committee: one meeting during the financial year ended December 31, 2025;
15. The Board has set up an effective internal audit function comprising of suitably qualified and experienced staff who are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. With respect to the compliance with Regulation 6, the fraction one-third number was not rounded up to one as the Company believes that in view of its shareholding structure, two independent directors elected had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, appointment of third independent director was not warranted.

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

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

S. No.	Requirement	Explanation for Non-Compliance	Reg. No.
1	As per Regulation 19 of the Code, companies are encouraged to ensure that all board members obtain the prescribed certification under the Directors' Training Program (DTP) by June 30, 2022.	Among the seven directors, three have successfully completed the program in prior years, while one director qualifies for exemption from the requirement. All board members are well-versed in their roles and responsibilities as corporate directors. The Company remains committed to complying with regulatory requirements and will ensure the certification of the remaining directors as required.	19 (1) (2) (3)
2	The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Board.	29 (1)
3	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a separate Risk Management Committee and the functions are being performed by the Board.	30 (1)
4	No person shall be appointed as Company Secretary unless he holds the qualification as specified under the relevant Regulations by the Commission. The Companies (General Provisions and Forms) Regulations, 2018 in this respect specifies the eligibility as follows:  '..... a person holding a masters degree in business administration or commerce or being a law graduate from a university recognized by the Higher Education Commission of Pakistan (HEC) or in case of foreign qualification in the above disciplines, holds an equivalence certificate from HEC.....'	The previous Company Secretary possessed the necessary academic qualification, being a law graduate from a foreign university, along with the professional expertise required to effectively fulfill the role. An equivalence certificate from the Higher Education Commission had been applied for in respect of the said qualification. However, the previous Company Secretary has since resigned, and the newly appointed Company Secretary possesses the required qualifications for the position.	24
5	The Board may establish a dedicated sustainability committee or assign additional responsibilities to an existing Board committee.	A dedicated Sustainability Committee was duly constituted during the 114th Board Meeting held on 16th February 2026.	10A (2) (5)



**ABDUL SAMAD DAWOOD**

Chairman

Karachi

Date: March 31, 2026



# INDEPENDENT AUDITOR'S REPORT

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

## Opinion

We have audited the annexed financial statements of FrieslandCampina Engro Pakistan Limited (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2025 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

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

## Key Audit Matters

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

Following are the key audit matters:

**S. No. Key audit matters**

**How the matter was addressed in our audit**

**(i) Revenue Recognition**

[Refer notes 2.21.1 and 26 to the financial statements]

The Company is engaged in manufacturing, processing, and selling dairy-based products and frozen desserts. The Company recognised net revenue of

Rs. 104,452,438 thousand for the year ended December 31, 2025.

Revenue is recognized at a point in time when performance obligations are satisfied by transferring control of promised goods to customers which, in the case of the Company, coincides with the dispatch of goods to customers. Revenue is measured at fair value of the consideration received or receivable.

The management focuses on the achievement of revenue targets as it is one of the key performance indicators of the Company. Hence, there is a presumed risk of revenue being overstated. Accordingly, we have considered that there is a high level of risk of material misstatement of financial statements relating to revenue recognition requiring significant audit efforts to address the same. Therefore, this has been considered as a key audit matter.

Our audit procedures amongst others, included the following:

- obtained understanding and evaluated the accounting policies and the Company's procedures with respect to revenue recognition;
- reviewed contracts with customers to obtain an understanding of the terms and conditions, particularly relating to timing and transfer of control of the products, and assessed the appropriateness of revenue recognition policies and practices followed by the Company;
- tested revenue transactions on a sample basis by inspecting underlying documentation including dispatch documents and sales invoices;
- performed analytical procedures over revenue transactions to identify trends and any unusual changes in revenue trends throughout the year;
- compared the details of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation;
- tested specific revenue transactions on a sample basis recorded before and after the reporting date with the underlying documentation to assess whether revenue has been recognised in the correct period;
- obtained understanding of the types and process of discounts offered to customers and tested on a sample basis discounts provided to supporting documentation including approvals of the discounts; and
- assessed the related disclosures made in the financial statements in accordance with the requirements of the applicable financial reporting framework.

## S. No. Key audit matters

## How the matter was addressed in our audit

### (ii) Tax related provisions and contingencies

[Refer notes 2.18, 3(g), 13 and 33-3 to the financial statements]

The Company carries provisions and has disclosed contingencies in respect of various income tax and sales tax matters, which are pending adjudication at different appellate forums.

Provisions and contingencies require management of the Company to make judgments in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impacts, if any, on the Company for recognition and measurement of any provision and / or disclosure in respect of such contingent liabilities.

Due to the significance of the amounts involved, inherent uncertainties associated with the outcome of the matters currently pending at various legal forums and use of significant judgments and estimates to assess the related financial impacts, which may change over time as new facts emerge and the matters progress, we considered tax related provisions and contingencies a key audit matter.

Our audit procedures amongst others, included the following:

- obtained and examined details of the documentation relating to pending tax matters, read the minutes of the meetings of those charged with governance and discussed the same with the Company's management;
- checked correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;
- circularized confirmations to the Company's external legal and tax advisors for their views on matters being handled by them;
- involved internal tax professionals to assess management's conclusions on contingent tax matters and evaluated the consistency of such conclusions with the views of management and external legal and tax advisors engaged by the Company; and
- assessed the adequacy of related disclosures made in the financial statements in accordance with the requirements of the applicable financial reporting framework.

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX

of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: April 01, 2026

UDIN: AR2025100690EMm8YTfo

**A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan**  
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# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

(Amounts in thousand)

	Note	2025	2024
		-----Rupees-----	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	13,180,788	12,407,339
Biological assets	5	3,339,651	3,380,848
Intangible assets	6	38,278	51,246
Right-of-use assets	7	1,973,115	1,667,486
Deferred tax asset - net	20	-	715,639
Long term advances and deposits		515,665	314,269
		<u>19,047,497</u>	<u>18,536,827</u>
<b>Current Assets</b>			
Stores, spares and loose tools	8	878,280	962,255
Stock-in-trade	9	9,885,899	9,361,738
Trade debts	10	1,557,223	1,368,890
Advances, deposits and prepayments	11	432,499	665,091
Accrued mark-up / interest		4,273	34,364
Other receivables	12	563,658	922,853
Sales tax recoverable - net	13	2,296,438	5,056,428
Taxes recoverable		1,499,433	1,956,081
Short-term investments	14	140,000	65,000
Cash and bank balances	15	1,205,438	2,745,744
		<u>18,463,141</u>	<u>23,138,444</u>
<b>TOTAL ASSETS</b>		<u><b>37,510,638</b></u>	<u><b>41,675,271</b></u>

(Amounts in thousand)

	Note	2025	2024
		-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	7,665,961	7,665,961
Share premium	17	865,354	865,354
Remeasurement of post employment benefits - Remeasurement loss		(253,469)	(217,897)
Unappropriated profit		8,688,605	8,144,426
		<u>16,966,451</u>	<u>16,457,844</u>
<b>Non-Current Liabilities</b>			
Long term:			
- finances	18	969,774	318,000
- lease liabilities against right-of-use assets	19	1,062,993	870,594
Deferred tax liability - net	20	617,609	-
		<u>2,650,376</u>	<u>1,188,594</u>
<b>Current Liabilities</b>			
Current portion of long term:			
- finances	18	17,000	-
- lease liabilities against right-of-use assets	19	525,183	593,823
Trade and other payables	21	15,894,841	11,857,311
Contract liabilities	22	669,365	936,579
Unclaimed dividend		8,616	6,668
Accrued interest / mark-up on:			
- long term finances		29,081	9,793
- short term finances		3,629	475,471
Supplier financing - unfunded	23	-	9,838,888
Short term finances	24	746,096	310,300
		<u>17,893,811</u>	<u>24,028,833</u>
		<u>20,544,187</u>	<u>25,217,427</u>
	25		
		<u>37,510,638</u>	<u>41,675,271</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			

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



Abdul Samad Dawood  
Chairman



Kashan Hasan  
Chief Executive Officer



Imran Hussain  
Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2025

[Amounts in thousand except for earnings per share]

	Note	2025	2024
		-----Rupees-----	
Revenue from contracts with customers - net	26	104,452,438	107,051,450
Cost of sales	27	(87,058,085)	(90,023,807)
<b>Gross profit</b>		17,394,353	17,027,643
Distribution and marketing expenses	28	(7,431,246)	(8,289,402)
Administrative expenses	29	(1,739,762)	(1,821,635)
Other operating expenses	30	(675,352)	(564,394)
Other income	31	387,723	482,529
<b>Operating profit</b>		7,935,716	6,834,741
Finance costs	32	(1,182,648)	(3,259,327)
<b>Profit before taxation</b>		6,753,068	3,575,414
Taxation	33	(4,062,420)	(1,372,286)
<b>Profit for the year</b>		2,690,648	2,203,128
<b>Earnings per share - basic and diluted</b>	34	3.51	2.87

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



Abdul Samad Dawood  
Chairman



Kashan Hasan  
Chief Executive Officer



Imran Hussain  
Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousand)

	Note	2025 -----Rupees-----	2024
<b>Profit for the year</b>		2,690,648	2,203,128
<b>Other comprehensive (loss) / income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement (loss) / gain on post employment benefits obligation	37.6	(50,102)	110,839
Less: Income tax thereon		14,530	(32,143)
Other comprehensive (loss) / income for the year, net of tax		(35,572)	78,696
<b>Total comprehensive income for the year</b>		<u>2,655,076</u>	<u>2,281,824</u>

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



Abdul Samad Dawood  
Chairman



Kashan Hasan  
Chief Executive Officer



Imran Hussain  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousand)

	CAPITAL		RESERVES		TOTAL
	SHARE CAPITAL	Share premium	Remeasurement of post employment benefits	REVENUE Unappropriated profit	
	-----Rupees-----				
Balance as at January 1, 2024	7,665,961	865,354	(296,593)	5,941,298	14,176,020
Profit for the year	-	-	-	2,203,128	2,203,128
Other comprehensive income for the year	-	-	78,696	-	78,696
Total comprehensive income for the year	-	-	78,696	2,203,128	2,281,824
Balance as at January 1, 2025	7,665,961	865,354	(217,897)	8,144,426	16,457,844
Transaction with owners:					
- Final dividend for the year ended December 31, 2024 @ Rs. 2.8 per share	-	-	-	(2,146,469)	(2,146,469)
Profit for the year	-	-	-	2,690,648	2,690,648
Other comprehensive loss for the year	-	-	(35,572)	-	(35,572)
Total comprehensive income for the year	-	-	(35,572)	2,690,648	2,655,076
Balance as at December 31, 2025	7,665,961	865,354	(253,469)	8,688,605	16,966,451

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



Abdul Samad Dawood  
Chairman



Kashan Hasan  
Chief Executive Officer



Imran Hussain  
Chief Financial Officer

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousand)

	Note	2025	2024
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	6,339,316	8,170,488
Finance costs paid		(1,433,006)	(3,344,395)
Taxes paid		(2,257,994)	(1,794,486)
Contribution to defined benefit gratuity fund	37	(120,060)	(110,050)
Long term advances and deposits - net		(201,396)	(61,052)
<b>Net cash generated from operating activities</b>		<b>2,326,860</b>	<b>2,860,505</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of :			
- property, plant and equipment	4.5	(2,615,258)	(3,238,534)
- intangible assets		-	(1,101)
Short term investments - net	14	(75,000)	(65,000)
Proceeds from disposal of:			
- property, plant and equipment	4.4	179,996	729,193
- biological assets		551,585	294,421
Interest income received		164,505	153,877
<b>Net cash utilized in investing activities</b>		<b>(1,794,172)</b>	<b>(2,127,144)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(2,144,521)	(106)
Proceeds from / (Repayment of) short term finance - net		123,151	(75,085)
Proceeds from long term finances	18.2	668,774	318,000
Repayment of long term finances	18.2	-	(750,000)
Repayment of lease liabilities against right-of-use assets		(1,033,043)	(913,030)
<b>Net cash utilized in financing activities</b>		<b>(2,385,639)</b>	<b>(1,420,221)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,852,951)</b>	<b>(686,860)</b>
Cash and cash equivalents at beginning of the year		2,391,618	3,078,478
<b>Cash and cash equivalents at end of the year</b>	36	<b>538,667</b>	<b>2,391,618</b>

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



Abdul Samad Dawood  
Chairman



Kashan Hasan  
Chief Executive Officer



Imran Hussain  
Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

(Amounts in thousand)

### 1. LEGAL STATUS AND OPERATIONS

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

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

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

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

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

### 2. MATERIAL ACCOUNTING POLICY INFORMATION

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

#### 2.1 Basis of preparation

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

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

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

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

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

**2.1.4** These financial statements are presented in Pakistan Rupee which is the Company's functional currency. Figures have been rounded off to the nearest thousand Pakistan Rupee, unless otherwise stated.

(Amounts in thousand)

## 2.1.5 Initial application of a standard, amendment or an improvement to an existing standard

### a) Amendments to approved accounting and reporting standards and interpretations that are effective during the year

There are certain amendments to approved accounting and reporting standards that are applicable to the Company for the financial year beginning on January 1, 2025, however these do not have a material impact on the Company's financial reporting and, therefore, have not been presented in these financial statements.

### b) Standards, amendments and annual improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There are standards, certain amendments and annual improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2025. These are not expected to have a material impact on the Company's financial reporting and, therefore, have not been presented in these financial statements, except for the following:

#### **Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after January 1, 2026)**

These amendments:

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

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

#### **IFRS 18 - Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after January 1, 2027)**

- IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and introduces new requirements for presentation within the unconsolidated statement of profit or loss and other comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of five categories: operating, investing, financing, income taxes and discontinued operations.

It also requires disclosure of management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to several other standards.

The Company is currently working to identify all impacts that the standard will have on these financial statements.

## 2.2 Property, plant and equipment

### Owned

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

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

## (Amounts in thousand)

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

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

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

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

### 2.3 Biological assets

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

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

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

### 2.4 Intangible assets – Computer software

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

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

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

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

### 2.5 Financial assets and liabilities

#### 2.5.1 Financial assets

The Company classifies its financial assets in the following categories:

a) Amortized cost

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

b) Fair value through other comprehensive income

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

## (Amounts in thousand)

### c) Fair value through profit or loss

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

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

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

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

## 2.5.2 Financial liabilities

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

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

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

## 2.5.3 Offsetting

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

## 2.6 Impairment

### a) Financial assets

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

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

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

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

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

## (Amounts in thousand)

### b) Non-financial assets

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

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

## 2.7 Stores, spares and loose tools

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

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

## 2.8 Stock-in-trade

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

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

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

## 2.9 Trade debts and other receivables

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

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

## 2.10 Cash and cash equivalents

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

## 2.11 Share capital

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

(Amounts in thousand)

## 2.12 Staff retirement and other service benefits

### 2.12.1 Defined benefit plan

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

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

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

### 2.12.2 Defined contribution plan

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

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

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

### 2.12.3 Compensated absences

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

## 2.13 Borrowings

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

## 2.14 Supplier financing - unfunded

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

## 2.15 Lease liability and Right-of-use asset

### 2.15.1 Lease liability

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

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

## (Amounts in thousand)

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

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

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

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

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

### 2.15.2 Right-of-use asset

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

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

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

### 2.16 Trade and other payables

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

### 2.17 Contract assets and liabilities

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

## (Amounts in thousand)

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

### 2.18 Provisions and contingent liabilities

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

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

### 2.19 Taxation

#### 2.19.1 Current

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

#### 2.19.2 Deferred

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

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

### 2.20 Foreign currency transactions and translation

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

### 2.21 Revenue recognition

#### 2.21.1 Revenue from contracts with customers

Revenue is recognized at a point in time when performance obligations are satisfied by transferring control of promised goods to a customer which coincides with dispatch of goods. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The Company deals with the customers on advance basis as well as enters into Standing Instruction for Debit of Account (SIDA) arrangements and offers credit period which varies from customer to customer. The credit period in contracts with customers range from 02 to 135 days.

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

## (Amounts in thousand)

### 2.21.2 Other revenue

Interest income on bank deposits, Term Deposit Receipts (TDR) and scrap sales are recognized on an accrual basis.

### 2.22 Research and development costs

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

### 2.23 Borrowing costs

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

### 2.24 Earnings per share

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

### 2.25 Dividend and appropriation to reserves

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

### 2.26 Segment reporting

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

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

a) Property, plant and equipment

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

b) Biological assets

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

## (Amounts in thousand)

### c) Stores and spares

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

### d) Stock-in-trade

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

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

The present value of the obligations is determined by an independent actuary using a number of assumptions as disclosed in note 37.11. The related sensitivities have been disclosed in note 37.12. Any change in these assumptions and factors will impact the obligations recorded in the financial statements.

### f) Taxation

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

### g) Provisions and contingencies

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

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

### h) Lease liabilities and ROU estimate

Identifying and processing all relevant data associated with the leases is complex. The measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

	2025	2024
	-----Rupees-----	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets (note 4.1)	9,870,501	9,940,990
Capital work-in-progress (CWIP) (note 4.5)	2,581,701	1,639,044
Major spare parts and stand-by equipment (note 8)	728,586	827,305
	<u>13,180,788</u>	<u>12,407,339</u>

## (Amounts in thousand)

### 4.1 Operating assets

	Freehold land (note 4.6)	Buildings and civil works on freehold land (note 4.6)	Plant, machinery and related equipment (note 4.2)	Computer equipment	Office equipment and furniture & fittings	Vehicles (note 4.2)	Total
----- Rupees -----							
<b>As at January 1, 2024</b>							
Cost	416,136	4,925,250	21,164,078	530,921	522,357	1,275,196	28,833,938
Accumulated depreciation	-	(2,616,405)	(15,145,528)	(343,534)	(317,875)	(720,097)	(19,143,439)
Accumulated impairment	-	(1,545)	(191,813)	(71)	(3,287)	960	(195,756)
Net book value	<u>416,136</u>	<u>2,307,300</u>	<u>5,826,737</u>	<u>187,316</u>	<u>201,195</u>	<u>556,059</u>	<u>9,494,743</u>
<b>Year ended December 31, 2024</b>							
Opening net book value	416,136	2,307,300	5,826,737	187,316	201,195	556,059	9,494,743
Transfers from CWIP (note 4.5)	-	162,800	2,183,141	110,005	111,753	174,330	2,742,029
Disposals (note 4.4)							
Cost	-	-	(808,837)	(11,859)	(6,677)	(244,428)	(1,071,801)
Accumulated depreciation	-	-	271,945	11,428	6,290	193,644	483,307
Accumulated impairment	-	-	-	-	-	-	-
	-	-	(536,892)	(431)	(387)	(50,784)	(588,494)
Depreciation (note 4.3)	-	(178,889)	(1,177,794)	(72,700)	(57,473)	(186,148)	(1,673,004)
Impairment charge (notes 27 and 28)	-	(819)	(30,394)	-	(715)	(2,356)	(34,284)
Write-off							
Cost	-	-	(31,981)	-	-	(3,110)	(35,091)
Accumulated depreciation	-	-	23,859	-	-	2,324	26,183
Accumulated impairment	-	-	8,122	-	-	786	8,908
	-	-	-	-	-	-	-
Closing net book value	<u>416,136</u>	<u>2,290,392</u>	<u>6,264,798</u>	<u>224,190</u>	<u>254,373</u>	<u>491,101</u>	<u>9,940,990</u>
<b>As at December 31, 2024</b>							
Cost	416,136	5,088,050	22,506,401	629,067	627,433	1,201,988	30,469,075
Accumulated depreciation	-	(2,795,294)	(16,027,518)	(404,806)	(369,058)	(710,277)	(20,306,953)
Accumulated impairment	-	(2,364)	(214,085)	(71)	(4,002)	(610)	(221,132)
Net book value	<u>416,136</u>	<u>2,290,392</u>	<u>6,264,798</u>	<u>224,190</u>	<u>254,373</u>	<u>491,101</u>	<u>9,940,990</u>
<b>Year ended December 31, 2025</b>							
Opening net book value	416,136	2,290,392	6,264,798	224,190	254,373	491,101	9,940,990
Transfers from CWIP (note 4.5)	-	193,441	1,360,720	56,386	25,395	36,659	1,672,601
Disposals (note 4.4)							
Cost	-	-	(307,477)	(10,586)	(3,056)	(178,020)	(499,139)
Accumulated depreciation	-	-	285,942	10,028	2,904	144,301	443,175
Accumulated impairment	-	-	-	-	-	-	-
	-	-	(21,535)	(558)	(152)	(33,719)	(55,964)
Depreciation (note 4.3)	-	(191,460)	(1,199,714)	(78,427)	(68,831)	(136,633)	(1,675,065)
Impairment charge (notes 27, 28 and 29)	-	-	(11,834)	(215)	(12)	-	(12,061)
Write-off							
Cost	-	-	(44,801)	-	-	(2,490)	(47,291)
Accumulated depreciation	-	-	31,323	-	-	2,460	33,783
Accumulated impairment	-	-	13,478	-	-	30	13,508
	-	-	-	-	-	-	-
Closing net book value	<u>416,136</u>	<u>2,292,373</u>	<u>6,392,435</u>	<u>201,376</u>	<u>210,773</u>	<u>357,408</u>	<u>9,870,501</u>
<b>As at December 31, 2025</b>							
Cost	416,136	5,281,491	23,514,843	674,867	649,772	1,058,137	31,595,246
Accumulated depreciation	-	(2,986,754)	(16,909,967)	(473,205)	(434,985)	(700,149)	(21,505,060)
Accumulated impairment	-	(2,364)	(212,441)	(286)	(4,014)	(580)	(219,685)
Net book value	<u>416,136</u>	<u>2,292,373</u>	<u>6,392,435</u>	<u>201,376</u>	<u>210,773</u>	<u>357,408</u>	<u>9,870,501</u>
<b>Annual rate of depreciation (%)</b>	-	5 to 33.3	8.33 to 33.3	20 to 33.3	10 to 33.3	25	

(Amounts in thousand)

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

Description	2025		2024		Reason (note 4.2)
	Cost	Net Book Value	Cost	Net Book Value	
----- Rupees -----					
Plant, machinery and related equipment	460,083	180,312	454,583	200,509	Equipment mounted on transport contractors' vehicles.
Plant, machinery and related equipment	1,754,832	437,562	1,959,672	689,123	Freezers held with third parties and retailers.
Vehicles	451,311	195,741	483,966	261,130	Trikes held with third parties for sale of frozen desserts.
	<u>2,666,226</u>	<u>813,615</u>	<u>2,898,221</u>	<u>1,150,762</u>	

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

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

- Cost of sales (note 27)
- Distribution and marketing expenses (note 28)
- Administrative expenses (note 29)

	2025	2024
----- Rupees -----		
	1,271,019	1,165,743
	331,538	433,327
	72,508	73,934
	<u>1,675,065</u>	<u>1,673,004</u>

(Amounts in thousand)

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

Description and method of disposal	Sold to	Cost	Accumulated depreciation and impairment	Net book value	Sale proceeds	Gain / (Loss) (note 31)
<b>Vehicles</b>						
Under Company policy to existing / separating employees						
	- Waqas Salahuddin	3,983	(2,166)	1,817	2,579	762
	- Arif Nazar	1,798	(1,142)	656	639	(17)
	- Ijaz Afzal Khan Niazi	4,303	(2,582)	1,721	2,459	738
	- Muhammad Faridooon	4,303	(2,582)	1,721	2,457	736
	- Faizan Ali	3,965	(2,156)	1,809	2,436	627
	- Muhammad Taimoor	1,775	(1,129)	646	828	182
	- Muhammad Zubair	4,303	(2,582)	1,721	2,367	646
	- Muhammad Aman Ullah	1,788	(1,137)	651	947	296
	- Muhammad Waqas	3,342	(2,631)	711	668	(43)
	- Muhammad Jamshed	1,801	(1,114)	687	717	30
	- Muhammad Waqas	1,778	(1,231)	547	823	276
	- Rafiuddin Qureshi	1,778	(1,231)	547	793	246
Sold through auction under the Company policy	Aqib Majeed Roomi Butt	19,652	(15,879)	3,773	9,781	6,008
		54,569	(37,562)	17,007	27,494	10,487
Under Company policy to existing / separating employees having NBV less than Rs. 500	- Various	103,182	(92,533)	10,649	31,011	20,362
Scrap sales NBV less than Rs. 500	- Various	20,269	(14,206)	6,063	7,143	1,080
		178,020	(144,301)	33,719	65,648	31,929
<b>Plant, machinery and related equipment - owned</b>						
Sold through bidding/auction under the Company policy having NBV less than Rs. 500	- Various	307,081	(285,680)	21,401	110,792	89,391
Insurance claim NBV less than Rs. 500	- Various	396	(262)	134	723	589
		307,477	(285,942)	21,535	111,515	89,980
<b>Office equipment &amp; furniture</b>						
Sold through bidding/auction under the Company policy having NBV less than Rs. 500	- Various	3,056	(2,904)	152	772	620
<b>Computer equipment</b>						
Under Company policy to existing / separating employees having NBV less than Rs. 500	- Various	10,586	(10,028)	558	2,061	1,503
December 31, 2025		499,139	(443,175)	55,964	179,996	124,032
December 31, 2024		1,071,801	(483,307)	588,494	729,193	140,699

(Amounts in thousand)

#### 4.5 Capital work-in-progress

	Buildings and civil works on freehold land	Plant, machinery and related equipment	IS and milk automation projects	Office equipment and furniture & fittings / Computer equipment	Vehicles	Total
	-----Rupees-----					
Year ended December 31, 2024						
Balance as at January 1, 2024	44,816	1,057,651	51,868	40,072	-	1,194,407
Additions	209,991	2,666,562	1,101	187,651	174,330	3,239,635
Transferred to:						
- operating assets (note 4.1)	(162,800)	(2,183,141)	-	(221,758)	(174,330)	(2,742,029)
- intangibles (note 6)	-	-	(52,969)	-	-	(52,969)
Balance as at December 31, 2024	<u>92,007</u>	<u>1,541,072</u>	<u>-</u>	<u>5,965</u>	<u>-</u>	<u>1,639,044</u>
Year ended December 31, 2025						
Balance as at January 1, 2025	92,007	1,541,072	-	5,965	-	1,639,044
Additions	206,463	2,196,237	-	162,525	50,033	2,615,258
Transferred to:						
- operating assets (note 4.1)	(193,441)	(1,360,720)	-	(81,781)	(36,659)	(1,672,601)
Balance as at December 31, 2025	<u>105,029</u>	<u>2,376,589</u>	<u>-</u>	<u>86,709</u>	<u>13,374</u>	<u>2,581,701</u>

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

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

	2025	2024
	-----Rupees-----	
5. BIOLOGICAL ASSETS		
Dairy livestock (note 5.1):		
- mature	2,299,105	2,138,488
- immature	1,200,883	1,389,664
	<u>3,499,988</u>	<u>3,528,152</u>
Provision for culling (note 5.1.1)	(160,337)	(147,304)
	<u>3,339,651</u>	<u>3,380,848</u>

(Amounts in thousand)

2025                      2024  
-----Rupees-----

### 5.1 Reconciliation of carrying amount of livestock

Gross carrying amount at the beginning of the year	3,528,152	3,107,120
Add:		
Changes in fair value due to biological transformation:		
- Gain due to new births [inclusive of cost of feeding immature herd of Rs. 633,108 (2024: Rs. 856,510)]	858,314	1,067,610
- Loss due to increase in age of livestock	(203,175)	(595,594)
	<u>655,139</u>	<u>472,016</u>
Changes in fair value due to price changes	-	421,032
Net gain [inclusive of feed cost capitalized (note 31)]	655,139	893,048
Less:		
- Decrease due to deaths / disposals	(683,303)	(472,016)
- Provision for culling (note 5.1.1)	(160,337)	(147,304)
	<u>(843,640)</u>	<u>(619,320)</u>
Carrying amount at the end of the year, which approximates the fair value	<u>3,339,651</u>	<u>3,380,848</u>

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

Balance at beginning of the year	147,304	101,377
Add: Recognized during the year (note 30)	116,778	130,093
Less: Reversed against disposal of livestock	(103,745)	(84,166)
Balance at end of the year	<u>160,337</u>	<u>147,304</u>

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

**5.2** As at December 31, 2025, the Company held 3,881 (2024: 3,757) mature assets able to produce milk and 3,149 (2024: 2,955) immature assets that are being raised to produce milk in the future. During the year, the Company produced approximately 30,504,402 (2024: 27,564,185) gross litres of milk from these biological assets.

**5.3** As at December 31, 2025, the Company held 44 (2024: 78) immature male calves.

**5.4** The valuation of dairy livestock as at December 31, 2025 has been carried out by an external valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the farm conditions and relied on the representations made by the Company as at December 31, 2025. Further, market and replacement values of similar live stock, have also been assessed by the valuer for comparison with local market values. Immature male calves have not been included in the fair valuation due to the insignificant value in use. The valuation is considered to be level 2 in the fair value hierarchy due to observable market data other than quoted prices in active markets.

(Amounts in thousand)

	2025	2024
	-----Rupees-----	
<b>6. INTANGIBLE ASSETS – Computer software</b>		
<b>Net carrying value</b>		
Balance at beginning of the year	51,246	13,362
Add: Transfers from capital work in progress (note 4.5)	-	52,969
Less: Amortization charge (notes 6.1 and 29)	(12,968)	(15,085)
Balance at end of the year	<u>38,278</u>	<u>51,246</u>
<b>Gross carrying value</b>		
Cost	166,853	166,853
Less: Accumulated amortization	(128,575)	(115,607)
Net book value	<u>38,278</u>	<u>51,246</u>

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

**6.2** During the year, fully amortized intangible assets costing Nil (2024 : Rs. 372,120) were written-off.

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

	Buildings	Plant and equipment	Vehicles	Total
	-----Rupees-----			
<b>Year ended December 31, 2024</b>				
Opening net book value	275,901	586,846	157,445	1,020,192
Additions	11,167	941,532	-	952,699
Disposals / Termination				
- Cost	(10,420)	(71,009)	(36,926)	(118,355)
- Accumulated depreciation	10,420	71,009	36,926	118,355
	-	-	-	-
Depreciation charge (note 7.1)	(184,103)	(264,148)	(61,501)	(509,752)
Remeasurement	129,390	86,240	(11,283)	204,347
Closing net book value	<u>232,355</u>	<u>1,350,470</u>	<u>84,661</u>	<u>1,667,486</u>
<b>At December 31, 2024</b>				
Cost	852,823	1,916,938	221,734	2,991,495
Accumulated depreciation	(620,468)	(566,468)	(137,073)	(1,324,009)
Net book value	<u>232,355</u>	<u>1,350,470</u>	<u>84,661</u>	<u>1,667,486</u>
<b>Year ended December 31, 2025</b>				
Opening net book value	232,355	1,350,470	84,661	1,667,486
Additions	103,466	439,710	-	543,176
Disposals / Termination				
- Cost	(44,831)	(188,647)	(46,284)	(279,762)
- Accumulated depreciation	44,831	188,647	46,284	279,762
	-	-	-	-
Depreciation charge (note 7.1)	(221,655)	(377,664)	(49,658)	(648,977)
Remeasurement	(28,868)	443,984	(3,686)	411,430
Closing net book value	<u>85,298</u>	<u>1,856,500</u>	<u>31,317</u>	<u>1,973,115</u>
<b>At December 31, 2025</b>				
Cost	882,590	2,611,985	171,764	3,666,339
Accumulated depreciation	(797,292)	(755,485)	(140,447)	(1,693,224)
Net book value	<u>85,298</u>	<u>1,856,500</u>	<u>31,317</u>	<u>1,973,115</u>
Rate of depreciation (%)	<u>10 - 40</u>	<u>9 - 52</u>	<u>25</u>	

**(Amounts in thousand)**

	<b>2025</b>	<b>2024</b>
	-----Rupees-----	
<b>7.1 The depreciation charge has been allocated as follows:</b>		
- Cost of sales (note 27)	321,801	261,422
- Distribution and marketing expenses (note 28)	227,106	132,843
- Administrative expenses (note 29)	100,070	115,487
	<u>648,977</u>	<u>509,752</u>
<b>7.2</b> The Company has entered into lease arrangements for lease of plant & equipment, sale offices, registered office, warehouses and vehicles.		
	<b>2025</b>	<b>2024</b>
	-----Rupees-----	
<b>8. STORES, SPARES AND LOOSE TOOLS</b>		
Stores	185,090	189,022
Spares and loose tools, including in-transit	1,996,741	2,107,154
	<u>2,181,831</u>	<u>2,296,176</u>
Less: Provision for slow moving spares and loose tools (note 8.2)	(574,965)	(506,616)
	<u>1,606,866</u>	<u>1,789,560</u>
Less: Major spare parts and stand by equipment – classified under property, plant and equipment (note 4)	(728,586)	(827,305)
	<u>878,280</u>	<u>962,255</u>
<b>8.1</b> The movement of stores, spares and loose tools is as follows:		
Balance at the beginning of the year	2,296,176	2,215,042
Add: Purchases	3,571,459	4,375,652
Less:		
- Capitalized	(71,986)	(66,998)
- Consumed	(3,613,818)	(4,227,520)
Balance at end of the year	<u>2,181,831</u>	<u>2,296,176</u>
<b>8.2</b> The movement in provision is as follows:		
Balance at the beginning of the year	506,616	373,209
Add: Provision recognized (note 27)	68,349	133,407
Balance at end of the year	<u>574,965</u>	<u>506,616</u>
<b>9. STOCK-IN-TRADE</b>		
Raw and packaging material (note 9.1)	4,992,714	4,949,215
Work in process (note 9.2)	1,345,458	1,772,837
Finished goods (note 9.3)	3,830,508	2,889,541
	<u>10,168,680</u>	<u>9,611,593</u>
Less: Provision for expired / obsolete stock (note 9.4)	(282,781)	(249,855)
	<u>9,885,899</u>	<u>9,361,738</u>
<b>9.1</b> Includes Rs. 419,025 (2024: Rs. 445,335) in respect of raw and packaging material held by third parties.		
<b>9.2</b> Includes Rs. 134,045 (2024: Rs. 368,696) in respect of semi-finished stock held by third parties.		
<b>9.3</b> Includes Rs. 147,881 (2024: Rs. 500,075) in respect of finished goods held by third parties and Rs.664,361 (2024: Rs.684,878) in respect of finished goods carried at net realizable value.		

**(Amounts in thousand)**

	<b>2025</b>	<b>2024</b>
	-----Rupees-----	
<b>9.4</b> The movement in provision is as follows:		
Balance at beginning of the year	249,855	96,817
Add: Provision recognized (note 27)	63,740	200,805
Less: Stock-in-trade written-off	(30,814)	(47,767)
Balance at end of the year	<u>282,781</u>	<u>249,855</u>

**10. TRADE DEBTS - Unsecured**

Considered good (notes 10.1 , 10.2 and 10.4)	1,557,223	1,368,890
Considered doubtful (note 10.3)	7,713	8,364
	<u>1,564,936</u>	<u>1,377,254</u>
Less: Provision for impairment (note 10.3)	(7,713)	(8,364)
	<u>1,557,223</u>	<u>1,368,890</u>

**10.1** As at December 31, 2025, trade debts aggregating to Rs. 201,850 (2024: Rs. 142,544) were past due but not impaired. These relate to various customers and have either been confirmed / acknowledged by the customers or cleared subsequent to the year end.

**10.2** As at December 31, 2025, trade debts aggregating to Rs. 1,355,373 (2024: Rs. 1,226,346) were neither past due nor impaired. The credit quality of these receivables can be assessed with reference to their historical performance with no recent defaults.

**10.3** As at December 31, 2025, past due trade debts falling into various age brackets, ranging from 1 - 7 days past due to over 180 days past due, were deemed to be impaired using provision matrix and hence provision amounting to Rs. 7,713 (2024: Rs. 8,364) has been recognized thereagainst. The movement in provision during the year is as follows:

	<b>2025</b>	<b>2024</b>
	-----Rupees-----	
Balance at beginning of the year	8,364	9,922
Reversal of provision for impairment of trade debts (note 29)	(651)	(1,558)
Balance at end of the year	<u>7,713</u>	<u>8,364</u>

**10.4** This includes trade receivables from the following related parties:

FrieslandCampina Middle East	176,565	131,964
Engro Eximp FZE	373,988	500,455
	<u>550,553</u>	<u>632,419</u>

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

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

**10.6** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 650,588 (2024: Rs. 849,006).

	<b>2025</b>	<b>2024</b>
	-----Rupees-----	
<b>11. ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
- Unsecured, considered good		
Advances to employees (note 11.1)	58,301	61,588
Advances to suppliers	247,403	424,922
Deposits (note 11.2)	16,627	39,364
Prepayments	110,168	139,217
	<u>432,499</u>	<u>665,091</u>

**(Amounts in thousand)**

- 11.1** These include advances to key management personnel amounting to Rs. 4,765 (2024: Rs. 802). The maximum aggregate amount due from them at the end of any month during the year was Rs. 4,781 (2024: Rs. 8,370).
- 11.2** The carrying values of these deposits are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to their historical performance with no recent defaults.

	2025	2024
	-----Rupees-----	
<b>12. OTHER RECEIVABLES</b>		
Receivable from related parties (note 12.1):		
- FrieslandCampina Nederland B.V.	83,144	352,239
- Engro Corporation Limited - Provident Fund	3,172	4,059
- Engro Corporation Limited - Defined Contribution Gratuity Fund	-	136
- FrieslandCampina Saudia	45,928	-
- FrieslandCampina UAE FriesME	31,200	-
- FrieslandCampina AMEA Pte Limited	43,434	-
- FrieslandCampina Malaysia	2,633	-
- FrieslandCampina Ivory Coast	6,666	-
- FrieslandCampina Nigeria	10,364	-
	226,541	356,434
Others (note 12.2)	337,117	566,419
	563,658	922,853

- 12.1** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 608,602 (2024: Rs. 1,374,820).
- 12.2** Includes Rs. 183,660 (2024: Rs.196,275) in respect of brand value recognition agreement with one of the suppliers of the Company.
- 12.3** The carrying values of other receivables are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to their historical performance with no recent defaults.

**13. SALES TAX RECOVERABLE**

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

## (Amounts in thousand)

appeal against this decision with respect to Omung in the Supreme Court of Pakistan (SCP). Further, FBR also challenged the order dated November 18, 2020 in the SCP. Subsequently, SCP disposed-off cross appeals filed against the HSC order dated November 18, 2020. SCP has allowed the Company's appeals and has set aside the notices related to Omung, whereas SCP dismissed the appeals of tax department against 'Tarang'. Accordingly, show cause notices issued to the Company have been completely quashed.

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

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

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

- 13.3** The Company received notice dated November 19, 2023 seeking information about 'Tarang' sales during the years 2019 to 2023, alleging that 'Tarang' is liable to sales tax. The Company challenged the notice before the HCS. HCS through its order dated April 30, 2024 has directed FBR not to take any adverse action against the Company as the matter is under adjudication. The Company, based on the opinion of its lawyer is confident of the favorable outcome.
- 13.4** The Assistant Commissioner Inland Revenue (ACIR) passed an order on September 17, 2019 for the tax periods July 2013 to June 2018 raising demand amounting to Rs. 245,575 including penalty and default surcharge by disallowing input tax on certain items and purchases from blacklisted / suspended vendors. On December 26, 2019, Commissioner Inland Revenue Appeals [CIR (Appeals)] passed an order allowing input tax on purchases from blacklisted / suspended vendors and remanded back claim of input tax on certain items. Being aggrieved with the impugned order, the Company has filed appeal before the ATIR on February 20, 2020, which is pending for adjudication. The Company based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly sales tax recoverable has not been reduced by the effect of aforementioned order.
- 13.5** The DCIR passed an order on October 25, 2022, for the period July 2020 to June 2021 against the inappropriate apportionment of input tax in the monthly sales tax returns and thereby creating demand of Rs. 150,402. CIR (A) remanded back the order issued by the DCIR on November 23, 2022. The Company has also filed an appeal before the ATIR on February 10, 2023, which is pending adjudication. Remand back proceedings have been initiated by the department and the Company has submitted the response. DCIR passed an order dated June 28, 2024 in remand back proceedings and raised tax demand of Rs. 112,265 including penalty. The Company has filed an appeal before ATIR against the remand back order which is pending. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly sales tax recoverable have not been reduced by the effect of the aforementioned disallowances.
- 13.6** The DCIR passed an order on September 07, 2023 and disallowed input sales tax paid on foreign services amounting to Rs. 17,348. The Company has filed an appeal against this order and on October 13, 2023, CIR (Appeals) remand back the DCIR order and directing for reverification. Being dissatisfied, the Company filed further appeal before the ATIR against the CIR (Appeals) order which is pending adjudication. During the year, on November 27, 2025, the DCIR passed an order in favor of the Company, allowing adjustment of the input sales tax claimed and deleting the related demand.

**(Amounts in thousand)**

**13.7** The DCIR passed an order on March 19, 2024, for the period July 2021 to June 2023 alleging inappropriate apportionment of input tax in the monthly sales tax returns, creating a demand of Rs.157,629. The Company filed an appeal before the CIR (A) against the order. CIR (A) vide its order dated May 15, 2024 has annulled the order passed by the DCIR and remanded back the matter to DCIR. DCIR has initiated remand back proceedings which is pending for adjudication.

**13.8** The DCIR passed an order on October 03, 2024 for the period December 2021 to June 2022 alleging wrongful adjustments of certain input taxes thereby creating demand of Rs. 247,017 including penalty. The Company has filed an appeal before the ATIR against the impugned order, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly sales tax recoverable have not been reduced by the effect of the aforementioned disallowances.

**13.9** The DCIR passed an order on March 06, 2025 for the period January 2022 to December 2022 alleging that sales tax has not been charged on disposal of fixed assets thereby creating a demand of Rs. 6,400. During the year, On June 25, 2025, the Commissioner Inland Revenue (Appeals) [(CIR A)] issued an order and remanded back proceedings to the DCIR. No remand back proceedings have been initiated by DCIR to date. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly sales tax recoverable have not been reduced by the effect of the aforementioned disallowances.

	2025	2024
	-----Rupees-----	
<b>14. SHORT-TERM INVESTMENTS</b>		
Term deposit receipts	140,000	65,000

**14.1** These investments carry interest at the rate ranging from 8.5% to 10.5% (2024: 8.25% to 20%) per annum having maturity period of less than 12 months.

	2025	2024
	-----Rupees-----	
<b>15. CASH AND BANK BALANCES</b>		
Cash at bank in:		
- current accounts - Conventional [including foreign currency account of Rs. 610,017 (2024: Rs. 475,500)]	774,100	502,243
- current accounts - Islamic	193,264	402,871
- savings accounts (note 15.1)	238,074	1,840,630
	<u>1,205,438</u>	<u>2,745,744</u>

**15.1** Includes Rs. 90,000 (2024: Rs. 90,000) on which lien is marked on account of long term finances (note 18.1). Therefore, cash and cash equivalents for the purpose of statement of cash flows does not include this amount.

	2025	2024
	-----Rupees-----	
<b>16. SHARE CAPITAL</b>		
<b>Authorized capital</b>		
850,000,000 (2024: 850,000,000) ordinary shares of Rs. 10 each	8,500,000	8,500,000
<b>Issued, subscribed and paid-up capital</b>		
766,596,075 (2024: 766,596,075) ordinary shares of Rs. 10 each fully paid in cash (note 16.1)	7,665,961	7,665,961

**16.1** As at December 31, 2025, FrieslandCampina Pakistan Holdings B.V. (the Holding Company) held 390,963,999 (2024: 390,963,999) ordinary shares of Rs. 10 each and Engro Corporation Limited held 306,075,947 (2024: 306,075,947) ordinary shares of Rs. 10 each.

## (Amounts in thousand)

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

## 17. SHARE PREMIUM

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

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

Long term finances utilized under mark-up arrangements:

	Installments		Interest rate	2025	2024
	Number	Commencing from		-----Rupees-----	
<b>Long term finances</b>					
Dubai Islamic Bank Limited	32 Quarterly	September 28, 2026	6%	88,000	88,000
Meezan Bank Limited	40 Quarterly	September 25, 2026	6%	230,000	230,000
Bank Islami Pakistan Limited	108 Monthly	January 01, 2027	7.50%	35,513	-
Habib Metropolitan Bank	32 Quarterly	January 01, 2027	7.50%	633,261	-
				986,774	318,000
Less: Current portion shown under current liabilities				(17,000)	-
				969,774	318,000

**18.1** The above finances are secured by registered floating charges / mortgages over the plant and machinery of the Company up to a maximum of Rs. 277,000, specific and exclusive charge over imported plant and machinery amounting Rs. 668,774 and lien marked over bank account of Rs. 90,000 (note 15.1).

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

	2025	2024
	-----Rupees-----	
Balance at beginning of the year	318,000	750,000
Add: Obtained	668,774	318,000
Less: Repaid	-	(750,000)
Balance at end of the year	986,774	318,000

**18.3** Under the terms of the agreements for long term finances, the Company is required to comply with the following financial covenants throughout the reporting period:

- Current Ratio must not be less than 1:1
- Debt Service Coverage Ratio (DSCR) must not be less than 1.25:1.0

The Company has complied with these covenants throughout the reporting period. As at December 31, 2025, the current ratio was 1.03:1, whereas DSCR was 4.30:1.0

There are no indications that the Company would have difficulties complying with the covenants in the next reporting period.

(Amounts in thousand)

	2025	2024
	-----Rupees-----	
<b>19. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS</b>		
Non-current portion	1,062,993	870,594
Current portion	525,183	593,823
	<u>1,588,176</u>	<u>1,464,417</u>
<b>20. DEFERRED TAX LIABILITY / (ASSET) - NET</b>		
<b>Debit balances arising due to:</b>		
- Provisions for stock-in-trade, stores and spares and receivables	(337,529)	(311,433)
- Accelerated tax depreciation / amortization	(498,980)	(817,249)
- Minimum turnover tax	-	(985,400)
- Share issuance cost, net to equity	(15,108)	(15,108)
- Lease liabilities against right-of-use assets	(619,389)	(571,123)
	<u>(1,471,006)</u>	<u>(2,700,313)</u>
<b>Credit balances arising due to:</b>		
- Right-of-use assets	769,515	650,320
- Biological assets	1,302,463	1,318,530
- Others	16,637	15,824
	<u>2,088,615</u>	<u>1,984,674</u>
	<u>617,609</u>	<u>(715,639)</u>
<b>21. TRADE AND OTHER PAYABLES</b>		
Trade payables (note 21.1)	8,262,769	6,823,878
Accrued liabilities	5,803,727	4,372,678
Provisions (note 21.2)	1,081,909	-
Retention money	780	1,204
Suppliers' security deposits (note 21.4)	98	98
Customers' security deposits (note 21.5)	3,100	3,100
Withholding tax payable	104,145	83,435
Payable to defined benefit gratuity fund (note 37.4)	441,694	364,514
Workers' profits participation fund (note 21.3)	-	14,360
Workers' welfare fund	130,815	110,754
Others	65,804	83,290
	<u>15,894,841</u>	<u>11,857,311</u>
<b>21.1 Includes payable to following related parties:</b>		
- FrieslandCampina Nederland B.V.	3,597,570	2,395,235
- FrieslandCampina AMEA Pte Ltd	6,861	6,460
- PT Frisian Flag Indonesia	15,962	10,260
- Engro Corporation Limited	1,927	2,212
- Engro Polymer & Chemicals Limited	1,345	9,075
- Alaska Milk Corporation	842	8,572
	<u>3,624,507</u>	<u>2,431,814</u>
<b>21.2</b>	This represents provisions recognized during the period based on prudence and as a matter of abundant caution in respect of certain pending regulatory matters that are currently being contested by the Company.	
	2025	2024
	-----Rupees-----	
<b>21.3 Workers' profits participation fund</b>		
Balance at beginning of the year	14,360	19,304
Add: Allocation (note 30)	361,742	193,353
Less: Amount paid to the Fund	(376,102)	(198,297)
Balance at end of the year	<u>-</u>	<u>14,360</u>

**(Amounts in thousand)**

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

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

**22. CONTRACT LIABILITIES**

These represent advances received by the Company from customers and distributors for goods to be delivered. The advances outstanding as at December 31, 2024 amounting to Rs. 865,983 have been recognized as revenue during the current year.

**23. SUPPLIER FINANCING - UNFUNDED**

This represents inland letters of credit under supplier financing arrangements amounting to Nil (2024: Rs. 9,838,888).

	<b>2025</b>	<b>2024</b>
<b>Range of payment due dates</b>		
- Liability under supplier financing - unfunded	within 180 days after invoice date	within 180 days after invoice date
- Comparable trade payables not part of supplier financing - unfunded	within 60 days after invoice date	within 60 days after invoice date
	<b>2025</b>	<b>2024</b>
	-----Rupees-----	
<b>Carrying amount of liabilities under supplier financing - unfunded</b>		
- Liability under supplier financing - unfunded	-	9,838,888
- Of which the supplier has received payment	-	9,838,888

**24. SHORT TERM FINANCES - secured**

Export Running Finance (ERF) (notes 24.1 & 24.2)	169,325	46,174
Running Finance Facilities (note 24.2)	576,771	264,126
	<u>746,096</u>	<u>310,300</u>

**24.1** Represents short term loan obtained against export sales under the State Bank of Pakistan's FE - 25 Scheme. The facility carries mark up at the rate ranging from 5% to 7.5% per annum.

**24.2** The facilities for short term finance available from various banks, which represent the aggregate sale price of all mark-up arrangements, amounts to Rs.11,500,000 (2024: Rs. 12,000,000). The unutilized balance against these facilities as at December 31, 2025 was Rs. 10,753,904 (2024: Rs. 11,689,700). The rates of mark-up on these finances are KIBOR based and range from 11.15% to 13.81% (2024: 14.86% to 16.59%) per annum. These facilities are secured by way of floating charge upon all the present and future current assets of the Company.

**24.3** The facilities for opening letters of credit and bank guarantees as at December 31, 2025 amount to Rs. 27,300,000 (2024: Rs. 26,500,000), of which the amount remaining unutilized as at December 31, 2025 was Rs. 23,830,835 (2024: Rs.14,678,365).

(Amounts in thousand)

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

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

- Sui Southern Gas Company Limited amounting to Rs. 130,202 (2024: Rs. 128,123) under the contract for supply of gas;
- Sui Northern Gas Pipeline Company Limited amounting to Rs. 56,222 (2024: Rs. 40,447) under the contract for supply of gas;
- Collector of Sales Tax, Large Taxpayers Unit (LTU), Karachi amounting to Rs. 258,712 (2024: Rs. 258,712) under the Sales Tax Rules 2006, against refund claims of input sales tax. Against these guarantees, sales tax refunds amounting to Rs. 90,820 (2024: Rs. 90,820) have been received to date;
- Parco Pearl Gas Co. (Private) Limited amounting to Rs. 1,000 (2024: Rs. 1,000) as collateral against supplies;
- Collector, Model Customs Collectorate Port Qasim, Karachi amounting to Rs. 352,586 (2024: Rs. 224,742) as collateral against provisional release of imported raw materials;
- The Nazir, High Court of Sindh, Karachi amounting to Rs. 62,175 (2024: Rs. 62,175) as collateral against provisional release of imported raw materials; and
- The Government of Sindh, amounting to Rs. 543,387 (2024: Rs. 468,387) in relation to Sindh Infrastructure Development Cess (SIDC). In 2021, the Supreme Court of Pakistan (SCP) through its order dated September 1, 2021 has directed that till further orders operation of the impugned judgement of the High Court of Sindh dated June 4, 2021 which validated SIDC and its recovery shall remain suspended. The SCP's order further stated that the petitioners (including the Company) shall keep the bank guarantees already submitted with the Government of Sindh and shall furnish fresh bank guarantees equivalent to 100% of the amount of SIDC against release of all future consignments of imported goods.
- Chief Executive Officer, Education Authority Bhakkar and Chief Executive Officer, Education Authority Mianwali, as collateral against performance guarantees amounting to Rs. 11,794 and Rs. 11,090, respectively for supply of milk under CM Punjab school meal program.

**25.1.2** On December 18, 2024, the Company received an order from Competition Commission of Pakistan (CCP), imposing a penalty of Rs. 75,000 in respect of Company's marketing activities relating to one of its brands. The Company filed an appeal with the Competition Appellate Tribunal against the aforementioned order, which has been partly allowed by way of the Tribunal's order dated January 14, 2026, whereby the penalty amount has been reduced to Rs. 15,000. The Company, based on opinion of its legal advisor is considering to file an appeal against the Tribunal's order dated January 14, 2026.

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

**25.1.4** On March 05, 2024 Sindh Revenue Board (SRB) issued notice to recover Workers Welfare Fund (WWF) for the year 2022. The Company being a transprovincial entity has discharged its WWF liability under the federal law, therefore, it filed a case thereagainst before the HCS. HCS vide interim order dated April 03, 2024 has directed SRB to not recover the amount till the decision of the case. During the year, HCS disposed of the case in favor of the Company. SRB has filed an appeal against the HCS order before the SCP which is pending. The Company, based on the opinion of its legal consultant, is confident of a favorable outcome.

**(Amounts in thousand)**

**25.1.5** On December 8, 2023, Customs department issued an order alleging that the Company has incorrectly claimed exemption of duties and taxes on import of certain samples and levied penalty of Rs. 20. The Company being aggrieved with the said demand has filed an appeal before the Collector of Customs (Appeals), Lahore, which was dismissed by order dated April 30, 2024. The Company has filed further appeal against this order before Customs Appellate Tribunal Lahore. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal.

**25.1.6** The Company imported a sample consignment and got clearance thereof by availing benefit of zero-rating of customs duty. Principal Appraiser Customs Lahore unilaterally reassessed Goods Declaration (GD) denying the benefit of zero-rating of customs duty on the aforesaid sample consignment and redetermined duties and taxes. Aggrieved with the reassessment made by Principal Appraiser, the Company filed an appeal before Collector of Customs (Appeals) Lahore which was dismissed through order dated May 30, 2024. The Company has filed further appeal against this order before Customs Tribunal. The Company, based on the opinion of its consultant, is confident of a favorable outcome of the appeal.

**25.1.7** The Customs Department (the Department) issued various orders alleging that the Company has mis-declared Harmonized System (HS) code on certain raw materials imported and is therefore, required to pay additional duties and taxes. The Company, being aggrieved with the said demands, has filed appeals before the Collector of Customs Appeals [CC(A)]. The CC(A) had decided majority of the appeals and set aside the orders of the Department with the direction to refer the cases to the Classification Committee (CC) and decide the same according to the findings of the CC. Moreover, the Company and the Department have also filed appeals with the CAT against the orders issued by the CC(A), which are pending adjudication. Further, during the year, CC(A) has also decided few more appeals against the Company. The Company, having considered the relevant provisions, being aggrieved of CC(A)'s orders, has filed appeals before CAT, which have been decided against the Company. The Company thereagainst filed an appeal against the CAT's decisions before the SHC. During the year, SHC disposed some of the appeals by referring the matter to the CC which has issued notices for hearing and the matter is currently pending with the Department. The Company as an abundant caution has recognized adequate provision in this respect.

**25.1.8** Details of the tax related matters are given in notes 13 and 33.3 of these financial statements.

**25.2 Commitments**

**25.2.1** Commitments in respect of capital expenditure contracted for but not incurred as at December 31, 2025 amount to Rs. 980,038 (2024: Rs. 595,425).

**25.2.2** Commitments in respect of purchase of certain commodities as at December 31, 2025 amount to Rs. 1,395,315 (2024: Rs. 1,738,422).

	<b>2025</b>	<b>2024</b>
	-----Rupees-----	
<b>26. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>		
Revenue from contracts with customers - gross (note 26.1)	133,522,827	127,023,909
Less:		
- Sales tax	(19,553,691)	(11,325,040)
- Trade discounts and others	(9,516,698)	(8,647,419)
	<u>104,452,438</u>	<u>107,051,450</u>

**26.1** This includes export sales amounting to Rs. 2,187,450 (2024: Rs. 3,666,949).

**(Amounts in thousand)**

	2025	2024
	-----Rupees-----	
<b>27. COST OF SALES</b>		
Raw and packaging material consumed (note 27.1)	70,901,411	73,280,950
Salaries, wages, and staff welfare (note 27.2)	3,357,849	3,187,216
Fuel and power	3,271,030	3,258,443
Repair and maintenance	2,060,354	1,755,764
Freight inwards	1,506,513	1,737,241
Depreciation on operating assets (note 4.3)	1,271,019	1,165,743
Depreciation on right-of-use assets (note 7.1)	321,801	261,422
Impairment of operating assets (note 4.1)	7,344	11,221
Travelling	228,821	240,385
Communication and other office expenses	296,143	179,728
Insurance	251,244	307,940
Rent and utilities (note 27.3)	441,917	445,808
Research and business development	21,453	16,530
Fee for technical assistance (note 27.4)	2,215,154	2,215,216
Legal and professional	22,332	15,560
Purchased services	1,265,199	1,157,977
Provision against:		
- expired/obsolete stock-in-trade (note 9.4)	63,740	200,805
- slow moving stores, spares and loose tools (note 8.2)	68,349	133,407
Manufacturing cost	87,571,673	89,571,356
Add: Opening stock of work-in-process	1,772,837	3,064,608
Less: Closing stock of work-in-process	(1,345,458)	(1,772,837)
Cost of goods manufactured	87,999,052	90,863,127
Add: Opening stock of finished goods manufactured	2,889,541	2,050,221
Less: Closing stock of finished goods manufactured	(3,830,508)	(2,889,541)
	<u>87,058,085</u>	<u>90,023,807</u>
	2025	2024
	-----Rupees-----	

**27.1 Raw and packaging material consumed**

Opening stock of raw and packaging material	4,949,215	5,164,982
Add: Purchases	70,944,910	73,065,183
Less: Closing stock of raw and packaging material	(4,992,714)	(4,949,215)
Raw and packaging material consumed	<u>70,901,411</u>	<u>73,280,950</u>

**27.2** These include Rs. 302,813 (2024: Rs. 287,969) in respect of staff retirement benefits.

**27.3** These include rentals for short-term leases, rentals for leases of low-value assets and variable lease payments amounting to Rs. 6,893, Rs. 35,129 and Rs. 345,126 (2024: Rs. 7,464, Rs. 47,273 and Rs. 348,523), respectively.

**27.4** This represents charges for technical assistance and royalty paid / payable to FrieslandCampina Nederland B.V., related party (note 42.2.1).

(Amounts in thousand)

	2025	2024
	-----Rupees-----	
<b>28. DISTRIBUTION AND MARKETING EXPENSES</b>		
Salaries, wages and staff welfare (note 28.1)	1,434,796	1,486,686
Advertising	2,050,975	2,338,291
Freight outward	2,802,289	3,302,238
Travelling	168,535	249,621
Communication and other office expenses	137,951	84,224
Depreciation on operating assets (note 4.3)	331,538	433,327
Depreciation on right-of-use assets (note 7.1)	227,106	132,843
Impairment of operating assets (note 4.1)	4,534	23,063
Fuel and power	9,235	12,662
Repairs and maintenance	100,340	105,270
Rent, rates and taxes	15,247	13,304
Insurance	25,666	32,913
Software maintenance	24,684	40,771
Research and business development	33	825
Legal and professional	257	851
Purchased services	98,060	32,513
	<u>7,431,246</u>	<u>8,289,402</u>

**28.1** These include Rs. 101,106 (2024: Rs. 109,459) in respect of staff retirement benefits.

	2025	2024
	-----Rupees-----	
<b>29. ADMINISTRATIVE EXPENSES</b>		
Salaries, wages and staff welfare (note 29.1)	1,078,635	1,078,524
Training and development	1,715	7,293
Communication and other office expenses	62,708	116,047
Rent, rates and taxes (note 29.2)	48,039	56,707
Travelling	42,533	44,336
Depreciation on operating assets (note 4.3)	72,508	73,934
Depreciation on right-of-use assets (note 7.1)	100,070	115,487
Impairment of operating assets (note 4.1)	183	-
Amortization of intangible assets (note 6)	12,968	15,085
Fuel and power	3,247	4,155
Repairs and maintenance	5,495	7,204
Insurance	5,822	5,920
Legal and professional	73,108	97,364
Auditor's remuneration (note 29.3)	9,391	8,934
Software maintenance and license cost	7,747	3,482
Reversal of provision for impairment of trade debts (note 10.3)	(651)	(1,558)
Purchased services	216,244	188,721
	<u>1,739,762</u>	<u>1,821,635</u>

**29.1** These include Rs. 75,561 (2024: Rs. 66,324) in respect of staff retirement benefits.

**29.2** These include rentals for short-term leases amounting to Rs. 154 (2024: Rs. 386).

**(Amounts in thousand)**

	2025	2024
	-----Rupees-----	
<b>29.3 Auditor's remuneration</b>		
Fee for:		
- audit of annual financial statements and group reporting	5,989	5,698
- review of half yearly financial information	1,047	996
- review of compliance with the Code of Corporate Governance	216	205
- special certifications and other services	1,538	1,463
	<u>8,790</u>	<u>8,362</u>
Out-of-pocket expenses and taxes	601	572
	<u>9,391</u>	<u>8,934</u>

**30. OTHER OPERATING EXPENSES**

Workers' welfare fund	120,031	98,300
Donations (note 30.1)	43,213	15,705
Provision for culling of biological assets (note 5.1.1)	116,778	130,093
Loss on death / disposals of biological assets - net	27,973	93,429
Loss on disposal of right of use assets	-	15,598
Workers' profits participation fund (note 21.3)	361,742	193,353
Exchange loss - net	5,615	17,916
	<u>675,352</u>	<u>564,394</u>

**30.1** These include donations to Karwa-e-Hayat, a related party by virtue of common directorship of Mr. Ali Ahmed Khan, amounting to Rs. 300 (2024: Nil), The Care Foundation Pakistan amounting to Rs. 16,506 (2024: Rs. 5,092), Indus Resource Center amounting to Rs. 9,420 (2024: Rs. 3,190), The Citizens Foundation amounting to Rs. 5,055 (2024: Nil) and The Blessing Foundation amounting to Rs. 11,932 (2024: Rs. 7,159).

	2025	2024
	-----Rupees-----	
<b>31. OTHER INCOME</b>		
<b>From financial assets</b>		
Interest on bank deposits / savings accounts	50,715	176,016
Interest income on term deposit receipts	83,699	4,357
	<u>134,414</u>	<u>180,373</u>
<b>From other than financial assets</b>		
Gain arising from changes in fair value of biological assets - net (note 5.1)	22,031	36,538
Gain on disposal of operating assets (note 4.4)	124,032	140,699
Scrap sales	97,522	110,975
Others	9,724	13,944
	<u>253,309</u>	<u>302,156</u>
	<u>387,723</u>	<u>482,529</u>

**32. FINANCE COSTS**

Mark-up on:		
- Short-term finances (note 32.1)	911,144	2,926,668
- Long-term finances	19,351	95,527
- Lease liabilities against right-of-use assets	202,196	197,438
	<u>1,132,691</u>	<u>3,219,633</u>
Bank charges	49,957	39,694
	<u>1,182,648</u>	<u>3,259,327</u>

**32.1** This also includes finance costs on local letters of credit i.e. supplier financing. The rates of mark-up on these finances are KIBOR based and range from 11.15% to 13.81% (2024: 14.86% to 16.59%) per annum.

(Amounts in thousand)

	2025	2024
	-----Rupees-----	
<b>33. TAXATION</b>		
Current (notes 33.1 & 33.2)		
- for the year	2,325,759	1,923,619
- for prior years	403,413	(30,007)
	<u>2,729,172</u>	<u>1,893,612</u>
Deferred (note 33.1)	1,333,248	(521,326)
	<u>4,062,420</u>	<u>1,372,286</u>

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

Deferred tax has also been recognised at the rate of 39% (including 10% super tax) (2024: 39% including 10% super tax) being the tax rate substantively enacted at the reporting date and is expected to apply to the periods when the asset will be realised or the liability will be settled.

**33.1.1** Pursuant to Section 4B and 4C of the Ordinance, super tax was imposed on the Company for the tax years 2015 to 2019 and from the tax year 2022 onwards. These enactments were challenged by various companies in the High Courts of Pakistan. Subsequent appeals against the High Court decisions were filed by both the companies and tax authorities before the SCP.

During the year, SCP passed a direction that all cases related to super tax be sent to the SCP and clubbed with the pending appeals in the SCP, for final adjudication, however, with the passage of the Twenty-Seventh Amendment to the Constitution of Pakistan, all the above cases were transferred to the Federal Constitution Court (FCC).

Subsequent to the year end, the FCC ruled in favor of the constitutionality of Section 4B and 4C of the Ordinance and set aside the previous orders by the High Courts and SCP.

**33.2** This includes prior-year tax charge recognized following the judgement issued by the SCP in May 2025. While the Company has assessed the financial impact based on available information, certain details relating to this matter are considered sensitive due to the pending assessments and their consequential impact. The Company continues to monitor developments to review and assess its position.

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

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

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

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

**(Amounts in thousand)**

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

## (Amounts in thousand)

- 33.3.8** On November 3, 2017, the ACIR raised a demand of Rs. 511,801 for tax year 2016 by disallowing minimum turnover tax credit, expenses on account of Employee Share Option Scheme and Worker's Welfare Fund. On June 30, 2018, the CIR (A) upheld the decision of the ACIR in respect of minimum turnover tax credit and Employee Share Option Scheme. Being aggrieved with the impugned order, the Company has filed appeal before the ATIR on August 15, 2018, which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.3.9** On February 22, 2019, the ACIR raised a demand of Rs. 274,588 for tax year 2015 by disallowing expenses on account of Employee Share Option Scheme, loss on sale of disposal of assets and assets written-off. On August 19, 2019, the CIR (A) upheld the decision in respect of Employee Share Option Scheme and assets written off, while other matters were remanded back for reexamination. Being aggrieved with the impugned order, the Company filed appeal before the ATIR on October 24, 2019, which is pending adjudication. On December 17, 2020, the tax authority has passed an order to conclude reexamination proceedings and give effect to the directions of the CIR (A). As complete effects have not been given, the Company had filed appeal before CIR (A) on July 15, 2021 and on February 28, 2023 the CIR (A) issued an order deleting the action of the ACIR as regards the disallowance of loss on disposal of vehicles. However, the CIR (A) remanded back the issue of short tax credit to the ACIR for re-adjudication. Till date no remand back proceedings have been initiated in this respect. The Company also filed rectification application against which rectified order was passed on March 2021 creating tax refund of Rs. 100,000. On December 27, 2023, the ACIR issued refund order of Rs. 92,915 against aforesaid rectification order. CIR (A) issued an order and remanded back proceedings to DCIR for reverification of the credits disallowed/short allowed against refund order u/s 170(4) passed by the DCIR for the tax year 2015. The DCIR has not yet initiated the remand back proceedings. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.3.10** On September 30, 2020, the ACIR raised demand of Rs. 65,522 by disallowing certain items e.g. tax credits claimed under section 65B, depreciation on freezers, written-off inventory and Gas Infrastructure Development Cess for tax year 2017. On June 22, 2022, the CIR (A) issued an order against the appeal filed for the tax year 2017 and upheld the decision of the ACIR in respect of loss on sale of disposal of fixed assets, while remanded the issues of depreciation and addition on account of inventory written off for reexamination to the ACIR. The remaining issues have been decided in favour of the Company. The ACIR has not yet initiated the remand back proceedings. The Company, being aggrieved with the decision of the CIR (A) in respect of the order, has preferred appeal before the ATIR which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- 33.3.11** On September 30, 2020, the ACIR raised demand of Rs. 70,592 by disallowing certain items e.g. tax credits claimed under section 65B, depreciation on freezers, written-off inventory and Gas Infrastructure Development Cess for tax year 2018. On June 14, 2022, the CIR (A) issued an order against the appeal filed for the tax year 2018 remanded back the issues of disallowance of inventory write off, short allowance of tax credit for readjudication to the ACIR. The remaining issues have been decided in favour of the Company. The Company, being aggrieved with the decision of the CIR (A) in respect of the order, has filed an appeal before the ATIR which is pending adjudication. During the year, the ACIR initiated remand proceedings and passed an order giving effect to the decision of the CIR (A), resulting in a refund of Rs. 202,428, and a refund order amounting to Rs. 202,236 was also issued. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly recoverable taxes have not been reduced by the effect of the aforementioned disallowances.
- 33.3.12** On September 30, 2020, ACIR raised demand of Rs. 85,358 by disallowing certain items e.g. deduction claimed on account of donations, impairment of operating assets and accounting loss on disposal for tax year 2019. On April 19, 2022, the CIR (A) issued an order against the appeal filed for the tax year 2019 and upheld the decision of the ACIR in respect of super tax while remanded back the issue of disallowance of depreciation, short allowance of tax credit for re-adjudication to the ACIR. The remaining issues have been decided in favour of the Company. The Company, being aggrieved with the decision of the CIR (A), has filed appeal before the ATIR which is pending adjudication. On June 06, 2023, the ACIR passed an appeal effect order based on decision of the CIR (A) and created a tax refund of Rs. 137,272 to the extent of remanded back matters. On December 27, 2023, the ACIR issued refund order under section 170 (4) of the Ordinance for Rs. 106,215 for tax year 2019. CIR (A) issued an order and remanded back proceedings to DCIR for re-verification of the credits disallowed/short allowed against aforementioned refund order passed by the DCIR. The DCIR has not yet initiated the remand back proceedings. For subsequent developments regarding super tax, refer note 33.1.1.

**(Amounts in thousand)**

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

## (Amounts in thousand)

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

**33.3.20** On February 27, 2023 CIR (A) passed an order against the appeal filed for recovery of super tax for tax year 2022 and directed the department to adjust the demand against the available income tax refunds of tax year 2013 against the order issued by DCIR on November 25, 2022. The Company being aggrieved with the decision of the CIR (A), has filed an appeal dated April 18, 2023 before the ATIR which is pending adjudication. For subsequent developments in respect of super tax, refer note 33.1.1.

**33.3.21** On December 29, 2023 the ACIR passed an order of Rs. 388,936 against the refund filed by the Company with annual income tax return for tax year 2022, but did not adjust the demand of super tax against the available income tax refunds, as the CIR (A) already directed that demand of super tax for the year be adjusted against available refunds of tax year 2013. CIR (A) issued an order and remanded back proceedings to DCIR for further verification of Rs. 214,947 for the credits disallowed/short allowed against aforementioned refund order passed by the DCIR. The DCIR has not yet initiated the remand back proceedings. For subsequent developments in respect of super tax, refer note 33.1.1.

**33.3.22** On May 29, 2024, the Additional Commissioner (ADC) raised a tax demand of Rs. 348,855 for the tax year 2022 by restricting adjustment of minimum tax credit brought forward from prior years against the tax liability. During the year, the Appellate Tribunal Inland Revenue (ATIR) passed an order upholding the decision of the ADC. The Company is in the process of filing appeal before the Sindh High Court. The Company, based on the opinion of its lawyer, is confident of a favorable outcome of the appeal and, accordingly, taxes recoverable have not been reduced by the effect of the aforementioned amount.

**33.3.23** On December 20, 2024, DCIR passed an order against for recovery of super tax for tax year 2024 of Rs. 157,485. During the year on, Appellate Tribunal Inland Revenue (ATIR) passed an order upholding the decision of the DCIR. The Company has filed a petition before the Sindh High Court (SHC) against the said order. However, the Company has recognized an adequate provision in this respect of this matter. For subsequent developments in respect of super tax, refer note 33.1.1.

**33.3.24** On February 26, 2025 DCIR passed an order for the recovery of super tax for tax year 2023 of Rs. 292,024. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order which is pending adjudication. The Company carries a provision in this respect. For subsequent developments in respect of super tax, refer note 33.1.1.

	2025	2024
	-----Rupees-----	
<b>33.4 Relationship between tax expense and accounting profit</b>		
Profit before taxation	6,753,068	3,575,414
Tax at the applicable tax rate of 29% (2024: 29%)	1,958,390	1,036,870
Tax effect of:		
- transactions taxed at different rates including super tax	1,575,731	474,860
- prior year charge / (reversal)	403,413	(30,007)
- others	124,886	(109,437)
	2,104,030	335,416
	4,062,420	1,372,286

## 34. EARNINGS PER SHARE - Basic and diluted

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

	2025	2024
	-----Rupees-----	
Profit for the year	2,690,648	2,203,128
	<b>Number of shares in thousand</b>	
Weighted average number of ordinary shares in issue during the year	766,596	766,596

(Amounts in thousand)

	2025	2024
	-----Rupees-----	
<b>35. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	6,753,068	3,575,414
Adjustment for non-cash charges and other items:		
- Depreciation on operating assets (note 4.3)	1,675,065	1,673,004
- Depreciation on right-of-use assets (note 7.1)	648,977	509,752
- Provision for impairment of operating assets - net (note 4.1)	12,061	34,284
- Amortization of intangible assets (note 6)	12,968	15,085
- Gain on disposal of operating assets (note 31)	(124,032)	(140,699)
- Loss on disposal of right of use assets (note 30)	-	15,598
- Gain arising from changes in fair value of biological assets inclusive of feed cost capitalized (note 5.1)	(655,139)	(893,048)
- Loss on death / disposal of biological assets - net (note 30)	27,973	93,429
- Provision for culling of biological assets (note 5.1.1)	116,778	130,093
- Provision for staff retirement and other service benefits (note 37.10)	147,138	173,857
- Provision for impairment of stock-in-trade (note 9.4)	63,740	200,805
- Provision for impairment of slow moving stores, spares and loose tools (note 8.2)	68,349	133,407
- Reversal of provision for impairment of trade debts (note 10.3)	(651)	(1,558)
- Interest income (note 31)	(134,414)	(180,373)
- Finance costs on short term and long term finances including bank charges (note 32)	980,452	3,061,889
- Finance costs on lease liability against right-of-use assets (note 32)	202,196	197,438
- Exchange loss (notes 30)	5,615	17,916
Working capital changes (note 35.1)	(3,460,828)	(445,805)
	<u>6,339,316</u>	<u>8,170,488</u>
<b>35.1 Working capital changes</b>		
Decrease / (Increase) in current assets:		
- Stores, spares and loose tools	114,345	(81,134)
- Stock-in-trade	(587,901)	620,451
- Trade debts	(187,682)	521,366
- Advances, deposits and prepayments	232,592	(360,190)
- Other receivables	359,195	(221,444)
- Sales tax recoverable	2,759,990	1,470,867
	<u>2,690,539</u>	<u>1,949,916</u>
Increase / (Decrease) in current liabilities:		
- Trade and other payables	3,954,735	(369,211)
- Supplier financing - unfunded	(9,838,888)	(1,535,790)
- Contract liabilities	(267,214)	(490,720)
	<u>(3,460,828)</u>	<u>(445,805)</u>

(Amounts in thousand)

	2025	2024
	-----Rupees-----	
<b>36. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances (note 15)	1,205,438	2,745,744
Short term running finances (note 24)	(576,771)	(264,126)
Restricted cash under lien (note 15.1)	(90,000)	(90,000)
	<u>538,667</u>	<u>2,391,618</u>

### 37. STAFF RETIREMENT AND OTHER SERVICE BENEFITS

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

**37.2** During the year, an amount of Rs. 71,060 (2024: Rs. 54,881) has been charged in respect of defined contribution gratuity scheme maintained by ECL.

**37.3** Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882, the Companies Act, 2017, the Income Tax Rules, 2002 and Rules formed under the Trust deed of the Fund. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the Board of Trustees of the Fund. The latest actuarial valuation of the Fund was carried out as at December 31, 2025 using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	2025	2024
	-----Rupees-----	
<b>37.4 Reconciliation for statement of financial position</b>		
Present value of defined benefit obligation (note 37.7)	(1,646,256)	(1,409,847)
Fair value of plan assets (note 37.8)	1,204,562	1,045,333
Net liability at end of the year	<u>(441,694)</u>	<u>(364,514)</u>

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

Net liability at beginning of the year	(364,514)	(411,546)
Charge (note 37.9)	(147,138)	(173,857)
Contribution (note 37.8)	120,060	110,050
Remeasurement (loss) / gain recognized in other comprehensive income (note 37.6)	(50,102)	110,839
Net liability at end of the year	<u>(441,694)</u>	<u>(364,514)</u>

### 37.6 Remeasurement recognized in Other Comprehensive Income

Gain / (Loss) from changes in financial assumptions	1,475	4,322
Experience loss	(123,856)	(21,739)
Remeasurement of defined benefit obligation	<u>(122,381)</u>	<u>(17,417)</u>
Actual return on plan assets	204,865	258,578
Expected return on plan assets	(132,586)	(130,322)
Remeasurement of fair value of plan assets	<u>72,279</u>	<u>128,256</u>
	<u>(50,102)</u>	<u>110,839</u>

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

Present value of defined benefit obligation at beginning of the year	1,409,847	1,264,437
Current service cost	102,250	99,341
Interest cost	177,474	204,838
Benefits paid	(165,696)	(176,186)
Remeasurement loss on obligation (note 37.6)	122,381	17,417
Present value of defined benefit obligation at end of the year	<u>1,646,256</u>	<u>1,409,847</u>

(Amounts in thousand)

	2025	2024
	-----Rupees-----	
<b>37.7.1 Analysis of present value of defined benefit obligation</b>		
Vested benefits	1,646,256	1,409,847
Non-vested benefits	-	-
	<u>1,646,256</u>	<u>1,409,847</u>
Accumulated benefit obligation	683,316	536,962
Amounts attributed to future salary increases	962,940	872,885
	<u>1,646,256</u>	<u>1,409,847</u>
<b>37.8 Movement in fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	1,045,333	852,891
Expected return on plan assets	132,586	130,322
Contribution	120,060	110,050
Benefits paid	(165,696)	(176,186)
Remeasurement gain (note 37.6)	72,279	128,256
Fair value of plan assets at end of the year	<u>1,204,562</u>	<u>1,045,333</u>
<b>37.9 Cost charged to profit or loss:</b>		
Current service cost	102,250	99,341
Net interest cost	44,888	74,516
Cost for the year	<u>147,138</u>	<u>173,857</u>
<b>37.10 Charge for the year has been allocated as follows:</b>		
Cost of sales (note 27)	114,724	130,529
Distribution and marketing expenses (note 28)	26,830	36,383
Administrative expenses (note 29)	5,584	6,945
	<u>147,138</u>	<u>173,857</u>

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

	2025	2024
<b>Financial assumptions</b>		
- Discount rate - per annum compound	11.25%	12.50%
- Expected rate of increase in salaries - per annum		
- First year	10.25%	11.50%
- Long-term	10.25%	11.50%
<b>Demographic assumptions</b>		
- Expected mortality rate	SLIC (2001-05)-1	SLIC (2001-05)-1
- Withdrawal rates / rate of employees turnover	Moderate	Moderate

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

	<b>Impact on defined benefit obligation - (Decrease) / Increase</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
	-----Rupees-----		
Discount rate	1%	(152,701)	176,625
Expected rate of increase in salaries - long term	1%	176,625	(155,298)

### (Amounts in thousand)

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

#### 37.13 Plan assets comprise of the following:

	2025				2024			
	Quoted	Un-Quoted	Total	(%)	Quoted	Un-Quoted	Total	(%)
	-----Rupees-----				-----Rupees-----			
<b>Equity Instruments</b>								
Quoted Shares	258,098	-	258,098	21%	100,399	-	100,399	10%
<b>Debt Instruments</b>								
Government Bonds	-	499,871	499,871	41%	-	273,821	273,821	26%
Treasury Bills	-	256,743	256,743	22%	-	500,403	500,403	47%
Cash and cash equivalents	-	189,850	189,850	16%	-	18,201	18,201	2%
Other assets	-	-	-	-	-	156,499	156,499	15%
Other liabilities	-	-	-	-	-	(3,990)	(3,990)	-
Total	258,098	946,464	1,204,562	100%	100,399	944,934	1,045,333	100%

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

##### Asset volatility

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

##### Inflation risk

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

##### Life expectancy / withdrawal rate

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

#### 37.15 Expected contribution to the Fund for the year ending December 31, 2026 is Rs. 160,172.

#### 37.16 The weighted average duration of the defined benefit obligation is 9.95 years (2024: 10.04 years).

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

	2025	2024	2023	2022	2021	2020
	-----Rupees-----					
Present value of obligations	(1,646,256)	(1,409,847)	(1,264,437)	(1,150,604)	(969,092)	(868,008)
Fair value of plan assets	1,204,562	1,045,333	852,891	803,328	754,741	696,823
Deficit	(441,694)	(364,514)	(411,546)	(347,276)	(214,351)	(171,185)

(Amounts in thousand)

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

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

	2025			2024		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	-----Rupees-----					
Managerial remuneration	88,351	-	2,833,904	86,550	-	2,516,413
Contribution for staff retirement benefits	13,496	-	284,151	11,795	-	259,787
Bonus	37,725	-	378,103	-	-	396,141
Fees	-	5,353	-	-	5,020	-
	<u>139,572</u>	<u>5,353</u>	<u>3,496,158</u>	<u>98,345</u>	<u>5,020</u>	<u>3,172,341</u>
Number of persons, including those who worked part of the year	<u>1</u>	<u>6</u>	<u>647</u>	<u>2</u>	<u>9</u>	<u>590</u>

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

**38.2** Premium charged in respect of non-executive directors indemnity insurance amounts to Rs. 1,582 (2024: Rs. 1,618).

### 39. FINANCIAL INSTRUMENTS BY CATEGORY

#### 39.1 Financial assets at amortized cost

	2025	2024
	-----Rupees-----	
Long term advances and deposits	515,665	314,269
Trade debts	1,557,223	1,368,890
Advances and deposits	74,928	100,952
Accrued mark-up / interest	4,273	34,364
Other receivables	563,658	922,853
Short term investments	140,000	65,000
Cash and bank balances	1,205,438	2,745,744
	<u>4,061,185</u>	<u>5,552,072</u>

#### 39.2 Financial liabilities at amortized cost

Long term finances	986,774	318,000
Lease liability against right-of-use assets	1,588,176	1,464,417
Trade and other payables	14,136,278	11,284,248
Unclaimed dividend	8,616	6,668
Accrued interest / mark-up	32,710	485,264
Supplier financing - unfunded	-	9,838,888
Short term finances	746,096	310,300
	<u>17,498,650</u>	<u>23,707,785</u>

(Amounts in thousand)

### 39.3 Fair values of financial assets and liabilities

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

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 40.1 Financial risk factors

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

#### a) Market risk

##### i) Currency risk

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

At December 31, 2025, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, the effect on profit after tax for the year would have been immaterial.

##### ii) Interest rate risk

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

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

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

At December 31, 2025, if interest rates on the Company's borrowings and investments had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 20,258 (2024: Rs. 78,109) mainly as a result of higher / lower interest exposure on variable rate borrowings.

##### iii) Other price risk

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

## (Amounts in thousand)

### b) Credit risk

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

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

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

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

### c) Liquidity risk

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

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

	2025			2024		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	----- Rupees -----					
Long term finances	64,559	1,554,513	1,619,071	-	318,000	318,000
Lease liabilities against right-of-use assets	715,973	1,495,112	2,211,085	593,823	870,594	1,464,417
Trade and other payables	14,136,278	-	14,136,278	11,284,248	-	11,284,248
Accrued interest / mark-up	32,710	-	32,710	485,264	-	485,264
Supplier financing - unfunded	-	-	-	9,838,888	-	9,838,888
Unclaimed dividend	8,616	-	8,616	6,668	-	6,668
Short term finances	746,096	-	746,096	310,300	-	310,300
	<u>15,704,231</u>	<u>3,049,624</u>	<u>18,753,856</u>	<u>22,519,191</u>	<u>1,188,594</u>	<u>23,707,785</u>

## 40.2 Fair value estimation

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

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

**(Amounts in thousand)**

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

**41. CAPITAL RISK MANAGEMENT**

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

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

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

	<b>2025</b>	<b>2024</b>
	-----Rupees-----	
Long term:		
- finances (note 18)	969,774	318,000
- lease liabilities against right-of-use assets (note 19)	1,062,993	870,594
Total long term debt	2,032,767	1,188,594
Total equity	16,966,451	16,457,844
Total capital	18,999,218	17,646,438
Debt to equity ratio	0.11:1	0.07:1

**(Amounts in thousand)****42. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

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

**(Amounts in thousand)**

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

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

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

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

<b>Nature of relationship</b>	<b>Nature of transactions</b>	<b>2025</b>	<b>2024</b>
		<b>-----Rupees-----</b>	
<b>Holding Company</b>	Dividend paid	1,094,699	-
<b>Associated companies / undertakings</b>	Arrangement for sharing of premises, utilities, personnel and assets	23,121	26,589
	Fee for technical assistance / royalty	2,215,154	2,215,216
	Purchase of goods and services	316,304	126,395
	Sale of goods	2,114,942	3,666,949
	Reimbursement of expenses incurred on behalf of the Company	462,872	370,260
	Reimbursement of expenses paid by the Company	19,718	45,818
	Dividend paid	857,085	-
	Donations	300	-
<b>Contribution for staff retirement funds</b>	Managed and operated by Engro Corporation Limited		
	- Provident fund	584,169	451,759
	- Gratuity fund	202,883	164,931
<b>Key management personnel including the Chief Executive Officer but not other Directors</b>	Managerial remuneration	350,656	335,892
	Contribution for staff retirement benefits	42,164	46,343
	Bonus	106,017	81,603
<b>Non executive Directors</b>	Fee	5,353	5,020

**42.4** The related party status of outstanding receivables and payables as at December 31, 2025 / 2024 are included in respective notes of the financial statements.

(Amounts in thousand)

### 43. SEGMENT INFORMATION

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

- Dairy based products; and
- Frozen desserts.

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

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

The following information presents operating results information regarding operating segments for the year ended December 31, 2025 / 2024 and asset information regarding operating segments as at December 31, 2025 / 2024:

	2025			2024		
	Dairy based products	Frozen desserts	Total	Dairy based products	Frozen desserts	Total
-----Rupees-----						
<b>Results for the period</b>						
Revenue from contracts with customers - net	94,183,536	11,041,693	105,225,229	98,362,635	9,669,258	108,031,893
Inter-segment revenue	(772,791)	-	(772,791)	(980,443)	-	(980,443)
	<u>93,410,745</u>	<u>11,041,693</u>	<u>104,452,438</u>	<u>97,382,192</u>	<u>9,669,258</u>	<u>107,051,450</u>
Depreciation, impairment and amortization	1,737,519	611,551	2,349,070	1,613,809	618,341	2,232,150
Finance costs	949,728	232,920	1,182,648	2,904,489	354,838	3,259,327
Profit for the period	<u>2,097,604</u>	<u>593,044</u>	<u>2,690,648</u>	<u>1,951,558</u>	<u>251,570</u>	<u>2,203,128</u>
<b>Assets</b>						
- Segment assets	25,979,764	4,987,565	30,967,329	25,626,605	3,911,104	29,537,709
- Un-allocated assets	-	-	6,543,309	-	-	12,137,562
	<u>25,979,764</u>	<u>4,987,565</u>	<u>37,510,638</u>	<u>25,626,605</u>	<u>3,911,104</u>	<u>41,675,271</u>

**43.2** There were no major customers of the Company which to whom 10% or more of the Company's Revenue is attributable.

(Amounts in thousand)

#### 44. SEASONALITY

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

#### 45. PRODUCTION CAPACITY

	Designed Annual Capacity (note 45.1)		Actual Production		Remarks
	2025	2024	2025	2024	
	-----Liters in thousand-----				
Dairy based products	674,619	697,197	334,071	360,204	Production planned as per market demand
Frozen desserts	37,420	37,420	28,389	25,760	

45.1 Represents capacity as at the reporting date.

#### 46. NUMBER OF EMPLOYEES

	Number of employees as at		Average number of employees	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	Management employees	705	658	646
Non-management employees	947	507	547	515
	<u>1,652</u>	<u>1,165</u>	<u>1,193</u>	<u>1,210</u>

#### 47. RETIREMENT CONTRIBUTORY FUNDS

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

(Amounts in thousand)

## 48. SHARIAH DISCLOSURES

Note	2025			2024			
	Coventional	Shariah Compliant	Total	Coventional	Shariah Compliant	Total	
	Rupees			Rupees			
<b>Statement of financial position - assets</b>							
Short term investment	14	140,000	-	140,000	65,000	-	65,000
Cash and bank balances (note 48.1)	15	1,012,174	193,264	1,205,438	2,342,873	402,871	2,745,744
<b>Statement of financial position - liabilities</b>							
Long term finances	18	633,261	353,513	986,774	-	318,000	318,000
Lease liabilities	19	852,903	735,273	1,588,176	765,198	699,219	1,464,417
Supplier financing - unfunded	23	-	-	-	9,838,888	-	9,838,888
Short term finances	24	746,096	-	746,096	310,300	-	310,300
Accrued interest / mark-up		3,629	29,081	32,710	475,471	9,793	485,264
<b>Statement of profit or loss and other comprehensive income</b>							
Revenue from contracts with customers - net	26	-	104,452,438	104,452,438	-	107,051,450	107,051,450
Other income:	31						
- Profit earned from bank deposits and bank balances		50,715	-	50,715	176,016	-	176,016
- Profit earned from short term investments		83,699	-	83,699	4,357	-	4,357
- Gain arising from changes in fair value of biological assets		-	22,031	22,031	-	36,538	36,538
- Gain on disposal of operating assets		-	124,032	124,032	-	140,699	140,699
- Scrap sales		-	97,522	97,522	-	110,975	110,975
- Others		9,724	-	9,724	13,944	-	13,944
Mark-up / Profit on:	32						
- Short-term finances		911,144	-	911,144	2,926,668	-	2,926,668
- Long-term finances		-	19,351	19,351	85,835	9,692	95,527
- Lease liabilities against right-of-use assets		116,720	85,476	202,196	87,916	109,522	197,438

**48.1** Following is the list of financial institutions, with Islamic window of operations, with which the Company has a relationship :

- Meezan Bank Limited
- Dubai Islamic Bank
- Faysal Bank Limited
- Habib Metropolitan Bank Limited
- First Habib Modaraba
- Bank Al-Makramah
- Bank Islami Pakistan Limited

## 49. GENERAL

### 49.1 Non-adjusting events after the reporting date

The Board of Directors of the Company proposed a final cash dividend for the year ended December 31, 2025 of Rs. 3.5 per share, amounting to Rs. 2,683,086 at their meeting held on February 16, 2026 for approval of the members at the Annual General Meeting to be held on April 24, 2026. These financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

### 49.2 Date of authorization for issue

These financial statements were authorized for issue on February 16, 2026 by the Board of Directors of the Company.



Abdul Samad Dawood  
Chairman



Kashan Hasan  
Chief Executive Officer



Imran Hussain  
Chief Financial Officer



# PROXY FORM

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

Register Folio No. \_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_ and Sub Account  
No. \_\_\_\_\_, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on  
my/our behalf at the annual general meeting of the Company to be held on the 24 day of April, 2026 and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2026.

## WITNESSES:

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

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

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

Note: Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.  
A Proxy need not be a member of the Company.  
CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized  
National Identity Card or Passport with this proxy form before submission to the Company.



# STANDARD REQUEST FORM

## Circulation of Annual Audited Accounts

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

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

Dear Sir,

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

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

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

Yours truly,

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

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



# Request for Video Conferencing Facility Form

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

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

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

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

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



## الیکٹرانک ٹرانسمیشن کی رضامندی کا فارم

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 8 ستمبر 2014 کے S.R.O. 787(1)/2014 کے ذریعے کمپنی کو اپنی سالانہ بیلنس شیٹ اور منافع و نقصان کے اکاؤنٹس، آڈیٹری رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ (آڈٹ شدہ مالیاتی بیانات) بذریعہ ای میل اپنے شیئر ہولڈرز کو سالانہ اجلاس عام کے کمپنی کے نوٹس کے ساتھ ارسال کرنے کی منظوری دی ہے۔ وہ شیئر ہولڈرز جو کمپنی کی سالانہ رپورٹ ای میل کے ذریعے وصول کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ مندرجہ ذیل مطلوبہ فارم پُر کریں۔

سی ڈی سی کے حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنا الیکٹرانک ٹرانسمیشن رضامندی فارم اپنے سی این آئی سی کے ساتھ براہ راست برادر (شرکاء) / سی ڈی سی کو جمع کروائیں اور فزیکل شیئرز رکھنے والے شیئر ہولڈرز کو فارم اور اپنے سی این آئی سی کی ایک کاپی کمپنی کے فیکس/شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، ایف-8، بلاک 6، پی ای سی ایچ ایس، نزد ہوٹل فاران، نرسری، شاہراہ فیصل، کراچی میں بھیجی ہوگی۔

الیکٹرانک ٹرانسمیشن کی رضامندی کا فارم

8 ستمبر 2014 کے S.R.O. 787(1)/2014 کے ذریعے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے دی گئی ہدایات کے مطابق، میں \_\_\_\_\_، یہاں فریز لینڈ کمپنیاں اینگرو پاکستان لمیٹڈ کی رضامندی سے آڈٹ شدہ مالیاتی بیانات اور سالانہ اجلاس عام کا نوٹس مجھے ذیل میں فراہم کر دہ میرے ای میل ایڈریس پر \_\_\_\_\_ ولد/دختر/زوجہ \_\_\_\_\_، ای میل کے ذریعے بھیجا جائے۔

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

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

تاریخ: \_\_\_\_\_

ممبر/شیئر ہولڈر کے دستخط \_\_\_\_\_



## اسٹیشنڈرڈ درخواست فارم سالانہ آڈٹ کی گردش

شیئر رجسٹرار

فریز لینڈ کمپینا اینگری و پاکستان لمیٹڈ

فیمکوشیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ

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

شاہراہ فیصل، کراچی۔

ٹیلی فون نمبر: 34380101-5، 34384621-3

ای میل: info.shares@famcosrs.com.pk

ویب سائٹ: www.famcosrs.com

عنوان: فریز لینڈ کمپینا اینگری و پاکستان لمیٹڈ کی سالانہ رپورٹ کے لئے ہارڈ کاپی کی درخواست

محترم گرامی،

میں \_\_\_\_\_ ولد/دختر/زوجہ \_\_\_\_\_ بطور فریز لینڈ کمپینا اینگری و پاکستان کا ا کی رجسٹرڈ شیئر ہولڈر، حامل درج ذیل کوائف، اپنا نام اس فہرست میں شامل کروانا چاہتا/چاہتی ہوں۔ جنہیں کمپنی کی سالانہ رپورٹ ہارڈ کاپی کی شکل میں ارسال کی جائے، لہذا میری گزارش ہے کہ مجھے سالانہ رپورٹ بذریعہ ای میل بھیجنے کے بجائے اس کی ہارڈ کاپی ممبران کے رجسٹر میں موجود میرے رجسٹرڈ پتے پر ارسال کی جائے۔

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

آپ کا تخلص

شیئر ہولڈر کے دستخط

نقل برائے:

کمپنی سیکریٹری، فریز لینڈ کمپینا اینگری و پاکستان لمیٹڈ،

پانچویں منزل، دی ہاربر فرنٹ،

ڈولن سٹی، ایچ سی 3۔ بلاک 4، گلشن، کراچی۔ 75600

ای میل: shareholders.PK@frieslandcmpina.com



## ویڈیو کانفرنسنگ کی سہولت کے فارم کی درخواست

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

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

میں/ہم، \_\_\_\_\_ فریز لینڈ کمپنیاں اینگری و پاکستان لمیٹڈ کے رکن اور رجسٹرڈ صفحہ نمبر 1 سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_

\_\_\_\_\_ کے مطابق \_\_\_\_\_ عام شیئرز کے حامل کی حیثیت سے \_\_\_\_\_ میں ویڈیو کانفرنسنگ کی سہولت حاصل کرنا چاہتا

ہوں/چاہتے ہیں۔

تاریخ: \_\_\_\_\_

دستخط رکن/شیئرز ہولڈرز



## پراکسی فارم

میں/ہم، \_\_\_\_\_ کے، \_\_\_\_\_، فریز لینڈ کمپنا اینگرو پاکستان لمیٹڈ کے رکن اور عام شیئر کے حامل کی حیثیت سے،  
 (شیئرز کی تعداد)، رجسٹر کا فولیو نمبر \_\_\_\_\_ اور/یا سی ڈی سی پارٹنر شپ آئی ڈی  
 نمبر \_\_\_\_\_ اور ڈیلی اکاؤنٹ نمبر \_\_\_\_\_ کے،  
 \_\_\_\_\_ کے \_\_\_\_\_ کو کمپنی کے سالانہ عام اجلاس، ج 24 اپریل 2026 کو منعقد ہوگا، میں میرے/ہمارے لیے اور  
 میری/ہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لیے نامزد کرتا ہوں/کرتے ہیں۔

\_\_\_\_\_ کے 2026 \_\_\_\_\_ دن پر دستخط کیے۔

دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 \_\_\_\_\_  
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_  
 پاسپورٹ نمبر: \_\_\_\_\_

دستخط شیئر ہولڈر  
 (دستخط کو کمپنی میں رجسٹرڈ نمونے کے ہو، ہوم مطابق ہونا ضروری ہے)

دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 \_\_\_\_\_  
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_  
 پاسپورٹ نمبر: \_\_\_\_\_

نوٹ: نمائندے کو فعال بنانے کے لیے نمائندگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیے۔ نمائندے کا کمپنی کارکن ہونا ضروری ہے۔  
 سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فردا فردا درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔





## Board Composition and Governance

31 دسمبر 2025 تک، بورڈ سات ڈائریکٹرز (6 مرد، 1 خاتون) پر مشتمل ہے جس میں ایک ایگزیکٹو ڈائریکٹر، دو آزاد ڈائریکٹرز اور چار نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ بورڈ کی اجتماعی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ FCEPL کے معاملات کو قابلیت اور بائنداری کے ساتھ چلا یا جائے۔ جناب عبدالصمد داؤد، نان ایگزیکٹو ڈائریکٹر اور بورڈ کے چیئرمین ہیں اور جناب کا شان حسن چیف ایگزیکٹو آفیسر ہیں۔ ڈائریکٹرز کی سوانحی تفصیلات اس رپورٹ میں شامل ہیں۔

بورڈ آف ڈائریکٹرز کا میٹنگ کیلنڈر ہر سال جاری کیا جاتا ہے جو بحث اور منظوری کے لیے مختص معاملات کو شیڈول کرتا ہے۔

بورڈ کی سیکرٹری محترمہ جہ حسن ہیں، جو جنرل منیجر لیگل اور کینی بیکرری ہیں۔

## بورڈ معاوضہ کمیٹی

### Board Compensation Committee

کمیٹی سینئر ایگزیکٹوز کے معاوضے سے متعلق معاوضے، تنظیم اور ملازمت کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے اور ان کو تجویز کرنے اور ایگزیکٹو ڈائریکٹرز اور انتظامی کمیٹی کے اراکین کے معاوضوں سے متعلق تمام معاملات کی منظوری کے لیے اجلاس کرتی ہے۔ کمیٹی کے ایچ آر ہیڈ کو بورڈ معاوضہ کمیٹی کے اجلاس میں سیکرٹری کی حیثیت حاصل ہوتی ہے۔ کمیٹی مندرجہ ذیل اراکان پر مشتمل ہے:

احسان علی ملک	چیئرمین
کا شان حسن	ممبر
علی احمد خان	ممبر

کمیٹی کی سیکرٹری محترمہ تمکین فیصل، HR، بزنس ڈیولپمنٹ برائے پاکستان ہیں۔

## بورڈ آڈٹ کمیٹی

### Board Audit Committee

بورڈ کی آڈٹ کمیٹی اپنی نگرانی کی ذمہ داریوں کو پورا کرنے میں بنیادی طور پر شیئر ہولڈرز کو مالی اور غیر مالیاتی معلومات کا جائزہ لینے اور رپورٹ کرنے، اندرونی کنٹرول کے نظام اور رسک مینجمنٹ اور آڈٹ کے عمل میں بورڈ کی مدد کرتی ہے۔ یہ کمیٹی انتظامیہ سے معلومات طلب کر سکتی ہے اور بیرونی آڈیٹرز یا شیئروں سے براہ راست مشورہ کر سکتی ہے۔ چیف فنانشل آفیسر مالی گوشوارے پیش کرنے کے لیے باقاعدگی سے بورڈ آڈٹ کمیٹی کے اجلاس میں شرکت کرتا ہے۔ ہر میٹنگ کے بعد، کمیٹی کا چیئرمین بورڈ کو رپورٹ کرتا ہے۔ مالی سال 2025 کے دوران کمیٹی کا اجلاس 4 مرتبہ ہوا۔ کمیٹی میں درج ذیل ممبران شامل ہیں:

زویہ عبدالخالق	چیئرمین
احسان علی ملک	ممبر
رابرٹ ٹیر پورگ	ممبر

کمیٹی کی سیکرٹری محترمہ منجمن قریشی ہیں۔

## Environment, Social & Governance Committee

ماحولیاتی، سماجی اور انتظامی (ESG) کمیٹی ("دی کمیٹی") ایک علیحدہ ذیلی کمیٹی کے طور پر قائم کی گئی ہے تاکہ فریز لینڈ کمپنا انگریو پاکستان لیمیٹڈ ("دی کمیٹی") سے متعلق ESG کے معاملات کی نگرانی میں بورڈ کی معاونت کر سکے۔ یہ کمیٹی تنوع، برابری اور شمولیت (DE&I) سے متعلق ان پالیسیوں کی نگرانی میں بھی بورڈ کی مدد کرے گی جو کمیٹی کی حکمت عملی کا حصہ ہیں۔ کمیٹی ESG سے متعلق انتظامی حکمت عملیوں کے جائزے اور DE&I کے فروغ کے لیے پالیسیوں کی موجودگی کو یقینی بنانے کی ذمہ دار ہے، جن میں منفی شمولیت، منفی برابری اور بورڈ، مینجمنٹ اور ورکر فورس کی سطح پر خواتین کی شرکت پر خصوصی توجہ دی گئی ہے۔ کمیٹی فی الوقت بورڈ کے مقرر کردہ چار (04) اراکین پر مشتمل ہے، جس میں آزاد ڈائریکٹرز کے ساتھ ساتھ ایک خاتون ڈائریکٹر بھی شامل ہیں، جن کے نام درج ذیل ہیں:

احسان علی ملک	چیئرمین
زویہ عبدالخالق	ممبر
علی احمد خان	ممبر
لاسٹو کوئی	ممبر

## مستقبل کے خدو خال

### FUTURE OUTLOOK

آگے چلتے ہوئے، ہم اپنے کاروبار کی مضبوط بنیادوں پر استوار رہتے ہوئے اپنے رابطہ ڈکومزید مضبوط بنانے اور ٹیکنیڈیری کے محفوظ اور غذائیت بخشی ہونے سے متعلق صارفین کے اعتماد کو مزید مستحکم کرنے کا عمل جاری رکھیں گے۔ قیمتوں کو صارفین کی پہنچ میں رکھنے، سہولتی جہن میں اخراجات کو بہتر بنانے اور پروڈکٹس کے موثر انتظام پر مسلسل توجہ ہماری عملی حکمت عملی کا بنیادی حصہ رہے گی۔

ٹیکنیڈیری پر ٹیکس کے نفاذ کے بعد سے ٹیکنیڈیری کی ترقی اور ڈیری شیبے کے وسیع تر اقدامات میں خاطر خواہ سرمایہ کاری دیکھنے میں نہیں آئی، جس کے نتیجے میں باضابطہ شیبے کے مثبت اثرات کو وسعت دینے کی رفتار محدود ہوگئی ہے۔

ہم حکومتی اسٹیبلشمنٹ ہولڈرز اور متعلقہ حکام کے ساتھ اپنی مشاورت جاری رکھیں گے تاکہ ٹیکنیڈیری کے لیے ایک ایسے متوازن اور منصفانہ ٹیکس نظام کی راہ ہموار کی جاسکے جو دنیا کے دیگر حصوں میں رائج بہترین طریقوں کے مطابق ہو۔ یہ نقطہ نظر نہ صرف خوراک کے تحفظ (food safety) کو یقینی بنانے کا بلکہ معیشت کو دستاویزی شکل دینے اور ڈیری کے شیبے کی پائیدار ترقی میں بھی معاون ثابت ہوگا۔



کا شان حسن  
چیف ایگزیکٹو آفیسر



عبدالصمد داؤد  
چیئرمین

فریز لینڈ کمپنی پاکستان ہولڈنگز لمیٹیڈ (ہولڈنگ کمپنی)، جو کہ زیول کوآپریٹو فریز لینڈ کمپنی (ایچ سی سی) کی ذیلی کمپنی ہے، یہ کمپنی کے 51 فیصد حصص (شیئرز) کی مالک ہے اور نیر لینڈ میں رجسٹرڈ ہے۔

## اندرونی کنٹرول کا فریم ورک

## Internal Control Framework

## ذمہ داری

## Responsibility

بورڈ بنیادی طور پر کمپنی کے اندرونی کنٹرول کے نظام کے قیام اور اس کی موثر کارکردگی کا جائزہ لینے کا ذمہ دار ہے۔ تاہم، یہ نظام کاروباری مقاصد کے حصول میں ناکامی کے خطرے کو مکمل طور پر ختم کرنے کے بجائے اس کا انتظام و انصرام کرنے کے لئے ڈیزائن کیا گیا ہے اور یہ کہ بھی بڑے انحراف یا نقصان کے خلاف مکمل نہیں بلکہ معقول حد تک یقین دہانی فراہم کر سکتا ہے۔ بورڈ، اگرچہ کمپنی کے اندر خطرے کے انتظام و انصرام کی مجموعی ذمہ داری برقرار رکھتا ہے، لیکن اندرونی کنٹرول کے نظام کے تفصیلی ڈیزائن اور عمل درآمد کی ذمہ داری چیف ایگزیکٹو آفیسر کو سونپ دی گئی ہے۔

## فریم ورک

## Framework

کمپنی ایک مضبوط کنٹرول فریم ورک کو برقرار رکھتی ہے جس میں واضح اسٹریٹجی، اتھارٹی کی حدود اور جوابدہی، اچھی طرح سے سمجھی جانے والی پالیسیاں، اور جائزے کے عمل کے طریقہ کار شامل ہیں۔ بورڈ کارپوریٹ حکمت عملی اور کمپنی کے کاروباری مقاصد قائم کرتا ہے۔ ڈویژنل مینجمنٹ ان مقاصد کو معاون مالی مقاصد کے ساتھ ڈویژنل کاروباری حکمت عملیوں میں ضم کرتی ہے۔

## جائزہ

## Review

بورڈ کمپنی کی مالی کارکردگی، مالیاتی اور آپریٹنگ بجٹ اور پیش گوئیوں کے ساتھ کاروباری ترقی اور ترقیاتی منصوبوں، سرمائے کے اخراجات کی تہا دیز اور کارکردگی کے دیگر اہم اشاریوں پر غور کرنے کے لئے سہ ماہی اجلاس کرتا ہے۔ بورڈ آڈٹ کمیٹی بیرونی اور اندرونی آڈیٹرز سے اندرونی کنٹرول کے نظام کے حوالے سے رپورٹس حاصل کرتی ہے اور اندرونی کنٹرول کی کارکردگی کی نگرانی کے عمل کا جائزہ لیتی ہے۔

## اندرونی آڈٹ

## Internal Audit

کمپنی میں اندرونی چارج پرنٹل کا ایک خود مختار شعبہ ہے۔ بورڈ آڈٹ کمیٹی ہر سال اس فنکشن کے وسائل اور اختیاری موزونیت کا جائزہ لیتی ہے۔ اندرونی آڈٹ کا سربراہ آڈٹ کمیٹی کو فعال طور پر رپورٹ کرتا ہے۔ بورڈ آڈٹ کمیٹی آپریٹنگ شعبوں کے سالانہ خطرے کی تشخیص کی بنیاد پر آڈٹ پلان کی منظوری دیتی ہے۔ انٹرنل آڈٹ فنکشن، آپریٹنگ اور کمپلائنس کنٹرولز کا جائزہ لیتا ہے، اور نتائج کے حوالے سے بورڈ آڈٹ کمیٹی، چیف ایگزیکٹو آفیسر اور ڈویژنل مینجمنٹ کو رپورٹ کرتا ہے۔

## رиск مینجمنٹ

## Risk Management

کمپنی وسیع تر سیاسی اور میکرو اکنامک ماحول کے تناظر میں درپیش خطرات کا اندازہ لگانے کے لیے ایک ری ریسک مینجمنٹ فریم ورک کی حامل ہے۔ ریسک مینجمنٹ سسٹم کمپنی کی کاروباری سرگرمیوں سے متعلق اسٹریٹجی، ریگولیشن، مالیاتی، آپریٹنگ، سائبر اور پائیداری کے خطرات کی نشاندہی کرتا ہے۔ خطرات کا جائزہ پاکستان لیڈرشپ ٹیم کے ذریعے ممکنہ مقاصد، اہداف اور کارکردگی کے ساتھ لیا جاتا ہے۔ شیئرز ہولڈرز کی قدر کو بہتر بنانے کے لیے شناخت شدہ خطرات کے اثرات کو منظم کرنے کے لیے مناسب حکمت عملی تیار اور نافذ کی جاتی ہے۔ کمپنی نے اپنے ریسک مینجمنٹ اسٹریٹجی کو عالمی پریکٹس کی بنیاد پر تیار کیا ہے جس کے بعد فریز لینڈ کمپنی اپنے مقصد کے تحت کاروبار سے وابستہ خطرات کا مناسب انتظام کر کے کمپنی کی ترقی کو آگے بڑھاتا ہے۔

## ڈائریکٹرز کے مشاہرے کی پالیسی

## Director's Remuneration Policy

ڈائریکٹرز کی فیس بورڈ کی منظوری کے مطابق ادا کی جاتی ہے اور کمپنی کے مینیجر ایکٹ 2017 اور کوآف کارپوریشن گورننس (CCG) کے مطابق اس سلسلے میں ایک باضابطہ پالیسی کی منظوری دی ہے جس کے تحت اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کا فیصلہ کرنے میں حصہ نہ لے۔ کمپنی کے بورڈ اور کمپنی کے اجلاس میں شرکت کے لیے نان ایگزیکٹو اور آڈٹ ڈائریکٹرز کی فیس کا تعین بورڈ وقتاً فوقتاً کرتا ہے۔ بورڈ، اگر مناسب سمجھے تو، اپنے ڈائریکٹرز کے مشاہرے کی مناسب سطح کا تعین کرنے کے لیے آزاد کونسلٹنٹس کو شامل کر سکتا ہے۔ مشاہرہ کی بھی طرح سے ڈائریکٹرز کی آزادی پر سمجھوتہ نہیں کرے گا اور نہ ہی اس پر اثر انداز ہوگا۔ بورڈ یا بورڈ کمیٹیوں کے اجلاسوں میں ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو ادا کردہ مشاہرے بشمول ڈائریکٹرز فیس کی تفصیلات، مالیاتی گوشواروں کے نوٹ 38 میں بیان کی گئی ہیں۔

## بورڈ آف ڈائریکٹرز

## BOARD OF DIRECTORS

## ڈائریکٹرز کی ذمہ داریوں کا بیان

## Statement of Director Responsibilities

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

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔
- 2- کمپنی کے ادا کوئی کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے، سوائے ان تبدیلیوں کے جو معیارات کے ابتدائی اطلاق اور موجودہ معیارات میں ترامیم یا ترمیمات کے نتیجے میں ہوتی ہیں۔ اکاؤنٹنگ تخمینے معقول و عقلمندانہ فیصلے پر مبنی ہیں۔
- 4- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتے ہیں، مالیاتی گوشواروں کی تیاری میں ان کی پیروی کی گئی ہے اور ان سے کسی بھی عدم موجودگی کا مناسب طور پر انکشاف کیا گیا ہے۔
- 5- اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے درست ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے، جس میں مناسب اندرونی مالیاتی کنٹرول شامل ہے۔
- 6- کمپنی کے سلسل کاروبار جاری رکھنے کی اہلیت پر کوئی شکوک و شبہات نہیں ہیں۔
- 7- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی عدم موجودگی نہیں ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

## بورڈ کے اجلاس اور حاضری

## Board meetings and attendance

2025 میں، بورڈ آف ڈائریکٹرز نے کمپنی کی سرگرمیوں کا مکمل احاطہ کرنے کے لیے 15 اجلاس منعقد کیے۔ ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:

مینگلز میں شرکت کی۔						
ڈائریکٹر کا نام	1 (13 فروری 2025)	2 (21 اپریل 2025)	3 (13 اگست 2025)	4 (16 اکتوبر 2025)	5 (14 جنوری 2026)	کل
عبدالصمد اڈو	✓	✓	✓	✓	✓	5
علی احمد خان	✓	✗	✓	✓	✓	4
کاشان حسن	✓	✓	✓	✓	✓	5
احسان علی ملک	✓	✓	✓	✓	✓	5
لاسٹوٹ کوٹی	✓	✓	✓	✓	✓	5
زوبیر عبدالقادر	✓	✓	✓	✓	✓	5
دائرت پیر بورگ	✓	✓	✓	✓	✓	5

کرہ ارض کے ساتھ پیداواری توازن: 2025 میں کمپنی نے وسائل کے استعمال میں کمی، ISO 14001 سرٹیفیکیشن کی جانب پیش رفت، سہ ماہیوں میں 3.4 میگا واٹ کے سولر پاور پلانٹ کی تنصیب کے اپنے منصوبوں کو وسعت دے کر، لاسٹکس کی کارکردگی کو بڑھا کر، پانی کے تحفظ کو فروغ دے کر اور سندھ و پنجاب میں 23,828 سے زائد درخت لگا کر ماحولیاتی ذمہ داری کو آگے بڑھایا ہے۔

فلڈ ریلیف: کمپنی نے 7 اضلاع میں ریلیف کیمپ بھی قائم کیے، جس سے 2,200 سے زائد کسانوں اور ٹیم کے ممبران کی مدد کی گئی جو سال کے پچھلے نصف حصے کے دوران آنے والے سیلاب سے متاثر ہوئے تھے، جس نے کمپنی کے 53 فیصد آپریشنل علاقوں کو متاثر کیا تھا۔

کمپنی پاکستان کے لوگوں اور ماحول پر اپنے مثبت اثرات کو بڑھانے کے لیے پُر عزم ہے، اور اس سلسلے میں اپنی پائیداری اور کارپوریٹ سماجی ذمہ داری کی کوششوں کو جاری رکھے گی، جن کی تفصیلات اس رپورٹ میں آگے بیان کی گئی ہیں۔

## ہماری انفرادی قوت:

### Our Human Resource

فریز لینڈ کیمپنا ایگریو پاکستان لمیٹڈ (FCEPL) اپنے پینل اینڈ کلچر (People and Culture) کی مستحکم بنیاد پر طویل المدتی کارکردگی میں اضافہ جاری رکھے ہوئے ہے۔ کمپنی ایک ایسا ماحول فراہم کرتی ہے جہاں ملازمین کو اپنی صلاحیتوں کو نکھارنے، اعتماد اور احترام کے ساتھ مل کر کام کرنے اور پائیدار قدر کی تخلیق میں اپنا حصہ ڈالنے کے لیے بااختیار بنایا جاتا ہے۔ سال کے دوران کمپنی نے قیادت کی سطح پر حوصلہ افزائی، رول ماڈلنگ اور آرگنائزیشنل انجمنٹ سروسے میں بھرپور شرکت کے ذریعے اپنی بنیادی اقدار: احترام کے ساتھ عمل، بلند مقاصد پر نظر، اول کار کامیابی کا حصول کو مزید تقویت دی، جس سے مسائل کو سننے، شمولیت اور مسلسل بہتری کے فعال کلچر کو فروغ ملا۔

اخلاقی طریقہ عمل اور ذمہ دارانہ کاروباری طریقہ کار پینل اینڈ کلچر میں کلیدی اہمیت کے حامل ہیں۔ کمپاس فریم ورک روڈوں اور فیصلہ سازی میں رہنمائی فراہم کرتا ہے، جسے تربیت یافتہ مقامی ممبران کے تعاون حاصل ہے، جو آگاہی، تعمیل اور بلا خوف و رعایت بات کرنے (اسپیک اپ) کے اعتماد کو فروغ دیتے ہیں۔

کمپنی نے جامع ثقافتی سرگرمیوں، خواتین کے عالمی دن کے اقدارات، عالمی میٹورنگ حلقوں اور ڈیڑھی ایکسٹریٹو سیشنوں کے ساتھ ساتھ روزگار کے اقدامات میں خواتین کی شرکت کو بڑھانے کے لیے تنوع، مساوات اور شمولیت پر اپنی توجہ کو مزید آگے بڑھایا ہے۔

ملازمین کی شمولیت اور باہمی تعلق کو رسی اور غیر رسمی پلیٹ فارمز کے ذریعے مضبوط کیا گیا، جن میں کمپنی کی سطح پر ٹاؤن ہالز، ہفت روزہ انٹورگنگ کے اوقات اور سالانہ کمرشل کانفرنس اور کھیلوں کے سالانہ ٹینس میسے اہم فومز شامل ہیں۔

عالمی رینٹنگ پلیٹ فارمز، قیادت اور ٹیلنٹ کی ترقی کے اقدامات، کسانوں کی صلاحیتوں کو بڑھانے کے پروگراموں اور پلانٹ کی سطح پر مخصوص تربیت کے ذریعے سیکھنے اور ترقی کے عمل میں سرمایہ کاری جاری رکھی گئی، جو کاروباری پائیدار کارکردگی میں معاون ثابت ہوتی ہے۔

## اکاؤنٹنگ کے معیارات

### Accounting Standards

کمپنی کی ایکاؤنٹنگ پالیسیاں کینیڈا ایکٹ 2017 کی عکاسی کرتی ہیں اور اس طرح کے منظور شدہ بین الاقوامی مالیاتی رپورٹنگ معیارات جو اس ایکٹ کے ساتھ ساتھ کیلیبر اینڈ ایگریو کیمپنیشن آف پاکستان کی جانب سے جاری کردہ ہدایات کے ذریعے مطلع کئے گئے ہیں۔

## پنشن، گریجویٹی اور پروویڈنٹ فنڈ

### Pension, Gratuity and Provident Fund

کمپنی کے ملازمین ایگریو کارپوریشن کے زیر انتظام ریٹائرمنٹ فنڈز میں حصہ لیتے ہیں۔ کمپنی ان منصوبوں میں حصہ ڈالتی ہے جو اس کے ملازمین کے لئے بعد از ملازمت اور ریٹائرمنٹ کے فوائد مہیا کرتی ہے۔ ان میں ڈیفائنڈ کانسٹریوشن پروویڈنٹ پلان، ڈیفائنڈ کانسٹریوشن گریجویٹی پلان اور ڈیفائنڈ پینشن گریجویٹی پلان شامل ہیں۔ تازہ ترین آڈٹ شدہ مالیاتی بیان کی تاریخ کے مطابق ڈیفائنڈ پینشن گریجویٹی اسکیم کی سرمایہ کاری کی قیمت درج ذیل ہے:

ڈی بی گریجویٹی فنڈ	
روپے ملین میں	
30 جون 2024	
908	آڈٹ شدہ مالیاتی بیانات کے مطابق خالص اثاثے
	خالص اثاثوں کی تقسیم:
1	حکومتی ٹریژری بلز:
501	
2	پاکستان انویسٹمنٹ بانڈز:
269	
3	شیرس:
87	
4	بینک ڈپازٹس:
34	
5	قابل وصولی:
35	
6	قابل ادائیگی:
(18)	
908	کل:

مذکورہ منصوبہ ٹیکس حکام کے ذریعہ تسلیم شدہ ایک سرمایہ کاری کا منصوبہ ہے۔ گریجویٹی اسکیم کی تازہ ترین قیمت کا تخمینہ 31 دسمبر 2025 کو انجام دیا گیا تھا اور ان کے مالی گوشواروں کی پرتال 30 جون 2024 تک کی ہے۔

## آڈیٹرز

### AUDITORS

موجودہ آڈیٹرز، میسرز ایف فرگوسن اینڈ کمپنی ریٹائر ہو گئے ہیں اور انہوں نے خود کمپنی کے قانونی آڈیٹرز کے طور پر دوبارہ تقرری کی پیشکش نہیں کی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے مالی سال 2026 کے لیے ای وی فور ڈی ریموڈ، چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز تقرری کی تجویز دی ہے۔

## شیر ہولڈنگ کا نمونہ

### Pattern of Shareholding

کمپنی کے بڑے شیئر ہولڈرز فریز لینڈ کیمپنا پاکستان ہولڈنگز پی وی (51 فیصد) اور ایگریو کارپوریشن لمیٹڈ (39.93 فیصد) ہیں۔ دیگر شیئر ہولڈرز مقامی ادارے اور عام عوام ہیں۔

شیر ہولڈنگ کے عمومی اسلوب کا بیان اور حصص یا ذیلی حصص کے مخصوص طبقوں کے شیئر ہولڈنگ کے اسلوب کا بیان جن کا انکشاف رپورٹنگ فریم ورک کے تحت ضروری ہے اور 2025 کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کی شریک حیات بشمول نابالغ بچوں کے شیئر کی خرید و فروخت کا بیان، جو کر ڈاگے دکھایا گیا ہے۔

## ڈیویڈنڈ

### Dividend

کمپنی کے ڈائریکٹرز نے سال 2025 کے لیے 3.5 روپے فی شیئر (یعنی 35 فیصد) حتمی نقد ڈیویڈنڈ کی تجویز دی ہے۔

31 دسمبر 2025 کے ختم ہونے والے سال کے لئے کمپنی کی مالیاتی کارکردگی کا مختصر جائزہ درج ذیل ہے:

فرق	مکمل سال کا خلاصہ (31 دسمبر 2025 تک):	
	2025	2024
مجموعی فروخت	104,452	107,051
آپریٹنگ منافع	7,936	6,835
فروخت کا تناسب (%)	7.6%	6.4%
ٹیکس کے بعد منافع (انٹنسان)	2,691	2,203
فروخت کا تناسب (%)	2.6%	2.1%
نی حصص آمدنی (خسارہ) (روپے)	3.51	2.87

### صحت، تحفظ اور ماحول

#### Health, Safety and Environment

فریز لینڈ کمپنا اینگریو پاکستان لیمیٹڈ (FCEPL) صحت، تحفظ، ماحول اور پائیداری کے اعلیٰ ترین معیارات کے لیے پرعزم ہے۔ کمپنی OSHA کے مطابق نظام کو برقرار رکھنے اور خطرات کی تشخیص، ڈوپنٹ (DuPont) ایسیٹی طریقہ کار، وسیع تربیت اور ملک بھر میں آگاہی کی سرگرمیوں کے ذریعے تحفظ کی ایک مضبوط روایت کو فروغ دے رہی ہے۔

#### پائیداری سے متعلق خطرات اور انتظامی حکمت عملیاں

#### Sustainability risks and management strategies

موسمیاتی تبدیلی، ویسٹ منیجمنٹ، قدرتی وسائل کی کمی، اور بدلتی ہوئی سماجی توقعات ایسے اہم خطرات ہیں جو کاروبار کے تسلسل اور عملیاتی ویکوری ایشن پر نمایاں اثرات مرتب کر سکتے ہیں۔ ان خطرات کے پیش نظر ہم ایک مضبوط ماحولیاتی اور سماجی نظم نسق کے فریم ورک کو برقرار رکھتے ہیں، جو ان خطرات کی پیشگی نشاندہی، جانچ اور مؤثر تدارک کے لیے تیار کیا گیا ہے۔ ہمارا طریقہ کار اس بات کو یقینی بناتا ہے کہ ESG سے متعلق اہم مسائل اور بین الاقوامی ہدایات کے مطابق پورنگھ کی ذمہ داریوں کے لیے عمل طور پر تیار ہے۔

#### پائیداری اور کارپوریٹ سماجی ذمہ داری

#### Sustainability and Corporate Social Responsibility

فریز لینڈ کمپنا اینگریو پاکستان لیمیٹڈ (FCEPL) اپنے مقصد "قدرت سے غذائیت" (Nourishing by Nature) پر پختہ یقین رکھتی ہے، جو اس کے پائیداری کے اقدامات سے واضح ہے۔

لاکھوں لوگوں کو غذائیت کی فراہمی: کمپنی نے اسکول ملک پروگرام صحت کے حوالے سے آگاہی کے اقدامات اور شراکت داری کے ذریعے پسماندہ طبقات کو فائدہ پہنچا کر بہتر غذائیت اور قلاح و بہبود کو فروغ دیا ہے۔ مزید برآں، FCEPL نے کیوٹی اسکولوں کو معاونت فراہم کر کے معیاری تعلیم میں سرمایہ کاری کی، جس سے 2,100 سے زائد طلبہ کے لیے سیکھنے کے بہتر مواقع کو یقینی بنایا گیا، جس کا مقصد ایک پائیدار و مستقبل میں اپنا حصہ ڈالنے کے مشن کو تقویت دینا ہے۔

لوگوں کو خیال رکھنا ہماری فطرت ہے: اپنے ڈیری ڈولپمنٹ پروگرام کے ذریعے FCEPL نے 41,000 سے زائد کسانوں کو تربیت دے کر ان کے روزگار کو استحکام بخشا، ڈیری ویلیو چین میں خواتین کو بااختیار بنایا، فارم کے انفراسٹرکچر کو بہتر کیا اور مالی معاونت فراہم کی۔

## DIRECTOR'S REPORT

ہم فریز لینڈ کمپنا اینگریو پاکستان لیمیٹڈ (FCEPL) ("کمپنی") کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے 31 دسمبر 2025 کو ختم ہونے والے سال کے لئے رپورٹ اور مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### کاروبار کا جائزہ

#### Business Overview

2024 میں سیکلر ٹیکس کے نفاذ کی وجہ سے بیکجیڈ (UHT) دودھ کے لیے پیدا ہونے والی غیر مساوی مسابقت کی صورت حال ڈیری شعبے کے لیے بدستور ایک بڑا چیلنج بنا ہوا ہے۔ اس سے کئے دودھ کے استعمال کی حوصلہ افزائی ہوتی ہے جو ٹیکس نیٹ، دستاویزی معیشت اور فروڈ ایسٹی کے دائرہ کار سے باہر ہے۔ یہ ٹیکسیشن حکومت کے ان اعلیٰ مقاصد سے مطابقت رکھتی جن کا مقصد محفوظ اور غذائیت سے بھرپور خوراک تک رسائی کو بہتر بنانا، دستاویزی سپلائی چین کو مستحکم کرنا اور ڈیری فارمز کے پائیدار روزگار میں مدد فراہم کرنا ہے۔ مزید برآں، موجودہ ٹیکس منظم ڈیری کمپنیوں کی اس صلاحیت کو ختم کر دیتا ہے کہ وہ کیٹیگری کی ترقی، ڈیری ڈولپمنٹ پروگراموں اور ویلیو چین کے مختلف مراحل میں کسانوں کے روزگار اور پیداواری صلاحیت کو بہتر بنانے کے لیے طویل مدتی اقدامات میں سرمایہ کاری کر سکیں۔

ہم حکومت سے توقع کرتے ہیں کہ وہ بیکجیڈ دودھ پر مضبوط ٹیکس نافذ کر کے عوامی صحت اور دستاویزی معیشت کو ترجیح دے گی۔

ان بیرونی چیلنجز کے باوجود، کمپنی نے اپنے براڈ زپر سرمایہ کاری جاری رکھ کر اور صارفین کی ضروریات کے مطابق مصنوعات فراہم کر کے اپنے تجارتی ایجنڈے پر پورے توجہ برقرار رکھی۔ کمپنی کی توجہ ابھی مارکیٹ تک رسائی کے طریقہ کار (route to market) میں بہتری اور منتخب تجارتی اقدامات پر ہے۔ ان اقدامات کی بدولت مارکیٹ شیئر میں اضافہ اور وائلم کم میں بہتری آئی۔

اسی دوران، کمپنی نے پوری ویلیو چین میں لاگت کے انتظام اور کارکردگی کو بہتر بنانے کے منظم اقدامات جاری رکھے۔ اس میں معیار، حفاظت اور سروس کے معیار کو برقرار رکھنے، ہونے پر ڈیویڈنٹ، مینوفیکچرنگ، لاجسٹکس اور اور ہیڈ اخراجات میں بہتری جیسے اقدامات شامل تھے۔ بہتر تجارتی عملدرآمد اور لاگت کی بچت کے مشن کا اثرات کے نتیجے میں مجموعی مارجن میں 70 پیسے پوائنٹس کا اضافہ ہوا اور آپریٹنگ منافع میں 2024 کے مقابلے میں 16 فیصد اضافہ ریکارڈ کیا گیا۔



**FrieslandCampina** 

Engro Pakistan Limited





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