



Quarterly Report
Quarter Ended March 31, 2023

Company Information

Board of Directors

Chairman

Mr. Michael F. O'Riordan Non-Executive

Chief Executive & Managing Director

Mr. Humair Ijaz Ahmed Executive

Members:

Mr. James D. Gray Non-Executive

Mr. Marcel Hergett Non-Executive

Ms. Tanya Jaeger de Foras Non-Executive

Mr. Zulfikar Mannoo Non-Executive

Mian M. Adil Mannoo Non-Executive

Mr. Wisal A. Mannoo Non-Executive

Mr. Adil Saeed Khan Executive

Mr. Waqar Ahmed Malik Independent &

Non-Executive

Mr. Tahir Jawaid Independent &

Non-Executive

Chief Financial Officer

Mr. Adil Saeed Khan

Company Secretary

Mr. Mustafa Kamal Zuberi

Audit Committee

Mr. Waqar Ahmed Malik Chairman

Mr. James D. Gray Member

Mr. Marcel Hergett Member

Ms. Tanya Jaeger de Foras Member

Mr. Zulfikar Mannoo Member

Mr. Kamran Anjum Secretary

Human Resource & Remuneration Committee

Mr. Tahir Jawaid Chairman

Mr. Michael F. O'Riordan Member

Ms. Tanya Jaeger de Foras Member

Mr. Humair Ijaz Ahmed Member

Mian M. Adil Mannoo Member

Ms. Mehwish Iftikhar Secretary

Operations Committee

Mr. Michael F. O'Riordan Chairman

Ms. Tanya Jaeger de Foras Member

Mr. Tahir Jawaid Member

Mr. Humair Ijaz Ahmed Member

Mr. Wisal A. Mannoo Member

Mr. M. Saeed Akhter Secretary

Shares Transfer Committee

Mr. Humair Ijaz Ahmed Chairman

Mr. Adil Saeed Khan Member

Mr. Mustafa Kamal Zuberi Secretary

Bankers

Citibank, N.A.

Habib Bank Ltd.

Meezan Bank Ltd.

MCB Bank Ltd.

MCB Islamic Bank Ltd.

National Bank of Pakistan

Standard Chartered Bank (Pakistan) Ltd.

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Lahore – Karachi

Legal Advisor

M. Ali Seena

C/o Surrridge & Beecheno,

Karachi-74000.

Shares Registrar

FAMCO Associates (Pvt.) Ltd.

8-F, Next to Hotel Faran, Nursery,

Block-6, P.E.C.H.S., Shahrah-e-Faisal,

Karachi-75400.

Tel:(92-21) 34380101-5

Fax: (92-21) 34380106

E-mail: info.shares@famco.com.pk

Registered Office & Shares Department

Rakh Canal East Road, Faisalabad.

Ph: (92-41) 8540121-22-23

Fax: (92-41) 8711016 - 8502197

Website: www.ratanmaize.com

E-mail: corporate@ratanmaize.com

Plants:

Rakh Canal Plant:

Rakh Canal East Road,

Faisalabad-38860.

Ph: (92-41) 8540121-22-23

Fax: (92-41) 8711016 - 8502197

Cornwala Plant:

5-KM Jaranwala-Khurrianwala Road,

Jaranwala - 37250.

Ph: (92-41) 4710121 & 23-27

Mehran Plant:

K.B. Feeder Road, Kotri,

Jamshoro-76090.

Ph: (92-223) 870894 - 98

DIRECTORS' REVIEW

We are pleased to present un-audited financial results of the Company for first quarter ended March 31, 2023.

FINANCIAL RESULTS

		Quarter ended March 31	
		2023	2022
Net Sales	(Rs Million)	17,608	12,481
Net Income after Tax	(Rs Million)	2,593	1,784
Earnings Per Share	(Rupees)	280.73	193.18

The Pakistani economy continues to reflect a broad-based slowdown due to a confluence of factors, such as political instability, dwindling foreign exchange reserves, a devaluation of the Pakistani rupee, and high energy and commodity prices. The situation has been further exacerbated by the delay in reaching an agreement with the International Monetary Fund (IMF) and the implementation of policy measures to fulfill the IMF's pre-conditions, which include tightening of monetary and fiscal policies and the removal of subsidies. These factors have resulted in a slowdown of economic growth, leading to a decrease in demand.

Despite these challenges, Rafhan has demonstrated remarkable resilience by achieving a 41% increase in net sales and a 45% growth in the bottom line in comparison to Q1 2022. The company's success attributed to improved operational efficiencies, cost-cutting measures, smart corn buying and rationalizing prices.

BUSINESS REVIEW

The performance of the industrial ingredient business showed a slight recovery. The textile industry, which is the largest consumer of industrial ingredients, remained sluggish due to a decline in export orders, high manufacturing costs, challenges in opening LC's to import critical raw materials, and an increase in energy and interest rates. These unfavorable factors resulted in a decrease in sales for the company's textile segment. Similarly, the paper and corrugation segments also experienced a decline in demand due to the adverse effects of the economy and an overall drop in demand from their respective industries.

The food ingredients business faced challenges due to the highest inflationary spikes in all food and related items, which impacted the demand patterns. Consequently, volumes remained lower, particularly in confectionery and bakery products.

The demand for animal nutrition ingredients remained steady, especially from the poultry and dairy/livestock industries, due to a shortage of other feed ingredients and the company's competitive pricing.

Outlook

The economic and business situation in the upcoming months remains uncertain and challenging for the country. The company will focus on increasing volumes, implementing strict cost controls, optimizing processes, rationalizing prices, and efficiently managing working capital. Despite the challenges, the company remains committed to achieving strategic expansion, improving shareholder value, and striving for excellence in all aspects.

May Allah give us the courage to face the challenges ahead. Ameen

On behalf of the Board



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive and
Managing Director

April 28, 2023

IMPORTANT NOTES TO SHAREHOLDERS

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

CNIC No.

Members are requested to submit a copy of their valid CNIC (only physical shareholders), if not already provided to the Shares Registrar of the Company. Corporate account holders should submit National Tax Number, if not yet submitted. In case of non-submission of CNIC/NTN Certificate (copy), all future dividend warrants will be withheld.

Dividend Mandate/E-Dividend

In accordance with the provisions of Section 242 of the Companies Act, 2017, a listed company, is required 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 dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Request Form available at Company's website www.rafhanmaize.com and send it duly signed along with copy of CNIC to the Shares Registrar of the Company, in case of physical shares. In case the shares are held in CDC, then the Form must be submitted directly to shareholder's broker/participant/CDC Account Services.

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

Circulation of Annual Audited Financial Statements via CD/USB/DVD

Annual Financial Statements of the Company for the financial year ended December 31, 2022 have been placed on the Company's website www.rafhanmaize.com

Securities & Exchange Commission of Pakistan (SECP) vide its SRO No.470(1)/2016 dated May 31, 2016 has allowed companies to circulate the Annual Balance Sheet, Profit and Loss Account, Auditors' Report and Directors' Report etc. ("Annual Audited Financial Statements") along with notice of general meeting to its members through CD/DVD/USB at their registered addresses.

However, shareholders who wish to receive the hard copy of Annual Audited Financial Statements along with notice of general meeting shall have to fill the request form which is available at Company's website www.rafhanmaize.com and send it to our Shares Registrar or Company Secretary at their respective mailing addresses given at the end of these notes.

Unclaimed Shares/Unpaid Dividend

In compliance of Section 244 of the Companies Act 2017, a Final Notice was given by the Company on March 27, 2018 that the shares of Rafhan Maize Products Co. Ltd./dividend declared by the Company, details whereof are appearing on the Company's website www.rafhanmaize.com have remained unclaimed or unpaid for a period of three years from the date these have become due and payable. In case of non-receipt of any claim is by the respective shareholders to above referred Final Notice, the company shall proceed to deposit the unclaimed/unpaid amount with the Federal Government pursuant to the provisions of sub-section 2 of section 244 of the Companies Act 2017.

Deduction of Income Tax from Dividend under Section 150

Pursuant to the provisions of the Finance Act, 2019, effective July 1, 2019, the rates of deduction of withholding tax from dividend payments under the Income Tax Ordinance have been revised as under:

For filers of income tax returns	15%
For non-filers of income tax returns	30%

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of any future cash dividend otherwise tax on their cash dividend will be deducted @30% instead of 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts.

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

Company Name	Folio/CDS A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC #	Shareholding Proportion (No. of Shares)	Name & CNIC #	Shareholding Proportion (No. of Shares)

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

For any query/problem/information, the investors may contact the Company and/or the Shares Registrar at the phone numbers/e-mail addresses given at the end of these notes.

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

Centralized Cash Dividend Register (CCDR)

Central Depository Company (CDC) has developed Centralized Cash Dividend Register (CCDR), an eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholders by listed companies and access of all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from the centralized register and using the same for their record purposes.

You may access CCDR via <https://eservices.cdcaccess.com.pk>. In addition, the Dividend / Zakat & Tax Deduction Report can also be obtained directly from your Participant (stock broker) which has been provided to them on their CDS terminals. Moreover, you will also receive a copy of this report on your provided/registered e-mail addresses.

Deposit of Physical Certificate in CDC Account:

As per Section 72 of Companies Act, 2017, every listed company shall be required to replace its physical certificates with book-entry form in a manner as may be specified and from the date notified by the commission, within a period not exceeding four years from the commencement of this Act.

The Shareholder having physical shares are encouraged to open the CDC sub-account with any of the brokers or investor Account directly with CDC to place their physical certificates into scripless form.

Participation in AGM

SECP vide its Circular No.4 of 2021 dated February 15, 2021, SECP has made a regular feature to participate in General Meeting through electronic means. Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the Members to consolidate their attendance at the AGM through proxies to safeguard and protect their wellbeing against the continuing threat posed by the COVID-19.

Therefore, the Company has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceeding via video-link. For this, Members are required to email their Name, Folio Number and Number of Shares held in their names with subject "Registration for RAFHAN AGM" at corporate@rafhanmaize.com. Video-link and login credentials will be shared with only those Members whose emails, containing all the required particulars, are received at the given email address by or before 3:00 p.m. on April 24, 2023. The Shareholders can also provide their comments and questions for the agenda items of the AGM on Email at corporate@rafhanmaize.com. Members are, therefore, encouraged to attend the AGM through video-link or by consolidating their attendance through proxies.

Declaration for Zakat Exemption

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. 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 (on format available on Company's website) 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 respects have been made available as above.

Consent for Video Conference Facility

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

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

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

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

Signature of Member

Company Contact:

Mr. Mustafa Kamal Zuberi
Company Secretary & Head of Legal / Corporate Affairs
Rafhan Maize Products Co. Limited,
Rakh Canal East Road, Faisalabad.
Tel.No.041-8540121 – Ext.226 & 348
E-mail: corporate@rafhanmaize.com

Shares Registrar:

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

RAFHAN MAIZE PRODUCTS CO. LTD
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2023

			(UN-AUDITED)	(AUDITED)
	Page		March 31,	December 31,
	Ref. No.	Notes	2023	2022
(Rupees in thousands)				
NON CURRENT ASSETS				
Property, plant and equipment	8	4	7,078,875	6,848,800
Employees retirement benefits			412,175	412,175
Long term loans	12		5,842	7,065
Long term deposits			<u>40,058</u>	<u>37,108</u>
			<u>7,536,950</u>	<u>7,305,148</u>
CURRENT ASSETS				
Stores and spares	12		1,776,599	1,466,489
Stock in trade	12		14,945,339	16,477,262
Trade debts	13		3,844,765	2,874,412
Loans and advances	13		221,789	225,719
Short term prepayments	13		52,798	72,708
Other receivables	13		111,109	28,474
Short term investments	14		3,434,894	3,380,436
Cash and bank balances	14		<u>3,620,774</u>	<u>887,943</u>
			<u>28,008,067</u>	<u>25,413,443</u>
CURRENT LIABILITIES				
Current portion of long term financing	14		18,048	11,934
Current portion of deferred income	14		7,627	7,497
Current portion of lease liability	15		3,446	5,119
Short term running finance - secured			1,202,903	2,058,297
Contract liabilities	14		874,358	681,271
Trade and other payables	14		8,159,466	7,349,619
Unpaid dividend			2,110,251	2,110,251
Unclaimed dividend			22,452	22,517
Mark up accrued on short term running finances			57,368	55,986
Provision for taxation - net			<u>376,412</u>	<u>287,842</u>
			<u>12,832,331</u>	<u>12,590,333</u>
WORKING CAPITAL			<u>15,175,736</u>	<u>12,823,110</u>
TOTAL CAPITAL EMPLOYED			<u>22,712,686</u>	<u>20,128,258</u>
NON CURRENT LIABILITIES				
Long term financing	14		63,787	69,348
Deferred income	14		41,335	43,225
Lease liability			-	-
Deferred taxation			<u>978,780</u>	<u>979,859</u>
NET CAPITAL EMPLOYED			<u>21,628,784</u>	<u>19,035,826</u>
REPRESENTED BY :				
SHARE CAPITAL AND RESERVES				
Share capital	15		92,364	92,364
Reserves	15		21,536,420	18,943,462
CONTINGENCIES AND COMMITMENTS	9	5	-	-
			<u>21,628,784</u>	<u>19,035,826</u>

The annexed notes 1 to 15 form an integral part of these accounts.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

RAFHAN MAIZE PRODUCTS CO. LTD.
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Page Ref. No.	Note	<u>2023</u> January to March (Rupees in thousands)	<u>2022</u> January to March
Sales - Net	16	6	17,607,720	12,481,057
Cost of sales	16	7	<u>(13,184,504)</u>	<u>(9,650,527)</u>
Gross Profit			4,423,216	2,830,530
Distribution expenses	17		<u>(193,688)</u>	<u>(150,659)</u>
Administrative expenses	17		<u>(325,752)</u>	<u>(221,825)</u>
Impairment (loss) / reversal on financial assets			<u>(9,616)</u>	<u>2,274</u>
Other income	18		<u>247,467</u>	<u>169,382</u>
Other expenses	18		<u>(579,123)</u>	<u>(381,547)</u>
Operating profit			3,844,093	2,448,983
Finance cost	18		<u>(73,097)</u>	<u>(10,704)</u>
Profit before taxation			3,770,996	2,438,279
Taxation			<u>(1,178,038)</u>	<u>(654,001)</u>
Profit after taxation			2,592,958	1,784,278
Earnings per share - Basic and diluted (Rupees)			280.73	193.18

The annexed notes 1 to 15 form an integral part of these accounts.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

RAFHAN MAIZE PRODUCTS CO. LTD.
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
	January to March (Rupees in	January to March thousands)
Profit for the period	2,592,958	1,784,278
Other comprehensive income	-	-
Total comprehensive income for the period	<u><u>2,592,958</u></u>	<u><u>1,784,278</u></u>


The annexed notes 1 to 15 form an integral part of these accounts.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

RAFHAN MAIZE PRODUCTS CO. LTD.
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Note	2023 January to March (Rupees in thousands)	2022 January to March
Cash flows from operations	8	4,999,384	3,280,432
Taxes paid		(1,090,547)	(603,468)
Employees retirement benefits paid		(11,280)	(20,182)
		<u>(1,101,827)</u>	<u>(623,650)</u>
Net cash generated from operating activities		3,897,557	2,656,782
Cash flows from investing activities			
Capital expenditure incurred		(366,305)	(117,406)
Proceeds from sale of property, plant and equipment		16,054	1,569
Long term loans disbursed		-	(3,200)
Interest received		166,740	108,258
Receipt from long term loans disbursed		1,537	1,116
Net cash (used in) investing activities		(181,974)	(9,663)
Cash flows from financing activities			
Repayment of long term loan		-	(30,555)
Dividend paid		(65)	(898,058)
Repayment of lease liability		(1,752)	(1,622)
Finance cost paid		(71,083)	(9,402)
Net cash (used in) financing activities		(72,900)	(939,637)
Net increase in cash and cash equivalents		3,642,683	1,707,482
Cash and cash equivalents at the beginning of the period		2,210,082	4,005,616
Cash and cash equivalents at the end of the period	9	<u>5,852,765</u>	<u>5,713,098</u>

The annexed notes 1 to 15 form an integral part of these accounts.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

RAFHAN MAIZE PRODUCTS CO. LTD.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Share Capital	Capital Reserves		Revenue Reserves		Total
		Share Premium	Other	General	Unappropriated Profit	
(Rupees in thousands)						
Balance as at January 01, 2022	92,364	36,946	941	207	15,749,429	15,879,887
Net profit for the period					1,784,278	1,784,278
Balance as at March 31, 2022	<u>92,364</u>	<u>36,946</u>	<u>941</u>	<u>207</u>	<u>17,533,707</u>	<u>17,664,165</u>
Balance as at January 01, 2023	92,364	36,946	941	207	18,905,368	19,035,826
Net profit for the period					2,592,958	2,592,958
Balance as at March 31, 2023	<u>92,364</u>	<u>36,946</u>	<u>941</u>	<u>207</u>	<u>21,498,326</u>	<u>21,628,784</u>

The annexed notes 1 to 15 form an integral part of these accounts.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

1 REPORTING ENTITY

Rafhan Maize Products Company Limited ("the Company") was incorporated in Pakistan as a Public unlisted company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was subsequently listed on the Pakistan Stock Exchange. Ingredion Inc. Chicago, U.S.A., holds majority shares of the Company. The registered office of the Company is situated at Rakh Canal, East Road, Faisalabad. The Company uses maize as the basic raw material to manufacture and sell a number of industrial products, principal ones being industrial starches, liquid glucose, dextrose, dextrin and gluten meals.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The condensed interim financial statements does not include information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended 31 December 2022.

These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the Rule Book of Pakistan Stock Exchange Limited.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended 31 December 2022, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements of the Company for the three months period ended 31 March 2023.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain employee retirement benefits and lease liabilities which are stated at present value.

2.3 Judgements and estimates

In preparing this condensed interim financial information, management make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as applied to the financial statements as at and for the year ended 31 December 2022.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2022.

3.1 Newly effective requirements of IFRS effective from 01 January, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

3.2 Standards, interpretations of and amendments to the published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and the interpretation thereto will be effective for accounting periods beginning on or after 01 January 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments does not have any material effect on the financial statements of the Company

4 PROPERTY, PLANT AND EQUIPMENT

	Notes	March 31, 2023	December 31, 2022
<u>(Rupees in thousands)</u>			
Operating fixed assets	4.1	6,062,040	6,112,761
Capital work-in-progress	4.2	1,013,913	731,657
Right-of-use asset (building)		<u>2,922</u>	<u>4,382</u>
		<u>7,078,875</u>	<u>6,848,800</u>

4.1 Additions

The following additions have been made during the three months:

	March 31, 2023	March 31, 2022
<u>(Rupees in thousands)</u>		
Building	14,645	1,335
Plant and machinery	40,316	27,168
Lab Equipment	-	12,560
Furniture, fixture and office equipment	-	1,164
Office equipment	4,576	364
Automobiles	<u>24,512</u>	<u>12,351</u>
	<u>84,049</u>	<u>54,942</u>

4.2 Capital work-in-progress

The movement of capital work-in-progress is as follows :

Balance as at Ist January	731,657	202,708
Add: Addition during the period	<u>366,305</u>	<u>117,406</u>
	<u>1,097,962</u>	<u>320,114</u>
Less: Transfers during the period	<u>84,049</u>	<u>54,942</u>
Closing as at 31st March	<u>1,013,913</u>	<u>265,172</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

5 CONTINGENCIES AND COMMITMENTS

Contingencies

- a) Counter guarantees given by the Company to its bankers as at reporting date amounting to Rs. 564,300 thousands (2022: Rs. 564,300 thousands)
b) There is no material change in contingencies since the last audited published accounts.

Commitments

	(UN-AUDITED) March 31, 2023	(AUDITED) December 31, 2022
	(Rupees in thousands)	
a) Commitments in respect of capital expenditure	<u>1,382,661</u>	<u>1,262,277</u>
b) Commitments in respect of purchase of corn	<u>-</u>	<u>6,111,798</u>

UN-AUDITED	
2023	2022
January to March	January to March
(Rupees in thousands)	

6 SALES - NET

Domestic	18,927,613	13,251,350
Exports	<u>1,713,958</u>	<u>1,155,486</u>
	20,641,571	14,406,836
Less:		
Sales tax	<u>2,822,400</u>	1,882,790
Trade discount and commission	<u>211,451</u>	42,989
	3,033,851	1,925,779
	<u>17,607,720</u>	<u>12,481,057</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
	January to March	January to March
	(Rupees in thousands)	
7 COST OF SALES		
Opening stock of finished goods	4,408,035	966,030
Cost of goods manufactured	<u>11,564,453</u>	<u>9,129,821</u>
	15,972,488	10,095,851
Less: closing stock of finished goods	<u>3,198,558</u>	740,361
	12,773,930	9,355,490
Cost of goods sold - purchased products	84,278	44,423
- freight and distribution cost	<u>326,296</u>	250,614
	<u><u>13,184,504</u></u>	<u><u>9,650,527</u></u>
8 Cash flows from operating activities		
Profit before tax	3,770,996	2,438,279
<i>Adjustment for non-cash charges and other items:</i>		
Depreciation	136,231	128,248
Provision for employees retirement benefits	11,280	20,182
Provision for doubtful debts	9,616	(2,274)
Provision for slow moving and obsolete items	(5,262)	1,421
Profit on sale of property plant and equipment	(16,054)	(1,569)
Amortization of deferred income	(1,760)	(1,797)
Interest income	(184,642)	(110,456)
Finance cost	73,097	10,704
Operating profit before working capital changes	<u>3,793,502</u>	<u>2,482,738</u>
Effect on cash flows due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(311,436)	(57,170)
Stock in trade	1,538,511	1,681,236
Trade debts	(979,969)	(338,723)
Loans and advances	3,617	(87,523)
Long term deposits	(2,950)	-
Short term prepayments	19,910	68,395
Other receivables	(64,735)	(1,319)
	<u>202,948</u>	<u>1,264,895</u>
<i>Increase / (decrease) in current liabilities</i>		
Contract liabilities	193,087	(143,905)
Trade and other payables	809,847	(323,296)
	<u>1,002,934</u>	<u>(467,201)</u>
Net decrease / (increase) in working capital	<u>1,205,882</u>	<u>797,694</u>
Cash generated from operations	<u><u>4,999,384</u></u>	<u><u>3,280,432</u></u>
	<u>2023</u>	<u>2022</u>
	January to March	January to March
	(Rupees in thousands)	
9 Cash and cash equivalents		
Short term investments	3,434,894	2,962,039
Cash and bank balances	3,620,774	2,751,059
Short term finance	(1,202,903)	-
	<u><u>5,852,765</u></u>	<u><u>5,713,098</u></u>

10 Transactions with related parties

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

Name of parties	Nature of relationship	Basis of relationship	Nature and description of related party transaction	Total value of transactions January - March		Closing balance [asset/ (liability)]	
				2023	2022	March 31, 2023	December 31, 2022
(Rupees in thousands)							
Ingredion Inc. U.S.A.	Holding Company	Majority shareholder	Services received	145,801	82,910	(416,724)	(228,621)
Ingredion Inc. U.S.A.	-do-	-do-	Dividend	-	-	(2,095,457)	(2,095,457)
Ingredion Inc. U.S.A.	-do-	-do-	Imports	49,989	29,320	(122,806)	(66,947)
Ingredion Inc. U.S.A.	-do-	-do-	Services provided	74,571	1,156	78,817	1,309
Unilever Pakistan Foods Limited	Associate	Common directorship	Sales	1,340,883	759,414	558,820	414,712
Pakistan Oxygen Limited	Associate	Common directorship	Purchases	95	120	510	419
Ingredion Holding LLC Kenya	-do-	Parent's subsidiary	Export sales	295,497	71,102	424,868	295,975
Ingredion Holding LLC Kenya	-do-	-do-	Services provided	531	646	619	2,400
Ingredion Singapore Pte. Ltd.	-do-	-do-	Export sales	-	2,229	(22,854)	(18,252)
Ingredion Germany GMBH	-do-	-do-	Export sales	118,377	127,592	124,485	78,626
Ingredion Germany GMBH	-do-	-do-	Imports	4,152	7,892	(8,234)	(12,883)
Ingredion Germany GMBH	-do-	-do-	Services received	-	-	(2,030)	(1,621)
National Starch & Chemical Thailand	-do-	-do-	Imports	13,544	23,627	10,027	(97)
National Starch & Chemical Thailand	-do-	-do-	Export sales	22,057	26,361	72,584	38,299
Ingredion Malaysia SDN BHD	-do-	-do-	Export sales	55,520	2,062	59,006	13,732
PT Ingredion, Indonesia	-do-	-do-	Export sales	86,026	32,288	91,967	68,208
Ingredion South Africa (Pvt) Ltd.	-do-	-do-	Export sales	93,079	124,506	99,742	93,065
Ingredion South Africa (Pvt) Ltd.	-do-	-do-	Services provided	-	-	-	340
Pakistan Mobile Communication (Pvt) Ltd.	-do-	Common directorship	Services received	642	505	-	-
Foundation Solar Energy Ltd.	-do-	-do-	Solar Contract	-	-	132,003	132,003
Kohinoor Textile Mills Limited	-do-	Common directorship	Sales	26,425	21,172	(5,378)	(3,467)
Employee Benefits	-do-	Employee's retirement fund	Contribution to funds	24,131	35,081	(18,727)	(17,691)
Key Management Personnel	Other related parties	Key management personnel	Remuneration	134,544	100,192	-	-

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

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

- 11 a) These financial statements have been prepared on the basis of single reportable segment.
b) All non current assets of the company as at 31 March 2023 are located in Pakistan.

12 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in financial statements as at and for the year 31 December 2022.

13 AUTHORIZATION

This un-audited condensed interim financial information was authorized for issue by the Board of Directors on April 28, 2023.

14 SUBSEQUENT EVENT- DIVIDEND

The Directors in their meeting held on April 28, 2023 have proposed first interim cash dividend for the period ended 31 March 2023 of Rs.75/- per share, amounting to Rs.692,732 thousands. These condensed interim financial statements for the period ended 31 March 2023 do not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

15 GENERAL

Figures in these accounts have been rounded off to the nearest thousand of rupees.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director