

MIRA INFORM REPORT

Report No. :	519355.2
Report Date :	17.07.2018

IDENTIFICATION DETAILS

Name :	FAUJI FOODS LIMITED
Formerly Known As :	NOON PAKISTAN LIMITED
Registered Office :	3 rd Floor, Bahria Complex, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore
Country :	Pakistan
Financials (as on) :	31.12.2017
Date of Incorporation :	1966
Com. Reg. No.:	0002355
Legal Form :	Public Limited Company
Line of Business :	Subject is engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products
No. of Employees :	1,508

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating : A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow and delayed

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Litigation :	Clear
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NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Pakistan	B1	B1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

PAKISTAN - ECONOMIC OVERVIEW

Decades of internal political disputes and low levels of foreign investment have led to underdevelopment in Pakistan. Pakistan has a large English-speaking population, with English-language skills less prevalent outside urban centers. Despite some progress in recent years in both security and energy, a challenging security environment, electricity shortages, and a burdensome investment climate have traditionally deterred investors. Agriculture accounts for one-fifth of output and two-fifths of employment. Textiles and apparel account for more than half of Pakistan's export earnings; Pakistan's failure to diversify its exports has left the country vulnerable to shifts in world demand. Pakistan's GDP growth has gradually increased since 2012, and was 5.3% in 2017. Official unemployment was 6% in 2017, but this fails to capture the true picture, because much of the economy is informal and underemployment remains high. Human development continues to lag behind most of the region.

In 2013, Pakistan embarked on a \$6.3 billion IMF Extended Fund Facility, which focused on reducing energy shortages, stabilizing public finances, increasing revenue collection, and improving its balance of payments position. The program concluded in September 2016. Although Pakistan missed several structural reform criteria, it restored macroeconomic stability, improved its credit rating, and boosted growth. The Pakistani rupee has remained relatively stable against the US dollar since 2015, though it declined about 10% between November 2017 and March 2018. Balance of payments concerns have reemerged, however, as a result of a significant increase in imports and weak export and remittance growth.

Pakistan must continue to address several longstanding issues, including expanding investment in education, healthcare, and sanitation; adapting to the effects of climate change and natural disasters; improving the country's business environment; and widening the country's tax base. Given demographic challenges, Pakistan's leadership will be pressed to implement economic reforms, promote further development of the energy sector, and attract foreign investment to support sufficient economic growth necessary to employ its growing and rapidly urbanizing population, much of which is under the age of 25.

In an effort to boost development, Pakistan and China are implementing the "China-Pakistan Economic Corridor" (CPEC) with \$60 billion in investments targeted towards energy and other infrastructure projects. Pakistan believes CPEC investments will enable growth rates of over 6% of GDP by laying the groundwork for increased exports. CPEC-related obligations, however, have raised IMF concern about Pakistan's capital outflows and external financing needs over the medium term.

Source : CIA

COMPANY NAME

FAUJI FOODS LIMITED (FORMERLY: NOON PAKISTAN LIMITED)

FULL ADDRESS

Registered Address

3rd Floor, Bahria Complex, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan

Tel # 92 (42) 99205933, 99205934

Fax # 92 (42) 99205934

SHORT DESCRIPTION OF BUSINESS

- | | | |
|----|--------------------|---|
| a. | Nature of Business | Principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products |
| b. | Incorporated | 1966 |
| c. | Registration No. | 0002355 |

PLANT LOCATION

Bhalwal, District Sargodha,
Punjab, Pakistan

AUDITORS

KPMG Taseer Hadi & Co.
(Chartered Accountants)

LEGAL STATUS

Public Limited Company (Listed at stock exchange of Pakistan)

DETAILS OF MANAGEMENT

Names	Designation
Lt. Gen Khalid Nawaz Khan Hi (M)	Chairman
Lt. Gen Javed Iqbal Hi (M)	Chief Executive Officer / Managing Director
Lt. Gen Shafqaat Ahmed	Director
Mr. Malik Adnan Hayat Noon	Director
Mr. Qaiser Javed	Director
Dr. Nadeem Inayat	Director
Dr. Rashid Bajwa	Director
Mr. Salman Hayat Noon	Director
Brig Raashid Wali Janjua SI (M)	Director
Lt. Col Abdul Khaliq Khan (Retd)	Director
Mr. Ilfat Rasul Khan	Director
Mr. Par Soderlund	Director

SHAREHOLDERS

Names	Shareholding (%)
Directors, Chief Executive Officers, and their spouse and minor children	6.6353
Associated Companies, Undertakings and related parties	70.1901
NIT & ICP	0.0000
Banks Development Financial Institutions, Non Banking Financial Institutions	0.0000
Insurance Companies	0.1008

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FAUJI FOODS LIMITED - 519355.2 (SUPPLEMENTARY REPORT)

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Modarabas & Mutual Funds	0.3954
General Public	17.6114
Others	5.0571

ASSOCIATES

A. SUBSIDIARY

None

B. ASSOCIATED COMPANIES

- (1) Fauji Fertilizer Company Limited, Pakistan.
- (2) Mari Petroleum Company Limited, Pakistan.
- (3) Fauji Cement Company Limited, Pakistan.
- (4) Fauji Fertilizer Bin Qasim Limited, Pakistan.
- (5) Fauji Kabirwala Power Company Limited, Pakistan.
- (6) Foundation Power Company (Daharki) Limited, Pakistan.
- (7) Dharki Power Holdings Limited, Pakistan.
- (8) FFC Energy Limited, Pakistan.
- (9) Foundation Wind Energy I, Pakistan.
- (10) Foundation Wind Energy II, Pakistan.
- (11) Fauji Akbar Portia Marine Terminals, Pakistan.
- (12) Askari Bank Limited, Pakistan.
- (13) Askari Cement Limited, Pakistan.
- (14) Fauji Meat Limited, Pakistan.
- (15) Fauji Foods Limited, Pakistan.
- (16) FFBL Power Company Limited, Pakistan.

BUSINESS ACTIVITIES

Principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products

NUMBER OF EMPLOYEES

1,508

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PLANT CAPACITY & PRODUCTION OF CLINKERS

	Capacity		Production	
	2017	2016	2017	2016
Liquid products - litres	227,760,000	116,840,000	86,699,115	37,252,653
Non - Liquid Products - Kgs	48,141,000	51,061,000	673,244	5,415,745

TRADE SUPPLIERS (FOREIGN)

Subject import globally from Companies belongs to China, Korea, Singapore, Taiwan & European Countries

ANNUAL SALES VOLUME

Years	In Pak Rupees
2016	3,370,506,772/-
2017	7,000,955,306/-

CUSTOMERS

Various local and international

BANKERS

- (1) Habib Bank Limited, Pakistan.
- (2) United Bank Limited, Pakistan.
- (3) Allied Bank Limited, Pakistan.
- (4) Bank Islami Pakistan Limited, Pakistan.
- (5) National Bank of Pakistan.
- (6) Bank Al-Habib Limited, Pakistan.
- (7) Bank Alfalah Limited, Pakistan.
- (8) Dubai Islamic Bank Pakistan Limited, Pakistan.
- (9) Faysal Bank Limited, Pakistan.
- (10) MCB Bank Limited, Pakistan.
- (11) Soneri Bank Limited, Pakistan.
- (12) Askari Bank Limited, Pakistan.

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EXPORTING COUNTRIES

Mainly to Afghanistan, Far East & South Asian Countries

MEMBERSHIPS

Federation Pakistan Chamber of Commerce & Industry.
Lahore Chamber of Commerce & Industry.

COMMENTS

Subject Company was established in 1966 and is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. Overall reputation is sound. Trade relations are reported as fair. In view of current disturbed economic and political situation, we would advise to deal with all the business in Pakistan with some caution.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.59
UK Pound	1	INR 90.85
Euro	1	INR 80.25
PKR	1	INR 0.56

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	TRU

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)