JANUARY 2016

NEWS COVERAGE PERIOD FROM JANUARY 25TH TO JANURAY 31ST 2016

ENGRO FOODS' 2015 PROFIT UP 256%

The Express Tribune, January 28th, 2016.

KARACHI: Despite a 'weak performance' in the last quarter, Engro Foods more than doubled its net profit, which amounted to over Rs3 billion, in financial year ending December 31, 2015, revealed a notice sent to the Pakistan Stock Exchange on Wednesday.

A subsidiary of Engro Corp. – Pakistan's largest private-sector conglomerate – the local foods giant reported an after-tax profit of Rs3.2 billion or Rs4.13 per share during the year under review, up by a staggering 256% compared to Rs888 million or Rs1.16 per share it earned in 2014. However, its fourth-quarter result was below street consensus, say analysts.

Its revenue during 2015 improved significantly on the back of higher volumetric flows in Olper's. The company's reported Rs50 billion in net sales during 2015, up 17% compared to Rs42.6 billion it grossed in 2014.

"They [Engro Foods] had a good year overall, but results of the fourth quarter were below market expectations," Taurus Securities' Head of Research Zeeshan Afzal said.

Following the results announcement, the stock came under pressure and depreciated by Rs1.3 per share or 0.9% by close of business on Wednesday.

Opening at Rs146.15 per share, the stock reached a high of Rs149.75 during intra-day session and settled at Rs144.86 per share with more than 1 million shares changing hands – its highest turnover for the month so far.

Taurus Securities attributed the rise in the company's earnings to an increase in Olper's market share and recovery in sales of Dairy Omung, adding that the price increase also made a contribution to the bottom line.

The company's gross margins improved by 4.4 percentage points to 23.1% on the back of lower domestic and international milk prices, Afzal said. Average whole milk powder prices remained at $2,405 per ton in calendar year 2015 compared to $3,496 per ton of the previous year.

Down the line, finance cost also eased by 31% to Rs856 million compared to Rs1.2 billion of the previous year, Afzal said. Internal costs were also reduced on the back of falling oil prices, which plummeted to $29 a barrel as of January 15 compared to $46 a barrel a year ago.

During October-Decemberquarter, Engro Foods reported a net profit of Rs561 million or Rs0.73 per share, down 9% compared to Rs616 million or Rs0.80 it earned in the same quarter last year.

The company's revenues for the quarter declined by 2% to Rs12.2 billion compared to Rs12.4 billion of the same quarter of 2014, the report said.

When compared with the third quarter of 2015, sales revenue declined by 5% due to seasonal slowdown in sales volumes of Omore (Ice-cream) and Olper's, a common impact of winters.

http://tribune.com.pk/story/1035315/engro-foods-2015-profit-up-256/

NEWS COVERAGE PERIOD FROM JANUARY 18TH TO JANURAY 24TH 2016

NESTLE, ALIBABA STRIKES DEAL
The News, January 20, 2016

ZURICH: Nestle SA has agreed a partnership with Alibaba in China to grow online sales, build key brands and offer new products, the Swiss food group said on Tuesday.Nestle has introduced products including Nido milk powder, Damak chocolate and Nescafe Dolce Gusto BMW MINI coffee machines on Tmall.com, China's largest shopping website for brands and retailers, it said in a statement. "Using Taobao.com, the country's largest shopping site overall, Nestle is expanding its distribution in rural areas," it added.

http://www.thenews.com.pk/print/92276-Nestle-Alibaba-strikes-deal

SHARIF INVITES SWISS INVESTORS TO PAKISTAN
Dawn, January 23rd, 2015

DAVOS (Switzerland): Prime Minister Nawaz Sharif has invited Swiss and international investors to Pakistan's energy, telecom, infrastructure, urban development, agro-industry and textiles sectors, saying that they offer exciting opportunities for investment.

"I invite you to be our partners in realising our vision for Pakistan. Our vision is of a Pakistan which is business friendly; a Pakistan where foreign investors feel safe and secure; and a Pakistan which is modern, progressive and forward-looking," he told a group of investors here at a breakfast meeting.

The meeting was attended by Finance Minister Ishaq Dar, Commerce Minister Engineer Khurram Dastgir, Special Assistant to Prime Minister on Foreign Affairs Tariq Fatemi and Miftah Ismail besides a hundred participants of the World Economic Forum.

The prime minister said investment incentives in Pakistan were diverse and business friendly.

"Our primary objective is to create an environment conducive for investment inflows. We offer a liberal investment policy, which includes 100 per cent equity ownership, full repatriation of capital, tax-breaks, and customs duty concessions on import of machinery and raw materials," Mr Sharif told the investors.

"We offer prospects of co-production, joint ventures with local partners and joint marketing arrangements. The taxation regime is one of the lowest in the region and its collection is undertaken through a dedicated Large Taxpayers Unit. A multiplicity of tax concessions is available along with provisions of tax exemptions to specific businesses," he said.

Prime Minister Sharif told the investors that Pakistan's economic upturn was now being acknowledged and appreciated worldwide.

"With a thriving democracy, sound economic policies, a youthful population, abundant natural resources and its strategic location, Pakistan is poised to emerge as an economic powerhouse in the region. We are promoting accountable, responsible and transparent governance, bolstered by a free media, independent judiciary and a vibrant civil society".

The prime minister said that a comprehensive National Action Plan to combat terrorism was being implemented. He said the plan provides for a multi-pronged strategy, combining military action, law enforcement operations, choking terrorist financing and countering the extremist narrative.

The prime minister said his government had adopted a comprehensive agenda for real change to transform Pakistan into a favoured destination for business, trade and investment.

“The Pakistan of 2016 is a confident and safe country, open for business, trade and investment. We assure you of ease of business and healthy dividends on your investments in Pakistan,” he added.

The PM also shared some of the measures that his government had taken to set the country on the trajectory of inclusive growth and job-creation.

Through a wide range of policy measures, he said, his government was transforming human capital into a driver for growth and development.

The prime minister said his government was committed to providing women greater access to education, economic resources, and employment opportunities, to enable them to become equal partners in economic development.

He said the development expenditure had been more than doubled in third fiscal year 2016 and special focus was given on the social safety net expenditure to help the vulnerable population.

The prime minister said his government had particularly focused on key areas of the energy sector, regional connectivity, and promotion of investment.

“We are taking steps to strengthen the energy sector, including through increase in power generation, use of better technology in power distribution, controlling line losses, energy conservation, and diversifying the energy mix,” the prime minister said.

The prime minister mentioned the increase in the well-head prices of oil and gas for the exploration companies which had led to renewed interest in exploration activities. New terminals and pipelines were being laid to import natural gas for homes and industries.

The prime minister said his government was adding to the electricity generation capacity of the country by about 10,000 mw in the next two years. Active progress was underway on an additional 14,000 mw approximately beyond fiscal year 2018.

The prime minister said one of the key pillars of his government’s policy were to support and encourage greater regional integration and connectivity.

“This is where we have our biggest opportunities to reap the dividends of peace for the common good of our peoples,” he said.

In this regard, the government has devised a policy to integrate the region through trade and economic corridors as he strongly believed that real prosperity was ‘shared’ prosperity.

Talking about the scale and number of regional projects launched recently, he referred to China-Pakistan Economic Corridor (CPEC), the Turkmenistan- Afghanistan-Pakistan-India (TAPI) gas pipeline, the Central Asia-South Asia (CASA) 1000 electricity project, and the Torkham-Jalalabad Road.

He said the CPEC embraces multiple infrastructure and development projects, including road infrastructure, energy generation and transmission, development of Gwadar port, up-gradation of railways infrastructure, development of industrial and commercial zones, and medium and long term planning for country’s core economic sectors.

The first phase of CPEC projects is estimated to bring in an investment of US$ 46 billion, primarily in the energy and the road and rail infrastructure sectors.

He said this mega project will serve as a “game-changer” in ushering in a new era of peace, cooperation and development in the region and beyond, as it envisages building advanced infrastructure, energy and communication networks, linking the western regions of China with Pakistan.

“I am confident that CPEC would revolutionise trade and investment in the region.”

http://www.dawn.com/news/1234889

NEWS COVERAGE PERIOD JANUARY 11TH TO JANUARY 17TH, 2016
SCOTTISH COMPANIES URGED TO INVEST IN PAKISTAN
Dawn, January 17th, 2016

ISLAMABAD: Pakistan High Commissioner to the United Kingdom Syed Ibne Abbas has said that Pakistan’s economy is undergoing sustained growth and invited Scottish companies to invest in the country.

The high commissioner urged the Scottish companies to take advantage of the liberal investment policies being pursued by the Pakistani government. He informed the Scottish leadership about plans to convene a Pakistan-UK business forum in Scotland in summer this year.

He said this while on an official visit to Scotland where he met Scottish National Party (SNP) leader Alex Salmond, Minister for Europe and International Development Humza Yousaf, Member of Parliament (MP) Tasmina Sheikh and Members of Scottish Parliament (MSPs) Hanzala Malik, Johann Lamont, Anne McTaggart, Michael McMahon, Jim Eadie and Mary Fee. A wide range of bilateral issues were discussed during the meeting.

The high commissioner briefed a delegation of 10 MSPs, who are part of the Cross Party Group on Middle East, on issues of mutual interest and possible cooperation. He apprised them about the China-Pakistan Economic Corridor project and the prospects it offered to Pakistan and the region’s economy.

He also informed the MSPs about the economic turnaround in Pakistan brought about by the government’s policies. He also briefed the Scottish leadership about the National Action Plan and the improved security situation in the country on account of the success of Operation Zarb-i-Azb.

Leaders of both the countries agreed to renew the people-to-people contacts between the Lahore-Glasgow Twin Cities.

http://www.dawn.com/news/1233553/scottish-companies-urged-to-invest-in-pakistan

ENGRO FOODS LAUNCHES NEW DRIVE

The News, 17 January, 2016

KARACHI: Engro Foods in a press conference announced the launch of their new Olper’s campaign in the presence of several industry experts and media personalities, a statement said.

Olper's – a household name in the UHT milk category of the country – unveiled a campaign to educate the masses on the importance of milk consumption as part of a healthy and balanced diet, while simultaneously highlighting critical issues associated with the commonly available loose milk, it said.

Engro Foods Marketing Director Ahsan Afzaal Ahmad said: "Milk as a source of nutrition has remained an integral part of the Pakistani food culture."

"However, even though we are one of the largest producers of milk in the world, incidence of malnutrition specially stunting and wasting remain abundant in our population – especially children and women."

http://www.thenews.com.pk/print/91582-Engro-Foods-launches-new-drive-

February 2016

NEWS COVERAGE PERIOD FROM FEBRUARY 22nd TO FEBRUARY 28th 2016

NESTLE ASIA WORKS TO RESTORE INDIA REVENUE AFTER NOODLE BAN

Business Recorder, Feb 21, 2016

ZURICH: The head of Nestle's Asian business is hoping to restore revenue in India within three years to levels preceding the recall of its Maggi instant noodles from the market last year over a health scare, newspaper Schweiz am Sonntag reported.

India banned Nestle's Maggi instant noodles after local regulators in May said they found unsafe levels of lead in some packages sold at roadside stalls.

In August, an Indian court ruled in favour of Nestle to overturn the ban, but demanded the snack be tested again for safety before it can go on sale again.

Nestle, whose fourth-quarter sales in India fell more than a fifth, according to the paper, contends the noodles were safe, but ordered a recall that cost the company about 66 million Swiss francs ($66.68 million).

In an interview with the Swiss newspaper, Nestle's Wan Ling Martello said all five factories that produce the noodles were doing so again, although not all flavors had returned to Indian shelves.

A complete recovery of Indian revenue could take around three years, she said, citing experiences with similar crises elsewhere.

"But I'm pushing my team so it doesn't take that long," she told the newspaper.

She said Nestle was investing in TV commercials and an online campaign to restore faith in Maggi products.—Reuters

http://epaper.brecorder.com/2016/02/22/15-page/734529-news.html

CHINESE FIRM OFFERS TO INVEST IN CITY'S MASS TRANSIT SCHEME

Dawn, February 26th, 2016

KARACHI: A six-member delegation of a Chinese company on Thursday met Chief Minister Syed Qaim Ali Shah and expressed their interest in investing in various sectors, including Karachi's mass transit programme, officials said.

The delegation representing the Sino-Hydro, headed by its general manager, Zhang Ping, offered to take part in the Brown Line Rapid Bus Transport, a part of the city's mass transit programme, through the public-private partnership mode.

A government spokesman said they also showed their interest in the alternative energy sector, desalination, sewerage, agriculture and other fields.

The CM said his government had adopted an investment friendly policy, which was attracting investors from across the world. He asked the Chinese delegates to formally give their proposals to him with their sectors of interest.

http://epaper.brecorder.com/2016/02/22/15-page/734529-news.html

NEWS COVERAGE PERIOD FROM FEBRUARY 15th TO FEBRUARY 21st 2016
ENGRO FERTILIZERS TO REDEEM RS 2 BILLION TFCS
Business Recorder February 18, 2016
Engro Fertilizers Limited (EFL) has decided to redeem its entire outstanding amount of the listed privately-placed Term Finance Certificates (TFC-V).

As a company stock filing shows, the aggregate redeemable sum of EFL stands at Rs 2 billion which is inclusive of the scheduled redemption amount of zero rupees on March 18 this year.

"We will be redeeming the entire outstanding amount of the TFC-V issue," Company Secretary Faiza Charra said.

http://www.brecorder.com/agriculture-a-allied/183/17503/

ENGRO CORP'S PROFIT SOARS 122PC
Dawn, February 19th, 2016

KARACHI: Engro Corporation's after-tax profit grew 121.79 per cent to Rs17.3 billion (earnings per share Rs26.32) for the year ended Dec 31, 2015 from Rs7.8bn (eps Rs13.59) earned last year.

The board on Thursday also announced a final cash dividend of Rs7 per share, taking cumulative 2015 dividend at Rs18 per share.

Engro's fertiliser business continued to be the chief contributor towards the profitability, recording net earnings of Rs15bn (eps Rs11.28), due to availability of concessionary gas and inclusion of DAP sales.

The food business posted earnings of Rs3.2bn (eps Rs4.13) as compared to Rs0.8bn (eps Rs1.16) last year. This growth was on account of volumetric expansion leading to a higher market share in the dairy segment coupled with margin accretion.

The chemical business, however, managed to keep its losses in-check by posting consolidated loss-after-tax at Rs0.6bn (loss per share Rs0.98), down 45.45pc year-on-year. Effective taxation booked during the year clocked-in at 33pc (29pc in CY14).

In a stock filing, Engro observed that it had appointed advisers for the potential sale of up to 24pc holding in Engro Fertiliser Ltd (EFERT) by way of private offering to local and international investors.

Additionally, the approval of the same would be sought from shareholders in upcoming annual general meeting of the company.

http://www.dawn.com/news/1240449

NEWS COVERAGE PERIOD FROM FEBRUARY 1ST TO FEBRUARY 7TH 2016
MONSANTO TO PAY $80 MILLION TO SETTLE CHARGE OF IMPROPER ACCOUNTING
International New York Times, FEB. 9, 2016

LIZ MOYER

Monsanto will pay $80 million in penalties to the Securities and Exchange Commission to settle claims that it misstated earnings after failing to properly account for the costs of a sales rebate program for its flagship herbicide product, Roundup.

The S.E.C. said Monsanto, an agribusiness giant based in St. Louis, had insufficient internal controls to properly track millions of dollars in rebates it offered to Roundup retailers and distributors. The rebates were part of a promotion that Monsanto ran after sales of a generic version of the product undercut its business in 2009.

Monsanto booked substantial revenue as a result of the sales promotion from 2009 through 2011, but it did not recognize related costs, which led it to misstate corporate profits over a three-year period.

It is one of the largest accounting-related settlements by the S.E.C. since Mary Jo White took over as chairman of the agency in 2013 with a plan to refocus on corporate accounting abuses as investigations related to the financial crisis were ending.

Accounting cases more than doubled, to 114 through September 2015, from 53 for the same period in 2013. Last June, the S.E.C. struck a $190 million civil settlement with Computer Sciences Corp. and charged eight former employees and executives with manipulating financial results.

“Corporations must be truthful in their earnings releases to investors and have sufficient internal accounting controls in place to prevent misleading statements,” Ms. White said on Tuesday.

Failing to recognize expenses related to rebates “is the latest page from a well-worn playbook of accounting misstatements,” she said.

Monsanto, which is neither admitting nor denying wrongdoing, also agreed to hire a consultant to review its financial reporting of rebate programs for its crop protection business. In a statement, the company said it previously disclosed the investigation and restated its earnings for 2009 through 2011 at the end of 2011.

“The company is pleased to put this matter behind it,” the statement said.

Monsanto’s chief executive, Hugh Grant, reimbursed the company $3,165,852 for cash bonuses and stock awards he received during the period in question, and its former chief financial officer, Carl Casale, returned $728,843 in compensation.

The S.E.C. said it did not find any personal misconduct on either man's part and would not pursue clawbacks under the Sarbanes-Oxley Act.

In addition, three accounting and sales executives will also pay penalties totaling $185,000, and the accountants agreed to be temporarily suspended from practicing before the S.E.C.

Roundup, one of Monsanto's most profitable products, began losing market share after competitors undercut its sales with cheaper generic brands. In 2009, Monsanto introduced a rebate program that would help make up for price reductions in the product in subsequent years if retailers and distributors met certain sales goals.

Roughly a third of Monsanto's Roundup sales that year occurred in the fourth quarter, when the rebate program was introduced. Monsanto delayed reporting the costs of the rebate program until 2010.

A new rebate program was created in 2010, under which Monsanto paid $44.5 million to its two largest distributors. The program was repeated the next year, and Monsanto deferred recording the rebate costs from 2010 into 2011.

http://www.nytimes.com/2016/02/10/business/dealbook/monsanto-to-pay-80-million-to-settle-charges-of-improper-accounting.html.

CORPORATE RESULTS: ENGRO FERTILIZERS POSTS RS15 BILLION PROFIT
The Express Tribune, February 9th, 2016.

KARACHI: In line with market expectations, Engro Fertilizers made a net profit of Rs15 billion in 2015, up 83% from a year ago, according to a stock filing on Monday.

A subsidiary of Engro Corporation, Engro Fertilizers posted earnings per share (EPS) of Rs11.3 as opposed to Rs6.2 in 2014.

According to BMA Capital, the sharp increase in the company's profitability during 2015 was because of three main reasons. These included award of concessionary gas pricing for its Enven plant in Jan-Mar, year-on-year increase of 43% in revenues on the back of inclusion of the di-ammonium phosphate (DAP) trading business in Engro Fertilizers and an annual decline of 29% in finance cost following the company's deleveraging as well as a lower benchmark interest rate.

Last year, Engro Fertilizers acquired Engro Eximp, which was a wholly owned subsidiary of Engro Corporation, which undertook trading business for multiple commodities, including phosphate-based fertilisers. The restructuring has resulted in a major improvement in bottom line of the acquiring company (Engro Fertilizers), analysts said.

According to First Capital analyst Faizan Sarmad, the effective tax rate in 2015 was 29%, or 2% lower than the effective tax rate in the preceding year.

The company also announced a dividend of Rs3 per share, taking the full-year payout to Rs6 per share.

On a quarter-on-quarter basis, earnings for Oct-Dec amounted to Rs5.1 billion, up 83% from the net profit earned in Jul-Sept. The quarter-on-quarter surge in profitability came on the back of 2.5 times hike in revenues.

The top line expansion in the last quarter of 2015 was a result of a sharp increase in the off-take of both urea and DAP, BMA Capital said.

The per-share price of Engro Fertilizers closed at Rs81.11 on Monday after registering a nominal decrease of Rs0.04 from the previous trading day's closing price. However, it remained the most traded stock on the bourse, with over 9.4 million shares changing hands on Monday.

http://tribune.com.pk/story/1042842/corporate-results-engro-fertilizers-posts-rs15-billion-profit/

FERTILISER COMPANIES RESIST UREA IMPORT
The Express Tribune, February 13th, 2016.

ISLAMABAD: The fertiliser manufacturers are putting up strong resistance to a proposal that calls for allowing the private sector to import urea for bridging the demand-supply gap and breaking the monopoly of domestic producers.

The reaction came after the minister of national food security and research sent a recommendation in this regard to the Ministry of Industries and Production and the Ministry of Finance for seeking their comments, sources in the industries ministry told The Express Tribune.

National Food Security and Research Minister Sikandar Hayat Khan Bosan suggested that the private sector must also be permitted to import urea as farmers were not only receiving less than the required quantity but were also forced to pay high prices for locally produced fertilisers.

According to the sources, domestic urea manufacturers are lobbying in the power corridors in an attempt to continue to enjoy the monopoly despite low fertiliser prices in the international market.

After the Ministry of Industries and the Ministry of Finance come up with their response, the food security ministry will send a summary to the Economic Coordination Committee for a final decision on urea import.

At present, the country needs 6 million tons of urea annually, but the local manufacturers produce 4.5 million tons and the remaining 1.5 million tons are supposed to be imported by the state-owned Trading Corporation of Pakistan (TCP).

In the local market, a 50kg urea bag is available at Rs1,900 compared to Rs1,500 in the international market. The minister of national food security and research, who himself is a farmer, believes that private-sector importers could fill the gap and stabilise the country's market.

"Despite receiving gas at a subsidised rate, the urea manufacturers never push the price down," said an official.

He saw no harm in allowing the private sector to import urea as it also purchased di-ammonium phosphate (DAP) – another type of fertiliser – from the overseas market.

On the other hand, the TCP, which is authorised to import urea to meet the shortfall, does not pursue the matter in an effective manner. It has been learnt that thousands of tons of urea are lying in its storages and no proper mechanism is in place to sell the commodity to the farmers.

"This is the reason why we want to allow the private sector to enter the business as the import of commodities is not the government's job," remarked an officer in the Ministry of National Food Security and Research.

Talking to The Express Tribune, Fauji Fertilizer Company Head of Corporate Communication Colonel Waheed Hamid said any such step by the government for urea import through the private sector would have short and long-term implications for the local producers, who have poured billions of rupees into establishing their plants.

“Once the plants are closed, then what would happen after international prices rise again as has been the case in the past,” he asked.

Hamid suggested that the government must facilitate the local producers by providing cheap gas so that they could fill the demand-supply gap as they produced only 4 million tons against the capacity of 6.9 million tons.

“Fertiliser is the only sector that consumes gas for value addition and it should be provided more gas.”

http://tribune.com.pk/story/1045844/fertiliser-companies-resist-urea-import/

NEWS COVERAGE PERIOD FROM FEBRUARY 1ST TO FEBRUARY 7TH 2016
CHINA FIRM OFFERS RECORD $43 BILLION FOR AGRICULTURE-GIANT SYNGENTA
Business Recorder, February 04, 2016

State-owned China National Chemical Corp Wednesday offered $43 billion in an agreed take-over for Swiss pesticide and seed giant Syngenta, in what would be by far the biggest-ever overseas acquisition by a Chinese firm. The deal is the latest in a string of overseas investments for China’s biggest chemical company, also known as ChemChina, as Beijing prods its companies to “go out” to expand.

Syngenta’s board recommended the offer of $465 a share, plus a special dividend, to its shareholders, saying in a statement that “the proposed transaction respects the interests of all stakeholders”. The statement said the deal “will enable further expansion of Syngenta’s presence in emerging markets and notably in China”. Swiss President Johann Schneider-Ammann hailed the announcement, telling reporters “it’s a good deal”. Despite the support, the deal could face challenges before going through.

Syngenta reportedly rejected a higher $47 billion bid from rival Monsanto in August last year, and in November Bloomberg News said the US firm was mulling a higher offer. The transaction is also likely to face regulatory hurdles – much of Syngenta’s business is in the United States, where a $18.5 billion offer by Chinese state-owned energy company CNOOC for US oil firm Unocal failed in 2005 in the face of political pressure. Ahead of the announcement an analyst at Germany’s Baader Bank said that an all-cash deal would be welcomed by investors but “it could pose political problems”.

The offer far outstrips China’s biggest overseas acquisition to date, CNOOC’s purchase of Canadian oil firm Nexen for $15.1 billion in 2013. The Chinese government has encouraged its companies to invest abroad to secure raw materials and markets, while growth is slowing at home. “They’re (government officials) still thinking in terms of it’s good for companies to gain access to these technologies and these distribution channels,” Arthur Kroeber, managing director at research firm Gavekal Dragonomics, told Bloomberg News.

The deal is the latest in a string of acquisitions by ChemChina, which last month bought a 12 percent stake in Swiss energy and commodities trader Mercuria to expand its portfolio. Also in January, the Chinese company said it planned to buy Germany’s KraussMaffei Group, which makes machinery for producing plastics and rubber, for 925 million euros ($1.01 billion).

Last year it announced the take-over of Italian tyre maker Pirelli, renowned for its Formula One equipment and racy calendars, in a deal valued at 7.4 billion euros. “Their acquisition strategy is not ‘catching up’ anymore,” said Tyler

Rooker, an assistant professor at the University of Nottingham. “They’re acquiring assets that add to their competitiveness as global multinationals.”

Syngenta said its existing management will continue to run the company, which will remain headquartered in Switzerland, “reflecting this country’s attractiveness as a corporate location”. “Syngenta remains Syngenta,” chairman of the Swiss company Michel Demare told reporters. He said he was not worried the deal would stall.

http://www.brecorder.com/top-stories/0/13145/

March 2016

NEWS COVERAGE PERIOD FROM MARCH 14th TO MARCH 20th 2016

CORPORATE SECTOR POSSESSES OVER RS 3.7 TRILLION INVESTMENT POTENTIAL: SBP

Business Recorder,March 15, 2016
ISMAIL DILAWAR

Chiding certain entities for parking liquidity in risk-free government papers, the central bank Monday said the country”s non-financial corporate sector had an investment potential of more than Rs 3.7 trillion. “It has been noted that some entities have parked their liquidity in Treasury Bills and Pakistan Investment Bonds,” said SBP”s Chief Economic Adviser Dr Saeed Ahmed while talking on “Taking Economic Recovery to the Next Level: Role of the Private Sector” at Pakistan Stock Exchange (PSX).

Making what Chairman PSX Munir Kamal said history, the Governor State Bank of Pakistan (SBP) Ashraf Mahmood Wathra was chief guest at the gathering which saw the country”s top corporate leaders in attendance. “This is disturbing as the corporate sector is looking to benefit from investing in risk-free government securities, instead of investing in real economic activities,” said Dr Ahmed.

Earlier, Governor SBP also referred to the trend while citing a recent analysis of non-financial companies listed at the stock exchange. “Overall the corporate sector is fairly liquid and possesses a healthy surplus of investable funds,” he told the audience. In a detailed presentation, the SBP”s chief economic adviser said it was high time for corporate sector to move from stabilisation to growth and lead the economic recovery.

The non-financial corporate sector, he said, had witnessed gradual deleveraging since 2009 amid improved liquidity condition.

“The most conservative estimate of Net Surplus with the corporate sector is Rs 446 billion [calculated as current assets net of current liabilities, without additional borrowing],” he said. The SBP official said the potential investible resources of the non-financial corporate sector which when deployed could increase investment in the country significantly and contribute in economic growth and job creation.

The total investible resource, defined as twice the size of equity (based on assumption of debt-equity ratio of 2) with short-term investments, cash and near cash and excluding the total liabilities, turns out to be over Rs 2.6 trillion, he said.

“More than half of this potential lies in the energy sector alone,” Dr Ahmed said. Some other major sectors include cement, textiles and autos. Another definition of computing potential investible resources which replaces total liabilities with total borrowings, he said, this potential reached over Rs 3.7 trillion with major sectors remaining the same.

“With the shift in policy focus from stabilisation to growth, healthy corporate balance sheets along with historic low interest rates and marked improvement in security condition, offer a golden opportunity to promote investment in the country,” he said.

The corporate sector, he said, was now well-positioned to lead the economic recovery and take it to the next level. “The growth dynamism has to come from private sector if we have to catch up with the developed world,” said the advisor. SBP Governor Wathra said it was an opportune time to accelerate domestic investment in the country to take it to the next level of robust high growth.

“In the context of historically low interest rates, marked improvement in security conditions and energy supplies, and launch of CPEC-related initiatives, this is an opportune time to invest in new projects,” he said. Referring to recent gains in economic performance, the governor said the economy had shown marked recovery during last two fiscal years, growing by over 4 percent, after an anaemic rate of 2.8 percent on average in the preceding five years.

He said macroeconomic stability had been the key feature of this recovery with budget deficits being contained without compromising on indispensable public spending; adequate level of foreign exchange buffers built up crossing $20 billion for the first time and inflation and inflationary expectations less likely to resurge anytime soon. “What this tells us is that no major risks are in sight, which would undermine efforts in meeting our shared objective of achieving high growth; generating more jobs; and move further ahead on the development frontier,” the governor said.

Terming the maturing of capital markets as a welcome sign for private sector, Wathra said with the advent of unified PSX there was now a deep liquidity pool and national platform for domestic savers and investors to take advantage of. “For their part, corporate entities can benefit from enhanced access to savings, which can be channelled into new projects and developmental activities.

The integration facilitates regulators in monitoring of market activity, and allows a greater degree of efficiency and transparency to be realised,” he said. Earlier, Chairman PSX Munir Kamal said: “This is the first time in the history of stock exchange in the country that the Governor of State Bank has been invited to the gong ceremony of the stock exchange”.

http://www.brecorder.com/market-data/stocks-a-bonds/0/25491/

NEWS COVERAGE PERIOD FROM MARCH 7th TO MARCH 13th 2016
BASF PAKISTAN RECORDS HEALTHY SALES IN 2015
Business Recorder,March 10, 2016
BASF posted sales of approximately €110 million to customers in Pakistan in 2015 whereas its global sales crossed €5.8 billion in 2015 due to its diversified and innovative products portfolios. With production in Karachi, BASF offers innovative solutions for key local business sectors. The BASF has its offices in Karachi, Lahore, Kasur, Sialkot, and Islamabad.

BASF has been presence in Pakistan for more than four decades supporting education and community development projects in Pakistan. BASF now projects its crop protection pipeline to achieve peak sales of €3 billion for products launched between 2015 and 2025.

Following its strategy to bring comprehensive solutions to farmers, the company will launch new products for all crop protection indications in row and speciality crops. This promising pipeline is the result of continuous investments in research and development.

In 2015 alone, BASF spent €514 million on R&D in the Crop Protection division. ASF's Crop Protection division provides innovative solutions for agriculture, turf and ornamental plants, pest control and public health.

Our broad portfolio of active ingredients, seed treatments, biological controls, formulations and services optimises efficient production of high quality food and protects against post-harvest loss, damage to buildings and the transmission of disease. By delivering new technologies and know-how, BASF Crop Protection supports the effort of growers and pest management professionals to make a better life for themselves and society.

Markus Heldt, President of BASF's Crop Protection division said, "Innovation remains a crucial component of agriculture today. It is a dynamic market, with ever-changing needs and new challenges, and we are happy that we can contribute with new solutions and technologies,"

Although commodity prices have been lower and the agrochemical sector has slowed down, we have full confidence in the long-term global trends," said Heldt. "We need a robust agriculture sector as the basis for our planet's future growth. We can only support farmers' success in delivering healthy and affordable food if we continue to invest in new sustainable solutions to increase their yields. So that is what we will continue to do," concluded Heldt.-PR

http://www.brecorder.com/general-news/172/24214/

NEWS COVERAGE PERIOD FROM FEBRUARY 29th TO MARCH 6th 2016
CAPITALISING ON GROWTH OPPORTUNITIES
Dawn, Business & Finance weekly, February 29th, 2016

Ali Khan

Synthetic Products Enterprises Limited is a publicly listed company engaged primarily in the business of manufacturing and sale of packaging products for the fast moving consumer goods and food industry, and manufacturing and sale of technology intensive products for the automobile sector.

Moreover, in addition to offering product labeling and design printing services, the company also houses a molding workshop and manufactures molds for its customers as well as for its own products.

During 1HFY16 the company registered a topline of Rs1.09bn (16pcYoY) whereas gross profit registered a massive 40pc growth YoY.. Revenue growth led to an uptick in profitability translating into a net profit after tax (NPAT) of Rs135mn (EPS:Rs1.74) resulting in an impressive YoY increase of 66pc.

Despite the decline in earnings during 2QFY16 one can expect the profitability of the company to increase during 2HFY16 owing to seasonal increase in demand.

Furthermore, a tax credit due to plant expansion will likely be allowed, according to the management, in 4QFY16 and the expected effective tax rate for FY16 is likely to decrease to 19pc which will be applicable retrospectively. The company went public last year to fund its expansion plans.

While most proposed projects are on track, the company decided to discontinue the proposed pre forms project on account of waning feasibility and instead opted for developing a new manufacturing unit comprising of blow molding and injection molding facilities at the Rahim Yar Khan Industrial Estate which is expected to come online in 2HFY17.

The management is of the view that with the expected rise in the national per capita income in the medium term, demand from both its key costumer segments (FMCG & autos) will go up at a higher pace compared to GDP growth.

Thus the company plans to keep its focus on raising capacity to fulfill the expected demand and maintain its position as sole supplier in most of its key products.

The company's earnings accretion is primarily attributable to 1) huge volumetric growth experienced by the auto sector driving demand for its products (66pcYoY growth during 1HFY16), 2) production efficiencies due to rehabilitation and enhancement of its own facilities, and 3) a general rise in consumer spending leading to increased buying behaviour witnessed by the FMCG sector.

However 2QFY16 proved to be lacklustre for the company as it witnessed a 6pc QoQ dent in profitability owing to cyclical impact resulting in depressed sales during winter months owing to reduced demand, and higher maintenance expense.

http://www.dawn.com/news/1242457

ENGRO FOODS LOOKS TO ESTABLISH LARGE-SCALE DAIRY FARMS
The Express Tribune, March 6th, 2016

Shahram Haq

In a bid to strengthen its foothold in the field of model cattle-farming, Engro Foods Limited is planning to introduce large-scale dairy farms to meet the increasing demand of milk in the country.

"We are planning to introduce large-scale dairy farms which will not only have the best feeding practices, but would also help the company further streamline its food business," said Engro's Sahiwal Processing Unit Quality Control Head Ahmad Ishtiaq, while talking to a group of journalists.

"This would also, as a result, encourage the scattered cattle-owners," he added.

Engro Foods; a subsidiary of Engro Corporation, currently owns a dairy farm in the outskirts of Sukkur, Sindh. The farm has 4,000 cattle that largely meet the demands of its milk processing plant.

In Punjab, the company relies on scattered cattle-farmers, who according to Ishtiaq, are not adopting modern farming practices due to various reasons.

The company claims that it successfully raised its market share in UHT category to 58% in 2015, from 48% in the previous year. The company recorded Rs50 billion in net sales during the year 2015, compared to Rs42.6 billion in 2014.

According to Ishtiaq, the company currently has a registered farmer-base of approximately 50,000 in four zones covering Sindh, south and central Punjab. There are 70 large farms, five corporate farms and seven strategic milk supplier chains for milk collection.

"The share of processed milk is increasing. It currently stands at 7% – which is still a low figure compared with India, where the figure hovers around 20%, as per experts," he said.

“Although 93% of its share is loose milk, the usage of packaged milk has grown from 1-3% during 1980 and 2000. It has captured another 4% market by 2015 in Pakistan,” he added.

He said the increase was due to consumers getting more quality conscious; most of them were switching to UHT milk. “However, there is still a need for improved efficiency and for the general public to get awareness about the hazards of loose milk.”

“In the Sahiwal plant, which has the capacity of 1.3 million litres, we drained almost 5 million litres of contaminated milk in the last three years,” noted the official.

He said the company had to develop the entire milk collection chain as around 92% of farmers had up to four animals per family and were scattered across farmlands. “Around 80% of these farmers had only two animals per family,” he added.

Furthermore, he said, a single milk tanker usually underwent 28 tests in 45 minutes before reaching the plant for processing. “At the processing stage, the milk wastage ratio is usually around 0.7%.”

As for the collection of real time data of animals and their milking capacity, Ishtiaq said the company was working on developing practices similar to those in European countries.

“Our agri-field teams regularly collect and maintain data for milk collection from each farmer along with the details of the animal. The percentage data of cows and buffaloes per area is also collected, after which, the milk collection centres are set up keeping in view the availability of animals,” he said.

http://tribune.com.pk/story/1060047/model-farming-engro-foods-looks-to-establish-large-scale-dairy-farms/

April 2016

NEWS COVERAGE PERIOD FROM APRIL 18th TO APRIL 24th 2016

MISLEADING ADS: CCP ISSUES NOTICES TO DAIRY DRINK PRODUCERS

The Express Tribune, April 19th, 2016.

ISLAMABAD: The Competition Commission of Pakistan (CCP) has served show cause notices to four dairy drink manufacturers after finding that four out of five existing market players were deceiving consumers by selling tea whiteners as milk.

The anti-trust watchdog issued show cause notices to Shakarganj Foods Products Limited, Haleeb Foods Limited, Noon Pakistan Limited and Engro Foods Limited for alleged violation of the Competition Act 2010, by advertising tea whiteners as milk, announced the CCP on Monday.

The CCP conducted an inquiry of all the existing players who produced dairy drinks and tea whiteners and advertised them as milk. It evaluated the packaging and marketing practices, including television commercials, website disclosure and other marketing material.

There had been concerns that the manufacturers were marketing dairy drinks and tea whiteners as milk, whereas both the products actually contained only a proportion of dry milk in their ingredients. The product could not be considered as fresh milk.

"Through advertisements, the public is being misled into believing that they are consuming milk, whereas what they are actually consuming are 'dairy drinks manufactured from powered milk' or 'liquid tea whiteners'," said the inquiry report.

The CCP observed that deceptive marketing practices had a direct impact on the public at large. False and misleading advertisements induced consumers to purchase products which gave producers a competitive edge over other players.

Nestle Pakistan is the only producer that, according to the CCP, is not giving any wrong impression to the general public about its product 'Everyday'.

"Nestle Pakistan is manufacturing two variants of Everyday, one is in the powder form ie 'Powdered Tea Whitener' and the other is in liquid form ie 'Tea Creamer' which is clearly mentioned on their respective packaging," showed the inquiry.

The inquiry found that four manufacturers were involved in distributing false and misleading information that could eventually harm consumer interests as well as business interest of other players.

The report recommended the initiation of show-cause notices to Shakarganj Foods Products for its product Qudrat (liquid tea whitener), Haleeb Foods for its product All Max (dairy drink) and Dairy Queen (liquid tea whitener), Noon Pakistan for its product Dairy Rozana (dairy drink) and Engro Foods for its product Dairy Omung (dairy drink).

Noon Pakistan has recently been bought by Fauji Fertilizer Bin Qasim Limited.

There are a set of standards defined by the Pakistan Standards and Quality Control Authority (PSQCA) and the Punjab Food Authority (PFA) for dairy products such as milk, dairy drinks and tea whiteners.

Any product claiming to be milk, must contain milk protein not less than 34% of SNF and lactose not less than 4.6% of SNF, extracted from Halal animals.

http://tribune.com.pk/story/1087434/misleading-ads-ccp-issues-notices-to-dairy-drink-producers/

NEWS COVERAGE PERIOD FROM APRIL 11th TO APRIL 17th 2016
TETRA PAK'S REVENUES INCREASE
Business Recorder, April 15 2016

Tetra Pak's revenues reached €11.9 billion in 2015, a rise of 7.5 percent on the previous year, as a strong business performance helped overcome the impact of continued challenges in the global economy. Positive currency impacts accounted for 6.3 percent of the increase, but the company also reported solid growth in both Services and Processing Solutions, while its Packaging sales advanced at a more modest rate.

Tetra Pak President and Chief Executive Officer Dennis Jönsson in a statement released on Thursday said: "Despite slowdowns in our top two markets- China and Brazil-and significant hits to sales arising from the political and economic events in other countries, we continued to grow in both Processing and Packaging in 2015. It was a tremendous achievement, reflecting the strength of our strategy, the commitment of our workforce and the continued support of our customers."

Revenues from Packaging Solutions totalled €10.1 billion in 2015, a rise of 6.4% compared with the previous year, with particularly strong growth in Technical Service. In spite of the more challenging global economic environment, sales of packaging materials were slightly higher, with 184 billion packs sold in 2015 compared with 180 billion in 2014.

In recent years, food and beverage companies have been seeking ways to differentiate their products from those of their competitors. By introducing new shapes, new materials and enhanced functionality, Tetra Pak has been able to meet that shifting demand. Almost 40% of packages delivered during 2015 were from our range of advanced formats, an increase of 27 percentage points since 2010.

The Processing Solutions division saw revenues reach €1.7 billion in 2015, the highest in Tetra Pak's history. All five of the company's geographical clusters grew, with double-digit growth in both Greater China and Greater Middle East & Africa. Processing Technical Sales & Service revenue was particularly strong, with a 17.0% increase, at prevailing rates, compared with the previous year.

Performance in this area of the business also benefited from the acquisition of Polish company Obram S.A., a leading provider of cheese technology solutions and equipment in its home market, Russia, Belarus and many parts of Eastern Europe. The expanded expertise helped to secure a number of major processing orders during the year.

Services revenues, which combine Packaging and Processing Solutions, reached €1.2 billion in 2015, with strong growth in new categories. These include production line upgrades, consumables such as lubricants and adhesives that are used in production, and expert services, which are directed at improving operational performance.

The revenues have been driven by customer appreciation of the value these activities bring, either through cost savings or increased performance. The strong growth is expected to continue as the company expands its offering. Services now account for more than 10% of total revenues for Tetra Pak.

http://www.brecorder.com/agriculture-a-allied/183/35789/

NEWS COVERAGE PERIOD FROM APRIL 4th TO APRIL 10th 2016
FAUJI MEAT BEGINS COOMERCIAL PRODUCTION
Dawn, April 5th, 2016

KARACHI: Fauji Meat Ltd (FML), a subsidiary of Fauji Fertiliser Bin Qasim Limited (FFBL), commenced commercial production from April 2.

Pursuant to Section 96 of the Securities Act, 2015 read with the clause (xx) of Regulation 35 of the Code of Corporate Governance, 2012, FFBL released a notice at the Pakistan Stock Exchange on Monday.

The FML is an export-oriented meat processing facility set up near Port Bin Qasim Karachi with an estimated project cost of $75m. Production capacity of the plant is 100 tonnes per day of meat (85 tonnes of Beef and 15 tonnes of mutton) in both frozen and chilled categories for exports.

http://www.dawn.com/news/1249978

May 2016

NEWS COVERAGE PERIOD FROM MAY 23rd TO MAY 29th 2016
DUTCH FIRMS, PUNJAB SIGN TWO AGREEMENTS
Dawn, May 27th, 2016

LAHORE: The Embassy of Netherlands and the Punjab Board of Investment and Trade (PBIT) signed two agreements to improve economic ties on Thursday at the Punjab-Netherlands Agri-Trade Event.

Nine Dutch companies in the agri sector met with agriculture and food companies in Punjab to explore possibilities for collaboration, joint ventures and knowledge cooperation.

Dairy and seed sector were the main focus of the event. These are the two fields within which trade with the Netherlands had grown considerably in recent years.

Punjab Agriculture Minister Dr Farrukh Javed in his opening remarks said many Dutch companies were already contributing to the Pakistani economy. "Since the Netherlands is the second largest exporter of agricultural produce in the world, there is a great scope for further collaboration between our two countries in this sector – specifically with regards to dairy farming in terms of the establishment of milk processing plants," he said.

Director for International Enterprise at the Netherlands Ministry for Foreign Affairs and Head of the Trade Mission, René van Hell said the two countries had very strong traditions in agriculture – specifically in dairy and arable farming.

"The Netherlands has a lot to offer to Pakistan. The Netherlands has developed unmatched agricultural solutions when it comes to dairy, horticulture, post-harvest and irrigation," he added.

He emphasised upon the need to modernise agriculture for Pakistani society at large.

"Dutch expertise, livestock and equipment can help Pakistani farmers meet the crucial challenge of food security for the next generation. Let's work together to make this happen," Mr Hell said.

http://www.dawn.com/news/1260854

NEWS COVERAGE PERIOD FROM MAY 16TH TO MAY 22 ND 2016
ENGRO FOUNDATION, SEED VENTURES SIGN MOU
Business Recorder, May 18, 2016

A Memorandum of Understanding (MoU) was signed between Engro Foundation and SEED Ventures, which will result in developing and implementing structured programs for corporate incubation and impact investment. Furthermore, the two entities will be working together to develop the enterprise and social enterprise landscape of the country, according to the MoU.

On Tuesday, the MoU was signed by Head of Engro Foundation Aman ul Haque and SEED Ventures' Chief Executive Officer & Co-Founder Faraz Khan in Karachi, in the presence of Director & Co-Founder SEED Ventures Khusro Ansari, Director Engro Foundation Favad Soomro, and senior management from SEED.

According to the MoU, SEED and Engro Foundation have agreed to work collaboratively as partners through various programs that would promote and enhance the entrepreneurial capacity of various cities across Pakistan. The partners are also focusing on impact investments engaging local stakeholders and studying the landscapes of cities across Pakistan for the best possible interventions.

Speaking at the occasion, Aman ul Haque, Head of Engro Foundation said that on behalf of Engro Foundation, we are delighted to sign an MOU with SEED Ventures. As a corporate foundation we are focused on investing in our communities and our value chains to include the poor and the disadvantaged. This partnership with SEED will help us move from a philanthropic model to a social investment model that not only provides employment but looks to tackle social issues at the community level.

SEED provides this expertise and we look forward to learning from them on how to enable entrepreneurs and incubate enterprises." SEED Ventures CEO & Co-Founder Faraz Khan, a UK based Pakistani social entrepreneur and investor, commented that it is of utmost importance that we understand the need for creating an environment conducive for entrepreneurial growth, and in doing so, do not isolate the corporate sector, rather, involve and engage them as one of the most important stakeholders.

At the same time, we believe that the time is right for impact investments and venture capital firms to arise in Pakistan which will further pave way for a new breed of entrepreneurs and start-ups as well as bring about immense changes in the socio-economic landscape of Pakistan.

" Director & Co-Founder SEED Ventures, Khusro Ansari shared his thoughts on the auspicious occasion and said that joining hands with Engro Foundation is the beginning of major changes in areas like social innovation and social investments, the initiation and implementation of which have the capacity of creating livelihoods and mobilising communities on a large scale.

SEED Ventures is a Social, Enterprise & Equity Development organisation, established to develop the entrepreneurial landscape in Pakistan through enterprise training, business incubation and acceleration, connecting businesses to potential markets and investors and creating business opportunities across geographies by designing indigenous solutions.

Engro Foundation is the singular front of Engro Affiliates for community engagement and social investment. It was formed to harness the financial and managerial resources that Engro Corporation commands to create a lasting social impact in communities and among the people who Engro works with. Engro Foundation is committed to the growth of sustainable societies in which people have access to choice and opportunities for development.

http://www.brecorder.com/agriculture-a-allied/183:pakistan/46884:engro-foundation-seed-ventures-sign-mou/?date=2016-05-18

NEWS COVERAGE PERIOD FROM MAY 2nd TO MAY 8th 2016
HANGING OUT WITH BEVERAGES AND JUICES
Dawn, Business & Finance weekly, May 2nd, 2016

Dilawar Hussain

Shezan International Limited — a listed company with Rs3.42bn in total assets, produces beverages, juices, pickles, sauces, jams and ketchup. By comparison, the company is a smaller unit on the fast moving consumer goods sector and has to endure gruelling competition from bigger players such as Nestle and Mitchell's.

Its head office is located in Lahore and it has distribution offices in United Kingdom and Canada. The company exports its food products to more than 40 different countries, including UK, US, Australia.

The company has been expanding its production capacity through the years. Chairman Muneer Nawaz stated in his last review appended with the annual accounts for 2015 that the firm had obtained a long term loan of Rs300m to enhance its production capacity in the shape of new Tetra Pak type A-3 machine.

He also mentioned that during the first half of the financial year, 2015, export sales of the company showed a positive growth but this momentum was not sustained in the later part of the financial year in the backdrop of 'sharp decline in the oil prices'.

The company released its results for the nine-months ending Mar 31 on April 26, showing slight change in net sales at Rs4.41m, from Rs4.42m in the corresponding period of the earlier year.

But due to increase in cost of sales and reduced tax effect, the net profit dropped to Rs79m with earning per share at Rs9.87, from net profit at Rs136m and eps at Rs17.03 same time the previous year.

Market watchers believe that the company has a case to focus on its ketchup and sauces sector as well as to tap the growing export market. Voices were heard at the shareholders meeting urging the management to consider diversification in other food segments.

What are the plans for the future for the company to ramp up its turnover and earnings? The question was put to Faisal Ahmed Nisar, the company secretary by this writer. However, he declined to comment saying it was not the company's policy to interact with the media.

Shezan International was incorporated in 1964 as a joint venture between Alliance Industrial Development Corporation (AIDC) of the US and Shahnawaz Group of Pakistan. However, AIDC sold all of its shares to the current majority share owners Shahnawaz Group in 1971 and the company became a publicly traded entity.

At the close of financial year 2015, against the paid-up capital of Rs79.9m, reserves stood tall at Rs1.65bn. Directors, CEO and their spouse and minor children hold 2.70m shares or 33.8pc of the company stock.

Other major shareholders include the local general public with 2.91m shares or 36.6pc of the equity. Foreign companies which include Tundra Frontier Opportunities fund and Tundra Pakistan Fund hold 0.347m shares or 4.45pc of total outstanding shares. Owing to the limited number of Shezan shares traded at the stock market, the company's progress is barely followed by equity analysts at various brokerage houses.

But the FMCG companies are definitely doing a roaring business and those in the food business seem to have an edge over others. The packaged food industry continues to increase its presence in the market.

Economist Fazal Wadood says: "In Pakistan, just as in India, the consumption demand from the vast and growing middle-class is strong. Besides the burgeoning middle class, the health awareness, decreasing family size, improving literacy rate and strong growth in rural income—that for the first time in years has taken a lead over the urban prosperity – are all the reasons for staggering growth in branded packaged food products."

Packaged milk industry is also a fast growing segment in the food sector on the FMCG. Yet the current rage is the 'meat business'. Despite 14 players already in the market, newer companies continue to jostle for their place.

Investors last heard of the 'Fauji Meat', as Fauji Fertiliser Bin Qasim Limited (FFBL) decided to venture into the field through a subsidiary company. It was closely followed by Al Shaheer Corporation Limited, which analysts at brokerage Foundation Securities place among 'one of the largest exporters of Halal meat'.

https://www.dawn.com/news/1255618/hanging-out-with-beverages-and-juices

June 2016

NEWS COVERAGE PERIOD FROM JUNE 20TH TO JUNE 26TH 2016

US UNION AIMS AT MC DONALD'S DEALS IN ASIA

Dawn, June 21st, 2016

LOS ANGELES: The union backing a high-profile campaign to raise pay and improve working conditions for low-wage US workers on Monday warned potential buyers of roughly 3,000 McDonald's Corp restaurants in Asia that such deals could saddle them with operational risks, including significant costs and liabilities.

While it is not uncommon for US unions to weigh in on corporate mergers or other agreements that could affect the workers they represent, the Service Employees International Union (SEIU) is acting on behalf of fast-food workers who are not unionised.

McDonald's, the world's biggest restaurant chain by revenue, is seeking local partners to expand its Asia business. It aims to sell restaurants in China, Hong Kong, South Korea and Taiwan, as well as a portion of its stake in McDonald's Japan.

"We believe McDonald's past practices pose risks for its future licensees, those firms' investors, McDonald's franchisees in Asia, and the workers employed at McDonald's stores," SEIU Executive Vice President Scott Courtney said in a letter sent via email and regular mail to firms including KKR China, Baring Private Equity Asia and New Hope Group.

McDonald's and the firms targeted by SEIU did not immediately provide comment.

The SEIU has spent tens of millions of dollars on a multiyear campaign, including frequent public marches and protests, to improve the plight of low-wage retail and fast-food workers. Last year the union pressed the Federal Trade Commission to investigate alleged abusive practices by major franchisors, including McDonald's Corp and 7-Eleven Inc.

Among other things, SEIU warned the royalties paid to McDonald's by some international licensees have been set to rise over time. The royalties are based on a percentage of sales and insulate McDonald's from the uncertainty of changing labour, food and other operating costs that are borne by franchisees.

The union noted that Arcos Dorados Holdings Inc, McDonald's largest global franchisee, has had a rocky run since its initial public offering in 2011.

Arcos Dorados has struggled with currency woes and economic turbulence in the Latin American region where it operates. Its shares trade below $5, far below their IPO price of $17.

McDonald's business in China was hurt after a 2014 meat supplier scandal that also battered sales in other countries in the region.

http://www.dawn.com/news/1266152

ENGRO SEES RS 390 PER BAG CUT IN FERTILISER PRICES

Dawn, June 22nd, 2016

KARACHI: Major cut in sales tax and Rs36 billion subsidies on urea will bring down domestic fertiliser prices by around 20pc during the upcoming crop season.

“Fertiliser prices are being reduced by around Rs390 per bag, which is a 20pc cut over the prevailing prices,” said Ruhail Mohammed, CEO of Engro Fertilisers. Of the total price cut, Rs50 is borne by the manufacturers, whereas the remaining will come from a reduction in GST (General Sales Tax) and subsidies from the government, Ruhail said in a statement.

The government has proposed Rs36 billion subsidies on urea, cuts in sales tax to five per cent from the current 17pc and a cap in gas tariff in the budget for the fiscal year 2016-17. The move is likely to result in fertiliser prices plunging from the current Rs1,800 per bag to Rs1,410 per bag by the start of the next fiscal year.

The government in the Finance Bill for the next fiscal year proposed that urea fertiliser price be brought down to Rs1,400 per bag from Rs1,800 per bag, and DAP from Rs2,800 to Rs2,500 per bag to help ease financial pressure on farmers wrought by persistently low agriculture growth.

Ruhail said that manufactures want removal of GST on natural gas as without the move the fertiliser manufacturers will be in a constant GST-refund situation. Fertiliser companies have already taken a hit on margins by absorbing gas price increases in September last year, and a fall in prices would further reduce manufacturers’ margins by at least Rs50 per bag.

http://www.dawn.com/news/1266376/engro-sees-rs390-per-bag-cut-in-fertiliser-prices

NEWS COVERAGE PERIOD FROM JUNE 6TH TO JUNE 12TH 2016
ENGRO SELLS FERTILISER STAKE FOR RS19.3BN
Dawn, June 9th, 2016

Dilawar Hussain

KARACHI: Engro Corporation Ltd has sold off 295 million shares of its subsidiary — Engro Fertilisers Ltd — to local and foreign institutional investors and high net worth individuals (HNWI) by way of a private placement at a price of Rs65.47 per share.

“The price”, the company said in a statement on Wednesday “was discovered through a private book building mechanism”. Back of the envelope calculations shows that Engro may have realised Rs19.3 billion or $184m from the transaction.

Engro Fertilisers has been recognised as the Engro conglomerate’s flagship, being the chief contributor to the group’s profitability. The sale of a part of its equity surprised some investors at the market. The market price of the stock in EFert was slightly bruised by Rs0.74 at the stock market on Wednesday to close at Rs67.61, with trading seen in a sizeable volume of 10m shares.

EFert Chief Executive Officer Ruhail Mohammed told Dawn that he could not speak for Engro Corporation, but the divestment was perhaps a part of the holding company’s strategic initiatives with respect to its subsidiaries and in order to enable the company to diversify its portfolio and meet its capital allocation requirements for new projects such as Sindh Engro Coal Mining Company.

He said that EFert was continuing to explore opportunities both at home and abroad to expand its business within the agri input space. He elaborated that in foreign lands, the company was looking into the possibilities of expansion of manufacturing fertilisers, while within the country it was concentrating on expanding the scope of marketing of products such as insecticides, pesticides, phosphates and others.

Mr Mohammed thought that the Finance Bill 2016 was a mixed blessing for the fertiliser industry. “The huge agri sector allocation will go to assist poor farmer economics which may help lift volumes, though the fertiliser companies will also be required to contribute to the subsidy”. He considered the negatives as the levy of super tax and adjustment of provincial sales tax against federal sales tax.

Equity analyst Fahad Rauf at Taurus Securities Ltd commented that through the sale of 295m shares, which work out at 22.2pc of EFert holding by Engro Corp, the parent had reduced its stake in EFert to 57pc from 79pc.

Besides the total cash flow of Rs19.3bn the deal would provide Engro Corp a one-time gain of Rs31 per share in the unconsolidated accounts. The cash flow would be directed to Thar Coal Mining and Power Project for which Engro requires $400m to finance its equity portion.

http://www.dawn.com/news/1263580/engro-sells-fertiliser-stake-for-rs193bn

NEWS COVERAGE PERIOD FROM MAY 30TH TO JUNE 5TH 2016
ENGRO TO EXPAND POWER GENERATION BUSINESS
Dawn, June 1st, 2016

KARACHI: Engro Corporation plans to expand its power generation business and build a second liquefied natural gas (LNG) terminal.

The Karachi-based company is looking at the possibility of constructing a 400-600 million cubic feet a day LNG terminal, through a partnership, for private sector companies, Chief Executive Officer Khalid Siraj Subhani said in a statement on Tuesday.

The company also plans to build a 450 megawatts LNG-fuelled power plant for as much as $700 million, he added.

Engro is also looking to invest overseas in energy and fertiliser after the firm sells stakes in existing businesses, he said.

Pakistan’s average electricity generation is 16,000 megawatts with deficit peaking to about 5,000MW in the summer.

Engro is also part of a joint venture to produce 660MW of electricity from plants that will be built and start around June 2019 using coal for the first time from deposits in Thar, which has one of the world’s largest lignite quality coal deposits.

The company plans to double production and coal mining in the second phase of the project.

Construction has started with about 200 Chinese workers on site for the $2 billion project, said Mr Subhani. The project, part of China-Pakistan Economic Corridor (CPEC), announced last year includes about $820 million loans from Chinese banks. Currently the company makes nearly half of its total revenues from the fertilizer business, less than a third from food and seven per cent from power.

Dutch dairy company Royal FrieslandCampina NV is conducting due diligence to buy 51pc stake in Engro Foods Ltd and ATS Synthetic Pvt in Engro Polymer and Chemicals Ltd. It is also looking to sell up to 24pc stake in Engro Fertilisers Ltd.

http://www.dawn.com/news/1261895

DIGITAL INDUSTRIAL GROWTH: GE, ENGRO OPEN STRATEGIC REGIONAL ALLIANCE
Business Recorder, June 3, 2016

KARACHI: GE and Engro Corporation Limited on Wednesday initiated a strategic alliance at GE's Crotonville Global Leadership Institute that will make Engro a key digital industrial partner of GE in Pakistan and the region.

Engro is one of Pakistan's leading conglomerates with investments in agriculture, fertilizers, foods, energy and chemical storage and petrochemicals.

Already a major GE customer, Engro will accelerate its transformation into a digital industrial powerhouse by selling GE solutions and becoming a system integrator of GE Power's digital solutions to the power generation industry.

Engro and GE will also jointly develop new software applications on GE's Predix platform for the Industrial Internet to address industries not currently served by GE in which Engro has deep domain expertise.

"GE and Engro remain committed to bringing transformational solutions to Pakistan and across the region," said Azeez Mohammed, President and CEO of GE's Power Services business in the Middle East and Africa.

"We are proud to strengthen our collaboration with Engro under this important agreement through which we will provide advanced digital industrial solutions that will enhance asset life cycles and reliability across multiple industries."

The initial focus of the alliance will be on providing GE's Digital Power Plant solutions to electricity generation companies in Pakistan.

Engro in collaboration with GE will together acquire the latest cloud technologies that will help enable Pakistan's power generation sector to leapfrog more mature technologies and become part of a global digital power transformation that is expected to create $1.3 trillion in value between now and 2025.

GE's Digital Power Plant solutions transform sensor data gathered from industrial machines and processes into actionable intelligence.

This intelligence can be used to monitor equipment health, reduce downtime, improve reliability and ultimately to provide customers with a holistic view of the impact of operational decisions across entire plants and power generation fleets.

As part of the new agreement, Engro's application development and professional services organization, Inbox Business Technologies, will develop new applications on GE's Predix platform for industries in which Engro has deep domain expertise, including petrochemicals, fertilizers and food processing.

GE will provide tools and training to accelerate the development of these Predix-based applications.

Jahangir Piracha, CEO Engro Powergen Qadirpur Limited said: "Engro remains resolute in its commitment to develop the local energy sector by introducing technological platforms that can enhance our domain expertise.

Together with GE, Engro aims to implement and provide these customized digital solutions to a broad base of industrial partners in Pakistan which will help develop a more digitally competitive industry whilst simultaneously enhancing operational performance across the board."

“GE has been a committed partner in Pakistan’s growth story for more than 50 years,” said Sarim Sheikh, President and CEO for GE Pakistan & Central Asia. “The solutions that will be introduced into the country and others that will be developed in Pakistan through this agreement with Engro will result in further development of the software innovation ecosystem in the country.”

http://epaper.brecorder.com/2016/06/03/9-page/765037-news.html

July 2016

NEWS COVERAGE PERIOD FROM JULY 25TH TO JULY 31ST 2016

AMERICAN FAST-FOOD CHAIN HEFF’S BURGERS TO ENTER PAKISTANI MARKET

The Express Tribune, July 28th, 2016.

KARACHI: American fast-food chain Heff’s Burgers is entering the Pakistan market, with local franchise partner Crescent Star Foods planning to set up 10 stores in the next six years in the country.

A securities filing by Crescent Star Insurance on Wednesday said its foods subsidiary has signed a memorandum of understanding with Texas-based Heff’s Burger Franchising for the proposed agreement for the Pakistan territory to open five stores in three years and an option for another five stores in the subsequent three years.

“The terms and conditions will be governed under a letter of intent to be signed in August,” the company said.

Crescent Star Foods is already setting up as many as 30 Golden Chick restaurants under a master franchise rights agreement with another Texas-based fast-food chain, Golden Franchising Corporation, across Pakistan.

In addition, Crescent Star Foods has also signed a similar agreement with Golden Franchising Corporation to open 42 stores in the United Arab Emirates, Kuwait, Qatar, Oman, Bahrain and Saudi Arabia.

Crescent Star Foods is 100% owned by Crescent Star Insurance, a relatively small insurance company in terms of its gross premiums (Rs266 million).

In its detailed financial accounts, Crescent Star Insurance said the local business of its foods subsidiary will become commercially viable during the current year while it is expected to start paying returns from 2017.

With an expanding middle class, the country’s fast-food market has grown in recent years. Many new entrants, like Burger King, Hardee’s, Johnny Rockets and Fat Burger, have grabbed a share from KFC and McDonald’s, two multinational players that have long dominated the fast-food segment in Pakistan.

According to Al Shaheer Corporation, a prominent meat exporter and retailer, Pakistanis consume about 834,000 tons of poultry meat every year, which makes the nation one of the top 20 consumers of chicken globally.

In the annual general meeting of Crescent Star Insurance last April, the company resolved to authorise investments in the share capital of Crescent Star Foods up to Rs50 million, which enhanced its total investment in the subsidiary up to Rs120 million in aggregate.

The period of investment is long term, it said, with the objective of entering the “lucrative food business category.”

Crescent Star Insurance has been on an expansion spree of late. It has invested up to Rs50 million in Pak Kuwait Takaful Company besides investing up to Rs450 million in Dost Steels by underwriting the steel manufacturer’s shares.

It is also acquiring PICIC Insurance at the swap ratio of one to four i.e. any person or institution holding four shares in PICIC Insurance will end up owning one share in Crescent Star Insurance post-acquisition.

http://tribune.com.pk/story/1150782/fast-food-business-heffs-burgers-enter-pakistani-market/

CORPORATE RESULT: FAUJI FERTILIZER’S PROFIT DOWN 30%

The Express Tribune, July 28th, 2016.

KARACHI: Fauji Fertilizer Company (FFC) Wednesday announced a net profit of Rs2.8 billion in the second quarter ended June 30, down 33% compared with Rs4.2 billion in the same period last year, according to a company notice sent to the Pakistan Stock Exchange (PSX).

The result was above market expectations, a Topline Securities report said on Wednesday. The benchmark KSE-100 Index closed at 39,434, up 287 points or 0.73% Wednesday. FFC share price increased 0.96% to close at Rs114.81.
Earnings per share (EPS) of the company declined to Rs2.2 from an EPS of Rs3.3. The company also declared an interim cash dividend of Rs1.55 per share, taking total dividend in first half of 2016 (1H2016) to Rs3.4 per share.
Revenue in the second quarter of 2016 (2Q2016) plummeted 11% year-on-year (YoY) to Rs17.6 billion owing to Rs90-100 per bag decline in Urea retention prices.
Deteriorating fundamentals of the agriculture business in Pakistan have led to a fall in overall fertiliser demand.
To recall, for the development of agriculture and protection of the interests of farmers, the government reduced feed gas prices by Rs77 per million British thermal units (mmbtu), effective from April 1, 2016.
Additionally, the government also announced Rs70 per bag reduction in urea prices. In spite of this, fertiliser sales failed to pick up due to poor farm economics.
Cost of sales also fell by 7% YoY to Rs11.8 billion in 2Q2016 essentially due to 38% YoY decrease in feed gas prices.
Due to a much more amplified reduction in revenues as compared to the cost of sales, gross margins declined by 3 percentage points to 33%.
Finance cost of the company surged by 54% YoY to Rs869 million in 2Q2016 owing to the increase in borrowings made by the company to finance its Gas Infrastructure Development Cess (GIDC) payments and a crunch in the working capital of the company.
The considerable increase in other income, up 211% YoY to Rs1.6 billion, was most likely due to the disbursement of the subsidy on urea of Rs390 per bag in June 2016.
During the 1H2016, revenue of FFC posted a slump of 27% while cost of sales declined by 17% due to a substantial fall in urea retention prices, and 23% YoY fall in urea off-takes.
These factors, in addition to absence of dividend income, and imposition of super tax have led to drag in profitability by 29% a year-on-year to Rs6.2 billion (EPS Rs4.9).
Higher inventory levels, and weak performance of FCC's subsidiaries in future are potential risks for the company.
http://tribune.com.pk/story/1150784/corporate-result-fauji-fertilizers-profit-30/
NESTLE INVESTS IN MANGO JUICE SUPPLY CHAIN
The Express Tribune, July 31st, 2016.
Shahram Haq
LAHORE: The interest of multinational food and beverage giants to invest in Creating Shared Value (CSV) programmes in Pakistan is helping different communities to incorporate best global practices in their business.
The most prominent example is of the dairy sector, where different companies have generally struggled to engage hundreds of thousands of milkmen as part of their supply chain to meet the ever-growing demand in Ultra High Treated and Pasteurized milk in the country.
Apart from milk, the juices segment has seen a massive growth in recent years. Unfortunately, majority of orchard farms in Pakistan are unable to produce quality fruit pulps, as they are still relying on old farm practices.
In 2013, Nestle Pakistan initiated 'The Chaunsa Project', (premier Mango variety) to fulfil its future juices segment demand. The company as a pilot project had chosen eight mid-size mango farms in South Punjab region, the owners of whom would benefit from training on best farm practices to increase yield and improve quality of Chaunsa mangoes with the end goal of making them a part of their juice value chain.
"Some three decades ago, the company started its milk project by engaging and training the local community, In Chaunsa project, we are almost standing at the same level today," Ali Ashar Syed, Corporate Manager External Projects Nestle Pakistan, told The Express Tribune.
Apart from corporate orchard farms, majority of the farmers are unable to get best produce as they are somewhat hesitant to adopt time consuming global practices. In 2014 Pakistan produced around 1.7 million tons of mangoes, a figure much lesser than its neighbouring country India, which produced 15 million tons and China which produced 4.3 million tons of mangoes.
"It was hard for me to neglect the traditional way of farming," said Mohsin Baig, a mango farmer in Multan, who is part of the pilot project. "After adopting these techniques, I am getting at least double the price of per-acre yield."

Syed said that from next year they will expand the project to 25 mango farms, which will help them introduce some new products in future.
http://tribune.com.pk/story/1152659/expanding-nestle-invests-mango-juice-supply-chain/

NEWS COVERAGE PERIOD FROM JULY 18TH TO JULY 24TH 2016

MONSANTO CALLS BAYER'S RAISED BID 'INSUFFICIENT'

Dawn, July 20th, 2016

NEW YORK: US agrochemical giant Monsanto said Tuesday that an increased takeover bid from Germany's Bayer was still "insufficient," but that it remains open to talks to seal the transaction.

Monsanto called Bayer's bid last week of $125 per share, up from the prior $122 per share, "financially inadequate" to ensure a deal. But Monsanto left the door open to talks, adding that there are no assurance a deal will be reached.

Bayer, inventor of the painkiller Aspirin, has argued a takeover of the US company would create a new world leader in seeds, pesticides and genetically modified (GM) crops.—AFP

http://www.dawn.com/news/1271824

NEWS COVERAGE PERIOD FROM JULY 11TH TO JULY 17TH 2016

A CHANGE AT EFOODS

Business Recorder, 12, July 2016

The formal milk and food industry of Pakistan has finally received the good news it was expecting to hear since March. Last Monday, Engro Corporation made the announcement that it has signed an agreement for the sale of up to 51 percent or 390.96 million of its shares in Engro Foods (EFOODS) at an estimated price of $448 million, by way of sale and purchase agreement (SPA).

Subject to the approval of the Competition Commission and other relevant authorities, the buyer of Pakistan's second-largest formal milk producer is the Dutch giant Friesland Campina International Holding BV. However, there will be a legal entity that will consist of Friesland Campina, which will hold approximately 80 percent shares and will be the largest stakeholder. Other partners are International Finance Corporation (IFC) and Dutch development bank FMO, and they will hold the remaining shares in the legal entity.

At the time of the announcement, Engro Corporation owns 87 percent or 667 million shares of EFOODS. After the complete acquisition, the effective shareholding of ENGRO will reduce to 327 million shares. Engro Corporation has also mentioned that both companies have agreed to the sale price on cash and debt-free basis of Rs96.6 billion to be adjusted for certain items, including debt and debt-like items, cash and cash equivalents and working capital.

But the market did not show its appreciation of the agreement reached last Monday – the only day of trading before the Eid holidays. Despite the fact that the price of Engro Corporation's share rose to Rs337.6 or by 1.4 percent, the stock of EFOODS shed five percent and closed at Rs155.17 per share on Monday only.

Perhaps, this had to do with the fact that the deal price is Rs120 per share, which is a discount of almost 26 percent to EFOODS' share price of Rs163 in the previous week. That said the final price will be calculated within 40 business days of closing after preparation of the closing statements reflecting the adjusting items as of the closing date.

In March, when the original announcement of intention was made, market excitement went through the roof. At that time, almost all brokerage houses agreed that the final acquisition price would be somewhere between Rs 140 to 150 per share. However, if one looks at the growing milk industry of Pakistan, it is not so surprising that the deal has been offered at a discount. Almost ten years ago, when Engro Foods entered the UHT milk market, Nestle was the only major player.

EFOODS made its space and created a market for itself. However, now Pakistan's dairy market is booming, and it's changing; multiple players like Fauji Foods Limited (Formerly Noon Pakistan Limited), and Dalda Pakistan along with pasteurized-milk players have started to put pressure on EFOODS' margins. If that's not enough, the market is likely to get more competitive next year when Interloop Dairies Limited, a company of Interloop Limited, launches its own milk brand.

Currently, 90 percent of EFOODs revenue comes from only three products: Olpers, Omung, and tea whitener Tarang. The Ice cream segment contributes only ten percent to the income of the company. That's why it was necessary for EFOODS to get innovative in the face of growing competition. Friesland Campina International, which is one of the

largest dairy companies in the world, should be able to help Engro Foods diversify itself further by introducing value-added products like infant nutrition segment and other high-margin milk products.
This development came at a time when the food sector is suffering from declining foreign direct investment (FDI). The lack of FDI is quite alarming in Pakistan since the population is growing at a rate of 1.5 percent annually and urbanisation is in full swing. In the last budget, the finance ministry proposed to convert the zero-rated status of packaged milk sector into an exemption from sales tax. Besides that, the government has also imposed a regulatory duty of 25 percent on powdered milk, and there is also a 20 percent customs duty. The government should rather focus on materialising the opportunity to attract more FDI in the sector.
http://epaper.brecorder.com/2016/07/12/2-page/775346-news.html
NEWS COVERAGE PERIOD FROM JULY 3RD TO JULY 10TH 2016
DUTCH FIRM BUYS ENGRO FOODS FOR $450M
Dawn, July 5th, 2016
Karachi: Engro Corporation has finally entered into an agreement with a Netherlands-based dairy cooperative to sell up to 51 per cent shares in its subsidiary Engro Foods at an estimated cost of $448 million.
The transaction has been billed as the single largest private sector foreign direct investment (FDI) in Pakistan in recent years.
The Dutch acquirer FrieslandCampina said on Monday it would partner with the International Finance Corporation (IFC) and the Dutch development bank FMO in the share-purchase agreement (SPA).
Earlier on March 3, FrieslandCampina announced that it intended to acquire up to 51pc of voting shares of Engro Foods in line with local takeover laws.
Engro Corporation affirmed on Monday that it would remain a significant partner and shareholder under the new company structure.
Citibank, the financial adviser, said on Monday that FrieslandCampina planned to undertake acquisition directly and/or through a special-purpose vehicle (SPV). Subject to completion of public tender offer and relevant procedure under the law, IFC and FMO would acquire an equity interest in the SPV, resulting in FrieslandCampina holding around 80pc of SPV’s equity.
FrieslandCampina affirmed that it would make a tender offer to the remaining shareholders of Engro Foods from public shareholders. The actual number of shares purchased in the tender offer will be deducted from the number of shares acquired from Engro Corporation.
Analysts at Topline Securities said the sale price under the SPA has been agreed on a cash-free, debt-free basis with an enterprise value of $933m to be adjusted for certain items including debt-like items, cash and cash equivalents and working capital.
The sale price as of this announcement is estimated at around $448m (Rs120 per share). The final sale price will be calculated within 40 business days of closing after preparation of the closing statements. The analysts said that although the acquisition price of Rs120 per share was at 26pc discount to last closing, the discount was scarcely surprising for the market.
The sale is expected to result in a one-time cash flow impact of Rs90 per share (at deal price of Rs120 per share). “Engro Corporation will generate cash of around Rs47bn,” analysts calculated.
FrieslandCampina said in a statement on Monday that the acquisition of Engro Foods would enable it to obtain a key position in Central Asia. “Pakistan is the third-largest milk producing country in the world with an annual production of 38 billion litres of milk.”
The proposed buyer expects to benefit from the conversion of the market from loose to packaged dairy consumption that will drive the volume growth of packaged dairy products.
Hussain Dawood, the chairman of Engro Corporation, commented: “The partnership enables us to provide a wider array of affordable high-quality dairy products for a healthier Pakistan, especially of its younger population.”
http://www.dawn.com/news/1269078
TEXTILE FIRM ENTERS DAIRY BUSINESS WITH RS 2B INVESTMENT
The Express Tribune, July 6th, 2016.
Imran Rana

FAISALABAD: A renowned textile company has made forays into the dairy business and intends to introduce a new milk brand next year in a bid to grab a slice of the pie in the growing but still underdeveloped sector.
"Interloop Limited, one of the world's largest socks manufacturer, has poured Rs2 billion into the dairy business and set up a new company named Interloop Dairies Limited. It is going to launch its milk brand next year," said Navid Fazil, Chief Executive Officer of Interloop Dairies, in an interview with The Express Tribune.
This is happening at a time when Dutch dairy company FrieslandCampina signed an agreement with Engro Corporation for the acquisition of 51% stake in the latter's subsidiary Engro Foods for $448 million.
Pakistan is said to be the fourth largest milk producer in the world, but only 10% of the milk produced is sold in packages. The packaged milk market is dominated by a couple of players.
In the budget for 2016-17, the government has changed tax structure for the dairy industry that many believe will hurt future expansions.
Coming up with the reason behind the decision to make inroads into the dairy sector, Fazil said Interloop pumped capital into the new area after analysing the rapidly growing population of the country and increased urbanisation. "Packaged dairy products have very good prospects," he remarked.
"In the initial phase, we have invested Rs2 billion to establish a dairy farm equipped with hi-tech infrastructure and according to international quality standards. It is producing milk on the most modern lines."
The CEO revealed that the company had imported Holstein-Friesian cows from Australia that were reared at the farm and were now producing milk.
"We plan to inject another Rs500 million to expand the value chain by setting up a milk processing and bottling plant and building a distribution network to sell the milk in packaged form," he said.
With a qualified team including veterinary doctors and nutrition experts supported by foreign dairy consultants, Interloop Dairies is currently producing 45,000 litres of milk per day that will be enhanced to around 65,000 litres by the end of 2016.
In order to increase the yield and produce top-quality milk, Fazil said, cows were given the best possible nutritional food. "The feed is planned and produced in a scientific manner by our on-farm feeding and nutrition manager."
Over 20 different feed ingredients, minerals and additives were used in right proportions to take care of feeding needs of the cows, he added.
Currently, Interloop Dairies has a herd of around 3,300 cattle and its farm could house up to 5,200 animals.
Interloop supplies milk to Engro Foods, however, the company intends to venture into other segments of the milk industry from 2017.
"Next year, we will launch our own brand in the market and sell milk and allied products directly to the consumers," Fazil said. "Interloop is already a recognised brand and is well-respected by the people as we do not compromise on quality."
http://tribune.com.pk/story/1137049/new-path-textile-firm-enters-dairy-business-rs2b-investment/

August 2016

NEWS COVERAGE PERIOD FROM AUGUST 22ND TO AUGUST 28TH 2016

US WATCHDOG CLEARS CHEMCHINA'S SYNGENTA ACQUISITION

Dawn, August 23rd, 2016

ZURICH: A US national security regulator has approved a state-owned China National Chemical Corp's planned $43billion (38bn euro) takeover of Swiss pesticide and seed giant Syngenta, the two companies said on Monday.

ChemChina and Syngenta said in a joint statement that they had "received clearance on their proposed transaction from the Committee on Foreign Investment in the United States (CFIUS)."

They said a number of anti-trust regulators around the world still need to approve what would be by far the biggest-ever overseas acquisition by a Chinese firm.

They said the transaction was expected to close by the end of the year.

ChemChina announced the blockbuster deal in early February, vowing to dish out $465 for each Syngenta share, plus a special dividend.

Initially, the companies had expected to wrap up the first part of the transaction by May 23, but the period has been prolonged twice as the companies wait for the verdict of various competition authorities, which is now set for September 13.

There have been few hurdles to the planned deal in Switzerland, but it raised more than a few eyebrows in the United States, where much of Syngenta's business is based.

At the end of March, four members of the US Senate agriculture committee wrote a letter to Treasury Secretary Jack Lew voicing their concerns.

The senators, from both the Republican and Democratic parties, asked that the planned deal be scrutinised for "any potential ramifications the purchase may have for American national security, with a specific focus on the potential effects on food security and the safety of our food system."

This led to the review by CFIUS, an inter-agency committee that assesses the national security implications of foreign investments in US companies.

Syngenta rebuffed US-rival Monsanto three times last year before accepting ChemChina's offer.

The proposed merger is not the only mega takeover planned in the sector as low crop prices push demand down for many agricultural products.

German chemicals and pharmaceuticals giant Bayer is intent on snapping up Monsanto, last month saying it would raise its initial $62bn offer for the company.

And last December, two of the oldest US companies, Dow Chemical and DuPont, announced a tie-up to create the world's biggest chemical and materials group, valued at $180bn.

Following Monday's announcement, Syngenta saw its share price soar 11.58 per cent in mid-morning trading to 424.90 Swiss francs a piece, as the Swiss stock exchange's main SMI index swelled just 0.69pc.

http://www.dawn.com/news/1279276

DRAFT AMENDMENTS TO CORPORATE SECTOR RULES ISSUED
Dawn, August 28th, 2016

ISLAMABAD: Three years after its enactment, amendments are being made to the Public Sector Companies (Corporate Governance) Rules 2013 as the government functionaries have been facing issues in implementing existing rules.

The Securities and Exchange Commission of Pakistan (SECP) on Saturday issued the draft of amendments in the Rules and floated the document on its website to obtain feedback from all stakeholders including the public.

The need for amendments in the Public Sector Companies (Corporate Governance) Rules, 2013, has mainly been pushed by the Economic Reforms Units of the Ministry of Finance.

“Some concerns regarding implementation of the Rules have been forwarded by the concerned line Ministries of concerned Public Sector Enterprises (PSEs),” said an official of the SECP.

After consultations with the government, mainly finance ministry officials, the SECP has decided to introduce amendments to the Rules to ensure proper compliance and implement good corporate governance principles in the state owned companies.

“The state owned companies are failing to perform as per their potential and this issue has not been addressed properly in the past three years despite the introduction of the Rules,” the SECP official said.

“Though the public sector companies (PSCs) are significant economic players delivering critical services in important economic sectors but a large number of them are making losses and depend on government financial support,” he added.

The Rules were introduced in 2013 with the approval of federal government, aimed at improving the governance of PSCs through a range of measures, including empowering the board of directors, facilitating the government to exercise its ownership function, strengthening the internal control mechanism, etc.

However the amendments being introduced includes introduction of criteria for sound and prudent management of PSEs.

But at the same time the amendments suggest that the proportion of independent directors in the Boards be reduced from a majority to a minimum of one-third level.

Incidentally, an official of the Finance Ministry said the number of independent directors was being reduced only because the PSEs were facing difficulties in finding qualified persons from the private sector.

“Due to many reasons including court hearings – the qualified person who fulfill the criteria do not wish to become Board members of any government commercial entity – as a result many Boards remains either incomplete or have been filled by persons who did not meet the relevant criteria,” the finance ministry official said.

“But in both the scenarios cases have been filed against the government, which eventually further deteriorated the performance of the PSE and the ministry too,” he added.

The amendments have also made it stringent to remove non-performing directors while the criteria for appointment of chairman and chief executive of PSEs have been revised too.

However, the draft has also suggested that the government should enter into performance contracts with directors at the time of their appointment.

The SECP maintains the proposed amendments will improve standards of good corporate governance in public sector companies by facilitating them in improving their performance and minimise political interference in the management, and maintaining a balance between public service delivery and profitability.

http://www.dawn.com/news/1280407

NEWS COVERAGE PERIOD FROM AUGUST 15TH TO AUGUST 21ST 2016
UNDP LAUNCHES PROJECT TO SUPPORT SMES
Dawn, August 18th, 2016

PESHAWAR: The United Nations Development Programme Pakistan on Wednesday launched the suppliers' development programme to support small and medium enterprises in Khyber Pakhtunkhwa.

The new development project is meant to improve the productivity, efficiency, product quality, and product delivery of small and medium enterprises.

The project was launched in Peshawar by the UNDP Pakistan, the government of Khyber Pakhtunkhwa (KP) province, and the Small and Medium Enterprise Development Authority (SMEDA).

The initiative was launched by UNDP Pakistan country director Marc-André Franche, labour and mineral development minister Anisa Zeb Tahirkheli, provincial industries secretary Farah Hamid Khan, planning and development secretary Zafar Ali Shah, chief commercial officer of KPEZDMC Aadil Salahuddin and provincial Smeda chief Iqbal Khattak.

According to a statement issued here, the SDP is part of the UNDP's larger Khyber Pakhtunkhwa Economic Development Project aimed at boosting economic development in the province by creating jobs, increasing the competitiveness of SMEs, and nurturing young entrepreneurs.

Pakistan is the first country in South Asia to replicate the SDP model, which is based on the assumption that marginalized groups, like youth and women, can play dynamic roles in building a prosperous society.

Mr. Marc-André Franche said SDP was in line with UNDP's larger objective of bringing stability through economic development in conflict-affected places.

"I am confident that the initiative will go a long way in generating employment and securing prosperous futures for skilled labour and entrepreneurs in Khyber Pakhtunkhwa," he said.

He said under the SDP, consultants were trained to work with a value chain comprising a leading company and 6–10 suppliers.

"They apply a specially designed methodology to improve the competitiveness of suppliers to meet the quality, quantity, standards, and delivery time of the products being supplied to the lead company. Eventually, this low-cost model will be permanently embedded into a government or private sector entity," he said.

The planning and development secretary said addressing weaknesses of individual SMEs would not only increase competitiveness of the companies but also enhance the competitiveness of the sector.

"In the long run, development of private sector helps reduce poverty and inequalities in a society and SDP can be a great tool contributing towards this."

Chief commercial officer of KPEZDMC Aadil Salahuddin said the SDP programme provided a great opportunity both for 'sick' and new industries being set up in industrial zones.

"Both will benefit from the programme's services in order to improve their businesses along with their key strategic suppliers. The SDP initiative is in line with KPEZDMC's mission for industrial development in the province," he said.

http://www.dawn.com/news/1278340

ENGRO'S PROFIT FALLS 28 PC
Dawn, August 19th, 2016

KARACHI: Engro Corporation announced a profit-after-tax of Rs6.91bn for the first half ended June 30, 2016, representing earnings per share at Rs10.54.

The company's profits were down 28pc from Rs9.56bn (eps Rs15.28) on a year-on-year basis.

The board of directors announced second interim cash dividend of Rs7 per share, taking the first half dividend payout to Rs12 per share.

The decline in earnings for 1H16 was attributed to decline in top line and 4 percentage points increase in effective tax rate. The decrease in top line was due to a weak performance of its fertiliser business.— Equities Correspondent

http://www.dawn.com/news/1278453

NESTLE POSTS SLUGGISH FIRST-HALF PROFITS
Dawn, August 19th, 2016

GENEVA: Nestle, the world's largest food company, on Thursday reported a 9.1 per cent fall in profits through the first six months of 2016, but said its sluggish performance should be reversed in a strong second half.

The firm posted 4.1 billion Swiss francs ($4.3bn) in profits through the first half of the year, a step backwards compared to $4.5bn Swiss francs of profits it raked in through the same period in 2015.

http://www.dawn.com/news/1278453

NESTLE EARNINGS UP 3.5 PC
Dawn, August 21st, 2016

KARACHI: Nestle Pakistan boosted its overall earnings by 3.47 per cent for the six months ended on June 30, 2016 and witnessed an overall increase in its total revenue by almost Rs3.1 billion.

The company's revenue stood at Rs56.3bn, 5.8pc higher compared to the same period last year. Its earnings per share increased from Rs136.83 per share in 2015 during the same period to Rs141.58 per share in 2016

The company in a statement said that its operating profit increased to Rs10.8bn translating into 8.76pc growth versus the same period last year. This was achieved as a result of improved gross margin and effective cost management.

http://www.dawn.com/news/1278876

NEWS COVERAGE PERIOD FROM AUGUST 8TH TO AUGUST 14TH 2016
TELENOR, ENGRO TO AUTOMATE MILK COLLECTION NETWORK

Business Recorder,10 August 2016

KARACHI: Telenor Pakistan has partnered with Engro Corporation to automate the nationwide milk collection network, said a company statement Tuesday.

The project aims to facilitate Pakistan's dairy farmers in collection of payments for their yield by digitizing the traditional manual transactions that are tedious and unsecure.

The contract was signed between Irfan Wahab Khan, CEO Telenor Pakistan, and Khalid Siraj Subhani, President & CEO Engro Corp. The automation project will facilitate more than 135,000 farmers at 1,600 Engro milk collection centers across the country by providing cutting-edge digital data collection and payment system.

As part of the project, Telenor Pakistan will provide special software platform installed at all of Engro's Milk collection centers for recording the data. The data will be transmitted to a central server hosted by Telenor through its network after which payments will be released to the farmers easily and securely.

Commenting on the development, Irfan Wahab Khan, CEO Telenor Pakistan, said, "This partnership is yet another step for fulfilling our vision of empowering Pakistan and a testament to our commitment of bringing the benefits of technology to the grassroots.

Dairy being a sprawling business in Pakistan needs advancement so that some unnecessary hardship could be removed from the farmers' lives. As a result of this partnership, dairy farmers could focus more on their harvest."

On the development, President Engro Corp Khalid Siraj Subhani said: "This partnership is of paramount importance for Pakistan's dairy industry and showcases our commitment to developing the local industry by introducing technological platforms to the rural communities of Pakistan.

We have always felt the need for a convenient and secure automated payments solution for our dairy farmers, and are hopeful that this innovative project will finally result in further development of the dairy innovation ecosystem in the country."

Once the system is in place, Engro would be able to provide other value-added services/information to the farmers like weather, fodder and animal health management system in later stages of the project.

The partnership will also educate rural communities of Pakistan about the power of internet and connectivity, and will encourage the communities to opt for technological uptake. In addition, the project will aim at bringing women from rural communities within the fold of digital inclusion by extending the benefits of technology to their vocation.—PR

http://epaper.brecorder.com/2016/08/10/8-page/784593-news.html

CORPORATE RESULTS: AGTL ANNOUNCES EARNINGS OF RS 528 M, UP 6%
The Express Tribune, August 12th, 2016.

KARACHI: Al Ghazi Tractors Limited (AGTL) reported earnings of Rs 528 million in the second quarter ended June 30, up 6% compared to Rs 498 million in the same period of last year, according to a company notice to Pakistan Stock Exchange (PSX).

Earnings per share (EPS) increased to Rs9.11 from an EPS of Rs8.58 in the period under review. Despite better quarterly results, AGTL share closed at Rs431.9, down by a significant 4% on Thursday. The KSE-100 Index closed at 39,861, up 55 points or 0.14%.

However, cumulatively, the company's earnings have come down by 11.5% to Rs985 million in first half from Rs1.1 billion in the same period last year.

"The decline in earnings was primarily due to 60% year-on-year decline in other income, following decline in cash and short investment amid aggressive dividend pay-outs," BMA Capital commented on Thursday.

AGTL was incorporated in 1983 and has a capacity to produce more than 30,000 tractors.

http://tribune.com.pk/story/1160504/corporate-results-agtl-announces-earnings-rs528m-6/

NEWS COVERAGE PERIOD FROM AUGUST 1ST TO AUGUST 7TH 2016
WHY ENGRO SOLD STAKE IN SOME OF ITS MOST PROFITABLE SUBSIDIARIES
The Express Tribune, August 1st, 2016.

Kazim Alam

KARACHI: Engro Corporation sold more than 28% of its stake in Engro Fertilizers to institutional and high net worth individuals for $185 million on June 8.

A month later, the conglomerate decided to sell up to 51% shareholding in Engro Foods for $448 million.

According to Engro Corp President Khalid Siraj Subhani, the first is the "legacy business" while the second is the "darling business" for the holding company, which is one of the country's largest conglomerates with annual revenues to the tune of $1.7 billion.

"We needed money because we are investing in power projects. People are reading a little bit more into it… as a business, we keep evaluating from where money can be pulled out and where it can be deployed more gainfully," he told The Express Tribune in a recent interview.

But why would a corporate giant like Engro Corp sell substantial stakes in some of its most profitable subsidiaries to raise cash for new investment avenues? Isn't selling profitable companies to divert resources to the energy sector tantamount to killing the goose that lays the golden egg?

After all, it has got a solid balance sheet with total assets of Rs196.3 billion, which is convincing enough for any bank to extend long-term financing.

"Yes, we could have borrowed from banks. Our balance sheet is very strong. (But) we think what we followed was the better approach," he said while referring to the decision to rely on inter-corporate financing instead of bank borrowing to finance the company's expansion into the energy sector.

Around five years ago, Engro Corp underwent what Subhani calls "very tough, most stressful period" in the 50-year history of the company. It had set up a fertiliser plant worth $1.1 billion largely using borrowed funds following a gas supply agreement with the government. But the government did not honour its agreement and gas supplies remained sporadic, which hurt the company's cash flows. To quote from an official statement, Engro Corp faced an "imminent loan default" at the time.

“There is no doubt we had done heavy borrowing. But that was a conscious decision, as we were in the growth mode. Nobody had thought the government would fail to honour its agreement with us,” Subhani said.

But he insists that Engro Corp’s decision to opt for inter-corporate financing instead of bank borrowing in spite of record-low interest rates is completely unrelated to its bitter episode with banks a few years ago.

Engro Corp’s non-current liabilities, which reflect long-term financial obligations, at the end of 2015 amounted to Rs45.8 billion, down more than 50% from Rs92.9 billion in 2010.

But Engro Corp is not the only large, non-financial corporation that has gone for deleveraging in the recent past. According to a research study by SBP economist Talha Nadeem released last month, large Pakistani companies have been paying off their past bank loans since 2009 while resisting the temptation to borrow for further expansion.

By using the debt-to-common equity ratio, the study shows that many large Pakistani corporations have opted for deleveraging in the last six years. They are increasingly opting for inter-corporate financing, which involves a holding company making equity investments in its subsidiaries as opposed to the subsidiary taking out a traditional bank loan.

Through one of its subsidiaries, Engro Corp recently built a terminal in Karachi for the storage and regasification of imported LNG. But it decided to stay away when the government asked for bids to build another terminal. Subhani said media trial of his company and unfair criticism discouraged him from bidding for the second terminal.

However, Engro Corp is now looking at the possibility of putting up a “commercial terminal” for imported gas. Unlike its last project where the government imported gas and the company served only as a service provider, the commercial terminal will have no government intervention. It will operate just like a petrol pump where the company will find suppliers and customers on its own. But it is in the project development stage right now, Subhani said. “We are still studying it. If we decide to go in, it will be a joint venture,” he said.

With regard to the rumour that Engro Corp was eyeing to purchase K-Electric, the company responsible for supplying electricity to Karachi, Subhani remained noncommittal.

“Engro is not involved in the K-Electric transaction right now,” he said. However, he hastened to add that it “makes sense” for Engro Corp to acquire distribution companies. “It is not out of our domain. Whether we acquire a distribution company or not, only time will tell,” he said.

http://tribune.com.pk/story/1153026/selling-stake-flagship-business-kill-goose-lays-golden-egg/

September 2016

NEWS COVERAGE PERIOD FROM SEPTEMBER 26TH TO OCTOBER 2ND 2016

ICI PAKISTAN TO SET UP RS 4.8-BILLION FACILITY

The Express Tribune, September 28th, 2016.

KARACHI: ICI Pakistan will set up a facility at the cost of Rs4.8 billion to manufacture Japan’s Morinaga infant formula in the country, according to a bourse filing Tuesday.

ICI Pakistan Company Secretary Saima Kamila Khan said in a notification to the Pakistan Stock Exchange that the project was expected to come online in 2018.

The announcement was well received by investors, as the company's share price hit the upper limit of five per cent, rising by Rs30.75 to closed at Rs645.78 with a volume of 183,600 shares.

The company would set up the manufacturing facility in partnership with Morinaga Milk Industry Company Limited of Japan and Unibrands Private Limited, which is a wholly-owned subsidiary of pharmaceutical concern Searle.

"ICI's equity stake in the proposed new joint venture is intended to be 51%. The combined equity stakes of Morinaga and Unibrands is intended to be 49%," the notification said.

The venture would also include the distribution, marketing and sales of the locally manufactured infant formula. The Board of Directors of ICI Pakistan has in principle approved the proposed joint venture on Tuesday. However, it would be subject to regulatory approvals.

This announcement further builds on the companies' existing collaboration. Since 2014, NutriCo Pakistan Private Limited (a joint venture between ICI Pakistan Limited, Morinaga Milk Industry Company Limited and Unibrands Private Limited) has imported, marketed and distributed Morinaga Milk Industry Company Limited products in Pakistan. The total investment of ICI Pakistan Limited in NutriCo Pakistan Private Limited currently stands at 40%.

The company secretary said NutriCo Pakistan would continue its operations of importing, marketing and distributed the Morinaga products simultaneously.

"Founded in 1917, and having had a presence in Pakistan for more than 38 years, Morinaga is a household name trusted by consumers worldwide," the handout said.

ICI Pakistan Chief Executive Asif Jooma said in the handout that "this new venture is in perfect alignment with our strategy, and the company's brand promise – Cultivating Growth. I am pleased to see it materialised in line with plans previously set in motion."

http://tribune.com.pk/story/1189628/ici-pakistan-set-rs4-8-billion-facility/

DUTCH DAIRY FIRM TO BUY ENGRO FOODS PUBLIC SHARES FOR RS151.85 APIECE
Dawn, October 1st, 2016

KARACHI: FrieslandCampina Pakistan Holdings BV, a wholly owned subsidiary of Dutch dairy cooperative FrieslandCampina, has offered to acquire 49.8 million shares of Engro Foods Ltd held by the general public at a price of Rs151.85 per share.

The announcement made in a statutory filing with the stock exchange on Friday was warmly greeted by the investors who carried the price of Engro Foods' stock up by Rs6.96 to Rs146.31.

In early July, Engro Corporation entered into an agreement with the Netherlands-based dairy cooperative to sell up to 51 per cent shares in its subsidiary Engro Foods at an estimated cost of $448 million, or Rs122 per share.

The transaction was billed as the single largest private sector foreign direct investment inflow in Pakistan in recent years. FrieslandCampina previously said it would partner with the International Finance Corporation and the Dutch Development Bank in the share-purchase agreement.

The buyback offer to the public would be made through a tender offer. “Although the acquirer has offered the highest amongst the prices stated under regulation, given historical precedence probability of acceptance may be around 70pc from the general public due to unwillingness of some investors to sell shares,” stated analysts at Foundation Securities on Friday.

Engro Foods currently has a free float of 115m shares (15pc), which would likely be reduced to 8.5pc. The company would continue to be a listed entity post acquisition.

Arubah Zia, an analyst at BMA Capital Management Ltd, said the transaction would result in a one-off gain of Rs38.2bn, translating into earnings per share of Rs73 on the books of Engro Corporation.

http://www.dawn.com/news/1287167/dutch-dairy-firm-to-buy-engro-foods-public-shares-for-rs15185-apiece

NEWS COVERAGE PERIOD FROM SEPTEMBER 11TH TO SEPTEMBER 18TH 2016
FOOD STANDARDS: SC SEEKS ANALYSIS OF ALL BRANDS OF PACKAGED MILK
The Express Tribune, September 17th, 2016.

LAHORE: The Supreme Court on Friday directed the authorities concerned to conduct chemical examination of packaged milk of all domestic and international brands available in the market.

A two-judge bench headed by Justice Mian Saqib Nisar directed the University of Agriculture Faisalabad, the University of Veterinary and Animal Sciences and the Pakistan Council of Scientific and Industrial Research (PCSIR) to conduct the analysis within a month.

The bench was hearing a petition against sale of substandard milk.

Justice Nisar observed that it was the government’s responsibility to check quality of edible items. He said those conducting the analysis of milk samples might face pressure from vested interests but they should do their job without any fear.

He made Advocate Haider Rasool Mirza coordinator for the matter and adjourned hearing of the petition for four weeks.

Barrister Zafarullah Khan had submitted that like loose milk packaged milk available in the market was also adulterated with chemicals found in detergents. He said it was not fit for human consumption and its use was leading to spread of diseases including cancer and hepatitis-C. He said there was not a single laboratory in the country with the capability to measure contamination of milk and water by chemical products.

The petitioner said milk produced by cattle injected with steroids to boost production was not fit for consumption. He prayed to the court to ban sale of adulterated milk, bottled water and poultry given hormone boosters.

Separately, the Supreme Court on Friday gave more time to the advocate general to submit a report about progress in investigation of child abduction cases in the province.

Earlier, Advocate General Shakilur Rehman told the bench that two members of a steering committee formed by the court were out of country. Justice Nisar observed that anxiety among the public over the safety of their children had come down since the court took notice of the matter. The bench allowed the AG to take more time to submit the report and adjourned hearing for a month.
http://tribune.com.pk/story/1182889/food-standards-sc-seeks-analysis-brands-packaged-milk/

NEWS COVERAGE PERIOD FROM SEPTEMBER 5TH TO SEPTEMBER 10TH 2016

MONSANTO'S CLIMATE CORP SEEN PROFITABLE BY 2020

Business Recorder, September 07, 2016

Monsanto Co's digital agriculture platform should begin generating revenue for the seed and chemical company by 2020 as paid subscriptions for data-driven farm management and planting advice services expand, a top executive told Reuters. Revenues from the Climate Corporation business, acquired in 2013 for nearly $1 billion, are expected to be in the hundreds of millions of dollars by then, Robb Fraley, Monsanto's chief technology officer said in an interview at the Farm Progress industry show.

"By the turn of the decade it will be a clear cash generator for the business," Fraley said, noting it will still be a fraction of Monsanto's total sales. Monsanto's high-stakes push into digital agriculture hit a hurdle on Wednesday, when the US Justice Department filed a lawsuit aimed at stopping Deere & Co from buying Monsanto's Precision Planting farm equipment business.

The agency said in its lawsuit the deal could make it more expensive for farmers to use precise planting technology. Mike Stern, chief executive of Climate Corporation, told Reuters on Wednesday the sale would benefit farmers. Stern also said Climate and Deere are moving forward with plans to allow nearly real-time data connections between certain John Deere farm equipment and Climate's farming software programs, Climate FieldView.

http://www.brecorder.com/general-news/172/83118/

October 2016

NEWS COVERAGE PERIOD FROM OCTOBER 24TH TO OCTOBER 30TH 2016

ENGRO FERTILIZERS MAKES RS2.9B PROFIT IN Q3

The Express Tribune, October 26th, 2016.

Karachi: Engro Fertilizers has announced a net consolidated profit of Rs2.9 billion for the third quarter ended September 2016, up 7.4% compared with Rs2.7 billion in the same quarter of previous year, according to a company notice sent to the Pakistan Stock Exchange (PSX).
Earnings per share increased marginally to Rs2.2 in Jul-Sept 2016 from Rs2.1 in Jul-Sept 2015.

The share price of Engro Fertilizers advanced 1.85% and closed at Rs63.32 at the PSX on Tuesday. However, the benchmark KSE 100-share Index ended the day down 87 points or 0.21% at 40,764 points.

"This result is below consensus market estimates," commented a Topline Securities report.

It was accompanied by an interim dividend of Rs2.5 per share, which was higher than expectations. This takes the nine-month (9M2016) dividend to Rs4.5 per share.

In the third quarter (3Q2016), revenues of the company rose 33.3% year-on-year to Rs18.6 billion, which came primarily on the back of increase in urea sales to 497,000 tons in the quarter compared with 361,000 tons in the same period a year earlier.

Sales of di-ammonium phosphate rose to 111,000 tons against 32,000 tons last year in the wake of subsidy measures taken by the government.

Similar to other fertiliser manufacturers, Engro had recorded a 43% fall in urea off-take in the first half of 2016. A delay in demand during the period was a major cause of sales growth in the third quarter.

Gross profit of the company fell 26% to Rs4.9 billion in 3Q2016. After adjustment for subsidy, gross margins fell 13 percentage points year-on-year to 35%.

Other income rose to Rs2.3 billion in 3Q2016 compared with Rs174 million in the same period of previous year. It came as a post-subsidy phenomenon as subsidy disbursements were categorised in that section.

During 9M2016, revenues decreased 22% year-on-year due to lower urea prices and a 21% fall in urea off-take. Such factors had been the major cause of lower profitability, which fell 40% to Rs5.7 billion (EPS Rs4.3) in the period.

“Short-lived impact of the subsidy, imposition of gas infrastructure development cess on concessionary gas and lack of improvement in agronomics are key risks for the company,” the Topline report said.

http://tribune.com.pk/story/1210230/engro-fertilizers-makes-rs2-9b-profit-q3/

TETRA PAK TO PARTICIPATE IN GULFOOD MANUFACTURING 2016
Business Recorder, 26 October 2016

LAHORE: Tetra Pak, the world’s leading packaging and processing solutions company, is proud to announce its participation at Gulfood Manufacturing 2016, the largest event for the food manufacturing, processing and packaging industry in the Middle East and Africa region.

The Gulfood will be held at the Dubai World Trade Centre from November 7 to 9, said a spokesman of the Tetra Pak here on Tuesday.

With operations in 49 countries across the region, including Pakistan, Tetra Pak is a long-standing exhibitor at Gulfood Manufacturing. Under the theme of “Future Ready”, the company will showcase its latest product and service offerings on its multimedia, multi-function stand. Several food and beverage companies from Pakistan are participating in the exhibition.

Demand of packaged good is growing in Pakistan and there is also a huge potential of packaged food export in the region. Events like Gulfood Manufacturing give an opportunity to local businesses to understand modern trends in the industry to help their businesses grow.

Dennis Jonsson, President and CEO of Tetra Pak said, “We are proud to be back at Gulfood Manufacturing. This allows us to connect with our customers and business partners here in the Middle East and Africa region.

This year’s theme represents Tetra Pak’s commitment to deliver industry-advancing technology and support customers’ growth by sharing market insights and innovative solutions”.

Tetra Pak invites media, existing and potential customers to visit their stand to learn about “Future Ready” and explore the vast array of resources available such as:

Food Island

The interactive “Food Island” area will bring five key categories to life: Tomato, Cheese, Soups, Yoghurt and Coconut Water. Here, experts will provide insights on the processing, packaging and technical services that are critical to making these products successful.

Sampling Station

At Tetra Pak's popular sampling station, visitors will have the opportunity to taste trend-setting products from different parts of the world.

Knowledge Series

Forging forward in its role as knowledge partner, Tetra Pak will be hosting its renowned knowledge sharing seminars run by industry experts over the course of the three-day exhibition. Topics include the latest market trends, innovations and technologies.

http://epaper.brecorder.com/2016/10/26/13-page/808017-news.html

FATIMA FERTILIZER EARNS PAT OF RS3.395BN IN Q1
Business Recorder, 29, October 2016

KARACHI: The profit after tax of Fatima Fertilizer Company has surged to Rs 3,395.250 million in the quarter ended September 30, 2016 as compared to Rs 611.747 million earned in the corresponding period in 2015.

The board of directors of the company in its meeting declared that the company's earning per share has increased to Rs 1.62 in the period under review against Rs 0.29 in the same period last year.

According to the financial results, the company's sales increased to Rs 10.132 billion in this quarter against Rs 3.045 billion in the same quarter last year while cost of sales surged to Rs 4.497 billion against Rs 1.215 billion. The company's profit before taxation increased to Rs 3,964.930 million in this quarter against Rs 893.840 million in the same quarter last year.

http://epaper.brecorder.com/2016/10/29/3-page/809090-news.html

NEWS COVERAGE PERIOD FROM OCTOBER 17TH TO OCTOBER 23RD 2016
CORPORATE RESULTS: ENGRO FOODS' EARNINGS UP 1.4%
The Express Tribune, October 20, 2016.

KARACHI: Engro Foods (EFOODS) posted a net profit of Rs633 million in the third quarter (Jul-Sep) ended September 30, up just 1.4% compared with Rs624 million in the same period last year, according to a company notice sent to the Pakistan Stock Exchange (PSX).

This result was below market expectations mainly due to lower than expected sales, Topline Securities reported Wednesday.

The company posted a net profit of Rs2.59 billion in the first nine months (Jan-Sep), down 0.38% compared with Rs2.60 billion in the same period last year.

The company reported a revenue of Rs11 billion, down 12% year-on-year (YoY) in 3Q2016. Revenues fell short of expectations mainly due to heated competition in the liquid tea whitening segment.

Consequently, the company's market share in Ultra High Temperature (UHT) category fell by 2 percentage points to 54% YoY in May 2016, as per Nielsen's survey.

According to the report, increase in competition from new entrants in tea whitener category, decline in consumption due to poor law and order situation, and volatility in international milk powder prices as key risks for the company.

http://tribune.com.pk/story/1203880/corporate-results-engro-foods-earnings-1-4/

MARI SUPPLIES GAS TO FERTILISER PLANT WITHOUT ECC'S NOD
The Express Tribune, October 23rd, 2016.

ISLAMABAD: Mari Petroleum Company has ignored proceedings of the Economic Coordination Committee (ECC) and is supplying gas to a plant of Engro Fertilizers, a move that has sparked questions of legality.

According to officials aware of the development, the ECC in a meeting on May 23, 2016 had taken up the issue of gas supply to a power generation company (Genco-2) and fertiliser manufacturers including Engro Fertilizers.

The ECC was asked to approve 60 million cubic feet of gas per day (mmcfd) for the Genco-2 plant, 31 mmcfd for Engro Fertilizers and allocate all unutilised gas volumes from Mari fields.

The committee gave the go-ahead for supply of 60 mmcfd to Genco-2, but put off decision on earmarking 31 mmcfd for Engro Fertilizers. It also did not arrive at a decision on allocating the unutilised gas to the fertiliser industry.

Contrary to the decision, the ECC was later informed that Mari Petroleum was supplying 31 mmcfd of gas to the old plant of Engro Fertilizers to allow the plant to run and produce around 58,000 tons of urea per month.

Now, the ECC has been requested to regularise the unauthorised gas supply to the Engro plant.

In Mari Petroleum, Fauji Foundation holds 40% shares, the government owns 18.39% shares, Oil and Gas Development Company has a 20% stake and general public have 21.61% shareholding.

"It is surprising that in utter disregard of the ECC, Mari Petroleum is providing gas for the Engro plant; gas allocation is made by the ECC and no company could take such a decision on its own," an official remarked.

Mari Petroleum has also told the ECC that during the second phase of increase in production from the Habid Rahi reservoir, up to 45 mmcfd could be earmarked for the prospective buyer Genco-2 depending on the installation of a compressor by the buyer.

The Ministry of Water and Power has been seeking more gas allocation for the Genco-2 plant and the seller is also willing to provide additional energy supply.

Accordingly, the Ministry of Petroleum and Natural Resources has proposed that the ECC should allocate 50 mmcfd of additional gas to Genco-2 subject to the installation of a compressor.

It has recommended the allocation of 26 mmcfd of additional gas to the Engro Fertilizers' old plant to keep its operation smooth and avoid disruption.

The ministry is also seeking blanket approval for providing the unutilised gas from shallow reserves of Mari Petroleum for the fertiliser plants connected to the company's dedicated network at a notified price.

http://tribune.com.pk/story/1206879/doubts-raised-mari-supplies-gas-fertiliser-plant-without-eccs-nod/

NEWS COVERAGE PERIOD FROM OCTOBER 10TH TO OCTOBER 16TH 2016

PEOPLE'S TRIBUNAL ACCUSES MONSANTO OF 'ECOCIDE'

Business Recorder,October 16, 2016

Global activists Friday launched a people's tribunal, accusing giant US seeds firm Monsanto of violating human rights and committing the crime of "ecocide", by posing a "major threat" to the environment. Monsanto, which produces genetically-modified seeds as well as controversial pesticides, has already dismissed the gathering in The Hague organised by hundreds of grassroots groups as a "parody" with no legal standing, and refused to attend.

But five professional international judges will hear from 30 witnesses, including scientists, farmers and beekeepers, who have travelled from five continents for the three-day event. The aim is to draw up a legal advisory opinion which could be fed into existing law, including writing "ecocide" as a crime into international criminal law. The move comes as the European Union is to examine a $66-billion (60-billion-euro) bid by German chemicals giant Bayer to buy out Monsanto.

"Saving our seeds, in my view, is the most revolutionary action in our times," said Vandana Shiva, an Indian author who has clashed in the past with Monsanto. "This is laying out the work to have a future without poisons," she told an opening press conference. Six questions have been put before the judges in The Hague, including whether Monsanto has violated the rights to a safe environment, to food as well as the highest standards of health.

The panel has also been asked to determine whether by producing the Agent Orange defoliant used by US forces in the Vietnam War, Monsanto was also complicit in war crimes. And it has been asked whether Monsanto's activities could constitute "a crime of ecocide, understood as causing serious damage or destroying the environment." The event comes as the prosecutor at the International Criminal Court based in the Dutch city has said she intends to deepen her focus on environmental crimes such as land grabs.

"The tribunal will decide whether Monsanto has, or has not, failed in its international obligations," said Corinne Lepage, former French environment minister. "We need to give civil society the same weapons in all the countries of the world so that they can defend themselves in the same way against Monsanto." But Monsanto has defended itself against the charges saying in an open letter the tribunal aimed to "divert attention away from vital discussions on the world's food and agriculture needs."

And it insisted that it is working with farmers to help them adapt to climate change, adding it was convinced all forms of agriculture could co-exist. Monsanto's GM seeds are designed for use alongside its pesticide glyphosate which has made headlines this year over cancer fears. Bayer also faces close scrutiny over its own pesticides, accused by some of contributing to mass die-offs of bees.

http://www.brecorder.com/agriculture-a-allied/183/93865/

NEWS COVERAGE PERIOD FROM OCTOBER 3RD TO OCTOBER 9TH 2016

DRIVING INFANT MILK FORMULA

Business Recorder, October 03, 2016

Share price of ICI Pakistan went through the roof when the chemical company announced its plan to set up a facility for manufacturing Japan's Morinaga infant formula in the country. The company already has a management stake in the infant milk formula business under the name of NutriCo Pakistan Private Limited, which is importing, marketing and distributing selected Morinaga Milk Industry Company Limited products in Pakistan since 2014.

And in FY16, ICI further increased its stake by 10 percent in NutriCo Pakistan Private Limited, bringing the total participation of the company to 40 percent, versus 30 percent previously.

And now, the company is all set to partner with Morinaga Milk Industry Company Limited of Japan and Unibrands Private Limited to set up a production facility to manufacture Morinaga infant formula products, which will also include the distribution, marketing and sales of locally manufactured infant formula.

While the proposed JV is subject to regulatory approval, ICI's stake is intended to be 51 percent in the Rs4.8 billion investments with the remaining 49 percent to be held by Morinaga and Unibrands. The project is expected to come online in 2018.

Where ICI Pakistan's deal seems to be a correct strategic move when it comes to demand and company growth, the timing could not have been more perfect, and there are few good reasons for that. First, with the country yearning for every drop of foreign investment, the joint venture investment of around $46 million (Rs4.8 billion) between ICI and Japanese manufacturer is a welcome inflow.

Secondly, the Infant formula milk is one of the fastest growing consumer categories in Pakistan with a growth of over 20 percent; it is the most sophisticated product in dairy sector, which primarily relies on imports. Lactogen of the Nestle has the highest market share, followed by two Japanese brands, Morinaga and Meiji. At the very top is Mead Johnson, but that is 3 times more expensive than Lactogen. Also, the sector has import duties of around 21 percent. So setting up a plant amid thriving demand and mounting imports can really help ICI take it up a notch.

And finally, Engro Corporation has recently signed a deal with Dutch base Friesland Campina to sell its shares in EFOODS. The deal is about to get concluded, and as per market sources, one of the first products of the agenda is infant milk, which Engro Foods was trying to develop for a few years now; it will take a year or two for Engro Foods/Friesland to develop a formula milk recipe as per the market sources, thus providing a great timing opportunity to ICI and Morinaga.

http://www.brecorder.com/br-research/99:general/6989:news.html

NON-PERFORMING LOANS OF CORPORATE SECTOR ON THE RISE
Dawn, October 9th, 2016

Shahid Iqbal

KARACHI: The infected portfolio of the corporate sector has been increasing for the last three quarters, according to the Statistical Bulletin for October 2016 released by the State Bank of Pakistan (SBP).

It rose 1.3 per cent year-on-year to Rs448.5 billion at the end of the second quarter of 2016, the SBP reported. In absolute terms, non-performing loans (NPLs) of the corporate sector are already the highest among all segments.

The corporate sector was followed by the small and medium enterprise (SME) sector whose infected portfolio amounted to Rs82.2bn at the end of June. Infected loans as a percentage of total loans of the SME sector are the highest among all segments.

The SBP report shows the infected loans of the corporate sector rose to Rs448.5bn at the end of June from Rs433.6bn at the end of December 2015. The percentage of default dropped to 11.8pc in June from 12.3pc in March, but that was largely due to a substantial increase in advances. Advances to the corporate sector increased Rs204bn or 5.6pc on a quarter-on-quarter basis at the end of June.

Within the corporate sector, textiles remained the top defaulter with NPLs of Rs196.9bn. The percentage of default was also the highest (26.3pc) in textiles.

Despite strong support from the government and the SBP, the performance of the SME sector failed to improve, as the percentage of infected loans remains the highest among all segments.

The Statistical Bulletin shows that in percentage terms the infected portfolio of SMEs was 26.5pc at the end of the second quarter as opposed to 28.1pc at the end of the first quarter. This drop in the infected ratio appears to be on the back of an increase in advances for the sector. Advances to the sector increased to Rs310bn in the second quarter from Rs294.5bn in the first quarter while the size of the infected loans remained almost flat.

A sector-wise breakdown shows individuals constitute the third biggest defaulter group, as their infected loans were Rs47.2bn. Advances to this sector were also the third highest. A big jump in advances to individuals was witnessed over the April-June quarter. Advances increased Rs59bn to Rs531.8bn in the three-month period.

The agribusiness was the second biggest defaulter with NPLs of Rs58bn while its advances also rose to Rs504bn from Rs417bn on a quarterly basis.
The overall infected portfolio of banks rose to Rs634.5bn at the end of June from Rs619bn at the end of the quarter ending on March 31.

http://www.dawn.com/news/1288918/non-performing-loans-of-corporate-sector-on-the-rise

November 2016

NEWS COVERAGE PERIOD FROM NOVEMBER 21ST TO NOVEMBER 27TH 2016

FERTILIZER INDUSTRY PAYS OVER RS 109 BN AS GIDC UP TO OCT

Business Recorder, 24 November 2016

ISLAMABAD: Fertilizer industry has paid over Rs 109 billion as Gas Infrastructure Development Cess (GIDC) up to October 2016 which is highest among all the sectors/ industries.

Latest data revealed that among other sectors fertilizer sector is top contributor of GIDC. Within the fertilizer sector, Fauji Fertilizer Company Limited (FFC) paid Rs 73 billion approximately 70 percent of the total contribution of GIDC in the said sector. The total payment of the said sector totaled at around Rs 109 billion in the form of GIDC up to October 2016. Around 70 percent contribution of the GIDC within the fertilizer industry has been made by the said company.

The overall contributors of GIDC included CNG, Captive, IPPs, textile, power and general other industries.

On the other hand, sales tax collection from fertilizer industry amounted to Rs 0.368 billion during July-Sept 2016-17 against Rs 2.153 billion in July-September 2015-16, reflecting a decrease of 82.91 percent. This is due to the fact that the FBR has substantially reduced sales tax rate on fertilizers for the farmers under the steps taken in the budget to support the agricultural sector, industry FBR sources said.

A highly complicated sales tax return filing system has now emerged as a major hurdle for the fertilizer sector in tax system. Government announced reduction from 17 to 5% sales tax for farmers and fertilizer producers have been giving this benefit to farmers but when it comes to claims of reimbursements, a knotty mechanism becomes a major point of concern for the industry, they added.

Fauji Fertilizer Company Limited Annual Report – 2015 has been declared overall winner in the Best Corporate Report Awards competition by joint committee of the ICAP and ICMAP, besides being awarded the first place in the Chemicals Sector.

The Company's Sustainability Report – 2015 has also been awarded first prize in the relevant category. Pakistan Stock Exchange acknowledged outstanding financial and management performance of the Company by adjudging it overall winner of 'PSX Top 25 companies' for sixth consecutive year.

Better returns to farmers from major crops due to slightly improved commodity prices and lower input costs (subsidized fertilizer) will affect the market positively in upcoming months. Further, persistent low international urea prices and poor farm economics continue to pose pricing constraints to the fertilizer sector.

The universal tax system is based on benefits and incentives for high and prompt taxpayers however the example of fertilizer is a case in point for our tax collection mechanism.

http://epaper.brecorder.com/2016/11/24/5-page/820932-news.html

NEWS COVERAGE PERIOD FROM NOVEMBER 14TH TO NOVEMBER 20TH 2016
THE RISE IN CORPORATE EARNINGS
Dawn, Business & Finance weekly, November 14th, 2016

Dilawar Hussain

This autumn brought joy for investors as the companies' earnings spiked and directors continued to approve handsome dividends. Together with the booming stock market that continues to propel stock prices upwards, it went on to enrich stockholders.

As the quarterly results season draws to an end, the profitability of KSE-100 index companies for the nine months (Jan-Sept) amounts to Rs136.1bn, up 4.9pc over the profit after tax (PAT) at Rs129.9bn in the corresponding three quarters of 2015.

Research analysts of the consensus that the corporate sector was set to show the strongest combined after tax profit growth, of 16pc in 2016, after two years of flattish earnings.

The rupee liquidity in the hands of the general public gave them a greater purchasing power and created an increase in demand, mainly of fast moving consumer goods (FMCGs), while low interest rates combined to drive up companies' earnings.

The highly leveraged firms managed to show a marked decline in financial charges as they could prevail upon banks to re-profile costly debts in the declining interest rates scenario. It was a blessing that helped to boost their bottom lines.

The textile sector stood out as the biggest profit earner in the nine months ended Sept 30, representing an earnings growth of 265pc over the corresponding period of the previous year (YoY). Oil marketing companies (OMCs) posted a 94pc upsurge in earnings over the same period last year, followed by chemicals profits up by 20pc; cement 10pc and power generation 7pc.

On quarter-on-quarter (QoQ) basis, autos and cement also fared well with a 7pc profit growth taking the YoY earnings increase of the cement sector to 10pc. With positive results in the last quarter, autos managed to trim their

YoY profit decline to 20pc. The poorest performer on both QoQ and YoY basis was the Telecom sector that saw profits fade away by 24pc and 89pc respectively.

According to figures compiled by Shahbaz Ashraf, head of research at brokerage firm Arif Habib Limited, commercial banks, which have the highest weight of 23.7pc in the KSE-100 index, contributed the largest share of profit amounting to Rs43.4bn in the latest nine months (9MFY16).

The fertiliser sector with the second highest weight of 11.9pc earned a net profit of Rs14.9bn and oil and gas exploration companies with the third highest weight of 11pc in the index chipped in earnings of Rs19.7bn.

"The banking sector, which has been a star performer lately, recorded a profitability growth of 5% QoQ." analysts said. The 'Performance review by State Bank of Pakistan' released on Nov 01, improved the performance of the sector.

"The banking industry grew by 16.1pc during FY16 despite experiencing some pressure on its profits due to declining interest rates and spreads. However, the outlook remains stable with high solvency levels, a strong capital base, contained non-performing loans and improving risk management systems", the SBP report stated and mentioned the outreach of the Islamic banking industry, which expanded considerably, with branch network increasing to 2,146 branches in 98 districts across the country.

Analyst Nauman Khan at Foundation Securities posited that in the three-quarters 2016, there was sharp earnings divergence particularly in the big five sectors: Banks, E&P, Fertiliser, Cement and Power.

Fertiliser earnings saw recovery in earnings, mainly due to normalised volumetric sales. The analyst thought that banks had started to feel the pinch of lower interest rates and spread.

Slump in oil prices took its toll on the E&P companies, though a reduction in exploration activity helped to overcome the trend of earnings attrition. Inter-market Securities analyst Muhammad Saad Ali observed that after two quarters of declines, companies posted 9pc YoY earnings growth across July-Sept, led by higher profits in cements, fertilisers and OMCs.

The assessment of analysts could differ according to the corporate 'universe' they cover. However, there is little doubt that the growth in corporate profitability has brought all round cheers. The government is happy for it owns about a half of the equity market and higher dividends from corporate entities help it, in part, to fill the hole in fiscal deficit.

Most listed multinational companies continue to do a roaring business in Pakistan and are able to repatriate profit and dividends to their overseas holding companies.

But for all that, many people who have little or nothing to do with stocks and listed companies' earnings complain that corporate prosperity has done little to boost the economy or to create more jobs.

"The companies continue to cut expenses to the bone and make existing employees work even harder, adding more names on the payrolls has remained elusive," an economist contended.

But many others hold the criticism as unjustified. "Gruelling competition among the growing number of companies, low interest rates and the slump in international oil prices have all gone to lower prices of goods to the benefit of the general public", says one detractor.

http://www.dawn.com/news/1296154

NEWS COVERAGE PERIOD FROM OCTOBER 31ST TO NOVEMBER 6TH 2016
PARAMOUNT FINE FOODS COMES TO PAKISTAN
Dawn, November 3rd, 2016

KARACHI: Paramount Fine Foods, a Canada-based Middle Eastern cuisine franchise, is set to open its doors in Pakistan, aiming for 30 restaurants across the country in the next five years and creating employment opportunities for the youth.

Set up 17 years ago in Ontario, Canada, by Lebanese immigrant Mohammad Fakih, Paramount now has 36 locations across Canada and plans to add another 60 restaurants around the world by the end of this year.

A memorandum of understanding was signed between Paramount Fine Foods and Pakistan Beverage Ltd (PBL) on Wednesday.

CEO and Managing Director of PBL Yasin H. Kassam and CEO of Paramount Fine Foods Saad Saleem signed the agreement for supply of carbonated and non-carbonated beverages to Paramount Fine Foods in Pakistan.

The ceremony was witnessed by Paramount International Chief Operating Officer Ali Khalil, ASA Corporation Partners Atif Khan and Shahrum Saleem, Director Operations of ASA Corporation Aman Virji, Director of PBL Zaid Yasin and General Manager of PBL Agha Muhammad Khan.

Mr Saleem said the Pakistani consumers' food palate is expanding thanks to their travel. "With more and more people going to Dubai for vacations and getting a taste of Arab cuisine, there is demand for fine Middle Eastern dining. The roadside shawarma just doesn't cut it. We picked the biggest Middle Eastern food chain and look forward to expanding," he said.

http://www.dawn.com/news/1293869/paramount-fine-foods-comes-to-pakistan

CORPORATE GOVERNANCE REFORM
Dawn November 5th, 2016

GOING by the early hype surrounding the forthcoming Companies Bill 2016, it would appear that the proposed legislation is gearing up to fill a major gap in Pakistan's code of corporate governance. We are told by the SECP chairman that the bill will empower the government to demand information on the beneficial owners of foreign companies that are registered in Pakistan.

The current law, passed in 1984, does not allow the SECP to ask any questions about the investors involved in the offshore parent of any locally registered company. The absence of these powers was cited by the SECP as a major hindrance to carrying out any investigations of private parties in the wake of the Panama Papers disclosure.

If it is true that the SECP is now moving to plug this hole, then it could be a meaningful step towards an updated corporate governance regime that takes into account contemporary realities.

Over the years, as Pakistan's economy liberalised and opened up to greater participation by private capital, both foreign and domestic, a range of legislation was put in place to provide protections to owners of private capital.

These included laws like the Protection of Economic Reforms Act (PERA) of 1992, cited today as the greatest hindrance to investigating money trails associated with offshore companies, as well as a failure with regard to updating the Companies Ordinance of 1984.

Our money-laundering legislation was toothless, as well as the disclosure regime mandated upon non-listed private companies. Net result has been the gradual opening up of a vast space of unaccounted for, and unaccountable, money trails along which billions of dollars can travel with little to no scrutiny.

All our laws relating to the governance and regulation of companies with offshore ownership are now in dire need of being updated. Listed companies operate under a strong disclosure regime, but private companies with offshore ownership can enjoy the best of both worlds: the opacity of their disclosure requirements as well as the protections afforded to their foreign transactions.

One thing the Panama Papers controversy ought to have taught us — unfortunately, the politics unleashed by the disclosures overshadowed this — is the importance of updating our legislation to ensure that clauses meant for protecting investors are not being abused to shield wrongdoing such as money laundering.

The new bill apparently is trying to do some of this by mandating disclosure requirements regarding directors of offshore companies with registered offices in Pakistan, as well as holding the company and its directors accountable for any money laundering either might undertake. If this turns out to be true, as promised by the SECP chairman, it would be a step to emulate in other legislation as well, starting with PERA.

http://www.dawn.com/news/1294285/corporate-governance-reform?src=ilaw

December 2016

NEWS COVERAGE PERIOD FROM DECEMBER 26 TH TO JANUARY 1ST 2016

NO RIGHT TO WORK IF CHILDREN CANNOT BE GIVEN PURE MILK: JUSTICE SAQIB

The News December 28, 2016

LAHORE: Chief Justice-designate Justice Saqib Nisar on Tuesday, while referring to the prevalent adulteration of chemicals, urea and cane juice in milk, remarked if they could not give pure milk to children, they do not have any right to work.

The Supreme Court bench remarked that it would take up the issue of distribution of contaminated milk and water to its logical end. The bench, headed by Chief Justice-designate Saqib Nisar, also formed a local commission to inspect different milk and water companies and asked the Punjab Food Authority head to ensure completion of reports on samples taken from these companies.

Going through the reports proving contaminated material in milk produced and distributed by some companies, the court snubbed officials of these companies saying that no one would be allowed to play with the lives of innocent citizens.

Appearing before the court, the petitioner, Barrister Zafarullah Khan, submitted that according to the laboratory report of Pakistan Council of Scientific Industrial Research, there is detergent powder and dangerous chemical particles in not only loose but also packed milk of some companies. He said authorities had failed to take action against the responsible for providing contaminated milk in the market.

PFA Director General Noorul Amin Mengal, appearing before the court, submitted that they were taking action against the responsible companies. He said they had imposed hefty fines on some companies and issued orders of closure of some milk outlets. He said every person who was responsible was being dealt with in accordance with the law.

He said the PFA had sent 300 samples of water and 30 samples of packed and loose milk for laboratory test. At this, Justice Nisar remarked the court was well aware of the capacity of the laboratory test of PFA, which only had a scale and some other irrelevant items. He said the PFA laboratory had no modern machine to conduct the tests.

The court directed the PFA to present sample reports of milk and water on next date of hearing. The court also directed the local commission to submit a comprehensive report after inspecting these companies. The court adjourned the hearing.

https://www.thenews.com.pk/print/175023-No-right-to-work-if-children-cannot-be-given-pure-milk-Justice-Saqib

NEWS COVERAGE PERIOD FROM DECEMBER 19 TH TO DECEMBER 25TH 2016
ENGRO FOODS APPOINTS HANS LAARAKKER AS NEW CEO
Business Recorder, 21 December, 2016

KARACHI: In partnership with the World Bank Group's International Finance Corporation and the Dutch Development Bank FMO, Royal FrieslandCampina N.V. has acquired a majority stake of 51 percent in Engro Foods, Pakistan's second largest dairy producer.
According to a press release, through the strategic alliance, Engro Corporation will remain a significant shareholder and partner in Engro Foods.

The execution of this transaction, as approved by competition commission and other relevant authorities, is one of the single largest private sector foreign direct investments (FDI) in Pakistan in recent years, amounting to a total investment of $450 million (430 million Euros).

FrieslandCampina and Engro Foods expect to take advantage of the conversion of the market from loose to packaged dairy consumption, which is expected to accelerate in the near future as a result of the growing middle income class, a desire for higher quality milk as well as the increasing urbanization. As part of Business Group FrieslandCampina Consumer Products Asia, Engro Foods will continue to operate under its own name.

Following the completion of the acquisition, Hans Laarakker will be appointed CEO. He will replace Babur Sultan, who has decided to leave the company after spending a decade in senior leadership roles within the Company since its inception.

As Vice President (M&A) and Business Development, Laarakker was closely involved in the preliminary phase of the acquisition. Hans Laarakker was Managing Director of FrieslandCampina Malaysia (Dutch Lady Malaysia) and also responsible for FrieslandCampina Singapore, Hong Kong and China from the year 2006 till 2010. He joined FrieslandCampina in 2003.—PR.

http://epaper.brecorder.com/2016/12/21/9-page/830649-news.html

NEWS COVERAGE PERIOD FROM DECEMBER 12 TH TO DECEMBER 18TH 2016
NESTLE WINS FIRST AWARD FOR LIVING THE GLOBAL COMPACT BUSINESS EXCELLENCE
Business recorder, December 15, 2016.

KARACHI: Nestle Pakistan was awarded the first prize for “Living the Global Compact Business Excellence 2014-15”, in the multinational category at a mega event celebrating the 10th anniversary of Global Compact Network Pakistan, Engaging Private Sector in Implementing the Decent Work Agenda and United Nation Sustainable Development Goals.

Nestle Pakistan has won the award due to its key positioning in its creating shared value focus in areas of nutrition, water, environmental sustainability, rural development, and our people.

Nestle Pakistan’s vision, values, and strategy lies at the core of promotion of the United Nations Global Compact (UNGC) Principles and Sustainable Business Practices in terms of engaging with community outreach through its initiatives like Nestle Healthy Kids and Healthy Women Programme.

Nestle is the first company in Pakistan which has partnered with World Wildlife Fund (WWF-Pakistan) to implement the Alliance for Water Stewardship (AWS) standards for improved water efficiency. Under rural development, the company initiatives have impacted lives of small dairy farmers by imparting training to around 77,000 farmers through farmer help camps, improving their income.

Another example is the Chaunsa Project which aims to improve livelihood of small and medium sized farmers in the Mango sector by strategic CSV intervention for improved harvesting with the ultimate goal to make these farmers a part of its value chain.

On being awarded by such a prestigious network, Waqar Ahmad, Head of Corporate Affairs, Nestle Pakistan and Afghanistan said, “It’s indeed a moment of pride as we have worked very hard over the years along with our stakeholders, especially the local community to make a significant difference in their lives through our focus areas across our value chain.”

Fasihul Karim Siddiqi, General Secretary, UN Global Compact Network Pakistan also congratulated Nestle and said, “Living the global business excellence award contest 2014-15, Nestle Pakistan received the first award in multinational category for championing UNGC principles in its operations, as a mark of sustainable development.”

The event was organized by Employers’ Federation of Pakistan which launched the formation of Global Compact Network Pakistan in 2005 to embrace the ten principles of UNGC. The network is currently fortified with around 90 organizations in Pakistan.

http://epaper.brecorder.com/2016/12/15/8-page/827877-news.html

NEWS COVERAGE PERIOD FROM DECEMBER 5 TH TO DECEMBER 11TH 2016
GAS PRICE REDUCTION REVIVES HOPES OF FERTILIZER EXPORTS
The Express Tribune, December 5th, 2016.

KARACHI: Pakistan’s fertiliser sector, which has been facing tough times throughout the year, has just been provided a respite by the government.

The recent gas price reduction has rekindled the interest of domestic fertiliser-makers in export options, especially with rising international urea prices.

“The export proposal is still being studied so it could take some time till we actually start exports,” Engro Fertilizers Chief Executive Officer Ruhail Mohammed told The Express Tribune.

“We expect prices to stabilise by then and we will get a fair price. In any case, we will be able to reduce our inventory-holding costs once the surplus is exported.”

Recently, the Economic Coordination Committee (ECC) reduced the gas tariff by Rs200 per million British thermal units (mmbtu) for industrial consumers, which was also applicable to gas fuel for the fertiliser industry.

Analysts say due to persistent glut in the industry with expected inventory of 1.3 million tons at the end of December 2016, the government may potentially allow export of 800,000 tons of urea to ease off the situation.

“With an increase of 17% month-on-month in international urea prices (12% in the last two weeks), courtesy a rally in coal prices, export margins will improve if the current prices stay,” said a recent BMA Research report.

According to the report, Engro Fertilizers and Fatima Fertilizer will take the lead in urea exports with estimated margins of $147 per ton, up 30% from last estimates, and $155 per ton, up 28%, respectively.

“It’s definitely going to provide some respite from the current inventory glut faced by the domestic urea manufacturers,” said Mohammed when asked about the impact of gas price cut.

It is also important to understand that gas price changes are not necessarily reflected in the urea price. For instance, the last urea price increase made in September 2015 due to a gas price increase had to be taken back by urea manufacturers due to poor crop economics and weak farmer demand, he added.

In the current situation, he said, it was the actual demand and inventory that was driving urea prices instead of the cost of production, which was staying below the cap of Rs1,400 per bag.

Domestic fertiliser-makers produce approximately 4.5 million tons of urea per year whereas the demand stands at 6 million tons. The gap of 1.5 million tons is met through subsidised imports.

Mohammed said year 2016 started with an inventory of 0.5 million tons of urea and it had remained close to 1.5 million tons throughout major portion of the year.

The year-end number is also expected to be higher than 1 million tons. These inventory numbers are unprecedented.

Owing to gas availability and LNG imports into the country, all urea manufacturers operated more or less throughout the year. However, the demand remained exceptionally low because of poor crop economics that further aggravated urea glut in the country.

Going forward, he said, there were several variables which could change things. For instance, due to subsidy and reduction in fertiliser prices, farm economics is expected to pick up so the demand could be much higher.

Secondly, with rising crude prices, the cost of LNG-based urea manufacturers could increase, he added.

http://tribune.com.pk/story/1253293/breather-gas-price-reduction-revives-hopes-fertiliser-exports/