



Annual Report **2020**



Growing with
Flavors



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Company Information

Board of Directors

Mr. Muhammad Atif	Chief Executive
Mr. Muhammad Siraj	Director
Mr. Salman Haroon	Independent Director
Mr. Aamir Altaf	Director
Mr. Muhammad Riaz	Director
Mr. Qazi Muhammad Imran	Director
Mr. Irfan Mangnejo	Director

Company Secretary

Mr. Iqbal Shahid

Audit Committee

Mr. Salman Haroon	Chairman
Mr. Muhammad Siraj	Member
Mr. Irfan Mangnejo	Member

HR & Remuneration Committee

Mr. Salman Haroon	Chairman
Mr. Muhammad Siraj	Member
Mr. Muhammad Riaz	Member

Legal Advisor

M/s. Ahmed & Qazi
Advocates & Legal Consultants

Bankers

Allied Bank Limited
Habib Bank Limited
Meezan Bank Limited
United Bank Limited

Auditors

M/s. Aslam Malik & Co.
Chartered Accountants,

Share Registrar

M/s. F.D. Registrar Services (SMC-Pvt.) Ltd.
Office No. 1705, 17th Floor, Saima Trade Tower-A,
I.I Chundrigar Road, Karachi.

Registered Office

WS7, Mezanine Floor, Madina Palace
Faran Co-operative Housing Society
Dhoraji Colony, Karachi



Business Profile

Successfully established it-self as a prominent name in Food & Beverages sector. The Company was established on 12 March 1990 as a Private Limited Company. Later on, 13 December, 1993 it was converted into a Public Limited Company.



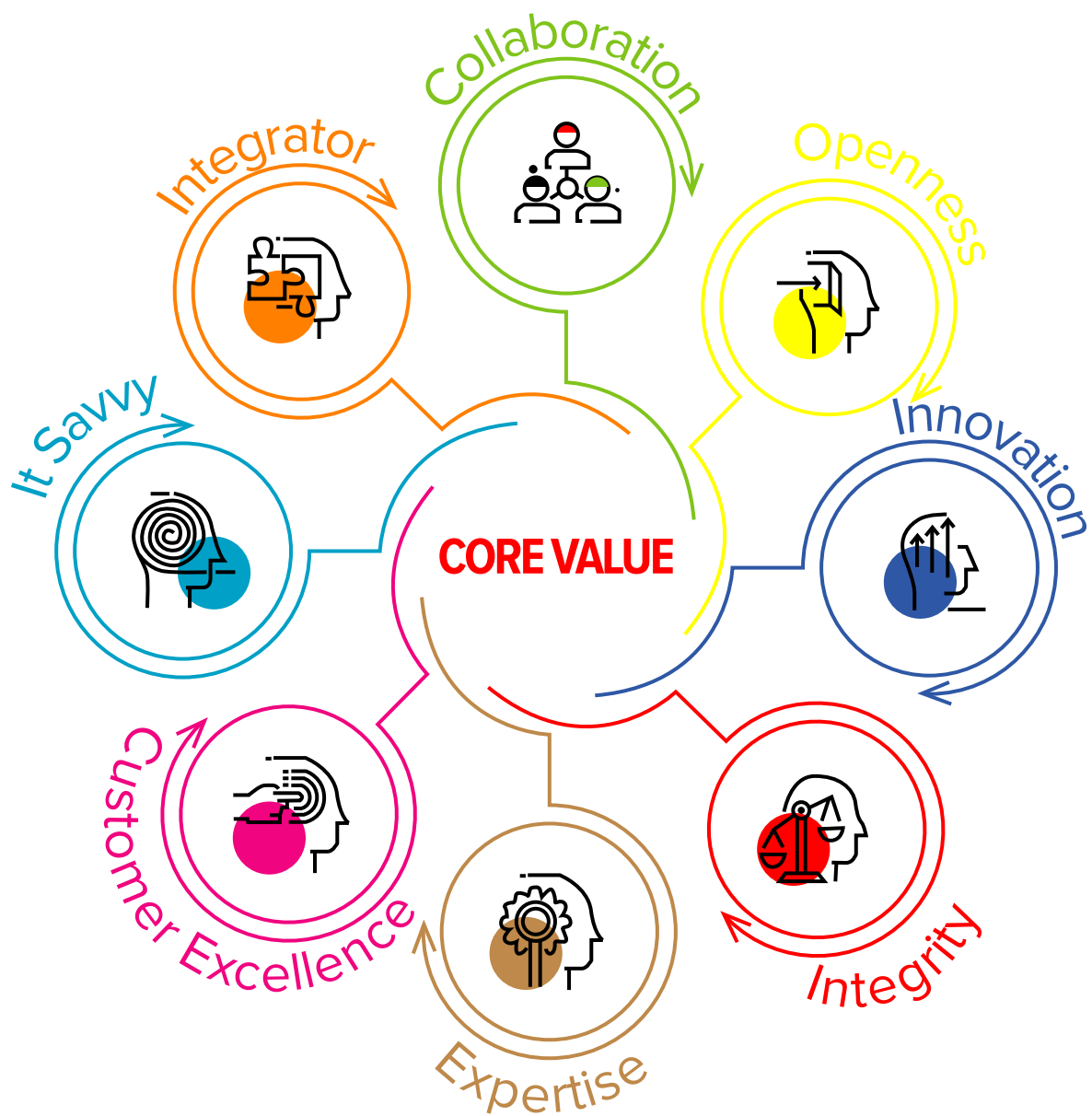
Vision

We aim to offer high quality Jam, Jelly, Syrups, Custard Powder, Pickles, Essence, Juices and Aerated drinks and its Allied Products both in Pakistan and abroad by continuously improving our products quality by keeping the most technologically advanced production machinery.

Mission

We strive to achieve market leadership through technological edge, distinguished by quality and customer satisfaction, and emphasis on employees' long-term welfare and ensure adequate return to shareholders.

We further wish to contribute to the development of the economy and the country through harmonized endeavor.



Code of Ethics & Business Practices

Quice Food Industries Limited (the Company) conducts its operations with strong ethical and moral standards consideration complying with statutory regulations and accepted standards of good corporate citizen. This policy applies to all directors and employees of the Company. The Company's core values are leadership, innovation, value, integrity, people and teamwork. It is towards the end of fostering these core values in the corporate culture that the Company has adopted this Code of Ethics and Business Practices (the Code).

The Code implies as follows:

1. The directors and employees of the Company seek to protect the Company's assets. The Company's assets and services are used solely for legitimate business purposes of the Company. The use of Company's funds for political contributions to any organization or to any candidate for public office is prohibited.
2. The directors and employees adhere in letter and spirit to all laws and conform to the accepted standards of good corporate governance and avoid conflict of interest. The conflict of interest, if any must be notified to the Company in writing immediately.
3. The Company respects the interests of all the stakeholders and enters into transparent and fairly negotiated contracts.
4. The Company is an equal opportunity employer.
5. The directors and employees reject corruption in all forms direct, indirect, public or private and do not directly or indirectly engage in bribery, kick-backs, payoffs, or any other corrupt business practices.
6. The Company respects the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise. Employees maintain confidentiality of the Company's and its customers' confidential information which is disclosed to them.
7. The directors and employees shall not place themselves in a position where their loyalty to the Company becomes divided for any reason including their direct or indirect financial interest in a competitor, supplier, and consultant of customer.
8. The directors and employees may not take advantage of the Company information or property or their position with the Company to develop inappropriate personal gains or opportunities. They may, however, receive gifts of token value or accept invitations only if such gifts or invitations have no influence on their decision making and are as per Company policy.
9. Employees may offer tips, gratuity or hospitality of a customary amount or value for routine services or courtesies received as per Company policy.

All directors and employees of the Company are responsible for the continuing enforcement of and compliance with this policy, including necessary distribution to ensure employee knowledge and compliance. Non-compliance with this policy will result in disciplinary action.

Review Report Chairman

T20,

Quice Food moved in the world of beverages business in 1980 and growing into a renowned name within a short span of time.

Our metrics are heading in the right way & have the processes, systems and people in place to ensure performance, discipline and operating leverage into the future. We are seeing increased business development opportunities. Our customers tell us that the quality of our work is good and getting better.

Quice Food complies with all the statutory requirements set out in the Companies Act, 2017 and in the Code of Corporate Governance, (the “Code”) with regard to the composition, procedures and meetings of the Board of Directors (the “Board”) and its committees.

As required under the Code, an evaluation of the Board is carried out to ensure that the Board’s overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

The Board is confident that there is a strong corporate governance system in place and the Board has adopted appropriate charters, codes and policies and established a number of committees to effectively govern the Company.

Your Company is committed to good Corporate Governance. I am pleased to report that the performance of the Board has been par excellence which has helped in effective steering of the Company during the year. The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also aware of its strategic role in achieving the Company’s key objectives and is focused on enriching the returns of its shareholders & other stakeholders and shall continue contributing through sustained supply of premium quality products to its valued Customers.

I would like to thank the Directors, the Leadership Team, and most importantly our people for their contribution in a year where we have begun to see the rewards of a lot of hard work put in over the past years. Significant progress has been made by the Company and I would like to take this opportunity to thank our shareholders for their continued support and I look forward to realizing our future together.

RIAZ

Chairman

چیئر مین جائزہ رپورٹ

1980 میں مشروبات کی دنیا میں کؤس فوڈ نے اپنے کاروبار کا آغاز کیا اور ایک مختصر عرصے میں عروج پا کر نمایاں نام بن گیا۔

ہمارے مقداری اشاریے درست سمت میں گامزن ہیں اور ہمارا طریقہ کار، نظام عمل اور افراد اپنی اپنی جگہ پر مستقبل کی کارکردگی، نظم اور سرمائے کے درست استعمال کو یقینی بناتے ہیں۔ ہم کاروباری ترقی کے مواقع کو بڑھتا ہوا دیکھ رہے ہیں۔ ہمارے صارفین ہمیں بتاتے ہیں کہ ہمارے کام کا معیار ناصرف اچھا ہے بلکہ بہتر ہوتا جا رہا ہے۔

کؤس فوڈ کمپنیز ایکٹ، 2017 میں بیان کئے گئے تمام قانونی تقاضوں کو پورا کرتے ہیں اور کؤڈ آف کارپوریٹ گورننس (کؤڈ) کے مطابق بورڈ آف ڈائریکٹرز اور اس کی کمیٹیز کی تشکیل، ماہیت اور مینڈیٹ کو یقینی بناتے ہیں۔

کؤڈ کے تقاضوں کے مطابق بورڈ کی تقویم کی گئی تاکہ یقینی بنایا جاسکے کہ بورڈ کی جملہ کارکردگی موثر انداز میں کمیٹی کے طے کردہ مقاصد اور اندازوں کے مطابق جانچی جاسکے، وہ شعبے جہاں بہتری کی گنجائش ہے وہ زیر غور ہیں اور ان کے لئے منصوبہ بندی کر لی گئی ہے۔ بورڈ اس بارے میں پر اعتماد ہے کہ ایک مضبوط کارپوریٹ گورننس کا نظام کام کر رہا ہے اور اس نے متعلقہ اصولوں، کؤڈ اور لائحہ عمل وضع کئے ہیں تاکہ کمیٹی کو موثر میں چلایا جاسکے۔

آپ کی کمپنی ایک اچھی کارپوریٹ گورننس پر یقین رکھتی ہے۔ مجھے یہ بیان کرتے ہوئے خوشی محسوس ہوتی ہے کہ بورڈ کی کارکردگی بہت شاندار رہی ہے، جس کے طفیل کمپنی کے معاملات انجام دینے میں پورے سال بہت مدد ملی۔ بورڈ کارپوریٹ اور مالی رپورٹنگ کے نظام کے بارے میں اپنی ذمہ داریوں سے آگاہ ہے کمپنی کے مقررہ کردہ مقاصد کو حاصل کرنے کے لئے بورڈ کا جو کردار ہوتا ہے وہ بھی اس کے لئے عیاں ہے، اس کی توجہ اس بات پر مرکوز ہے کہ کمپنی کے حصص یافتگان اور دیگر شرکاء کے مفادات کا تحفظ کیا جائے، اور اپنے صارفین تک اعلیٰ معیار کی مصنوعات کی ترسیل جاری رکھی جائے۔

میں ڈائریکٹرز، لیڈر شپ ٹیم اور خصوصاً اپنے عملے کا شکریہ ادا کرنا چاہوں گا، شکریہ اس بات پر کہ گزشتہ سالوں میں سخت محنت کا جو سلسلہ شروع کیا گیا تھا، اس سال اس کے ثمرات نظر آنا شروع ہو چکے ہیں، کمپنی نے نمایاں ترقی کی ہے اور میں اپنے حصص یافتگان کا بھی شکریہ ادا کرنے کا بھی موقع حاصل کرنا چاہتا ہوں کیونکہ آپ کا تعاون اور مدد مسلسل شامل حال رہی جس کی بدولت ہم ایک ساتھ اپنا روش مستقبل دیکھ سکتے ہیں۔ شکریہ

RIAZ
چیئر مین

Review Report Directors

Fellow shareholders,

On behalf of the Board, we have pleasure in presenting the annual report and audited financial information of the Company for the year ended June 30, 2020.

Business Overview

Revenue

In 2020, the Company remained focused in the uncertain global circumstances and managed to maintain a vigorous topline growth and reported a revenue of Rs 186 million, recording a 60% increase as compared to last year. The growth came primarily as a result of improved motion towards export business as compared to the same period last year.

Cost

Overall economic downfall, sharp increase in commodity cost due to the devaluation of Rupee and increased Dollar rates during the fiscal year of 2020 has put pressure on the cost of sales, which in turn increased by 3% as compared to last year.

Gross Profit

In 2020, the Company achieved an overall gross profit of 7% at Rupees 12.933 million as compare to 10% at Rupees 11.454 million last year. The decline in Gross Profit in mainly due to the increased cost of sales.

Financial highlights

	2020 Rupees “000”	2019 Rupees “000”
Net sales	186,688	116,775
Gross profit	12,933	11,454
Depreciation	27,314	20,865
Pre-tax loss	37,248	42,994
After-tax loss	39,444	37,376
Retained earnings	(485,287)	(448,875)

Products

Syrup

This year has been extremely testing in terms of sharp economic headwinds followed by COVID-19 pandemic towards the end quarter 3. The Syrup segment suffered a decreasing trend over the past year due to pandemic lurking over the summer season. In the current year sale volume performance decline by 3%.

Fruit Drink

In 2020, the Fruit Drink segment showed a strong growth momentum and reported a robust sales growth by 65% as compared to the last year mainly due to the attainment of increased global market share. The category has also successfully inducted its products in various markets across Pakistan, further strengthening its trade footprint across 150 towns.

Carbonated Soft Drink (CSD)

The CSD segment reported 29% growth as compared to last year. The business has focused on creating excitement for consumers by introducing 4 new flavors.

We, successfully expanded our penetration in key markets by reducing distribution gaps and tapping potential market segments bringing us closer to achieving our goals.

Our Populace

We deem that the way to rise as a business is to grow our people, enabling personal development and ambitious business results.

This speculation in our people is what sets us apart in the industry and drives us towards our goals with the right people on board.

Director's Report (Contd.)

Working Capital Management

Efficient working capital management shows itself in our current ratio and quick ratio which respectively stand at 2.37 time and 0.33 times.

Supply Chain Management (SCM)

SCM, is one of the key functions that not only ensures improvement of operational efficiencies but is also closely aligned with overall company success.

This year, the SCM team continued to provide unconditional support to all its partners for successfully achieving the targets and also focused on minimizing costs along with strengthening its relationships with all its suppliers.

Information Technology

We spot that in this rapidly changing business environment, it is of utmost importance to establish and maintain an efficient, robust and effective Information Technology (IT) Infrastructure. IT infrastructure is a combined set of hardware, software, network facilities and the people who are staffed to maintain this. We have all the ingredients in place to claim that our IT infrastructure is second to none.

Corporate Governance

Best Corporate Practices

On promulgation of Code of Corporate Governance (COCG), at the instructions from the Audit Committee and the Board of Directors of the Company, a detailed exercise was carried out to determine the following:

1. Changes in requirements of the COCG.
2. Company's status of compliance with the requirements of the COCG.
3. Identification of gaps in the compliance and action plan to fill the gaps.

Board Committees

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the committee is as follows:

- | | |
|-----------------------|----------|
| 1. Mr. Salman Haroon | Chairman |
| 2. Mr. Muhammad Siraj | Member |
| 3. Mr. Irfan Mangnejo | Member |

HR & Remuneration Committee

The HR & Remuneration committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the committee is as follows:

- | | |
|-----------------------|----------|
| 1. Mr. Salman Haroon | Chairman |
| 2. Mr. Muhammad Siraj | Member |
| 3. Mr. Muhammad Riaz | Member |

Meetings of the Board of Directors

During the year under review, 05 meetings of the Board of Directors of the Company were held and the attendance position is as follows:

Sr. No.	Name of Director	No. of Meetings Attended
1.	Mr. Muhamamd Atif (Chief Executive)	05
2.	Mr. Muhammad Siraj	05
3.	Mr. Qazi Muhammad Imran	05
4.	Mr. Salman Haroon	05
5.	Mr. Irfan Mangnajo	05
6.	Mr. Amir Altaf	05
7.	Mr. Muhammad Riaz	05

Director's Report (Contd.)

Compliance Statement

In compliance of the Code of Corporate Governance, statements on Corporate and Financial Reporting framework:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. The Company sustained losses and the accumulated losses have prevented the Company from declaring dividend or issuing the bonus shares.
9. Information about taxes and levies is given in the notes to the financial statements.
10. There were no related parties' transaction during the year.
11. The Company operates unfunded gratuity scheme for its eligible employees. The carrying value of liability as at June 30, 2020 was Rs. 5.540 million.

Future Prospects

The aim is to further strengthen our value driving product through expansion in portfolio by mean of innovation and keeping an attentive sense on how the events unfold.

The thing which is constant is change. We believe in change - in growing. It is because of this strong commitment to growth; we will be investing in new food categories. We will remain devoted towards converting challenges into opportunities and developing crucial internal strengths to surpass them.

We will focus on finding aggressive investments, milking such captivating opportunities and using the capital in new projects to secure additional growth for future.

Acknowledgement

The Board is pleased with the continued dedication and efforts of the employees of the Company.

For and on behalf of the Board of Director



Muhammad Atif
Chief Executive

Karachi
November 05, 2020

بورڈ آف ڈائریکٹرز کی میٹنگز

زیر غور سال کے دوران، 05 اجلاس کمپنی کے بورڈ آف ڈائریکٹرز تھے۔ منعقد کی حاضری کی پوزیشن مندرجہ ذیل ہے۔

میٹنگ میں حاضری

05	(1) جناب محمد عاطف (سی ای او)
05	(2) جناب محمد سراج
05	(3) جناب قاضی محمد عمران
05	(4) جناب سلمان ہارون
05	(5) جناب عرفان منگنچو
05	(6) جناب عامر الطاف
05	(7) جناب محمد ریاض

بیانیہ تعمیل حکم

- (1) کوڈ کارپوریٹ گورننس کی تعمیل میں، کارپوریٹ اور مالی رپورٹنگ کے فریم ورک پر بیانات:
- (2) کمپنی کے انتظام کے ذریعہ تیار کردہ مالی بیانات، اس کی امور کی منصفانہ حیثیت، اس کے آپریشن، نقد بہاؤ اور ایکویٹی میں بدلاؤ کا نتیجہ پیش کرتے ہیں۔
- (3) کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئیں
- (4) مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- (5) بین الاقوامی اکاؤنٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔ اور وہاں سے کسی بھی طرح کی روانگی کا مناسب طور پر انکشاف کیا گیا ہے۔
- (6) اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اسے موثر انداز میں نافذ اور نگرانی کی جا رہی ہے۔
- (7) کمپنی کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔
- (8) کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی مراعات نہیں ہوئی ہیں، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔
- (9) کمپنی کو مسلسل نقصانات اور جمع ہونے والے نقصان نے کمپنی کو منافع کا اعلان کرنے یا بونس حصص جاری کرنے سے روک دیا ہے۔
- (10) ٹیکسوں اور محصولات کے بارے میں معلومات مالی بیانات کو نوٹ میں دی گئی ہیں۔
- (11) سال کے دوران متعلقہ فریقوں کے لین دین نہیں ہوا۔
- (12) کمپنی اپنے اہل ملازمین کے لئے غیر منقولہ گریپچائی اسکیم چلاتی ہے۔ 30 جون 2020 کو واجب الادا قیمت 5.540 ملین روپے ہے۔

مستقبل کے جائزے

مقصد یہ کہ ہے جدت طرازی کے ذریعہ پورٹ فولیو میں توسیع کے ذریعہ ہماری ویلیوڈ رائیونگ پروڈکٹ کو مزید تقویت بخش بنائے اور واقعات کی پیش کش کے بارے میں دھیان رہے۔

جو چیز مستقل رہتی ہے وہ ہے تبدیلی ہم تبدیلی میں بڑھتے ہوئے میں یقین رکھتے ہیں۔ اس کی وجہ یہ ہے کہ اس مضبوط عہد و نمو سے وابستہ ہے۔ ہم کھانے کی نئی اقسام میں سرمایہ کاری کریں گے۔ ہم چیلنجوں کو مواقع میں تبدیل کرنے اور ان سے آگے نکلنے کیلئے اہم داخلی طاقتوں کی نشوونما کیلئے سرشار رہیں گے۔

ہم جارحانہ سرمایہ کاری ڈھونڈنے، اس طرح کے سحر انگیز مواقعوں کو دہرانے اور مستقبل کیلئے اضافی نمو کو محفوظ بنانے کیلئے نئے منصوبوں میں سرمایہ کا استعمال کرنے پر توجہ دیں گے۔

For and on behalf of the Board of Director



Muhammad Atif
Chief Executive

اعتراف

بورڈ کمپنی کے ملازمین کی لگن اور کوششوں سے خوش ہے۔

Karachi
November 05, 2020

ہمارا عملہ

ہم سمجھتے ہیں کہ بزنس کی حیثیت سے عروج کا راستہ یہ ہے کہ اپنے لوگوں کی نشوونما کی جاسکے، جس سے ذاتی ترقی کو ترقی دی جاسکے اور کاروباری نتائج برآمد ہوں۔ ہمارے لوگوں میں یہ قیاس آرائی وہی ہے جو ہمیں انڈسٹری میں الگ کر دیتی ہے اور ہمیں صحیح اہداف کے ساتھ اپنے مقاصد کی طرف لے جاتی ہے۔

زیر کار سرمائے کی حکمت عملی

موثر ورکنگ کیپٹل مینجمنٹ ہمارے موجودہ تناسب اور فوری تناسب میں خود کو نطاہر کرتی ہے جو بالترتیب 2.37 وقت اور 0.33 گنہ پر کھڑی ہے۔

تقسیم کاری کا مربوط نظام

ایس سی ایم، ایک اہم کام ہے جو نہ صرف آپریشنل اہلیتوں میں بہتری کو یقینی بناتا ہے بلکہ مجموعی طور پر کمپنی کی کامیابی کے ساتھ ہم آہنگ بھی ہے۔ اس سال، ایس سی ایم ٹیم اپنے اہداف کو کامیابی کے ساتھ حاصل کرنے کیلئے اپنے تمام شراکت داروں کو غیر مشروط مدد فراہم کرتی رہی اور اپنے تمام سپلائرز کے ساتھ اپنے تعلقات کو مضبوط بنانے کے ساتھ ساتھ اخراجات کو کم کرنے پر بھی توجہ مرکوز کرتی ہے۔

انفارمیشن ٹیکنالوجی

ہم دیکھتے ہیں کہ اس تیزی سے بدلتے ہوئے کاروباری ماحول میں، ایک موثر، مضبوط اور موثر انفارمیشن ٹیکنالوجی (آئی ٹی) کے قیام اور برقرار رکھنے کی انتہائی اہمیت ہے۔ انفراسٹرکچر آئی ٹی انفراسٹرکچر ہارڈ ویئر، سوفٹ ویئر، نیٹ ورک کی سہولیات اور اس کام کو برقرار رکھنے کیلئے عملے میں شامل افراد کا مشترکہ مجموعہ ہے۔ ہمارے پاس یہ دعویٰ کرنے کیلئے تمام اجزاء موجود ہیں کہ ہمارا آئی ٹی انفراسٹرکچر کسی سے پیچھے نہیں ہے۔

کارپوریٹ گورننس

بہترین کارپوریٹ عمل درآمد

کوڈ آف کارپوریٹ گورننس (سی او سی جی) کے اجراء پر، آڈٹ کمیٹی اور کمپنی کے بورڈ آف ڈائریکٹرز کی ہدایت پر، مندرجہ ذیل چیزوں کا تعین کرنے کیلئے ایک تفصیلی مشق کی گئی۔

- (1) COCG کی ضروریات میں تبدیلیاں۔
- (2) کمپنی کی COCG کی ضروریات کے تعین کی حیثیت۔
- (3) خلاء کو پر کرنے کیلئے تعمیل اور ایکشن پلان میں خالی جگہوں کی شناخت۔

بورڈ کمیٹیاں

حساب کتاب کا گروہ یا لوگ

آڈٹ کمیٹی اپنے ضابطہ کی شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے جیسا کہ بورڈ آف ڈائریکٹرز نے طے کیا ہے۔ کمیٹی کی تشکیل مندرجہ ذیل ہے۔

- (1) جناب سلمان ہارون (چیئر مین)
- (2) جناب محمد سراج (ممبر)
- (3) جناب عرفان منگچو (ممبر)

HR اور معاوضہ کمیٹی

ایچ آر اینڈ ریمونریشن کمیٹی اپنے ریفرنس کی شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے جیسا کہ بورڈ آف ڈائریکٹرز نے طے کیا ہے۔ کمیٹی کی تشکیل مندرجہ ذیل ہے۔

- (1) جناب سلمان ہارون (چیئر مین)
- (2) جناب محمد سراج (ممبر)
- (3) جناب محمد ریاض (ممبر)

ڈائریکٹرز کی جائزہ رپورٹ:

بورڈ کی جانب سے 30 جون 2020 کو مکمل ہونے والے مالیاتی سال کی آڈٹ شدہ مالیاتی معلومات اور سالانہ رپورٹ پیش کرنے پر ہمیں مسرت ہے۔

کاروباری جائزہ

آمدنی:

2020 میں کمپنی نے عالمی غیر یقینی حالات پر توجہ مبذول رکھی اور پیداواری صلاحیت میں اضافے کو جاری رکھا، چنانچہ گذشتہ سال کے مقابلے میں 60% اضافے کے ساتھ 186 ملین روپے کی آمدنی حاصل ہوئی۔ یہ اضافہ بنیادی طور پر برآمدی کاروبار میں گذشتہ سال کے مقابلے میں بہتری کا نتیجہ تھا۔

لاگت:

مجموعی معاشی تنزلی، روپے کی قدر میں کمی اور ڈالر کی بڑھتی ہوئی قیمت نے مالی سال 2020 میں فروخت کی لاگت پر دباؤ ڈالا، جس کے نتیجے میں یہ لاگت گذشتہ سال سے 3% بڑھ گئی۔

مجموعی منافع:

2020 میں کمپنی نے 7% کی شرح سے 12,933 ملین روپے منافع حاصل کیا جبکہ گذشتہ سال یہ منافع 10% کی شرح سے 11,454 ملین روپے تھا۔

مصنوعات

شریت

رواں سال تیز اقتصادی معاشی خطوط کے معاملے میں انتہائی جانچ رہا ہے جس کے بعد COVID-19 وبائی مرض اختتامی سہ ماہی کی سمت 3 گرمی کے موسم میں وبائی امراض کی وجہ سے پچھلے سال کے دوران سیرپ طبقہ ایک کم رجحان کا شکار ہوا۔ موجودہ سال میں فروخت میں حجم کی کارکردگی میں 3% کمی واقع ہوئی ہے۔

جوس

2020 میں، فروٹ ڈرنک طبقے نے مضبوط نمو کا مظاہرہ کیا اور پچھلے سال کے مقابلے میں فروخت کی مضبوط نمو میں 65 فیصد اضافہ ریکارڈ کیا جس کی بنیادی وجہ عالمی منڈی کے حصص میں اضافہ کا حصول ہے۔ اس زمرے نے پاکستان بھر میں مختلف مارکیٹوں میں اپنی مصنوعات کو کامیابی کے ساتھ شامل کیا ہے۔ جس نے 150 شہروں میں اس کے تجارتی نقش کو مزید تقویت بخشی ہے۔

کاربوئیٹ سافٹ ڈرنکس

گذشتہ سال کے مقابلے میں سی ایس ڈی طبقہ میں 29 فیصد اضافہ ریکارڈ کیا گیا ہے۔ کاروبار میں 4 نئے ڈالٹے متعارف کروا کر صارفین میں جوش و خروش پیدا کرنے پر توجہ دی گئی ہے۔

ہم نے کامیابی کے حصول کو کم کر کے اور مارکیٹ کے ممکنہ حصوں کو ٹیپ کر کے کلیدی منڈیوں میں کامیابی کے ساتھ اپنے مقصد کو حاصل کرنے کے قریب تر لایا ہے۔

مالیاتی جائزہ

2019 روپے "000"	2020 روپے "000"	
116,775	186,688	خالص فروخت
11,454	12,933	مجموعی منافع
20,865	27,314	فروسدگی
(42,994)	(37,248)	قبل از ٹیکس نقصان
(37,376)	(39,444)	بعد از ٹیکس نقصان
(448,875)	(485,287)	جاری نقصان

Financial Highlights

Financial position (Rs in million)	2020	2019	2018	2017	2016	2015
Assets Employed						
Property, plant and equipment						
Operating assets	337.096	297.736	227.946	239.881	248.401	195.746
Capital work in progress	19.593	55.876	174.368	162.381	114.484	165.819
	356.689	353.612	402.314	402.262	362.885	361.565
Long term deposits	1.869	1.819	1.819	1.819	1.994	1.099
Current assets	377.951	387.361	357.715	344.988	362.757	349.621
Total Assets	736.509	742.792	761.848	749.069	727.636	712.285

Financed by						
Shareholders' Equity	523.770	562.318	594.636	628.440	679.107	682.463
Long term deposits and deferred liabilities	50.497	61.203	11.831	15.083	3.205	2.704
Current liabilities	162.242	119.271	155.381	105.546	45.324	27.118
Total Funds Invested	736.509	742.792	761.848	749.069	727.636	712.285

Turnover & Profit						
Turnover - net	186.688	116.775	127.472	153.492	231.402	209.616
Gross profit	12.933	11.454	8.781	25.047	79.530	68.224
Operating loss	(38.695)	(43.981)	(41.947)	(43.851)	(8.048)	(4.454)
(Loss)/profit before taxation	(37.248)	(42.994)	(41.182)	(38.173)	2.532	2.752
(Loss)/profit after taxation	(39.444)	(51.056)	(40.107)	(39.693)	(3.850)	1.934
(Loss)/earning per share (Rupees)	(0.401)	(0.380)	(0.439)	(0.403)	(0.039)	0.023

Cash Flow Summary						
Net Cash from Operating Activities	36.635	(81.888)	8.281	61.480	(78.419)	(17.743)
Net Cash used in Investing Activities	(28.980)	34.118	(7.026)	(65.086)	76.099	(137.704)
Net Cash Outflow from Financing Activities	(11.150)	56.600	-	-	-	160.000
(Decrease) /Increase in Cash and Bank Balance	(3.495)	8.830	1.255	(3.606)	(2.320)	4.553
Cash and Bank Balance at beginning of the Year	10.686	1.856	0.601	4.207	6.527	1.974
Cash and Bank Balance at end of the Year	7.191	10.686	1.856	0.601	4.207	6.527

Analysis Horizontal & Vertical

Rs in million	2020	2019	2018	2017	2016	2015
Non current assets	358.558	355.431	404.133	404.081	364.879	362.664
Current assets	377.951	387.361	357.715	344.988	362.757	349.621
Total Assets	736.509	742.792	761.848	749.069	727.636	712.285

Shareholders' equity	523.77	547.398	593.576	628.440	679.107	682.463
Non current liabilities	50.497	76.124	12.891	15.083	3.205	2.704
Current liabilities	162.242	119.27	155.381	105.546	45.324	27.118
Total Equity & Liabilities	736.509	742.792	761.848	749.069	727.636	712.285

Vertical Analysis - %age	2020	2019	2018	2017	2016	2015
Non current assets	48.68	47.85	53.05	53.94	50.15	50.92
Current assets	51.32	52.15	46.95	46.06	49.85	49.08
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00

Shareholders' equity	71.12	73.69	77.91	83.90	93.33	95.81
Non current liabilities	6.86	10.25	1.69	2.01	0.44	0.38
Current liabilities	22.03	16.06	20.40	14.09	6.23	3.81
Total Equity & Liabilities	100.00	100.00	100.00	100.00	100.00	100.00

Horizontal Analysis - %age **Year to Year	2020	2019	2018	2017	2016	2015
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Non current assets	0.01	(0.12)	0.00	0.11	0.01	100.00
Current assets	(0.02)	0.08	0.04	(0.05)	0.04	100.00
Total Assets	(0.02)	(0.04)	0.04	0.06	0.04	100.00

Shareholders' equity	(0.04)	(0.08)	(0.06)	(0.07)	(0.00)	100.00
Non current liabilities	(0.34)	4.91	(0.15)	3.71	0.19	100.00
Current liabilities	0.36	(0.23)	0.47	1.33	0.67	100.00
Total Equity & Liabilities	(0.02)	4.60	0.27	4.96	0.85	100.00

Pattern of Shareholding

No. of Share Holders	Shareholding		Total Shares Held
	From	To	
563	1	100	16,103
1056	101	500	317,757
1120	501	1,000	889,260
1367	1,001	5,000	3,980,406
468	5,001	10,000	3,966,126
692	10,001	100,000	23,395,913
83	100,001	970,000	20,348,685
5	970,001	5,115,000	13,897,000
2	5,115,001	11,265,000	16,639,200
1	11,265,001	15,015,000	15,011,378
5,357	Total		98,461,828

S.No.	Categories Of Shareholders	No. of Shareholders	Total Shares Held	%
1	CEO	1	627	0.00
2	Directors	6	3,127	0.00
3	Sponsors and Family Members	2	31,386,578	31.88
4	General Public	5,299	54,478,042	55.33
5	Joint Stock Companies	40	4,865,056	4.94
6	Insurance Companies	1	77,188	0.08
7	Financial Institutions	1	18,310	0.02
8	NIT and ICP	1	35,400	0.04
9	Modaraba & Mutual Fund	3	6,985,000	7.09
10	Others	3	612,500	0.62
	Total	5,357	98,461,828	100.00

Statement of Compliance with Code of Corporate Governance

Name of Company: Quice Food Industries Limited
Year End: 30 June 2020

The company has complied with the requirements of the Regulations in the following Manner:

1. The total number of directors are as per the following:

Gender	Number
Male	07
Female	-

In accordance with the contents of Regulation 7 of the Code of Corporate Governance Regulations, 2017 (the 2017 Code) grace period is available to the Company in appointing Female director.

2. The composition of board is as follows:

Category	Name
Independent Director:	Mr. Salman Haroon
Executive Directors:	Mr. Muhammad Atif (Chief Executive) Mr. Qazi Muhammad Imran
Non – Executive Directors:	Mr. Muhammad Siraj Mr. Aamir Altaf Mr. Muhammad Riaz Mr. Irfan Mangnejo

Further, as per the provision to Regulation 6 of the 2017 Code, grace period has been prescribed in respect of transition phase for composition of the Board with respect to minimum number of independent directors as specified in the 2017 Code. The elections for the Company's Board of Director were held in October, 2017, and the next election will be held in 2020. Therefore, the said Regulation, No.6 of 2017 Code shall be complied with within the stipulated time limit.

3. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant Policies along with the dates on which they were approved or amended has been maintained.
6. All the power of the board has been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provision of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a Director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In term of Regulation 20 of the 2017 Code, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and Complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Committee	Composition	
Audit Committee	Mr. Salman Haroon Mr. Muhammad Siraj Mr. Irfan Mangnajo	Chairman Member Member
HR & Remuneration Committee	Mr. Salman Haroon Mr. Muhammad Siraj Mr. Muhammad Riaz	Chairman Member Member

13. The terms of reference of the aforesaid committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

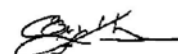
Committee	Frequency
Audit Committee	Quarterly meetings were held
HR & Remuneration Committee	One meeting was conducted

15. The Board has setup an effective internal audit function involved in Internal Audit relating to the Business and other affairs of the Company. They Considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered With Audit Oversight Board of Pakistan that they or any of the partners of the firm, their Spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accounts (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other material principles contained in the CCG have been complied with.

For and on behalf of the Board



Chief Executive



Director

Review Report to the Members on Statement of Compliance with Best Practices of CCG

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Quice Food Industries Limited** for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the statement of compliance:

- a) As per Regulation 08 of the Regulations, the Company has not made appropriate arrangements to carry out orientation courses for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed Company for and on behalf of shareholders.

Based on our review, except for the instance of above non-compliance, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.



Chartered Accountants
Karachi.

Dated: November 05, 2020

Engagement Partner: Hafiz Mohammad Ahmad

Auditors Report to the Members

Opinion

We have audited the annexed financial statements of **Quice Food Industries Limited** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S.No.	Key Audit Matters	How the matter was addressed in Audit
1	<p>Stock in Trade.</p> <p>Refer notes 5 to the financial statements and the accounting policy in note 2.5 to the financial statements regarding the Stock in trade.</p> <p>Stock in trade balance constitutes 44% of total assets of the Company. The cost of finished goods is determined at average cost including a proportion of production overheads.</p> <p>Stock in trade is carried in the financial statements at the lower of cost or net realizable value.</p>	<p>Our Audit procedures in respect of this matter amongst others, included the following:</p> <ul style="list-style-type: none">• Performed recalculation of the net realizable value (NRV) for sample selected in the closing stock-in-trade by comparing the cost with the:• Subsequent selling price verified through sales invoices issued after the year end.• Less cost to sell which was based on the actual cost incurred during the year to sell the underlying products.

S.No.	Key Audit Matters	How the matter was addressed in Audit
	We focused on stock in trade as it is significant portion of the Company's total assets and it requires management judgment in determining an appropriate costing basis and assessing its valuation.	<ul style="list-style-type: none"> We also performed list to floor test and floor to list test during physical inventory count procedures and verified the item quantity and its physical condition on sample basis. We performed a range of audit procedures with respect to inventory items including, Testing valuation methods and their appropriateness in accordance with the applicable accounting standards. We also tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads. We also assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Company at the year end.

Information Other Than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2020.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible under the Zakat and Ushr Ordinance, 1980 (xviii of 1980).

The engagement partner on the audit resulting in this independent auditors' report is **Hafiz Muhammad Ahmad**.



Chartered Accountants
Karachi.

Dated: November 05, 2020

BALANCE SHEET

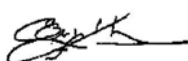
As at June 30, 2020

	Note	June 30, 2020	June 30, 2019 Restated	June 30, 2018 Restated
Rupees				
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	356,688,810	353,612,373	402,314,103
Long term deposits		1,869,200	1,819,200	1,819,200
		358,558,010	355,431,573	404,133,303
CURRENT ASSETS				
Stores and spares		5,652,656	4,666,032	7,419,631
Stock-in-trade	5	324,622,739	329,273,427	288,152,301
Trade debts	6	20,261,803	9,885,896	9,310,190
Short term investments	7	4,187,624	6,253,392	13,166,533
Advances, deposits, prepayments & other receivables	8	5,111,043	15,349,681	27,413,047
Taxation - net	9	10,924,324	11,246,404	10,397,422
Cash and bank balances	10	7,190,668	10,685,820	1,855,717
		377,950,857	387,360,652	357,714,841
		736,508,867	742,792,225	761,848,144
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
105,100,000 (2019: 105,100,000) ordinary shares of Rupees 10 each		1,051,000,000	1,051,000,000	1,051,000,000
Issued, subscribed and paid up share capital and reserves				
98,461,828 (2019 : 98,461,828) ordinary shares of Rs.10 each	11	984,618,280	984,618,280	984,618,280
Reserves	12	(485,286,637)	(448,874,691)	(413,722,737)
Surplus on revaluation of property, plant and equipment	13	24,438,142	26,574,780	23,740,422
Total equity		523,769,785	562,318,369	594,635,965
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred liabilities	14	4,997,334	4,603,223	11,831,365
Security deposit payables	15	45,500,000	56,600,000	-
		50,497,334	61,203,223	11,831,365
CURRENT LIABILITIES				
Trade and other payables	16	161,014,248	118,043,133	155,380,814
Short term position of deferred liability		1,227,500	1,227,500	-
		162,241,748	119,270,633	155,380,814
CONTINGENCIES AND COMMITMENTS				
	17	-	-	-
		736,508,867	742,792,225	761,848,144

The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

PROFIT AND LOSS ACCOUNT

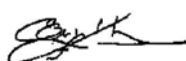
For The Year Ended June 30, 2020

	Note	Year Ended June 30, 2020	Year Ended June 30, 2019
Rupees			
SALES	18	186,688,206	116,775,397
Cost of Sales	19	(173,755,022)	(105,320,927)
GROSS PROFIT		12,933,184	11,454,470
Distribution Cost	20	(31,482,338)	(24,103,169)
Administrative Expenses	21	(19,490,334)	(25,224,466)
Other Operating Expenses	22	(655,433)	(6,108,297)
		(51,628,105)	(55,435,932)
Operating Loss		(38,694,921)	(43,981,462)
Other Operating Income	23	1,655,180	1,169,914
		(37,039,741)	(42,811,548)
Finance Cost	24	(208,541)	(182,669)
LOSS BEFORE TAXATION		(37,248,282)	(42,994,217)
Taxation	25	(2,195,786)	5,618,539
LOSS AFTER TAXATION		(39,444,068)	(37,375,678)
LOSS PER SHARE	26	(0.401)	(0.380)

The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

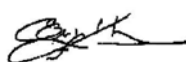
For The Year Ended June 30, 2020

	Note	Year Ended June 30, 2020	Year Ended June 30, 2019
Rupees			
LOSS AFTER TAXATION		(39,444,068)	(37,375,678)
Other comprehensive income that cannot be classified through profit and loss			
Revaluation surplus on land		-	5,208,400
Remeasurement of plan obligation - gratuity scheme - net of tax		1,154,143	(330,717)
Related Deferred Tax		(334,701)	95,908
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(38,624,626)	(32,402,087)

The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

For The Year Ended June 30, 2020

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

Cash Flow Statement

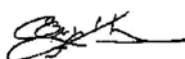
For The Year Ended June 30, 2020

Note	Year Ended June 30, 2020	Year Ended June 30, 2019
Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(37,248,282)	(42,994,217)
Adjustment for non cash items:		
Depreciation	27,313,634	20,865,175
Provision for gratuity	1,624,296	977,891
Provision for slow moving items	10,354,721	-
Gain on sale of fixed assets	-	(268,500)
Deficit on revaluation of building	-	3,681,378
Remeasurment loss on equity shares	684,558	2,389,974
Loss on sale of equity shares	(29,125)	36,945
	39,948,084	27,682,863
Net cash inflows from operations before working capital changes	2,699,802	(15,311,354)
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(986,624)	2,753,599
Stock-in-trade	(5,704,033)	(41,121,126)
Trade debts	(10,375,907)	(575,706)
Advances, deposits, prepayments & other receivables	10,238,638	11,869,644
	(6,827,926)	(27,073,589)
Increase / (decrease) in current liabilities		
Trade and other payables	42,971,115	(36,214,810)
Net working capital changes	36,143,189	(63,288,399)
Income tax paid	(2,208,407)	(3,288,444)
Net cash used in from operating activities	36,634,584	(81,888,197)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(30,390,071)	(16,484,179)
Sale proceed against sale of asset	-	46,116,256
Sale proceed against sale of equity shares	1,410,335	4,486,223
Net cash inflow / (used in) from investing activities	(28,979,736)	34,118,300
CASH FLOWS FROM FINANCING ACTIVITIES		
Reayment of long term deposits	(11,150,000)	56,600,000
Net cash inflows from financing activities	(11,150,000)	56,600,000
Net (decrease) / increase in cash and cash equivalents	(3,495,152)	8,830,103
Cash and cash equivalents at the beginning of the year	10,685,820	1,855,717
Cash and cash equivalents at the end of the year	7,190,668	10,685,820

The annexed notes 1 to 35 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

Notes to the Financial Statements

For The Year Ended June 30, 2020

1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Company was incorporated in Pakistan on 12 March 1990 as a Private Limited Company and was converted into Public Limited Company on 13 December 1993. The Company was listed on Karachi and Islamabad Stock Exchange(s) on 02 August 1994 and on 18 July 1995 respectively. Principal activities of the Company are manufacturing and sale of Jam, Jelly, Syrups, Custard powder, Pickles, Essence, Juices and Aerated drinks and its Allied Products. Currently, the Company operates its units in SWAT and HUB. Under repealed section 247 of the constitution of Pakistan Swat area is exempted from all taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

2.1.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed."

2.1.2 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

IFRS 16 "Leases", IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (right to use lease item) and lease liability to pay rentals are recognized. The only exception are short term and low value leases. The application of IFRS 16 has no impact on the financial statements of the Company.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

IAS 1	Presentation of financial statements (Amendments)	1-Jan-20
IAS 8	Accounting policies, changes in accounting estimates and errors	1-Jan-20
IAS 16	Property, Plant and Equipment (Amendments)	1-Jan-22
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	1-Jan-22
IAS 41	Agriculture (Amendments)	1-Jan-20
IASB	Conceptual Framework for Financial Reporting (Revised)	1-Jan-20
IFRS 3	Business combinations (Amendments)	1-Jan-20
IFRS 4	Insurance Contracts (Amendments)	1-Jan-23
IFRS 7	Financial Instruments : Disclosures (Amendments)	1-Jan-20
IFRS 9	Financial Instruments (Amendments)	1-Jan-20
IFRS 16	Leases	1-Jun-20

The management anticipates that, except as stated below, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

Notes to the Financial Statements

For The Year Ended June 30, 2020

IFRS 1 First-time Adoption of International Financial Reporting Standard
IFRS 17 Insurance Contracts

The following interpretations issued by the IASB have been waived off by SECP

IFRIC 12 Service concession arrangements

Accounting convention

These financial statements have been prepared under the historical cost convention except for staff retirement benefits which have been determined under actuarial valuation calculations.

Critical accounting estimates and judgments

The preparation of financial statements is in conformity with the approved accounting standards and requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

2.1.3 Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

2.1.4 Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

2.1.5 Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

2.2 Taxation

2.2.1 Current tax

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years.

Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1.25 % of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an assets.

2.2.2 Deferred Tax.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which these can be utilized.

Notes to the Financial Statements

For The Year Ended June 30, 2020

However, provision for taxation has been made in these financial statement for Hub Unit only, since the Swat Unit is exempt from all taxes.

2.3 Tangible Fixed Assets and Depreciation:

A) Owned

Building, Plant and machinery are stated at revalued amount less accumulated depreciation. Freehold land is carried at revalued amounts. All other operating assets are stated at cost less accumulated depreciation except capital work-in-progress which is stated at cost.

Borrowing costs during the erection period are capitalized as part of historical cost of the related assets.

Gains / (Losses) on disposal of operating assets are included in income currently. Normal maintenance and repairs are charged to income as and when incurred. Major renewals and replacements are capitalized.

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method on quarterly basis so as to write off the cost / appreciated value of the assets over their estimated useful lives at the rates given in Note 3.1. The Company charges the depreciation on additions from the month in which the asset is available for use and on deletions up to the month in which the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

B) Lease

Right of Use Assets

The right-of-use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Lease Liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For The Year Ended June 30, 2020

2.3.1 Capital Work In Progress

All costs / expenditure connected with specific assets are collected under this head until completion of assets. These are transferred to specific assets as and when assets are available for use. Disposal shall be made on cost if any.

2.4 Impairment

2.4.1 Impairment of Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.5 Inventories

Inventories, except for stock in transit are stated at lower of cost and net realizable value. Cost is determined as follows:

2.5.1 Stock in trade

Cost signifies in relation to raw material and components at average cost. In case of work-in-process and finished goods at average cost comprising prime cost and appropriate manufacturing overheads. Raw material and components in transit are stated at invoice value plus other charges paid thereon.

2.5.2 Stores and spares

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon till the reporting date.

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

2.5.3 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. The fair value of Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

a) Financial assets

Classification

Effective July 1, 2018, the Company classifies its financial assets in the following measurement categories:

- i) Amortized cost where the effective interest rate method will apply; i) Amortized cost where the effective interest rate method will apply;

Notes to the Financial Statements

For The Year Ended June 30, 2020

- ii) fair value through profit or loss;
- iii) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income (OCI). For investment in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commit to purchase or sell the asset. Further financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) Amortised cost

Assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statement of profit or loss.

c) Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented in finance income/cost in the period in which it arises.

Notes to the Financial Statements

For The Year Ended June 30, 2020

Equity instruments

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

Impairment of financial assets

Effective July 1, 2018, the Company assess on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its debt instruments, trade debts, short term investment and deposits and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

b) Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

- i) fair value through profit or loss;
- ii) other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-fortrading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortisation process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or expire

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 Revenue recognition

Revenue is recognized in accordance by applying the following steps:

- i) Identify the contract with a customer;
- ii) Identify the performance obligation in the contract;

Notes to the Financial Statements

For The Year Ended June 30, 2020

- iii) Determine the transaction price of the contract;
- iv) Allocate the transaction price to each of the separate performance obligations in the contract; and
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation"

Revenue is recognized at a point in time, when the Company satisfies performance obligations by transferring the promised goods to its customers.

Profit on bank balances are recognized on a time proportion basis on the on the principal amount outstanding and at the applicable rate.

2.7 Foreign currency transactions

Transactions in foreign currency are initially recorded in Pak rupees at exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into rupees at the rate of exchange approximating those prevailing at the balance sheet date except for liabilities covered under forward exchange which are translated at the contracted rates.

2.8 Trade Debts

Trade debts are recognized at invoice value less provision for uncollectible amount. Provision for doubtful debts is based on management assessment of customers outstanding and credit worthiness. Bad debts are written off when there is no realistic prospects of recovery.

2.9 Trade and other payables

Creditors, accrued and other liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services.

2.10 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

2.11 Related party transaction

All transaction with related parties are entered into arm's length basis determined in accordance with "Comparable Uncontrolled Price Method".

2.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.13 Borrowing Costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

2.14 Share Capital

Ordinary shares are classified as equity.

2.15 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cheques in hand and deposit with banks net off short term finances/borrowings maturing within one year from the date of acquisition, if any.

Notes to the Financial Statements

For The Year Ended June 30, 2020

2.16 Employee retirement benefits

The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to profit or loss account for the year. The assumptions are determined by independent actuary.

The amount recognized in the statement of financial position represents the present value of defined benefit obligation using the projected unit credit actuarial valuation method. Actuarial gains/ losses arising from the actuarial valuation are recognized immediately and are presented in other comprehensive income. The latest actuarial valuation was carried as at June 30, 2020.

3 Restatement of Error in Prior Period

In previous years, company did not account for Deferred Tax in the financial statements in accordance with the IAS -12, because company management is of the view that both plants are situated in Tribal Areas of KPK and Balochistan which are tax heavens and are exempted from Pakistan Taxation Laws with reference repealed Section No 247 of Constitution of Islamic Republic Pakistan. Later on, it was highlighted that plant situated in Balochistan Hub Tribal Area is not covered in that exempted area. Thus, the deferred tax calculation has been done and presented in current year & preceding years.

Company did not account for Surplus on revaluation of property, plant and equipment (related to plant situated in Hub Balochistan) and Remeasurement of plan obligation net of deferred tax as required by IAS 12. Further, no deferred tax impact has been recorded on unused tax losses (related to Hub). These errors have retrospective effect in accordance with the requirements of IAS 8 "Accounting, Policies, Changes in Accounting Estimates and Errors" with effect from earliest period and figures have been restated accordingly.

Particulars	As at June 30, 2019			As at June 30, 2018		
	As at June 30, 2019	Error Adjustment	As restated on June 30, 2019	As at June 30, 2018	Error Adjustment	As restated on June 30, 2018
Effect on statement of financial						
Equity						
Reserves	(188,752,919)	15,791,784	(172,961,135)	(139,755,624)	1,946,442	(137,809,182)
Surplus on Revaluation on property Plant & Equipment	27,445,919	(871,140)	26,574,779	24,626,998	(886,576)	23,740,422
Non Current Liabilities						
Deferred Tax Liability	15,681,064	(14,920,644)	760,420	9,129,536	(1,059,866)	8,069,670
Effect on Profit or Loss Account						
Taxation (Deferred Tax)	6,551,528	(13,680,378)	(7,128,850)	(2,786,639)	(4,926,333)	2,139,694
Effect on OCI						
Revaluation Surplus on Plant & Remeasurement of plan	-	-	-	-	-	-
	330,717	(95,908)	234,809	4,999,797	844,911	4,154,886
				243,155	70,515	172,640
Effect on Equity						
Amortization of Surplus	2,389,479	(252,841)	2,136,638	2,091,803	(591,464)	2,683,267

Notes to the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees	

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	337,095,892	297,736,446
Capital Work-in-progress	4.2	19,592,918	55,875,927
		<u>356,688,810</u>	<u>353,612,373</u>

4.1 The following is a statement of Company's operating fixed assets:

	2020					
	Owned					
	Free hold land	Building	Plant and machinery	Vehicles	Computers & office equipment's	Furniture and fixtures
	Rupees					
NBV as on June 30 , 2018	36,400,000	76,283,685	107,421,897	5,397,925	812,613	1,630,222
Additions	-	-	86,668,007	2,256,000	199,250	5,000
Revaluation Surpluss/(Loss)	5,208,400	(3,681,378)	-	-	-	-
Disposal (at NBV)	-	-	-	-	-	-
Depreciation charge	-	(7,392,366)	(11,908,257)	(1,143,876)	(262,434)	(158,242)
NBV as on June 30 , 2019	<u>41,608,400</u>	<u>65,209,941</u>	<u>182,181,647</u>	<u>6,510,049</u>	<u>749,429</u>	<u>1,476,980</u>
Gross Carrying Value Basis						
Cost	41,608,400	106,117,089	304,889,284	12,687,940	2,132,807	4,094,289
Accumulated depreciation	-	(40,907,148)	(122,707,637)	(6,177,891)	(1,383,378)	(2,617,309)
NBV as on June 30 , 2019	<u>41,608,400</u>	<u>65,209,941</u>	<u>182,181,647</u>	<u>6,510,049</u>	<u>749,429</u>	<u>1,476,980</u>
NBV as on June 30 , 2019	41,608,400	65,209,941	182,181,647	6,510,049	749,429	1,476,980
Additions	-	-	66,594,080	-	79,000	-
Revaluation Surpluss/(Loss)	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Depreciation charge	-	(6,520,995)	(19,112,119)	(1,301,983)	(230,904)	(147,633)
NBV as on June 30 , 2020	<u>41,608,400</u>	<u>58,688,946</u>	<u>229,663,608</u>	<u>5,208,066</u>	<u>597,525</u>	<u>1,329,347</u>
Gross Carrying Value Basis						
Cost	41,608,400	106,117,089	371,483,364	12,687,940	2,211,807	4,094,289
Accumulated depreciation	-	(47,428,143)	(141,819,756)	(7,479,874)	(1,614,282)	(2,764,942)
NBV as on June 30 , 2020	<u>41,608,400</u>	<u>58,688,946</u>	<u>229,663,608</u>	<u>5,208,066</u>	<u>597,525</u>	<u>1,329,347</u>
	-	10%	10%	20%	30%	10%

** NBV stands for Net Book Value.

	2020	2019
	Rupees	

4.1.1 Depreciation for the year has been allocated as follow:

Cost of sales	26,293,768	19,767,229
Administrative expenses	1,019,866	1,097,946
	<u>27,313,634</u>	<u>20,865,175</u>

4.1.2 No asset was sold to Chief Executive, Directors, Executives and Shareholders during the year.

Notes to the Financial Statements

For The Year Ended June 30, 2020

4.1.3 Revaluation was conducted in the current year at 30 June 2019 by Messrs. Sipra & Coompany (Private) Limited an independent valuer. Previously the revaluation was conducted out on June 30 2018 , June 30, 2014 and 31 December 2011.

4.1.4 Forced sale value

Asset Class

Land & Building with an area of 20,804.2 Sq. Mtr.

Forced Sale Value
84,486,720

4.1.5 Had there been no revaluation, the original cost, accumulated depreciation and book valued of land, building and machinery would have been as follows:

	As at June 30, 2020			As at June 30, 2019		
	Cost	Accumulated Depreciation	Written Down Value	Cost	Accumulated Depreciation	Written Down Value
	-----Rupees-----			-----Rupees-----		
Land	36,400,000	-	36,400,000	36,400,000	-	36,400,000
Building	109,884,242	56,740,390	53,143,852	109,884,242	50,835,518	59,048,724
Plant and machinery	329,087,150	118,165,977	210,921,173	262,493,070	101,136,268	161,356,802

2020

2019

Rupees

4.2 CAPITAL WORK-IN-PROGRESS

Plant & Machinery
Tetra

19,592,918

19,592,918

-

36,283,009

19,592,918

55,875,927

4.2.1 Reconciliation of the carrying amount of Capital-work-in-progress is as follows:

	Plant & Machinery	Tetra	Total
	-----Rupees-----		
Balance as on July 1, 2018	104,570,780	69,796,981	174,367,761
Capital Expenditure Incurred	642,455	11,231,751	11,874,206
Adjustments / Transfers	(39,772,561)	(44,745,723)	(84,518,284)
Sold	(45,847,756)	-	(45,847,756)
Balance as on June 30, 2019	19,592,918	36,283,009	55,875,927
Balance as on July 1, 2019	19,592,918	36,283,009	55,875,927
Capital Expenditure Incurred	-	17,145,356	17,145,356
Transfer to fixed assets	-	(53,428,365)	(53,428,365)
Balance as on June 30, 2020	19,592,918	-	19,592,918

2020

2019

Rupees

5. STOCK IN TRADE

Raw and packing materials
Finished goods
Provision for slow moving items

214,090,899

221,098,979

120,886,561

108,174,448

(10,354,721)

-

324,622,739

329,273,427

Notes to the Financial Statements

For The Year Ended June 30, 2020

		2020	2019
		Rupees	
6.	TRADE DEBTS - considered good		
	Considered good (Unsecured)	20,261,803	9,885,896
6.1	The aging of trade debts as at 30 June 2020 is as follows:		
	Neither past due nor impaired (0-30)	2,512,858	3,838,569
	Past due but not impaired (31-60)	17,748,945	6,047,327
		20,261,803	9,885,896
6.1	As at June 30, 2020, an amount of Rupees 5.716 million (2019: 0.028 million) refer to foreign debtors.		
6.2	No aggregate outstanding balance of trade debtors due from related parties at the end of any month during the year.		
6.3	As at June 30, 2020, no amount was due from related parties for which impairment needs to be tested (2019: Nil).		

	Note	2020	2019
		Rupees	
7.	INVESTMENTS		
	Fair value through profit or loss	7.1 -	1,381,210
	Units of mutual funds	7.2 4,187,624	4,872,182
		4,187,624	6,253,392
7.1	This includes investments in different listed securities. Details are:		
	Cost	1,381,210	6,582,207
	Disposal during the year	(1,381,210)	(4,523,168)
		-	2,059,039
	Fair value reserve	-	(677,829)
	Fair value	-	1,381,210
7.2	Investments in units of mutual funds is as follows:		
		2020	2019
	Units		
		140,000	140,000
	Name of Investee Company		
		2020	2019
		Rupees	
		4,187,624	4,187,624
		2020	2019
		Rupees	

8.	ADVANCES DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES		
	Advances to employees - considered goods	708,694	1,344,163
	Advances to suppliers - unsecured, considered good	2,980,595	7,034,853
	Other Receivables	1,036,950	6,227,512
	Sales Tax Receivable	384,804	743,153
		5,111,043	15,349,681
9.	TAXATION - Net		
	Advance income tax	13,437,861	12,717,364
	Less: Provision for tax	2,513,537	1,470,960
		10,924,324	11,246,404

Notes to the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees	
10. CASH AND BANK BALANCES		
Cash in hand	56,453	53,561
With banks:		
- Current accounts	-	61,070
- Saving accounts	7,134,215	10,571,189
	7,134,215	10,632,259
	7,190,668	10,685,820

10.1 Saving accounts earned interest/mark-up at weighted average rate of 7.09% per annum (2019: 5.05% per annum).

11. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
Units			Rupees	
18,332,840	18,332,840	Ordinary shares of Rs.10 each fully paid in cash	183,328,400	183,328,400
433,888	433,888	Ordinary shares of Rs.10 each fully paid in cash to NIT and ICP	4,338,880	4,338,880
1,722,822	1,722,822	Ordinary shares of Rs.10 each issued as bonus shares	17,228,220	17,228,220
31,711,000	31,711,000	Ordinary shares of Rs.10 each issued at a discount of Rs. 4 per Share issued to Convert Part of the Directors Loan into fully paid shares	317,110,000	317,110,000
20,000,000	20,000,000	Ordinary shares of Rs.10 each issued at a discount of Rs. 2 per share fully paid in cash issued to general public	200,000,000	200,000,000
26,261,278	26,261,278	Ordinary shares of Rs.10 each issued at a discount of Rs. 2 per share issued against property and machinery	262,612,780	262,612,780
98,461,828	98,461,828		984,618,280	984,618,280

Notes to the Financial Statements

For The Year Ended June 30, 2020

11.1 Capital risk management policies and procedures

The Company's objective when managing the capital are:

- to safeguard its ability to continue as a going concern so that it can continue to provide return to shareholders and benefits other stakeholders; and
- to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends to shareholders, issue new shares and adopt other means commensuration to the circumstances.

	Note	2020	2019
			Rupees

12 RESERVES

Composition of reserves is as follows:

Capital			
Premium on issue of share capital	12.1	6,875,000	6,875,000
Discount on issue of share capital		(282,788,556)	(282,788,556)
Revenue			
Accumulated loss		(209,373,081)	(188,752,919)
		<u>(485,286,636)</u>	<u>(464,666,474)</u>

12.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Act, 2017.

	2020	2019
		Rupees

13 Revaluation of property plant & equipment-net of deferred tax

Freehold land

Balance as at 01 July	5,208,400	-
Revaluation for the year	-	5,208,400
	<u>5,208,400</u>	<u>5,208,400</u>

Plant & machinery

Balance as at 01 July	22,126,800	24,585,333
Transferred to unappropriated profit in respect of incremental depreciation charged during the year-net of deferred tax	(2,136,638)	(2,374,042)
Related deferred tax liability of incremental depreciation charged during the year	(76,042)	(84,491)
	<u>19,914,120</u>	<u>22,126,800</u>

Surplus on revaluation of fixed assets

Less: related deferred tax liability	760,420	844,911
Revaluation as at July 1		
Revaluation recognized during the year	(76,042)	(84,491)
Incremental depreciation charged during the year	684,378	760,420
	<u>24,438,142</u>	<u>26,574,780</u>

Notes to the Financial Statements

For The Year Ended June 30, 2020

	Note	2020	2019
		Rupees	
14	Deferred Liabilities		
Deferred tax	14.1	684,378	760,420
Staff gratuity scheme -unfunded	14.2	4,312,956	3,842,803
		<u>4,997,334</u>	<u>4,603,223</u>

14.1 Deferred Tax

Opening deferred tax liability		760,420	8,069,670
Deferred tax charged/(reverse) for the year		(76,042)	(7,309,250)
Closing deferred tax liability	14.1.1	<u>684,378</u>	<u>760,420</u>

14.1.1 Closing Deferred Tax Liability

Deferred tax liability comprises of (deductible) / taxable temporary differences in respect of the following:

Deferred tax liabilities in respect of taxable temporary differences:

Deferred tax liabilities on accelerated depreciation	21,953,445	20,641,091
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Deferred tax assets in respect of deductible temporary differences

Unused tax losses / credits	17,506,710	18,513,210
Provision for gratuity	1,311,415	1,367,461
Provision for slow moving item	2,450,942	-
	<u>684,378</u>	<u>760,420</u>

14.1.2 The Company has not recognized deferred tax asset to Rupees 9.37 million (2019: 2.01 million) arising due to available tax losses and credits since it is not probable that future taxable profits will be available against which the temporary differences can be utilized. The deferred tax liability reflected in these financial statements relates to the surplus on revaluation of property, plant and equipment only.

	2020	2019
	Rupees	

14.2 STAFF RETIREMENT BENEFITS

Staff gratuity scheme -unfunded		
Present value of defined benefit obligation	4,112,983	3,856,519
Add: Unrecognized actuarial gain / (loss)	199,973	(13,716)
	<u>4,312,956</u>	<u>3,842,803</u>

14.2.1 General Description

The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on 30 June 2020.

Notes to the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees	
14.2.2 Movement in present value of defined benefit obligation		
Balance at beginning of the year	3,842,803	3,761,695
Current service cost	1,067,090	724,471
Interest cost	557,206	253,420
Experience adjustments	(1,354,116)	344,433
Payable transfer to short term liability	-	(1,227,500)
Balance as at end of the year	4,112,983	3,856,519
14.2.3 Movement in balances		
Balance at beginning of the year	5,070,303	3,761,695
Expense during the year	1,624,296	977,891
Remeasurements chargeable in other comprehensive income	(1,154,143)	330,717
	5,540,456	5,070,303
14.2.4 Charge for the year		
Current service cost	1,067,090	724,471
Interest cost	557,206	253,420
	1,624,296	977,891
14.2.5 Experience Adjustments		
Experience adjustment arising on plan liabilities (gains) / losses	(1,354,116)	344,433
Present value of defined benefits obligation	4,112,983	3,856,519
14.2.6 Principal actuarial assumption		
Following principal actuarial assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees	N/A	N/A
Discount rate used for year end obligation	8.50% p.a	14.50% p.a
Discount rate used for interest cost in P&L charge	14.50% p.a	10.00% p.a

14.2.7 Sensitivity analysis for Actuarial Assumptions

The Sensitivity of defined benefit obligation to changes in the weighted principal assumptions is :

	Change in Assumptions	Increase in Assumptions	Decrease in Assumptions
Discount Rate	+ - 100bps	4,044,113	4,627,118
Salary Increase	+ - 100bps	4,615,774	4,049,910

	2020	2019
	Rupees	
15. SECURITY DEPOSIT PAYABLE	45,500,000	56,600,000

This represent interest free deposits received from distributors under distribution contracts and is refundable on cancellation of respective contract or termination of related services.

Notes to the Financial Statements

For The Year Ended June 30, 2020

	Note	2020	2019
Rupees			
16. TRADE AND OTHER PAYABLES			
Creditors		15,752,513	31,727,979
Accrued liabilities		10,369,415	12,795,770
Contract Liability	16.1	133,787,204	72,545,367
Others		1,105,116	974,017
		<u>161,014,248</u>	<u>118,043,133</u>

16.1 During the year an amount of Rupees 72.545 million was adjusted against contract liabilities (2019: 96.109 million).

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 Securities and Exchange Commission of Pakistan (SECP) has fined the Company and all the directors for Rupees 0.785 million under sections 155, 233, & 245 and 74 and 476 respectively of the Companies Ordinance, 1984. No provision has made in these financial statements for such penalty. Directors and Company have filed appeal before SECP and expect a favorable outcome.

17.2 Commitments

There were no capital or other commitments at the balance sheet date (2019: Nil).

	Note	2020	2019
Rupees			
18. SALES - net			
Local		174,065,552	132,226,708
Export		48,606,652	7,174,050
		<u>222,672,204</u>	<u>139,400,758</u>
Federal excise duty		(6,226,525)	-
Sales tax		(29,757,473)	(22,625,361)
		<u>186,688,206</u>	<u>116,775,397</u>

18.1 Export Sales comprise of sale made in UK, South Africa and Mauritius regions.

19. COST OF SALES

Opening stock of finished goods		108,174,448	66,939,533
Cost of goods manufactured	19.1	179,442,631	146,555,842
		<u>287,617,079</u>	<u>213,495,375</u>
Closing stock of finished goods		120,886,561	108,174,448
		<u>166,730,518</u>	<u>105,320,927</u>

Notes to the Financial Statements

For The Year Ended June 30, 2020

	Note	2020	2019
Rupees			
19.1 Cost of goods manufactured			
Raw materials consumed	19.1.1	107,675,199	92,865,869
Stores, spares and loose tools consumed		676,081	1,218,053
Salaries, wages and benefits	19.1.2	9,128,728	9,913,461
Conveyance expenses		32,000	207,710
Communication expenses		9,510	17,290
Entertainment expenses		1,027,683	1,506,495
Freight and octroy		82,740	911,770
Factory rent		256,042	556,042
Fuel and power		72,924	67,824
Stationary expenses		7,480	2,200
Repair and maintenance		544,955	1,129,889
Utilities		22,288,805	13,795,301
Depreciation	4.1	26,293,768	19,767,233
Security expenses		1,576,360	1,795,219
Travelling expenses		97,431	64,984
Water charges		1,385,218	886,983
Loading / unloading expenses		12,110	226,059
Miscellaneous expenses		8,275,597	1,623,460
		<u>179,442,631</u>	<u>146,555,842</u>
19.1.1 Raw materials consumed			
Opening stock of raw materials		221,098,979	221,212,768
Add: Purchases - net		100,667,119	92,752,080
		<u>321,766,098</u>	<u>313,964,848</u>
Closing stock of raw materials		214,090,899	221,098,979
		<u>107,675,199</u>	<u>92,865,869</u>

19.1.2 This includes gratuity expense of Rupees 0.628 million (2019: 0.356 million).

	Note	2020	2019
Rupees			
20. DISTRIBUTION COST			
Marketing expenses		12,478,506	3,264,247
Salaries and other benefits	20.1	12,027,913	20,162,237
Outward freight and handling		6,153,895	-
Advertisement and publicity		822,024	676,685
		<u>31,482,338</u>	<u>24,103,169</u>

20.1 This includes gratuity expense of Rupees 0.489 million (2019: 0.254 million).

Notes to the Financial Statements

For The Year Ended June 30, 2020

	Note	2020	2019
		Rupees	
21. ADMINISTRATIVE EXPENSES			
Directors remuneration	27	2,912,774	3,850,289
Salaries, wages and benefits	21.1	8,741,691	9,268,675
Conveyance expense		18,470	159,520
Communication expense		51,014	181,214
Entertainment		56,040	205,429
Fee, subscription & professional charges		3,078,065	5,756,286
Fuel & power		6,200	16,490
Rent expense		420,000	2,010,000
Printing and stationery		31,563	178,044
Repair and maintenance		18,400	95,230
Utilities		698,335	1,158,966
Auditors' remuneration	21.2	725,000	575,000
Depreciation	4.1.1	1,019,866	1,097,946
Miscellaneous expenses		1,546,256	527,662
Traveling expenses		166,660	143,715
		<u>19,490,334</u>	<u>25,224,466</u>

21.1 This includes gratuity expense of Rupees 0.508 million (2019: 0.368 million).

	2020	2019
	Rupees	
21.2 Auditors' remuneration		
Audit fee	600,000	450,000
Half yearly review	125,000	125,000
	<u>725,000</u>	<u>575,000</u>

22. OTHER OPERATING EXPENSES

Remeasurement loss - investmnt	684,558	2,389,974
Deficit on revaluation of building	-	3,681,378
Capital loss on sale of equity shares	-	36,945
	<u>684,558</u>	<u>6,108,297</u>

23. OTHER INCOME

Income from financial assets		
- Dividend Income	-	229,292
- Investment Income	80,903	150,923
- Saving accounts	607,178	260,528
	<u>688,081</u>	<u>640,743</u>
Income from non-financial assets		
Other Income	967,099	529,171
	<u>1,655,180</u>	<u>1,169,914</u>

24. FINANCE COST

Bank charges	208,541	182,669
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Notes to the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees	
25. TAXATION		
Current		
- for the year	2,513,537	1,470,960
- changes in estimates related to prior years	16,950	39,352
	2,530,487	1,510,312
Deferred tax	(334,701)	(7,128,851)
	2,195,786	(5,618,539)

25.1 Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1.5% of turnover.

25.2 Tax provision includes effect of prior year adjustments.

25.3 The relationship between tax expense and accounting profit has not been presented in these financial statements as the Company has declared accounting loss for the year. Therefore minimum tax @ 1.5% has been provided in these financial statements. Sufficient tax provision has been incorporated in these financial statements.

26. EARNINGS PER SHARE - BASIC AND DILUTED

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

Loss attributable to ordinary shares	(Rupees)	(39,444,068)	(37,375,678)
Weighted average number of ordinary shares	(Numbers)	98,461,828	98,461,828
Loss per share	(Rupees)	(0.401)	(0.380)

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including certain benefits to the Chief Executive, Directors and Executives of the Company are as follows:

	2020			2019		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees			Rupees		
Managerial remuneration	570,000	1,236,276	8,034,866	570,000	1,740,000	9,000,291
House rent, utilities & others	95,000	1,011,498	-	95,000	1,445,289	-
	665,000	2,247,774	8,034,866	665,000	3,185,289	9,000,291
No. of Persons	1	2	5	1	2	5

27.1 Chief Executive provided with Company's owned and maintained car.

28. TRANSACTIONS WITH RELATED PARTIES

There were no related parties during the year June 30, 2020 (2019: NIL).

Notes to the Financial Statements

For The Year Ended June 30, 2020

29. PRODUCTION CAPACITY

In view of varying manufacturing process and multiple products, the annual rated capacity of the plant is mentioned in dozens based on single shift of eight hours a day. The fact for under utilization is due to product demand and normal maintenance.

Rated capacity	2020	2019
- Syrup		
Liters - 150 day per annum single shift	1,440,000	1,440,000
- Juice		
Liters - 180 day per annum single shift	13,458,960	11,028,960
- CSD		
Liters - 180 day per annum single shift	2,700,000	2,700,000
- Water		
Liters - 180 day per annum single shift	6,912,000	-
Actual Production		
- Syrup		
Liters - 150 day per annum single shift	506,573	454,264
- Juice		
Liters - 180 day per annum single shift	1,379,700	2,106,026
- CSD		
Liters - 180 day per annum single shift	94,500	420,000
- Water		
Liters - 180 day per annum single shift	1,240,200	-

30. FINANCIAL RISK MANAGEMENT

30.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and manages financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk arises due to fluctuation in foreign exchange rates. The Company has transactional currency exposure. Such exposure arises from sales by the Company in currencies other than Rupee.

Notes to the Financial Statements

For The Year Ended June 30, 2020

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. If Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD, with all other variables held constant, the effect on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) at June 30, 2020 (2019: Nil) would have been as follows:

	2020	2019
	Rupees	
Effect on equity - strengthened	228,184	44,288
Effect on equity - weakened	(228,184)	(44,288)

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

A 5% increase / decrease in share prices of listed companies at the reporting date would have increased / decreased the Company's unrealized gain on investments at fair value through profit and loss as follows:

	2020	2019
	Rupees	
Effect on equity - strengthened	222,376	312,670
Effect on equity - weakened	(222,376)	(312,670)

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk. As at reporting date, there were no interest bearing borrowings. Therefore, there was no interest rate risk.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Notes to the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
	Rupees	
Trade debts	20,261,803	9,885,896
Loans and advances	5,111,043	15,349,681
Short Term Investment	6,253,392	6,253,392
Bank balances	7,134,215	10,632,259
	<u>38,760,453</u>	<u>42,121,228</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

		Rating		2020	2019
Banks	Short Term	Long term	Agency	--- Rupees ---	
Allied Bank Limited	A1+	AA+	PACRA	-	49,200
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,635,200	3,709,521
Meezan Bank Limited	A-1+	AA	JCR-VIS	1,786,863	6,265,036
National Bank of Pakistan	A-1+	AAA	JCR-VIS	-	-
United Bank Limited	A-1+	AAA	JCR-VIS	3,712,152	608,502
				<u>7,134,215</u>	<u>10,632,259</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2020 the Company had Rupees 7,190 million (2019: Rupees 10,632 million) cash and bank balances. Management believes the liquidity risk to be low considering the nature of individual items in the working capital position. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2020

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	----- Rupees -----					
Trade and other payables	161,014,248	161,014,248	107,342,832	53,671,416	-	-
	<u>161,014,248</u>	<u>161,014,248</u>	<u>107,342,832</u>	<u>53,671,416</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2019

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	----- Rupees -----					
Trade and other payables	118,043,133	118,043,133	78,695,422	39,347,711	-	-
	<u>118,043,133</u>	<u>118,043,133</u>	<u>78,695,422</u>	<u>39,347,711</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For The Year Ended June 30, 2020

30.2 Fair values of financial assets and liabilities

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy

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

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	2020	2019
	Rupees	

30.3 Financial instruments by categories as at 30 June 2019

Financial Assets at Amorised Cost.

Trade debts	20,261,803	9,885,896
Loans and advances	5,111,043	15,349,681
Cash and bank balances	7,190,668	10,685,820
	<u>32,563,514</u>	<u>35,921,397</u>

Financial Assets at Fair Value through Profit or Loss Account.

Short term investment	4,187,624	6,253,392
	<u>4,187,624</u>	<u>6,253,392</u>

Financial Liabilities at Amorised Cost.

Trade and other payables	161,014,248	118,043,133
	<u>161,014,248</u>	<u>118,043,133</u>

30.4 The Fair value hierarchy of financial assets measured at fair value as follows:

	2020			
	Level 1	Level 2	Level 3	Total
Short term investment	4,187,624	-	-	4,187,624
	2019			
	Level 1	Level 2	Level 3	Total
Short term investment	6,253,392	-	-	6,253,392

Notes to the Financial Statements

For The Year Ended June 30, 2020

	2020	2019
31. NUMBER OF EMPLOYEES		
At year end		
- Permanent	30	16
- Temporary	15	96
	45	112

This included 15 (2019: 50) number of factory employees.

Average employees during the year

- Permanent	35	16
- Temporary	21	65
	56	81

This included 35 (2019: 35) number of factory employees.

32. GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

Business Unite	Location
Production Unit 1	Near Nazar choragi Hub, Baorchistan F-10/12.
Production Unit 2	Sher Zam plaza Near Rahimabad Post Office. GT Road Rahimabad, SWAT Khyber Pakhtunkhwa.
Sales Office	Block-B, Latifabad Unit # 02, Hyderabad.

33. IMPACT OF COVID-19 (CORONA VIRUS)

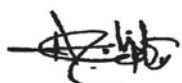
The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Sindh announced a temporary lock down as a measure to reduce the spread of the COVID-19. The company's operations were not affected as it fell under the exemption provided by the Government of Sindh to providers of essential foods. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

34. COMPARATIVE INFORMATION

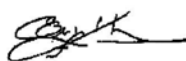
Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

35. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors of the Company on November 05, 2020.



Chief Executive



Director



Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 30th Annual General Meeting of the shareholders of Quice Food Industries Limited will be held at the registered office of the Company: WS-7, Madina Palace, Faran CHS, Dhorajee Colony, Karachi on Friday, November 27, 2020 at 04:00 PM to transact the following business:

Ordinary Business:

1. To confirm the minutes of Annual General Meeting held on October 28, 2019;
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2020 together with Directors' and Auditors' reports thereon; and
3. To appoint Auditors for the year ending June 30, 2021 and fix their remuneration. M/s. Aslam Malik & Co., Chartered Accountants will retire and are eligible to offer themselves for reappointment.

Special Business:

1. To elect seven directors as fixed by the Board for a period of three years in accordance with the provision of Section 159 (i) of the Companies Act, 2017. The following directors will retire and are eligible to offer themselves for re-election:
 - a) Mr. Muhammad Atif
 - b) Mr. Muhammad Siraj
 - c) Mr. Qazi Muhammad Imran
 - d) Mr. Salman Haroon
 - e) Mr. Aamir Altaf
 - f) Mr. Irfan Mangnejo
 - g) Mr. Muhammad Riaz
2. To transact any other business with permission of the Chair.

By Order of the Board

Karachi
November 05, 2020

Iqbal Shahid
Company Secretary

Book Closure:

The share transfer books of the Company will remain closed from November 21, 2020 to November 27, 2020 (both days inclusive).

Notes:

1. A member entitled to attend and vote at meeting may appoint a proxy. Proxies in order to be effective, must be received at the registered office of the Company duly signed, stamped and witnessed not later than 48 hours before the meeting. A proxy not to be a member of the Company;
2. Members who intend to offer themselves for the election as director, may file with the registered office of Company, their intention that should be received not later than 14 days before the date of Meeting;
3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their CNIC along-with their CDC account number for verification;
4. Members are requested to notify the Company change in their addresses, if any; and
5. Annual audited financial statements of the Company for the year ended June 30, 2020 have been placed on the Company's website i.e. www.quice.com.pk.

Proxy Form

I/We _____ of _____ being a member of QUICE FOOD INDUSTRIES LIMITED and holder of _____ Ordinary shares as per share Register Folio No. _____ and/or CDC Participant I.D. No. _____ and Sub Account No. _____, hereby appoint _____ of _____ or failing him _____ of _____

as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held on the 27th day of November, 2020 and at any adjournment thereof.

Signed this _____ day of _____ 2020.

WITNESSES:

1) Signature : _____

Name : _____

Address : _____

CNIC or : _____

Passport No. : _____

2) Signature : _____

Name : _____

Address : _____

CNIC or : _____

Passport No. : _____

Signature

Signature should agree with the specimen
registered with the Company

Note:

Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.








CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.



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