



# Annual Report 2020



CLOVER PAKISTAN LIMITED



# Content

1	COMPANY INFORMATION	03
2	NOTICE OF ANNUAL GENERAL MEETING	04
3	NOTICE OF ANNUAL GENERAL MEETING-URDU	06
4	REVIEW REPORT BY THE CHAIRMAN	08
5	REVIEW REPORT BY THE CHAIRMAN-URDU	10
6	DIRECTORS' REPORT	12
7	DIRECTORS' REPORT-URDU	16
8	STATEMENT OF VALUE ADDED	21
9	YEARWISE FINANCIAL HIGHLIGHTS	22
10	SIX YEAR AT A GLANCE	23
12	STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)	24
13	INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT	26
14	INDEPENDENT AUDITOR'S REPORT	28
15	STATEMENT OF FINANCIAL POSITION	33
16	STATEMENT OF PROFIT OR LOSS	34
17	STATEMENT OF COMPREHENSIVE INCOME	35
18	STATEMENT OF CHANGES IN EQUITY	36
19	STATEMENT OF CASH FLOW	37
20	NOTES TO THE FINANCIAL STATEMENTS	38
21	PATTERN OF SHAREHOLDING	72
24	PROXY FORM	77

# Company Information

## Board of Directors

Mr. Muhammad Jamshed Azmet - Chairman  
Mr. Nadeem Ahmed Butt  
Mr. Khawar Jamil Butt  
Mr. Shehzad Mohsin  
Mr. Irfan Ali Hyder  
Mr. Sohail Allana - Chief Executive Officer

## Audit Committee

Mr. Muhammad Jamshed Azmet  
Mr. Nadeem Ahmed Butt  
Mr. Abdul Wahab Kodvavi (Later on Resigned)  
Mr. Rasheed Ahmed Jaffar (Later on Resigned)

## Human Resource Committee

Mr. Irfan Ali Hyder - Chairman  
Mr. Muhammad Jamshed Azmet  
Mr. Khawar Jamil Butt

## Company Secretary

Mr. Basit Habib

## Chief Financial Officer

Mr. Muhammad Asim

## External Auditors

Grant Thornton Anjum Rahman  
Chartered Accountants

## Registered Office

Banglow No. 23-B Lalazar, Off: M.T. Khan Road, Karachi, Pakistan.

Tel: (92 21) 38658896

Fax: (92 21) 35631960

## Website

[www.clover.com.pk](http://www.clover.com.pk)

## Share Registrar

FAMCO Associates (Pvt) Limited  
8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S,  
Shahrah-e-Faisal,  
Karachi -74000  
Pakistan.  
Tel: (92 21) 34380101-5  
Fax: (92 21) 34380106

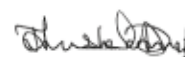
# Notice of Annual General Meeting

Notice is hereby given that the (34th) thirty-fourth Annual General Meeting of Clover Pakistan Limited (the “Company”) will be held on a Wednesday, 20th January 2021 at 10:30 a.m. at Beach Luxury Hotel, Lalazar, Off M.T Khan Road, Karachi., to transact the following business:

## Ordinary Business

1. To confirm the minutes of the Annual General Meeting of the Company held on 25th October 2019.
2. To receive, consider and adopt the audited accounts of the Company for the year ended 30th June 2020, together with the Directors’ and Auditors’ reports thereon.
3. To appoint auditors and fix their remuneration for the financial year 2021.
4. To transact any other ordinary business with the permission of the Chair.

By Order of the Board



**Muhammad Jamshed Azmet**  
Director

December 16, 2020  
Karachi

## NOTES:

### Closure of Share Transfer Books

The Share Transfer Books of the Company shall remain closed from 13th January 2021 to 20th January 2021 (both days inclusive). Transfers in the form of physical transfers / CDS Transaction IDs received in order at the Company’s Share Registrar, Messrs FAMCO Associates (Pvt) Ltd, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi, by close of business on 12th January 2021 will be treated in time to attend and vote at the meeting.

### Participation in the Meeting

Only those persons, whose names appear in the register of members of the Company as on 12th January 2021, are entitled to attend, participate in, and vote at the forthcoming Annual General Meeting.

A member entitled to attend and vote may appoint another member as proxy to attend and vote on his/her behalf. Proxies must be received at the registered office of the Company not less than 48 hours before the time for holding the Meeting. A form of proxy has been uploaded on the Company’s website [www.clover.com.pk](http://www.clover.com.pk).

### Transmission of Annual Financial Statements through Email:

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(1)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company’s website [www.clover.com.pk](http://www.clover.com.pk), to be sent along with copy of his / her / its CNIC / Passport to the Company’s Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice.

### **Mandatory requirement of submission of CNIC**

The Securities & Exchange Commission of Pakistan (SECP) vide S.R.O.19(1)/2014 dated 10th January 2014 read with S.R.O 831(1)/2012 dated 5th July 2012 requires that the dividend warrant(s) should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, in case of non-receipt of the copy of a valid CNIC, the Company will be constrained to withhold transmission of dividends of such shareholders. The shareholders while sending a copy of their CNIC must quote their respective folio number and name of the Company.

### **Change of Address**

Members are requested to immediately notify the Company's Share Registrar, Messrs FAMCO Associates (Pvt) Ltd of any change in their registered address.

### **Guidelines for CDC Account Holders**

CDC account holders are required to comply with the following guidelines as laid down in Circular No.1 of 2000 dated 26th January 2000 issued by SECP:

#### **A. For Attending the Meeting**

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per CDC regulations, shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting; and
- (ii) In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

#### **B. For Appointing Proxies**

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account their registration details are uploaded as per the CDC regulations, shall submit the proxy form as per the above requirement;
- (ii) The proxy form shall be witnessed by two (2) persons whose names, addresses, and CNIC numbers shall be mentioned on the form;
- (iii) Attested copies of CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form;
- (iv) The proxy shall produce his / her original CNIC or original passport at the time of the meeting; and
- (v) In case of corporate entities, the board of directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

## اطلاع برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ کلور پاکستان لمیٹڈ (کمپنی) کا (۳۴) چوتھوں سالانہ اجلاس عام بروز بدھ 20 جنوری 2021 کو صبح 10:30 بجے بیچ لکٹری ہوٹل میں، لالہ زار، ایم ٹی خان روڈ، کراچی میں منعقد ہوگا جس میں مندرجہ ذیل امور انجام دیئے جائیں گے:

### عمومی امور

- 1- حصص یافتگان کے سالانہ اجلاس عام مورخہ 25 اکتوبر 2019 کی کارروائی کی توثیق۔
- 2- کمپنی کے آڈٹ شدہ مالیاتی گوشواروں برائے ختمہ مدت 30 جون 2020 کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کی وصولی، غور و خوض اور منظوری۔
- 3- مالیاتی سال 2021 کے لئے آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین۔
- 4- صدر مجلس کی اجازت سے دیگر کسی امور کی انجام دہی۔



محمد جمشید عظمت

ڈائریکٹرز

بحکم بورڈ

16 ستمبر 2020

کراچی

### گزارشات:

کمپنی کی حصص منتقلی کی کتابیں 13 جنوری 2021 سے 20 جنوری 2021 (بشمول دونوں دن) تک بند رہیں گی۔ طبعی حصص/ CDS ٹرانزیکشن آئی ڈیز کی شکل میں شیئر رجسٹر میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-F، نزد فاران ہوٹل، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی کو 12 جنوری 2021 تک دفترے اوقات ختم ہونے سے قبل کو اجلاس میں حاضری اور ووٹ دینے کے لئے بروقت تصور کیا جائے گا۔

### اجلاس میں شرکت

صرف وہ افراد جن کے نام 12 جنوری 2021 کو کمپنی کے ممبران کے رجسٹر میں درج ہونگے، وہی آنے والے سالانہ اجلاس عام میں حاضر ہونے، شرکت کرنے اور ووٹ دینے کے حقدار ہونگے۔

وہ ممبر جو کہ حاضر ہونے اور ووٹ دینے کا حق رکھتا ہو وہ اپنی طرف سے حاضر ہونے اور ووٹ دینے کے لئے پراکسی مقرر کر سکتا ہے۔ پراکسی فارم لازمی طور پر اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس پر موصول ہونے چاہئیں۔ پراکسی فارم کمپنی کی ویب سائٹ [www.clover.pk](http://www.clover.pk) پر بھی دستیاب ہے۔

### سالانہ مالیاتی گوشواروں کی بذریعہ ای میل ترسیل

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے نوٹیفکیشن S.R.O. 787(1)/2014 مورخہ 8 ستمبر 2014 کے تحت آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ اجلاس عام کے نوٹس اپنے ممبران کو بذریعہ ای میل ترسیل کی اجازت دی ہے۔ لہذا ممبران سے درخواست ہے کہ آڈٹ شدہ مالیاتی گوشوارے اور نوٹس بذریعہ ای میل وصولی کے لئے اپنی رضامندی اور ای میل ایڈریس فراہم کر دیں۔ اس سہولت سے استفادہ کے لئے معیاری درخواست فارم کمپنی کی ویب سائٹ [www.clover.com.pk](http://www.clover.com.pk) پر دستیاب ہے جس کے ساتھ اپنی CNIC / پاسپورٹ کی نقل کمپنی کے شیئر رجسٹرار کو بھیج دی جائے۔

برائے مہربانی نوٹ فرمائیں کہ سالانہ مالیاتی گوشواروں کی ڈاک کے بجائے بذریعہ ای میل وصولی اختیاری ہے، اگر آپ اس سہولت سے استفادہ نہیں کرنا چاہتے تو اس نوٹ کو نظر انداز کر دیں۔

### CNIC کی فراہمی کی لازمی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے S.R.O.19(1)/2014 مورخہ 10 جنوری 2014 جسے S.R.O 831(1)/2012 مورخہ 5th July 2012 کے ساتھ پڑھا جائے گا کہ تحت منافع منقسمہ کے پروانوں پر رجسٹرڈ ممبر یا مجاز فرد کا CNIC نمبر درج ہونا لازمی ہے سوائے بچوں اور کارپوریٹ ممبران کے۔ لہذا درست CNIC موصول نہ ہونے کی صورت میں کمپنی ایسے حصص یافتگان کے منقسمہ کو روکنے پر مجبور ہوگی۔ حصص یافتگان اپنے CNIC کی نقل بھیجتے وقت اس پر اپنا فوٹیو نمبر اور کمپنی کا نام ضرور درج کریں۔

### پتے میں تبدیلی

ممبران سے درخواست ہے کہ اپنے رجسٹرڈ پتے میں کسی بھی تبدیلی سے فوری طور پر کمپنی کے شیئر رجسٹرار، میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو مطلع کر دیں۔ CDC کھاتے داروں کے لئے رہنما اصول۔

CDC کے کھاتے داروں کے لئے ضروری ہے کہ SECP کے جاری کردہ سرکل نمبر 1 مورخہ 26 جنوری 2000 میں دیئے گئے رہنما اصولوں کی پاسداری کریں۔

### A - اجلاس میں حاضری کے لئے

(i) انفرادی صورت میں کھاتے دار یا ذیلی کھاتے دار اور/یا وہ افراد جن کے حصص گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات ریگولیشنز کے تحت اپ لوڈ کر دی گئی ہوں، وہ اپنی شناخت کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس میں حاضر ہوتے وقت پیش کریں گے۔

(ii) کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/اختیار نامہ بمع نامزد فرد کے نمونہ دستخط اجلاس میں حاضری کے وقت پیش کئے جائیں گے (اگر پہلے پیش نہ کئے ہوں)

### B - پراکسی کی تقرری کے لئے

(i) انفرادی صورت میں کھاتے دار یا ذیلی کھاتے دار اور/یا وہ افراد جن کے حصص گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات ریگولیشنز کے تحت اپ لوڈ کر دی گئی ہوں، وہ مندرجہ بالا ضرورت کے تحت اپنا پراکسی فارم پیش کریں گے۔

(ii) پراکسی فارم پر دو گواہان کے دستخط ہونگے جن کے نام، پتے اور CNIC نمبرز فارم پر درج کئے جائیں گے۔

(iii) انتظامی مالکان اور پراکسی کی CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ پیش کی جائے گی۔

(iv) پراکسی اپنا اصل CNIC یا اصل پاسپورٹ اجلاس میں حاضر ہوتے وقت پیش کرے گا/کرے گی۔

(v) کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/اختیار نامہ بمع کارپوریٹ انٹیٹی کی طرف سے ووٹ دینے والے اور نامزد فرد کے نمونہ دستخط پراکسی فارم کے ساتھ کمپنی کو پیش کئے جائیں گے (اگر پہلے پیش نہ کئے ہوں)



# Review Report by the Chairman

## For the Year ended June 30, 2020

On behalf of the Board of Directors of Clover Pakistan Limited, I am pleased to present the report and audited financial statements of the Company for the year ended June 30, 2020.

### Impact of Covid-19 And Impairment of Goodwill

In this financial year a pandemic Covid-19 affected Global economy significantly and resulted in lockdown in Pakistan. The slowdown of economy adversely affected the commercial & industrial sectors, consequently sale of industrial chemical and equipment falls significantly. During the year, the net revenue of the Company decreased to Rs. 394.428 million. The Company reported net loss of Rs 155.218 million for the year after accounting for impairment of goodwill amounting to Rs 162.877 million.

The result in decline in revenue is the completion of one off projects. Further the remaining business segments of the Company are at an infancy stage and post COVID scenario has further affected the revenue.

In line with declining trend of the economy, we implement cost mitigation measures and accordingly we were successful in reducing fixed costs. Accordingly, Administrative expenses of the Company were reduced to Rs 56.158 million as compared to Rs 104.783 million last year.

### Performance Overview

In accordance with its strategic plan, the Company has curtailed its business and trading activities during the period under review. The net revenue of the Company decreased to Rs. 394.428 million resulting in a Gross profit of 84.984 million and a net loss of Rs 155.218 million. Loss per share basic and diluted was Rs. 4.98 for the year. A final dividend of Rs. Zero per share is proposed in addition to the interim stock dividend of 1 share for every 4 shares held already paid.

Industrial and commercial chemical division has been added in revenue stream of the Company with strong prospects but impact of Covid-19 has restrict the company's growth in this division. The company engaged in supply of goods and maintenance services to the energy sector. Equipment supplied included rotary pumps and motors, fuel dispensers, flow meters and allied equipment. The Business Solutions division of the Company also affected significantly.

Lubricants sale also felt down during the year with sales averaging around 20,000 litres per month. Lubricants procurement is currently managed through toll blending arrangements, initially geared towards the low-end market segment. The focus of the company remains the domestic market which is segmented into High-Street and Industrial Consumers (B2B & B2Ci). Lubricants remains a high margin product for the Company.

### Technology

As part of its ongoing operational excellence initiative, the Company has successfully implemented the SAP S/4 HANA ERP Business Suite. The SAP solution will greatly facilitate our Group companies in improving their productivity and insight, reduce costs through increased flexibility, improve financial management and support changing industry requirements. For this purpose, EY Ford Rhodes had been appointed as the Implementation partners and were providing the necessary end to end support for the enterprise strategy, design, process re-engineering, deployment and post implementation control.

### Governance

The Board of Directors of the Company meets frequently enough to discharge its responsibilities. The Independent and Non-executive directors are equally involved in important decisions. For the financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as satisfactory. This assessment is in process but based on an evaluation of integral components which amongst others include the vision, mission and values; engagement in strategic planning; formulation of policies; monitoring of business activities and effective fiscal oversight.

### **Future Outlook**

The recent slowdown in the country's economy, high inflation, rising interest rates and Rupee devaluation are likely to pose a challenge to the overall business sector in Pakistan. However, we remain optimistic of meeting the impending challenges in due course by repositioning ourselves.

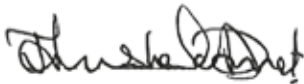
Our future strategy is driven by innovation, expanding core segments and diversification in our product portfolio and customer base. Whilst continuing to focus on revival in the existing Petrotech, Business Solutions, Lubricant and Auto Care segments, the Company intends to further build upon its strengths and the Clover brand by expanding its business sectors of industrial and commercial chemical.

At Clover, we remain firm in our commitment to reinvigorate this Company and create value for all our stakeholders. This revival will be underpinned by achieving operational excellence, elevated customer satisfaction whilst driving cost efficiencies across all our divisions.

### **Acknowledgements**

On behalf of the Board, I would like to express our appreciation to our shareholders and customers for their continued patronage. We also highly value the services and dedication of our employees who are relentless in their commitment to better serve our customers. I would also like to thank our creditors and the regulators for their continued support and direction.

For and on behalf of the Board



**Muhammad Jamshed Azmet**  
Chairman

**Karachi: 5th November 2020**

## چیرمین کی جائزہ رپورٹ

### برائے سال ختمہ 30 جون 2020

ڈائریکٹران کی جانب سے میں کمپنی کے آڈٹ شدہ مالیاتی گوشوارے اور رپورٹ برائے ختمہ سال 30 جون 2020 پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔

### Covid-19 کے اثرات اور ساکھ پرفرسودگی

اس مالیاتی سال میں Covid-19 کی وباء نے عالمی معیشت کو قابل ذکر طور متاثر کیا اور جس کے نتیجے میں پاکستان میں لاک ڈاؤن ہوا۔ معیشت کی سست روی نے تجارتی اور صنعتی شعبوں پر ناموافق اثرات مرتب کئے جس کے نتیجے میں کیمیکل اور آلات کی فروخت میں قابل ذکر کمی ہوئی۔ سال کے دوران کمپنی کی خالص فروخت کم ہو کر 394.428 ملین روپے رہ گئی۔ 162.877 ملین روپے ساکھ کی فرسودگی نکالنے کے بعد کمپنی کا خالص خسارہ 155.218 ملین روپے ہو گیا۔

فروخت میں کمی کی وجہ کے ہوئے پروجیکٹس کی تکمیل تھی۔ مزید برآں کمپنی کے دیگر کاروباری شعبے ابھی ابتدائی مراحل میں ہیں اور COVID کے بعد ازاں منظر نامہ نے فروخت کو مزید متاثر کیا ہے۔

معیشت کے زیریں رجحان کو مد نظر رکھتے ہوئے کمپنی کی انتظامیہ نے لاگتوں میں کمی کے اقدامات نافذ کئے ہیں اور جس کے نتیجے میں مقررہ لاگتوں کو کم کرنے میں کامیاب رہی۔ لہذا کمپنی کے انتظامی اخراجات کم ہو کر 56.158 ملین روپے رہ گئے جو کہ گزشتہ سال 104.783 ملین روپے تھے۔

### کارکردگی کا جائزہ

کلیدی منصوبے کے تحت جائزہ مدت کے دوران کمپنی نے اپنی کاروباری اور تجارتی سرگرمیوں کو محدود رکھا۔ کمپنی کی خالص آمدن کم ہو کر 394.428 ملین روپے رہ گئی جس کے نتیجے میں خام منافع میں 84.984 ملین روپے کی کمی ہوئی اور 155.218 ملین روپے کا خالص خسارہ ہوا۔ سال کا بنیادی اور قابل مبادلہ فی حصص خسارہ 4.98 روپے رہا۔ صفر روپے فی حصص کے حساب سے ایک حتمی منافع منقسمہ تجویز کیا گیا ہے جو کہ 4 حصص پر 1 حصص کے پہلے سے ادا کردہ عبوری حصصی منافع منقسمہ کے علاوہ ہے۔

صنعتی اور تجارتی کیمیکل کے شعبہ کو قوی امکانات کے ساتھ کمپنی کے آمدنی کے دھارے میں شامل کیا گیا ہے لیکن Covid-19 کے اثرات نے کمپنی کے اس شعبے کی نمو کو محدود کر دیا ہے۔ کمپنی توانائی کے شعبہ کو دیکھ بھال و مرمت کی خدمات اور سامان فراہم کرنے میں مصروف عمل ہے۔ آلات جو فراہم کئے جاتے ہیں ان میں روٹری پمپ، فیول ڈپنسر، فلو میٹر اور ملحقہ آلات شامل ہیں۔ کمپنی کا کاروباری حل فراہم کرنے والا شعبہ بھی متاثر ہوا ہے۔

لبریکٹس کی فروخت میں بھی کمی دیکھی گئی جو کہ اوسطاً 20,000 لیٹر ماہانہ رہی۔ لبریکٹس کی خریداری اس وقت ٹول بیلنڈنگ اہتمام کے ذریعے کی جا رہی ہے جو کہ ابتدائی طور پر مارکیٹ کے زیریں طبقہ پر مشتمل ہے۔ کمپنی کی توجہ مقامی مارکیٹ پر مرکوز ہے جس میں ہائی اسٹریٹ اور صنعتی صارفین (B2C اور B2B) کے طبقے شامل ہیں جن سے کمپنی کی مصنوعات پر بلند شرح منافع حاصل ہوتی ہے۔

### ٹیکنالوجی

ہماری موجودہ کاروباری شاندار پیشقدمی کے تحت کمپنی نے کامیابی سے SAP S/4 ہنای آر پی سوٹ نافذ کیا ہے۔ SAP کا نظام ہمارے گروپ کی کمپنیوں کو اپنی کارکردگی اور نگرانی میں بہتری لانے، اضافی چمک پذیری سے لاگتوں میں کمی کرنے، مالیاتی انتظام کو بہتر بنانے اور بدلتے ہوئی صنعتی ضروریات کو پورا کرنے میں معاون ہوگا۔ اس مقصد کے لئے EY فورڈ رھوڈز کی بطور نفاذی شرکت دائرکٹری کی گئی ہے اور جو شروع سے آخر تک ناگزیر کاروباری حکمت عملی، ڈیزائن، طریق عمل، ازسرنو ساخت بندی، تعیناتی اور بعد از نفاذ کنٹرول فراہم کرے گا۔

### نظم و ضبط

کمپنی کے بورڈ آف ڈائریکٹرز کے وقتاً فوقتاً اجلاس ہوتے ہیں جو کہ اپنی ذمہ داریوں سے عہدہ برآں ہونے کے لئے کافی ہے۔ آزاد اور نان ایگزیکٹو ڈائریکٹران برابری کی سطح پر اہم فیصلوں میں مصروف عمل رہتے ہیں۔ مالیاتی سال مختتمہ 30 جون 2020 میں بورڈ کی مجموعی کارکردگی اور اثر پذیری کی تشخیص تسلی بخش پائی گئی۔ تشخیص جاری ہے لیکن اس کے بنیادی انفرادی اجزاء میں عزم، نصب العین، وقار، کلیدی منصوبہ میں مصروفیت، پالیسیوں کی تشکیل، کاروباری سرگرمیوں کی نگرانی اور موثر مالیاتی نگرانی شامل ہیں۔

### مستقبل کے منظر نامہ

ملکی معیشت میں حالیہ سست روی، بلند افراط زر، بڑھتی ہوئی شرح سود اور روپے کی قدر میں کمی کے ساتھ ساتھ COVID کا بعد ازاں منظر نامہ امکانی طور پر پاکستان کے مجموعی کاروباری شعبہ کے لئے ایک چیلنج ہے۔ تاہم ہم پر امید ہیں کہ ان کے مطابق اپنے آپ کو ڈھال کر ان چیلنجز کا مقابلہ کر سکتے ہیں۔

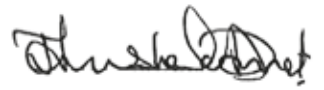
ہماری مستقبل کی حکمت عملی میں اختراع، بنیادی شعبوں میں وسعت اور ہماری مصنوعات کے پورٹ فولیو میں تنوع اور گاہکوں کی سطح برقرار رکھنے پر مشتمل ہے۔ موجودہ پیٹروٹیک، کاروباری حل، لبریکٹس اور آٹو کیئر کے شعبوں کی احیاء پر توجہ مرکوز کر کے اپنے کاروباری صنعتی اور تجارتی کیمیکل کے شعبوں کو وسعت دے کر کمپنی اپنی صلاحیتوں اور کلور کے برانڈ کو مستحکم کرنے کا ارادہ رکھتی ہے۔

کلور میں ہم کمپنی کو درست سمت میں گامزن کرنے کے لئے پر عزم ہیں اور اپنے تمام مستفیدان کے لئے منفعت پیدا کرنے کے لئے کوشاں ہیں۔ یہ بحالی کاروباری شانداریت، کسٹمر کی اعلیٰ طمانیت کے ساتھ ساتھ ہمارے تمام شعبوں میں لاگتوں پر قابو کر حاصل ہوگی۔

### اعتراف

بورڈ کی جانب سے میں تمام حصص یافتگان اور گاہکوں کی مسلسل سرپرستی پر ان کے لئے اظہار ستائش کرتا ہوں۔ ہم اپنے تمام ملازمین کی سرگرمی اور خدمات کی بہت قدر کرتے ہیں جنہوں نے اپنے انتھک عزم کے ذریعے ہمارے گاہکوں کو بہتر خدمات فراہم کیں۔ میں تمام قرض دہندگان اور نگران اداروں کے مسلسل تعاون اور رہنمائی پر بھی ان کا مشکور ہے۔

برائے و منجانب بورڈ آف ڈائریکٹرز



محمد جمشید عظمت

چیئر مین

کراچی: 5 نومبر 2020

# DIRECTORS' REPORT

The Directors present the Annual Report together with the Company's financial statements and the Auditors Report thereon for the year ended June 30, 2020.

## OPERATING RESULTS

The operating results of the Company were as follows:

	2020	2019 (Restated)
	----- (Rupees'000) -----	----- (Rupees'000) -----
Revenue – net	394,428	1,243,965
Cost of sales	(309,444)	(789,311)
Gross profit	84,984	454,654
Selling and distribution expenses	(62,386)	(26,465)
Administrative expenses	(56,158)	(104,783)
Operating profit	(33,560)	323,406
Other operating expenses	(1,616)	(7,101)
Other income	53,092	2,506
	17,916	318,811
Exchange loss	(4,735)	(4,933)
Finance cost	(3,046)	(2,051)
Impairment of Goodwill	(162,877)	-
(Loss) / Profit before taxation	(152,742)	311,827
Taxation	(2,476)	(59,331)
(Loss) / Profit for the year	(155,218)	252,496
	-----Rupees-----	----- (Restated) -----
(Loss) / Earnings per share - basic and diluted	(4.98)	8.11

During the year, the Company has recognized the impairment loss of Rs 162.877 million on goodwill. The decision was taken based on the outbreak of COVID-19 during the current year. The Company's assessment and estimates and on prudence basis regarding the recoverability of the goodwill on future prospects of the business resulted in an impairment loss.

During the year, the net revenue of the Company decreased to Rs. 394.428 million resulting in a Gross profit of Rs. 84.984 million. The Company reported net loss of Rs 155.218 million for the year after accounting for impairment of goodwill amounting to Rs 162.877 million. This translates to loss per share of Rs 4.98 per share as compared to earning per share of Rs 8.11 per share last year.

The result in decline in revenue is the completion of one off projects. Further the remaining business segments of the Company are at an infancy stage and post COVID scenario has further affected the revenue.

The Company's management applied due cost effectiveness measures and according was successful in reducing fixed costs. Accordingly, Administrative expenses of the Company were reduced to Rs 56.158 million as compared to Rs 104.783 million last year.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Directors are pleased to state that all necessary steps have been taken to comply with the requirements of the Code of Corporate Governance as required by the Securities and Exchange Commission of Pakistan (SECP). The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Following are the statements on Corporate and Financial Reporting framework:

- The financial statements prepared by the management of the Company, represent fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- In preparation of these financial statements International Financial Reporting Standards, as applicable in Pakistan, have been followed, and any departures there from have been adequately disclosed and explained.
- The system of internal control is sound in design. The system is being continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- The summary of key operating and financial data of the Company of last six years including current period is annexed in this report.
- Information about taxes and levies is given in the notes to the accounts.

## **BOARD OF DIRECTORS**

The composition of the Board is as follows:

- |                                    |   |
|------------------------------------|---|
| (a) Independent Directors:         | Irfan Ali Hyder   |
| (b) Other Non-executive Directors: | Nadeem Ahmed Butt<br>Muhammad Jamshed Azmet<br>Shehzad Mohsin |
| (c) Executive Directors:           | Khawar Jamil Butt   |

Mr. Abdul Wahab Kodvavi and Mr. Rashid A. Jafer have resigned from the Board of the Company subsequent to the year end and the casual vacancy will be filled within the due time as per the regulatory requirements.

## **Board Committees**

- a) Audit Committee:
- Mr. Nadeem Ahmed Butt  
Mr. Muhammad Jamshed Azmet
- b) Human Resource and Remuneration Committee:
- Mr. Irfan Ali Hyder - Chairman  
Mr. Khawar Jamil Butt  
Mr. Muhammad Jamshed Azmet

**Meetings of Board of Directors**

During the year six (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:

<b>Name of Director</b>	<b>Meetings Attended</b>
Muhammad Jamshed Azmet - Chairman	4
Abu Talib Haideri - Chief Executive Officer (RESIGNED)	2
Nadeem Ahmed Butt	4
Khawar Jamil Butt	4
Irfan Ali Hyder	4
Abdul Wahab Kodvavi (RESIGNED)	4
Shehzad Mohsin	4
Rashid A. Jafer (RESIGNED)	1

**Audit Committee Meetings**

The Board in accordance with the Code of Corporate Governance has set up an Audit Committee. Terms of reference of the Committee have been determined by the Board of Directors. The Audit Committee held four (4) meetings during the year. The attendance by each member was as follows:

<b>Name of Audit Committee Member</b>	<b>Meetings Attended</b>
Abdul Wahab Kodvavi (RESIGNED)	4
Nadeem Ahmed Butt	4
Muhammad Jamshed Azmat	4
Rashid A. Jafer (RESIGNED)	1

**Human Resource and Remuneration Committee Meetings**

During the year one (1) meetings of the Board HR Committee were held. Attendance by each member was as follows:

<b>Name of HR Committee Member</b>	<b>No. of Meetings Attended</b>
Irfan Ali Hyder - Chairman	1
Muhammad Jamshed Azmet	1
Khawar Jamil Butt	1
Abu Talib Haideri – CEO (RESIGNED)	0

## CONTRIBUTION TO THE NATIONAL EXCHEQUER AND ECONOMY

During the year your Company made a total contribution of Rs 94.275 million to the national exchequer on account of import duties, general sales tax, income tax and other government levies.

## EXTERNAL AUDITORS

The present auditors Messrs Grant Thornton Anjum Rahman, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. The Board of Directors of the Company has endorsed the recommendation of the Audit Committee for the re-appointment of Grant Thornton Anjum Rahman, Chartered Accountants, till the conclusion of the next Annual General Meeting. Grant Thornton have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan.

## PATTERN OF SHAREHOLDING

A statement showing pattern of shareholding of the Company and additional information as at June 30, 2020 is annexed with this report.

There has been no transaction carried out by Directors / Chief Executive, CFO, Company Secretary and their spouses and minor children in the shares of the Company during the year.

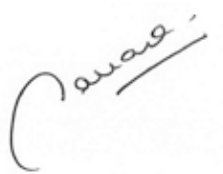
## FUTURE PROSPECTS

The recent slowdown in the country's economy, high inflation, rising interest rates and Rupee devaluation coupled with post COVID scenario are likely to pose a challenge to the overall business sector in Pakistan. The same has already affected your Company in terms of lower revenue and resulting net loss. The same situation is expected to continue during the financial year 2021.

Our future strategy is to keep strict cost control measures in place and to keep the business segments afloat as they are in their initial stages. Your Company is putting all efforts particularly in the Lubricants and Chemical segments as the same are expected to give positive results to the Company and can put the overall Company on track.

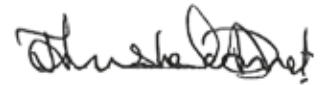
## ACKNOWLEDGEMENT

We take this opportunity to thank all those who have provided us with their valuable support throughout the year.



**SOHAIL ALLANA**  
Chief Executive

On behalf of the Board of Directors



**MUHAMMAD JAMSHED AZMET**  
Chairman

Karachi.

Dated: November 05, 2020



# ڈائریکٹرز رپورٹ

برائے سال ختمہ 30 جون 2020

ڈائریکٹران سالانہ رپورٹ کے ساتھ کمپنی کے مالیاتی گوشوارے برائے ختمہ سال 30 جون 2020 اور ان پر آڈیٹرز رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج

منافع و خسارہ کا گوشوارہ

برائے ختمہ سال 30 جون 2020

2019 (Restated)	2020	
روپے '000 میں		
1,243,965	394,428	فروخت - خالص
(789,311)	(309,444)	لاگت فروخت
454,654	84,984	خام منافع
(26,465)	(62,386)	فروخت و تقسیمی اخراجات
(104,783)	(56,158)	انتظامی اخراجات
323,406	(33,560)	کاروباری منافع
(7,101)	(1,616)	دیگر کاروباری اخراجات
2,506	53,092	دیگر آمدن
318,811	17,916	
(4,933)	(4,735)	مبادلہ پر خسارہ
(2,051)	(3,046)	مالیاتی لاگت
-	(162,877)	ساکھ میں فرسودگی
311,827	(152,742)	نقصان / منافع قبل از ٹیکس
(59,331)	(2,476)	ٹیکس
252,496	(155,218)	نقصان / منافع برائے سال
روپے		
(Restated)		
8.11	(4.98)	نقصان / فی حصص آمدن - بنیادی اور قابل مبادلہ

سال کے دوران کمپنی نے ساکھ پر فرسودگی کی مد میں 162.877 ملین روپے کا خسارہ بک کیا۔ یہ فیصلہ سال کے دوران COVID-19 کے پھیلاؤ کی وجہ سے لیا گیا۔ کمپنی کی تشخیص اور تخمینوں اور محتاط سطح پر کاروباری امکانات کی بنیاد پر ساکھ کی بحالی کو مد نظر رکھتے ہوئے فرسودگی خسارہ ہوا۔

سال کے دوران کمپنی کی خالص فروخت کم ہو کر 394.428 ملین روپے رہ گئی جس کے نتیجے میں خام منافع 84.984 ملین روپے رہا۔ 162.877 ملین روپے ساکھ پر فرسودگی نکالنے کے بعد کمپنی کا خالص خسارہ 155.218 ملین روپے ہو گیا۔ جس سے 4.98 روپے فی حصص خسارہ کی عکاسی ہوتی ہے جبکہ گزشتہ سالہ فی حصص آمدنی 8.11 روپے تھی۔

فروخت میں کمی کی وجہ سے ہوئے پروجیکٹس کی تکمیل تھی۔ مزید برآں کمپنی کے دیگر کاروباری شعبے ابھی ابتدائی مراحل میں ہیں اور COVID کے بعد کے منظر نامہ نے فروخت کو مزید متاثر کیا ہے۔

کمپنی کی انتظامیہ نے لاگتوں میں کمی کے اقدامات کئے ہیں اور ان کے نتیجے میں مقررہ لاگتوں کو کم کرنے میں کامیاب رہی۔ لہذا کمپنی کے انتظامی اخراجات کم ہو کر 56.158 ملین روپے رہ گئے جو کہ گزشتہ سال 104.784 ملین روپے تھے۔

#### ادارتی نظم و ضبط کے ضابطے کی پاسداری

ڈائریکٹران یہ بیان کرتے ہوئے اظہار مسرت کرتے ہیں کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ادارتی نظم و ضبط کے ضابطے کے تقاضوں کی پاسداری کے لئے تمام ضروری اقدامات کئے گئے ہیں۔ ادارتی نظم و ضبط کے ضابطے کی پاسداری سے متعلق بیان رپورٹ کے ساتھ منسلک ہے۔

#### ادارتی اور مالیاتی رپورٹنگ فریم ورک

ادارتی اور مالیاتی رپورٹنگ فریم ورک پر بنیاد پر درج ذیل ہے:

- ☆ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- ☆ کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- ☆ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- ☆ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں ملحوظ خاطر رکھا گیا ہے۔
- ☆ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ اندرونی گرفت کے نظام کی نگرانی ایک جاری عمل ہے جس کا مقصد گرفت کا مضبوط کرنا اور نظام میں بہتریاں لانا ہے۔
- ☆ کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ☆ لسٹنگ ریگولیشنز میں وضاحت کردہ ادارتی نظم و ضبط کے بہترین طور طریقوں سے اگر کوئی قابل ذکر انحراف نہیں ہوا۔
- ☆ کمپنی کے گزشتہ 6 سال کا اہم کاروباری اور مالیاتی اعداد و شمار کا اختصار یہ اس رپورٹ کے ساتھ منسلک ہے۔
- ☆ ٹیکسوں اور محصولات سے متعلق معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔

#### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کی تشکیل بندی درج ذیل ہے:

(a) آزاد ڈائریکٹر ان عمر فاروق علی حیدر

(b) دیگر نان ایگزیکٹو ڈائریکٹر ان ندیم احمد بٹ

محمد جمشید عظمت

شہزاد محسن

(c) ایگزیکٹو ڈائریکٹر ان خاور جمیل بٹ

جناب عبدالوہاب کوڈواوی اور جناب رشید اے جعفر نے کمپنی کے بورڈ سے ختم شدہ سال کے بعد استعفیٰ دے دیا تھا اور اتفاقی آسامی پر ضابطہ کی ضروریات کے تحت مقررہ مدت میں تقرری کی گئی۔

## بورڈ کی کمیٹیاں

## (a) آڈٹ کمیٹی

جناب ندیم احمد بٹ

جناب محمد جمشید عظمت

## (b) انسانی وسائل و معاوضہ کمیٹی

جناب عرفان علی حیدر - چیئر مین

جناب خاور بٹ

جناب محمد جمشید عظمت

## بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ کے چار اجلاس ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جمشید عظمت - چیئر مین	4
ابوطالب حیدری - چیف ایگزیکٹو آفیسر (مستغفی)	2
ندیم احمد بٹ	4
خاور جمیل بٹ	4
عرفان علی حیدر	4
عبدالوہاب کوڈواوی (مستغفی)	4
شہزاد محسن	4
راشد اے جعفر (مستغفی)	1

## آڈٹ کمیٹی کے اجلاس

بورڈ نے ادارتی نظم و ضبط کے ضابطہ کے تحت ایک آڈٹ کمیٹی قائم کی ہے۔ کمیٹی کی ذمہ داریوں کا تعین بورڈ آف ڈائریکٹرز نے کیا ہے۔ سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ ہر ممبر کی حاضری درج ذیل رہی:

آڈٹ کمیٹی کے ممبر کا نام	حاضر اجلاسوں کی تعداد
عبدالوہاب کوڈواوی	4
ندیم احمد بٹ	4
محمد جمشید عظمت	4
راشد اے جعفر (مستغفی)	1

## انسانی وسائل اور معاوضہ کمیٹی کے اجلاس

سال کے دوران بورڈ کی HR کمیٹی کا ایک اجلاس ہوا۔ ہر ڈائریکٹر کی حاضری درج ذیل رہی:

HR کمیٹی کے ممبر کا نام	حاضر اجلاسوں کی تعداد
عرفان علی حیدر- چیئر مین	1
محمد جمشید عظمت	1
خاور جمیل بٹ	1
ابوطالب حیدری (مستغنی)	0

## بورڈ کی کارکردگی کی تشخیص

سال کے دوران کمپنی کے بورڈ کی کارکردگی کی تشخیص کی گئی۔ بورڈ کی مجموعی کارکردگی اچھی پائی گئی اور بورڈ کے ممبران تشخیصی نتائج سے مطابقت رکھتے ہیں۔

## معیشت اور قومی خزانے میں معاونت

سال کے دوران کمپنی نے درآمدی ڈیوٹیوں، جنرل سیلز ٹیکس، ٹرم ٹیکس اور دیگر سرکاری محصولات کی مد میں کل 94.25 ملین روپے کی قومی خزانے میں معاونت کی۔

## بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز گرانٹ تھورنٹن انجمن رحمن، چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس عام کے اختتام پر سبکدوش ہو جائیں گے اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر اگلے سالانہ اجلاس عام کے اختتام تک گرانٹ تھورنٹن انجمن رحمن، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی توثیق کی ہے۔ گرانٹ تھورنٹن کوانٹینیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام میں تسلی بخش رینٹنگ حاصل ہے۔

## حصص داری کی ساخت

30 جون 2020 کو کمپنی کی حصص داری کی ساخت کا گوشوارہ اور اضافی معلومات اس رپورٹ کے ساتھ منسلک ہیں۔

ڈائریکٹر ان/ چیف ایگزیکٹو، ایف او، کمپنی سیکریٹری اور ان کے شریک حیات اور چھوٹے بچوں نے سال کے دوران کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

## مستقبل کے امکانات

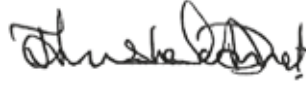
ملکی معیشت میں حالیہ سست روی، بلند افراط زر، بڑھتی ہوئی شرح سود اور روپے کی قدر میں کمی کے ساتھ COVID کا بعد ازاں منظر نامہ امکانی طور پر پاکستان کے مجموعی کاروباری شعبہ کے لئے ایک چیلنج ہے۔ ان عوامل نے کمپنی کو پہلے ہی سے متاثر کر رکھا ہے جس کی وجہ سے فروخت زریں رہی اور نتیجے میں خسارہ ہوا۔ اندازہ ہے کہ یہی صورتحال مالیاتی سال 2021 میں بھی جاری رہے گی۔

ہماری مستقبل کی حکمت عملی لاگت کو قابو کرنے اور کاروباری شعبوں کو رواں رکھنے کے اقدامات پر مشتمل ہے کیونکہ یہ شعبے ابھی ابتدائی مراحل میں ہیں۔ آپ کی کمپنی لیبر ٹیکنیکس اور کیمیکل کے شعبوں کے لئے خصوصی طور پر کوششیں کر رہی ہے کیونکہ ان سے کمپنی کے نتائج پر مثبت اثرات ہونگے اور مجموعی طور پر کمپنی کو درست سمت میں گامزن ہو جائے گی۔

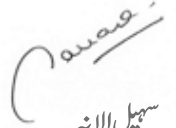
## اعتراف

اس موقع پر ہم ان تمام لوگوں کے مشکور ہیں جنہوں نے سال کے دوران ہمیں اپنا قابل قدر تعاون فراہم کیا۔

منجانب بورڈ آف ڈائریکٹرز



مجر حبشید عظمت  
چیئرمین



سہیل الانہ  
چیف ایگزیکٹو

کراچی

مورخہ: 5 نومبر 2020

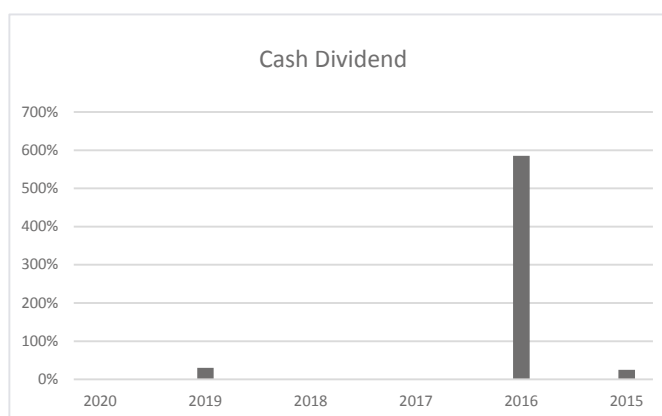
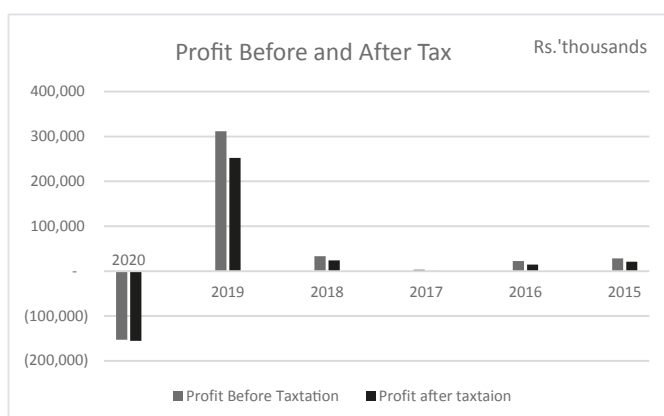
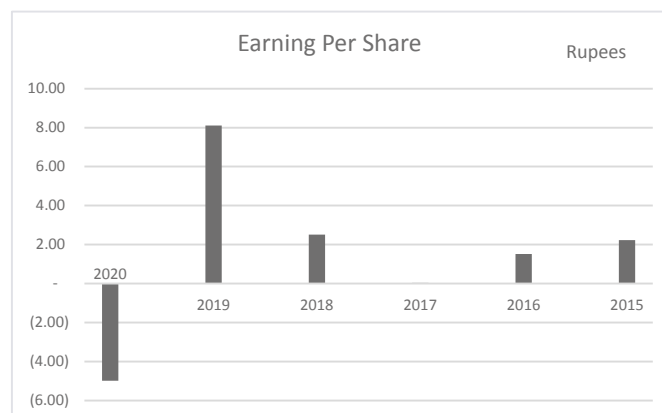
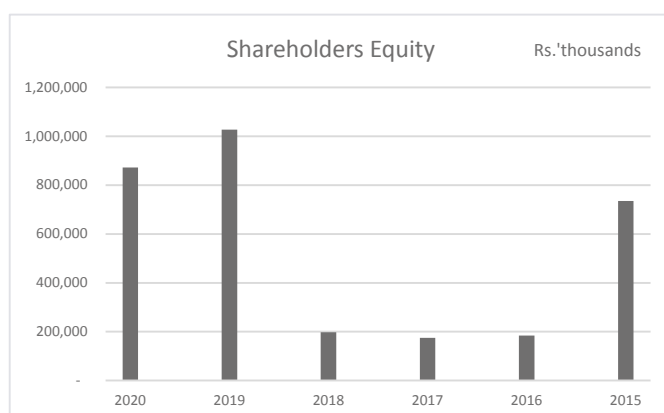
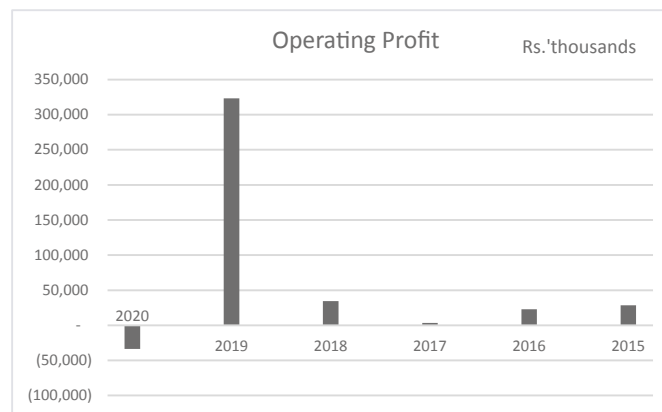
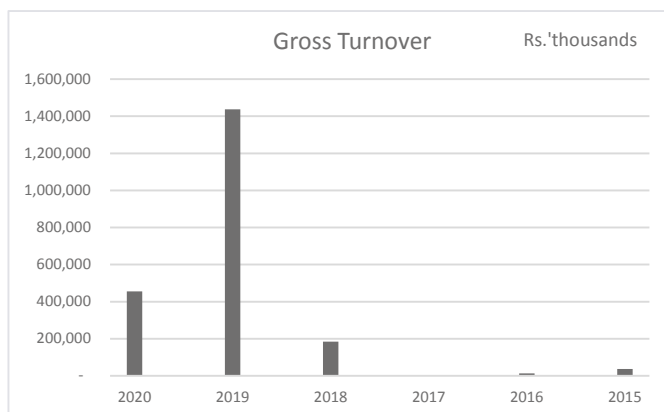
# Statement Of Value Added

	June 30, 2020 Rupees		June 30, 2019 Rupees	
Wealth Generated				
Total Revenue	447,520,000		1,440,518,000	
Bought-in-Material & Services	(366,914,000)		(930,826,000)	
	<u>80,606,000</u>		<u>509,692,000</u>	100.00%
Wealth distributed				
To Employees	61,995,000	77%	72,154,000	14.16%
To Government				
Duties & Taxes	94,275,000	117%	244,956,900	48.06%
To Providers Of Capital				
Dividend To Shareholders	717,000	1%	27,814,000	5.46%
Mark-up/interest Expense on				
Interest Expense on borrowed funds	3,046,000	4%	2,453,000	0.48%
Utilized/Retained for reinvestment & future growth				
Depreciation & retained profit for future growth	(79,427,000)	-99%	162,314,100	31.85%
	<u>80,606,000</u>	100.00%	<u>509,692,000</u>	100.00%

# Yearwise Financial Highlights

	2020	2019	2018	2017	2016	2015
	----- (Rupees in Thousands) -----					
<b>BALANCE SHEET</b>						
Fixed & Intangibles Assets - Property, Plant & Equipments	428,332	586,864	508	-	31	112
Long Security Deposits	4,485	4,110	10	10	20	34
Current Assets	534,497	545,087	307,549	179,109	189,497	740,013
Currents Liabilities	85,248	99,486	110,143	4,670	5,595	5,342
	449,249	445,601	197,406	174,439	183,902	734,671
	882,066	1,036,575	197,924	174,449	183,953	734,817
Equity	872,148	1,027,366	197,924	174,449	183,953	734,817
Deferred liabilities	9,918	9,209	-	-	-	-
	882,066	1,036,575	197,924	174,449	183,953	734,817
<b>PROFIT AND LOSS ACCOUNTS</b>						
Gross Turnover	461,215	1,438,012	183,972	716	13,126	36,538
Less: Sales Tax	(60,632)	(192,942)	26,731	117	1,932	5,098
Cartage	(6,155)	(1,105)	-	-	-	-
Trade Discounts	-	-	-	-	190	1,088
	(60,632)	(194,047)	(26,731)	(117)	(2,122)	(6,186)
Net Turnover	394,428	1,243,965	157,241	600	11,013	30,352
Cost Of Sales	(309,444)	(789,311)	(125,658)	(487)	(11,692)	(22,721)
Gross Profit	84,984	454,654	31,583	113	(679)	7,631
Selling & Distribution Expenses	(62,386)	(26,465)	(164)	-	(1,835)	(10,630)
Administrative Expenses	(56,158)	(104,783)	(3,988)	(4,707)	(7,690)	(11,992)
Other Operating Expenses Incl. Exchange Loss	(6,351)	(12,034)	-	-	(371)	(11,290)
Other Operating Income	53,092	2,506	7,007	8,109	33,333	54,758
Impairment of goodwill	(162,877)	-	-	-	-	-
Financial Charges	(3,046)	(2,051)	(1,115)	(86)	(386)	(35)
(Loss) / Profit Before Taxation	(152,742)	311,827	33,323	3,429	22,372	28,442
Taxation	(2,476)	(59,331)	(9,668)	(3,097)	(7,949)	(7,375)
(Loss) / Profit After Taxation	(155,218)	252,496	23,655	332	14,423	21,067
(Loss) / Earning Per Share - basic and diluted (Rupees)	(4.98)	8.11	2.51	0.04	1.52	2.23
Cash Dividend	0%	30%	0%	0%	585%	25%
Operating (Loss) / Profit	(33,560)	323,406	34,438	3,514	22,758	28,477
Issued & paid up capital of Rs. 10 each	311,431	249,145	94,349	94,349	94,349	94,349

## Six Year at a Glance





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

## Clover Pakistan Limited

### Year ending June 30, 2020

Clover Pakistan Limited Year ended 30th June 2020 (hereinafter referred to as 'the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

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

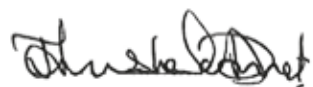
(a) Male:	7
(b) Female:	0
2. The composition of Board is as follows:
 

(a) Independent Directors:	Mr. Irfan Ali Hyder Mr. Abdul Wahab Kodvavi Mr. Rashid Ahmed Jafer
(b) Non-executive Directors:	Mr. Muhammad Jamshed Azmet Mr. Nadeem Ahmed Butt Mr. Shehzad Mohsin
(c) Executive Directors:	Mr. Khawar Jamil Butt
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of 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 these Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has NOT arranged Directors' Training program.
10. The Board has approved appointment of chief financial officer, 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:
 

a) Audit Committee:	
Mr. Rashid Ahmed Jafer	Chairman
Mr. Muhammad Jamshed Azmet	
Mr. Nadeem Ahmed Butt	
Mr. Abdul Wahab Kodvavi	

- b) Human Resource and Remuneration Committee  
Mr. Irfan Ali Hyder Chairman  
Mr. Muhammad Jamshed Azmet  
Mr. Khawar Jamil Butt
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/ half yearly/ yearly) of the committees were as per following:  
a) Audit Committee Quarterly  
b) HR and Remuneration Committee Yearly
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. The board has not ensured that of formal and effective mechanism is put in place for an annual evaluation on BOD own performance, member its board and of its comities; Reg.(10) Sub. Sec.(3)
19. We confirm that all requirements of regulations 3, 6, 8, 27,32, 33 and 36 of the Regulations have been complied with; and
20. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S No.	Non Compliance	Reason for Non Compliance	Futurer course of Action
1.	The Board has NOT arranged Directors' Training program	We were considering to arrange required director training program during the year but on account of lock down due to pandemic Covid-19 we were not able to comply the COCG requirement	In future, we will make sure to comply with this requirement.
2.	Evaluation of Board of Directors	We did not conduct evaluation of board as per provisions of COCG because of unavailability of board members on account of lock down due to pandemic Covid-19.	We are in process of board evaluation which will be completed in due course of time.
3.	No Female Diretor	None of female director is available due to which we were unable to appoint any female director on board.	We are looking for a female director for appointment on our board and hopefully we will comply with this requirement in due course of time.

  
**Muhammad Jamshed Azmet**  
Chairman

Karachi: November 05, 2020

# INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of Clover Pakistan Limited**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Clover Pakistan Limited (the Company) for the year ended June 30, 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 a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

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

Further we highlight below instances of non-compliance with the requirements of the regulations as reflected in paragraph 1, 9 and 18 where these are stated in the Statement of Compliance:

S.no.	Reference	Description
1	As per Chapter II regulation 7: Subject to section 154 of the Act, it is mandatory that the Board shall have at least one female director when it is reconstituted after the expiry of its current term.	No female director has been appointed on the board of the Company.

S.no.	Reference	Description
2	As per regulation 19 (I) (i) of Chapter VI: "By June 30, 2020, at least half of the directors on their boards have acquired the prescribed certification under any director-training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it."	No director of the Company has obtained any certification during the year.
3	As per Chapter III Regulation 10 (3)(v): "The Board of the company shall ensure that a formal and effective mechanism put in place for an annual evaluation of the board's own performance, members of board and of its committees."	No formal and effective mechanism is put in place for an annual evaluation of the board's own performance, members of board and of its committees.

*Grand Thornton Anjum Rehman.*

**Grand Thornton Anjum Rehman**  
Chartered Accountants

Karachi

Date: November 05, 2020

**GRANT THORNTON ANJUM RAHMAN**

1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530

T +92 021 3567 2951-56  
F +92 021 3566 8834  
www.gt-pak.com

**INDEPENDENT AUDITOR'S REPORT**

**To the member of Clover Pakistan Limited  
Report on the Audit of the Financial Statement**

**Opinion**

We have audited the annexed financial statements of Clover Pakistan Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including 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, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive income, 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.

**Emphasis of Matters:**

We draw attention to the following:

- Note 17.2 to the financial statements in respect of recoverability of custom duty refundable amounting to Rs. 20.998 million.
- Note 24.2 to the financial statements in respect of contingency related to withdrawal of non-duty paid chemical from bonded warehouse.

Our opinion is not modified in respect of these matters.

**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:

Key audit matters	How our audit addressed the key audit matter
<p><b>1 Valuation of stock in trade</b></p> <p>As at June 30, 2020, the Company held stock in trade amounting to Rs. 335.526 million as disclosed in the financial statements. The value of stock-in-trade is based on purchase price using weighted average method, except items in transit, which are stated at cost comprising invoice value plus other charges incurred thereon. Therefore, the Company is exposed to the risk of valuation of stock in trade as a result of volatility in prices.</p> <p>The Company has measured its stock in trade at the lower of cost or net realizable value (NRV). There is an element of judgement involved relating to the valuation, which is required for the estimation of the NRV and allowance for slow-moving and obsolete stock in trade. Such estimation is made after taking into consideration factors such as movement in prices, current and expected future market demands and pricing competitions.</p> <p>This was the key audit matter because of its materiality and significance in terms of judgments involved in estimating the NRV of underlying stock in trade.</p>	<p>In response to this matter, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Reviewed the management procedures for evaluating the NRV of stock in trade, observed physical counts at major locations to ascertain the condition and existence of stock in trade and performed test on a sample of items to assess the NRV of the stock in trade held.</li> <li>Reviewed stock in trade turnover ratios, understood and evaluated the appropriateness of the basis of identification of the obsolete stock in trade, tested the accuracy of the aging analysis of stock in trade, on a sample basis, tested the cost of goods with underlying invoices and expenses incurred in accordance with stock in trade valuation method and reviewed the minutes of the relevant meetings at the board and management level to identify any indicators of obsolescence.</li> <li>Tested the NRV of the stock in trade held by performing a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products.</li> <li>Assessed the adequacy of the disclosures on stock-in-trade in the financial statements.</li> </ul>
<p><b>2 Impairment assessment of Goodwill</b></p> <p>As disclosed in note 10 to the financial statements the Company recognized the Goodwill amounting to Rs. 385.985 million as at June 30, 2020 which represents difference between the agreed consideration for merger of Hascombe Business Solution (Private) Limited with and into the Company and carrying value of the net assets acquired less impairment.</p> <p>The Company annually tests the carrying value of the goodwill for impairment based on future projections.</p> <p>The testing is subject to estimates and judgements made by the management of the Company with respect to future sales growth and profitability, cash flow projections and selection of appropriate discount rate, on the basis of which an impairment of goodwill amounting to Rs. 162.88 million has been recorded during the year as disclosed in note 10.1</p> <p>This was the key audit matter because of its materiality and significance in terms of judgments involved in estimating the recoverable amount of goodwill.</p>	<p>In response to this matter, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained understanding of management's process for testing impairment of intangibles including goodwill.</li> <li>Assessed the appropriateness of the Company's identification of Cash Generating Unit (CGU).</li> <li>Checked the mathematical accuracy of management's valuation model and agreed relevant data to the underlying Company's records.</li> <li>Assessed the reasonableness of key assumptions used in the valuation model such as future sales volumes and prices, operating costs, inflation, discount rate and long-term growth rate.</li> <li>Recalculated the impairment amount based on projections prepared by the management.</li> <li>Assessed the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.</li> </ul>

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

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

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

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

### **Responsibilities of Management and Board of Directors for the Financial statements**

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

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

Boards 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**

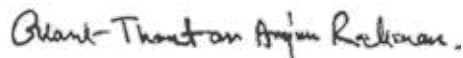
Based on our audit, we further report that in our opinion:

- 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 at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Khalid Aziz.



**Grant Thornton Anjum Rahman**  
Chartered Accountants

Place: Karachi

Date: November 05, 2020

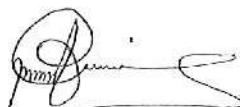
**CLOVER PAKISTAN LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

		2020	2019 (Restated)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	9	22,139	21,455
Intangible assets	10	386,259	549,186
Long term deposits	11	4,485	4,110
Deferred tax asset	12	19,934	16,222
<b>Total non-current assets</b>		<b>432,817</b>	<b>590,973</b>
<b>Current assets</b>			
Stock-in-trade		335,526	77,824
Trade debts	13	68,360	199,247
Loans and advances	14	24,806	42,390
Trade deposits and short term prepayments	15	18,634	22,540
Short-term investments	16	7,780	12,619
Other receivables	17	21,759	123,737
Taxation-net	18	50,869	23,415
Cash and bank balances	19	6,763	43,315
<b>Total current assets</b>		<b>534,497</b>	<b>545,087</b>
<b>Total assets</b>		<b>967,314</b>	<b>1,136,060</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Authorized share capital 40,000,000 (2019: 40,000,000) ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid-up share capital	20	311,431	249,145
Reserves	21	560,717	778,221
<b>Total shareholders' equity</b>		<b>872,148</b>	<b>1,027,366</b>
<b>Non-current liabilities</b>			
Deferred liabilities	22	9,918	9,209
<b>Current liabilities</b>			
Trade and other payables	23	79,450	92,237
Advance from customers - unsecured		238	818
Sales tax payable- net		1,624	1,777
Unclaimed dividend		3,936	4,653
<b>Total current liabilities</b>		<b>85,248</b>	<b>99,485</b>
<b>Total liabilities</b>		<b>95,166</b>	<b>108,694</b>
<b>Total equity and liabilities</b>		<b>967,314</b>	<b>1,136,060</b>
<b>Contingencies and commitments</b>			
	24		

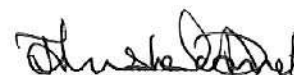
The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER




DIRECTOR

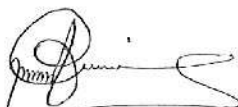
**CLOVER PAKISTAN LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		2020	2019 (Restated)
	Note	----- (Rupees in '000) -----	
Revenue - net	25	394,428	1,243,965
Cost of sales	26	(309,444)	(789,311)
<b>Gross profit</b>		<b>84,984</b>	<b>454,654</b>
Selling and distribution expenses	27	(62,386)	(26,465)
Administrative expenses	28	(56,158)	(104,783)
<b>Operating (loss) / profit</b>		<b>(33,560)</b>	<b>323,406</b>
Other operating expenses	29	(1,616)	(7,101)
Other income	30	53,092	2,506
Exchange loss		17,916	318,811
Finance cost		(4,735)	(4,933)
Impairment of goodwill		(3,046)	(2,051)
<b>(Loss) / profit before taxation</b>	10.1	<b>(162,877)</b>	<b>-</b>
		<b>(152,742)</b>	<b>311,827</b>
Taxation	31	(2,476)	(59,331)
<b>(Loss) / profit for the year</b>		<b>(155,218)</b>	<b>252,496</b>
		----- (Rupees) -----	(Restated)
<b>(Loss) / earnings per share - basic and diluted</b>	32	<b>(4.98)</b>	<b>8.11</b>

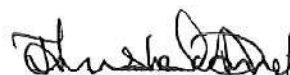
The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER




DIRECTOR

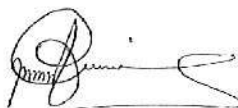
**CLOVER PAKISTAN LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019 (Restated)
	----- (Rupees in '000) -----	
(Loss) / profit for the year	(155,218)	252,496
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to the statement of profit or loss in subsequent periods:</i>	-	-
<i>Items that will not be reclassified to the statement of profit or loss in subsequent periods:</i>	-	-
<b>Total comprehensive (loss) / income for the year</b>	<u>(155,218)</u>	<u>252,496</u>

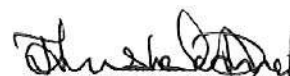
The annexed notes 1 to 42 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**CLOVER PAKISTAN LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Issued, subscribed and paid-up share capital	Capital to be issued pursuant to amalgamation	Reserves				Total shareholders' equity
			Capital Reserve	Revenue reserve		Total reserves	
			Share premium	General Reserve	Unappropriated profit		
(Rupees in '000)							
Balance as at July 01, 2018	94,349	-	-	64,600	38,975	103,575	197,924
Profit for the year- (Restated)	-	-	-	-	252,496	252,496	252,496
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year- (Restated)	-	-	-	-	252,496	252,496	252,496
Capital to be issued pursuant to amalgamation	-	605,251	-	-	-	-	605,251
Shares issued against amalgamation reserves	154,796	(605,251)	450,455	-	-	450,455	-
<b>Transactions with owners recorded directly in equity - distributions</b>							
Interim dividend for the period ended September, 2018 at the rate of Rs. 3.00 per share	-	-	-	-	(28,305)	(28,305)	(28,305)
Balance as at June 30, 2019- (Restated)	249,145	-	450,455	64,600	263,166	778,221	1,027,366
Loss for the year	-	-	-	-	(155,218)	(155,218)	(155,218)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-	(155,218)	(155,218)	(155,218)
<b>Transactions with owners recorded directly in equity - distributions</b>							
Issuance of bonus shares in proportion of 1 share for every 4 shares	62,286	-	(62,286)	-	-	(62,286)	-
<b>Balance as at June 30, 2020</b>	<b>311,431</b>	<b>-</b>	<b>388,169</b>	<b>64,600</b>	<b>107,948</b>	<b>560,717</b>	<b>872,148</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 CHIEF FINANCIAL OFFICER


  
 DIRECTOR

		2020	2019
		(Rupees in '000)	(Restated)
Note			
<b>Cash generated from operations</b>	33	668	64,318
Finance cost paid		(3,046)	(2,291)
Taxation paid	18	(33,643)	(50,719)
Gratuity paid	22.1	(361)	-
		(37,050)	(53,010)
<b>Net cash (used in) / generated from operating activities</b>		<b>(36,382)</b>	<b>11,308</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(7,681)	(9,863)
Sales proceed from investments		9,751	2,531
Investments made		-	(17,127)
Dividend income from short term investment	30	150	204
<b>Net cash generated from / (used in) investing activities</b>		<b>2,220</b>	<b>(24,255)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash and bank balances from merger		-	5,811
Dividend paid		(717)	(27,814)
Ijarah payments		(1,673)	(530)
<b>Net cash used in financing activities</b>		<b>(2,390)</b>	<b>(22,533)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(36,552)</b>	<b>(35,480)</b>
Cash and cash equivalents at beginning of the year		43,315	78,795
<b>Cash and cash equivalents as at end of the year</b>		<b>6,763</b>	<b>43,315</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

Quesada

## CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

Thurs 6/20/21

DIRECTOR

# CLOVER PAKISTAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

#### 1 LEGAL STATUS AND OPERATIONS

Clover Pakistan Limited (the Company) was incorporated in Pakistan on September 30, 1986 as a public limited company under the repealed Companies Ordinance, 1984 (Now: Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is a subsidiary of Fossil Energy (Private) Limited (the 'Holding Company') which holds 71% (2019: 83%) shares of the Company. The registered office and geographical location of business units of the Company are as follows:

- 1) Banglow No.23-B, Lalazar, Off M.T. Khan Road, Karachi. (Head Office).
- 2) 5th Floor, LSE Building 19-Khayaban-e-Aiwan-e-Iqbal, Lahore (Administrative office).
- 3) Ground floor - Qamar plaza, IJP road. Rawalpindi (Administrative office).
- 4) New Church Building, Tilak Incline, Jacob Road, Hyderabad Sindh, 71000 (Administrative Office).
- 5) Plot No. 24-C, Khayaban-e-Nishat, Phase-VI, DHA, Karachi (Clover Nishat Mart).

The principal business of the Company includes sale of food products, consumer durables, and also import & trade of gantry equipment's air/oil filter and other car care products. The Company is also involved in marketing & distribution and after sales support of office automation products, fuel dispensers, vending machines and digital screens.

#### 2 SIGNIFICANT EVENTS AND TRANSACTIONS

- a) During the year, the Company has started its new segment namely chemical segment which include the sale of imported industrial and commercial chemicals.
- b) During the year in the month of December 2019, the annual maintenance contract with Hascol Petroleum Limited (HPL) has completed and not renewed which contributed significantly in last year's revenue.
- c) The amount of Goodwill have been impaired as disclosed in note 10.1.1.

For further details, refer Director's report on the Company's affairs.

#### 3 BASIS OF PREPARATION

##### 3.1 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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies' note and statement of cash flows.

**3.3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency. The figures have been rounded off to the nearest thousand.

**3.4 Standards, Amendments and Interpretations to Approved Accounting Standards**

**3.4.1 Standards, amendments and interpretations to the published standards that may be relevant to the company and adopted in the current year**

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 14 'Regulatory Deferral accounts'	July 01, 2019
IFRS 16 'Leases'	January 01, 2019
IAS 12 'Income tax consequences of payments on financial instruments classified as equity'	January 01, 2019
IAS 23 Borrowing costs eligible for capitalization	January 01, 2019
IFRS 3 Previously held interest in a joint operation	January 01, 2019
IFRS 9 Prepayment features with negative compensation	January 01, 2019
IFRS 11 Previously held interest in a joint operation	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 01, 2019
IAS 28 'Long-term Interests in Associates and Joint Ventures' (Amendments to IAS 28)	January 01, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019

Adoption of the above standard have no significant effect on the amounts for the year ended June 30, 2020 except for those mentioned in note 7 of these financial statements.



**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**3.4.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 01, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 01, 2020
IFRS 7, IFRS 9, and IAS 39 - Interest Rate Benchmark Reform	January 01, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

**3.4.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard or Interpretation</b>	<b>IASB effective date (Annual periods beginning on or after)</b>
IFRS 17 'Insurance Contracts' (amendments to IFRS 17)	January 01, 2023
IFRS 1 - First time adoption of International Financial Reporting Standards	July 01, 2009

**4 Impact of COVID-19 on financial statements**

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan (GoP) has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events and international trade activity etc. These measures not only have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX) but also added multiple challenges to the supply chain and sales activities of the Company.

Complying with the lockdown, the entity suspended its operations, which resulted in disruptions in supply chain including supply of goods and services to the customers of the entity. Consequently, the Company's net revenue falls by 34% which majorly include the decrease of 39% in business automation and 98% in petrotech including related services of both the segments. In addition to the this, the recoverable amount of Goodwill is also impacted as disclosed in note 10.1.1.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

The Company also took measures to reduce the impact of COVID-19 by implementing measures to reduce the operational cost. However, currently the potential impacts from COVID-19 remain uncertain, including among other things, on economic conditions, businesses operations and consumers. The Company is conducting business with some modifications to employees working environment and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further steps for safety and in the best interests of all stakeholders.

**5 Use of critical accounting estimates and judgments**

The preparation of these financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements:

a)	useful lives of property and equipment	6.1
b)	employees' benefit	6.11
c)	taxation	6.12
d)	provisions	6.13
e)	contingent liabilities	6.21
f)	impairment of financial assets	6.5.5
g)	Impairment of non-financial assets	6.10

**6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**6.1 Property and equipment**

**6.1.1 Owned**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis at the rates specified in note no. 9 of these financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month immediately preceding the month of disposal.

Major renewals and improvements for assets are capitalized and the assets so replaced, if any, are retired. Maintenance and normal repairs are charged to statement of profit or loss, as and when incurred.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset are charged to statement of profit or loss.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**6.1.2 Assets held under Ijarah financing**

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognized on the Company's statement of financial position and payments made under Ijarah financing are recognized in the statement of profit or loss on a straight line basis over the term of the Ijarah.

**6.2 Intangible assets**

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

Generally, costs associated with developing and maintaining the computer software programs are recognized as expense when incurred. However, costs that are directly associated with identifiable software and have probable economic benefit exceeding the cost beyond one year, are recognized as intangible asset. Direct costs include the purchase cost of software and related overhead cost.

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

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged on a straight line basis at the rate specified in note 10 of these financial statements. Amortization on additions is charged from the month in which the asset is available for use and on disposals up to the month the respective asset was in use. Impairment losses if any are recorded on the basis as defined in note 6.10.

Goodwill represent the difference between the cost of acquisition paid and carrying value of the net assets acquired.

**6.3 Long term deposits**

These are stated at amortised cost which represents the fair value of consideration given.

**6.4 Stock in trade**

Stock-in-trade is valued at the lower of cost, determined on weighted average basis or net realizable value, except items in transit, which are stated at cost comprising invoice value and plus other charges incurred thereon.

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

**6.5 Financial Instruments - Initial Recognition and subsequent measurement**

**6.5.1 Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost as the case may be.

**6.5.2 Classification of financial assets**

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL")
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost."

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

The Company determines the classifications of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

**6.5.3 Classification of financial liabilities**

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortized cost

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instrument held for trading or derivatives) or the Company has opted to measure them at FVTPL.

**6.5.4 Subsequent measurement**

**i) Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income/(loss).

**ii) Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

**iii) Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Where the management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

**6.5.5 Impairment of financial assets**

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determine to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determine to have low or there was no credit risk since initial recognition and at the reporting date:

- loans and advances;
- bank balances;
- trade debts; and
- other receivables.

Loss allowance for trade debts are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

**6.5.6 Derecognition**

**i) Financial assets**

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable recognised in statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of profit or loss, but is transferred to statement of changes in equity.

**ii) Financial liabilities**

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**6.5.7 Off-setting of financial assets and liabilities**

Financial assets and liabilities are off set and the net amount is reported in the statement of financial position if the Company has a legal right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**6.6 Investments**

Investment in equity instruments are classified at fair value through profit or loss and is initially measured at fair value and subsequently is measured at fair value determined using the closing market value at each reporting date. Net gains and losses are recognized in the statement of profit or loss.

**6.7 Trade debts and other receivables**

These are measured at original invoice amount less an estimate made for allowance for expected credit loss based on the probability of default at reporting period. Bad debts are written off when identified.

**6.8 Trade and other payables**

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

**6.9 Cash and cash equivalents**

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances, short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term running finances under mark up arrangements (if any).

**6.10 Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. Goodwill is tested annually for impairment. If any such indication exists, then the asset's recoverable amount is estimated to assess whether asset's carrying amount exceeds its recoverable amount. Where carrying value exceeds the estimated recoverable amount, asset is written down to its recoverable amount. Impairment losses are recognized as expense in the statement of profit or loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**6.11 Employees' benefits**

**Provident fund**

The Company operates a recognized provident fund (defined contribution plan) for all its employees who are eligible in accordance with the Company's policy. Contributions in respect thereto are made in accordance with the terms of the defined contribution plan.

**Gratuity**

The Company operates an unfunded defined benefit gratuity scheme. The scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employee's last drawn salary for each completed year of service.



**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**6.12 Taxation**

**6.12.1 Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis.

**6.12.2 Deferred**

Deferred tax is provided in full using the statement of financial position method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax losses and unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to the statement of profit or loss.

Deferred tax relating to items recognized directly in the other comprehensive income is recognized in the other comprehensive income and not in statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

**6.13 Provisions**

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

**6.14 Warranties**

Warranty claims for replacement are accounted for in the year in which claims are settled. The Company issues warranty on behalf of the manufacturers and re-route the claims to the respective manufacturer when the claim is received.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
***FOR THE YEAR ENDED JUNE 30, 2020***

**6.15 Foreign currency translation**

Transactions in foreign currencies are accounted for in Pakistani Rupee at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupee at the foreign exchange rates approximating those prevailing at the statement of financial position date. Exchange differences are taken to the statement of profit or loss.

**6.16 Revenue from contract with customers**

The Company is in the business of sale of goods and provision of services. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and thereby the performance obligations are satisfied, at amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

The Company has concluded that based on the contractual arrangement for the revenue from sale of goods, performance obligations are satisfied at a point in time i.e. when the goods are dispatched to the customers and control is transferred.

Service revenue is recognised over the contractual period or as and when services are rendered to customers.

Dividend income is recognised on receipt / acknowledged basis. Income on deposits is recognised as it accrues, using the effective mark-up rates.

**6.17 Dividends and appropriation to reserve**

Dividend and appropriation to reserves are recognized in the financial statement in the period in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorized for issue, they are disclosed in the notes to the financial statements.

**6.18 Earning per share**

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

**6.19 Related parties transactions**

All transactions involving related parties arising in the normal course of business are conducted at arm's length on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board, it is in the interest of the Company to do so.

**6.20 Share capital**

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



**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**6.21 Contingent liabilities**

Contingent liability is disclosed when:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**6.22 Selling and distribution, administrative and operating expenses**

These expenses are recognized in statement of profit or loss upon utilization of the services or as incurred except for specifically stated in the financial statements.

**6.23 Segment reporting**

Segments are reported in a manner consistent with the internal reporting provided to the Company's chief executive decision maker in order to assess each segment's performance and to allocate resources to them. The basis of segmentation and reportable segments presented in these financial statements are the same which are presented to the Board of Directors of the Company. Assets and liabilities are not segment wise reported to the Board of Directors. The retrospective impact of the segment information has been disclosed in note 36.

**7 CHANGE IN ACCOUNTING POLICIES**

**i) IFRS 16 - Leases**

**Policy applicable from July 1, 2019**

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company adopted IFRS 16 with the date of initial application i.e. July 01, 2019. The adoption of this standard has no significant impact on the financial statements.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**8 RESTATEMENT**

While preparing the financial statements, following balances of the corresponding figures have been restated, due to the correct treatment of ijarah as per IFAS-2 'Ijarah', in accordance with the requirements of IAS 8 'Accounting policies, changes in Accounting estimates and Errors'.

Effect on financial statements for the year ended June 30, 2019	Previously reported	Re-statement	As restated
	<i>Rupees in '000</i>		
<b>Statement of financial position</b>			
<b>Non-current assets</b>			
Property and equipment	26,912	(5,457)	21,455
Long term deposits	-	585	585
Deferred tax asset	16,034	188	16,222
<b>Current assets</b>			
Taxation-net	23,397	18	23,415
<b>Non - current liabilities</b>			
Liabilities against assets subject to finance lease	3,682	(3,682)	-
<b>Current liabilities</b>			
Current portion of liabilities against assets subject to finance lease	1,127	(1,127)	-
<b>Statement of Profit or Loss</b>			
Administrative expenses	104,502	281	104,783
Finance cost	2,269	(218)	2,051
Taxation	59,537	(206)	59,331

	2020	2019 (Restated)
	<i>(Rupees in '000)</i>	
<b>9 PROPERTY AND EQUIPMENT</b>		
Operating assets	<u>22,139</u>	<u>21,455</u>

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

2020	Leasehold Improvements	Machinery	Furniture and Fittings	Office Equipments	Computers	Vehicles	Total
	Rupees in '000						
As at June 30, 2019							
Cost	5,108	-	3,805	11,964	12,618	11,686	45,181
Accumulated depreciation	(2,305)	-	(1,172)	(7,756)	(8,864)	(3,629)	(23,726)
Net book value	2,803	-	2,633	4,208	3,754	8,057	21,455
June 30, 2020							
Opening net book value	2,803	-	2,633	4,208	3,754	8,057	21,455
Additions	-	2,870	1,096	16	1,169	2,530	7,681
Disposals							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	(508)	(201)	(508)	(1,318)	(1,430)	(3,032)	(6,997)
Closing net book value	2,295	2,669	3,221	2,906	3,493	7,555	22,139
As at June 30, 2020							
Cost	5,108	2,870	4,901	11,980	13,787	14,216	52,862
Accumulated depreciation	(2,813)	(201)	(1,680)	(9,074)	(10,294)	(6,661)	(30,723)
Net book value	2,295	2,669	3,221	2,906	3,493	7,555	22,139
Depreciation rate (%)	10%	20%	10% - 25%	25%	25% - 33%	25%	

2019 (Restated)	Leasehold Improvements	Machinery	Furniture and Fittings	Office Equipments	Computers	Vehicles	Total
	Rupees in '000						
As at June 30, 2018							
Cost	-	-	-	508	-	-	508
Accumulated depreciation	-	-	-	-	-	-	-
Net book value	-	-	-	508	-	-	508
June 30, 2019							
Opening net book value	-	-	-	508	-	-	508
Reclassification			508	(508)			
Additions due to merger							
Cost	5,108	-	2,904	7,506	9,026	10,266	34,810
Accumulated depreciation	(1,664)	-	(761)	(5,648)	(6,998)	(214)	(15,285)
	3,444	-	2,143	1,858	2,028	10,052	19,525
Additions	-	-	393	4,458	3,592	1,420	9,863
Disposal							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge for the year	(641)	-	(411)	(2,108)	(1,866)	(3,415)	(8,441)
Closing net book value	2,803	-	2,633	4,208	3,754	8,057	21,455
As at June 30, 2019							
Cost	5,108	-	3,805	11,964	12,618	11,686	45,181
Accumulated depreciation	(2,305)	-	(1,172)	(7,756)	(8,864)	(3,629)	(23,726)
Net book value	2,803	-	2,633	4,208	3,754	8,057	21,455
Depreciation rate (%)	10%	20%	10% - 25%	25%	25% - 33%	25%	

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		2020	2019 (Restated)
<b>9.1</b>	The depreciation expense has been allocated as follows:	Note	----- (Rupees in '000) -----
	Cost of sales	26.2	2,435
	Selling and distribution expenses	27	2,689
	Administrative expenses	28	1,873
			<u>6,997</u>
			<u>8,441</u>

- 9.2** Office Equipments include printers installed at customers premises i.e. International Schools and A.F. Ferguson & Co. having net book value of Rs. 9,006. Such equipments are part of copier business plan where the Company provide copier services to its customers.

		2020	2019 (Restated)
<b>10</b>	<b>INTANGIBLE ASSETS</b>	Note	----- (Rupees in '000) -----
	Goodwill		385,985
	Software		548,862
			<u>274</u>
			<u>386,259</u>
			<u>549,186</u>

- 10.1** Details of intangible assets are as follows:

**2020**

**As at June 30, 2019**

		Goodwill	Software	Total
Cost		548,862	500	549,362
Accumulated amortization		-	(176)	(176)
<b>Net book value</b>		<u>548,862</u>	<u>324</u>	<u>549,186</u>
<b>June 30, 2020</b>				
Opening net book value		548,862	324	549,186
Additions		-	-	-
Impairment	10.1.1	(162,877)	-	(162,877)
Amortization charge		-	(50)	(50)
<b>Closing net book value</b>		<u>385,985</u>	<u>274</u>	<u>386,259</u>

**As at June 30, 2020**

Cost		548,862	500	549,362
Accumulated amortization		-	(226)	(226)
Impairment		(162,877)	-	(162,877)
<b>Net book value</b>		<u>385,985</u>	<u>274</u>	<u>386,259</u>
<b>Amortization rate (%)</b>		<u>-</u>	<u>10%</u>	<u>-</u>

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**2019**

	<b>Goodwill</b>	<b>Software</b>	<b>Grand total</b>
As at June 30, 2018			
Cost	-	-	-
Accumulated Amortization	-	-	-
Net book amount	-	-	-
June 30, 2018			
Opening net book amount	-	-	-
Additions due to merger			
Cost	548,862	500	549,362
Accumulated amortization	-	(113)	(113)
	548,862	387	549,249
Additions	-	-	-
Amortization charge	-	(63)	(63)
Closing net book amount	548,862	324	549,186
As at June 30, 2019			
Cost	548,862	500	549,362
Accumulated depreciation	-	(176)	(176)
Net book amount	548,862	324	549,186
Amortization rate (%)	-	10%	-

**10.1.1** Due to the outbreak of COVID-19 during the current year, the Company's assessment, estimates and judgements regarding the recoverable amount based on financial business plan and future prospects of the business has been changed which resulted an impairment loss to the goodwill.

	<b>2020</b>	<b>2019</b> (Restated)
	----- (Rupees in '000) -----	
<b>11 LONG TERM DEPOSITS</b>		
Rent deposits	<b>3,315</b>	3,525
Ijarah deposits	<b>1,170</b>	585
	<b>4,485</b>	4,110

**12 DEFERRED TAX ASSET**

This comprise the following:

**Deductible temporary difference arising in respect of:**

Property and equipment	<b>3,672</b>	2,666
Carry forward tax losses	<b>9,401</b>	10,882
Provisions	<b>3,159</b>	2,674
Short term investments	<b>590</b>	-
Minimum tax	<b>3,112</b>	-
	<b>19,934</b>	16,222

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

- 12.1** Deferred tax asset has been recognized based on the projections prepared by the management indicating reasonable probabilities that taxable profits will be available in the foreseeable future against which deferred tax asset will be utilized on the basis of projections prepared by the management. The amount of deferred tax asset has been restricted from Rs. 23.01 million to Rs. 19.93 million on the basis of management projections.

	2020	2019
	----- (Rupees in '000) -----	
<b>13 TRADE DEBTS</b>		
<i>Considered good</i>		
-Trade debt - unsecured	69,335	200,222
<b>Trade debts - gross</b>	<b>69,335</b>	<b>200,222</b>
Allowance for expected credit loss - opening balance	(975)	-
Charge for the year	-	(975)
Allowance for expected credit loss - closing balance	(975)	(975)
<b>Trade debts - net</b>	<b>68,360</b>	<b>199,247</b>

**13.1 Age analysis**

Not more than 3 months	60,715	114,271
More than 3 months but not more than 6 months	4,497	55,493
More than 6 months but not more than 1 year	4,117	29,379
More than 1 year	6	1,079
	<b>69,335</b>	<b>200,222</b>

**13.2** Due from related parties which are not impaired includes the following:

**Hascol Petroleum Limited**

Not more than 3 months	-	50,636
More than 3 months but not more than 6 months	-	51,610
More than 6 months but not more than 1 year	-	29,485
More than 1 year	-	834
	-	<b>132,565</b>

**VOS Petroleum Limited**

Not more than 3 months	-	37,788
More than 3 months but not more than 6 months	-	92
More than 6 months but not more than 1 year	-	-
More than 1 year	-	-
	-	<b>37,880</b>

**Market 786 (Private) Limited**

Not more than 3 months	-	6
More than 3 months but not more than 6 months	-	-
More than 6 months but not more than 1 year	-	-
More than 1 year	-	-
	-	<b>6</b>

**13.3** The maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:

	2020	2019
	----- (Rupees in '000) -----	
Hascol Petroleum Limited	-	212,367
VOS Petroleum Limited	11,250	111,170
Market 786 (Private) Limited	301	56
Fossil Energy (Private) Limited	18,030	34,680

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*FOR THE YEAR ENDED JUNE 30, 2020*

**13.4** Hascol Petroleum Limited is not related party as on reporting date. Therefore, only corresponding figures are disclosed.

		2020	2019
14	LOANS AND ADVANCES	Note ----- (Rupees in '000) -----	
	Loans - secured		
	- employees	14.1 & 14.2	- 67
	Advances - unsecured		
	- employees	14.3	- 1,561
	- suppliers		40,762
			<u>24,806</u>
			<u>42,390</u>

**14.1** This represents interest free loan to various staff in accordance with the Company's policy.

14.2 The maximum aggregate amount due from the executive at the end of any month during the year was Rs. Nil (2019: Rs. Nil).

**14.3** It represents amount given as advance to the employees of the Company for the purpose of its business.

		2020	2019
15	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	(Rupees in '000)
	Trade deposits-unsecured		4,184
	Margin deposits	15.1	12,900
	Short term prepayments		1,550
			18,634
			5,365
			16,119
			1,056
			22,540

**15.1** It represents amount deposit against letter of credit for import .

## 16 SHORT-TERM INVESTMENTS

	2020	2019	2020		2019	
	Number of shares		Cost	Market value	Cost	Market value
			----- Rupees in '000 -----			
Akzo Nobel Pakistan Limited	-	17,000	-	-	2,535	1,701
Dewan Cement Limited	1,000,000	1,000,000	9,814	7,780	9,814	7,810
Gharibwal Cement Limited	-	300,000	-	-	4,940	3,108
	1,000,000	1,317,000	9,814	7,780	17,289	12,619
Unrealized loss on investments classified as ‘FVTPL’	-	-	(2,034)	-	(4,670)	-
Investments - net	1,000,000	1,317,000	7,780	7,780	12,619	12,619

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>17 OTHER RECEIVABLES</b>			
Receivable from associated companies	17.1	-	102,499
Duty refundable due from government	17.2	20,998	20,998
Others		761	240
		<u>21,759</u>	<u>123,737</u>

**17.1** The amount is due from Fossil Energy (Private) Limited (Related party). It includes amount paid on behalf of Fossil Energy (Private) Limited for ordinary course of business. The maximum aggregate amount outstanding at any time during the year is Rs. 102.5 million (2019: Rs. 102.5 million).

**17.2** In the year 2009, the Federal Government issued SRO 787(1)/2008 dated July 26, 2008 under Section 19 of Customs Act, 1969 (the Act) whereby, the customs duty on import of crystalline sugar was brought down to zero, as against 25% given in First Schedule to the Act. The Company had imported crystalline sugar from July 26, 2008 to October 15, 2008 and paid custom duty of Rs. 17.012 million and Rs. 3.986 million without availing the benefit of subject SRO. Thereafter, the refund claims were filed by the Company with the Custom Authorities and recognized the same in books of account during the year ended June 30, 2009. The refund claims were rejected by the Additional Collectorate on the ground that the incidence of duty and taxes has been passed on to the end consumers by incorporating it in the cost of the product.

Being aggrieved with decision of Additional Collectorate, the Company had filed appeals before the Collector of Customs as well as before the Appellate Tribunal in the year ended June 30, 2010 and 2011 respectively, which were also rejected on the same grounds. The Company later filed references in the Honorable High Court of Sindh (SHC) against the judgments of the Appellate Tribunal. Regarding the reference of Rs.17.012 million, the SHC vide its order dated May 28, 2015 had allowed the reference application and remanded the case to the Customs Appellate Tribunal for decision afresh on the basis of the evidence produced before the Tribunal to establish that the burden of tax under Section 19-A of the Act has not been passed on to the end consumer. The Customs Appellate Tribunal vide its order dated June 17, 2016 has decided the case in favor of the Company and has directed the tax department to refund the claim to the Company. The Custom Authorities have subsequently filed an appeal in the SHC which is pending.

On the other hand, the Divisional Bench of the SHC dismissed the reference for Rs. 3.986 million in 2012. The Company filed appeal against the decision of the SHC before the Honorable Supreme Court of Pakistan (SCP) on the grounds that none of the forums above, including the SHC, had examined the evidence produced to establish that the burden of duty and taxes has not been passed on to the end consumer. The SCP in order to examine this question granted leave in the petition.

The management based on the view of its legal counsel is confident that the issue raised by the Customs Authorities is without any basis and the ultimate decision of refund will be in favor of the Company. Accordingly, the Company has maintained the already recognized refund claims of Rs. 20.998 million and is of the view that no provision for impairment loss is required to be made.

		2020	2019
			(Restated)
		----- (Rupees in '000) -----	
<b>18 TAXATION - net</b>			
Opening balance		23,415	9,733
Transfer through merger		-	5,897
Tax paid / deducted at source		33,643	50,719
Provision for taxation		(6,189)	(42,934)
		<u>50,869</u>	<u>23,415</u>



**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		2020	2019 (Restated)
		(Rupees in '000)	
<b>19</b>	<b>CASH AND BANK BALANCES</b>	Note	-----
	Cash in hand		1,078
	Cash at banks:		390
	- current accounts - conventional		5,255
	- current accounts - islamic		229
	- saving accounts - conventional	19.1	201
			6,763
<b>19.1</b>	This carries mark-up ranging from 6.25% to 8.5% (2019: 8% to 10%) per annum.		
<b>20</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>		
	Number of Shares	2020	2019
	2020 2019		
	----Number in '000----	(Rupees in '000)	
	3,900 3,900	39,000	39,000
	11,763 5,535	117,635	55,349
	15,480 15,480	154,796	154,796
	31,143 24,915	311,431	249,145
<b>20.1</b>	Fossil Energy (Private) Limited (related party) holds 22,211,121 (2019: 20,668,897) shares of the Company.		
<b>21</b>	<b>RESERVES</b>	Note	-----
	Capital Reserve		388,169
	- Share premium		450,455
	Revenue Reserve		64,600
	- General Reserve		107,948
	- Unappropriated profit		560,717
<b>22</b>	<b>DEFERRED LIABILITIES</b>		
	Provision for staff gratuity scheme - unfunded	22.1	9,918
<b>22.1</b>	Movement in balances of gratuity is as follows:		
	Opening balance	9,209	-
	Transfer in pursuance of amalgamation	-	6,182
	Provision for the year	1,070	3,027
	Payments made during the year	(361)	-
	Closing balance	9,918	9,209

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

- 22.2** This represents the amount transferred from Hascombe Business Solution (Private) Limited in pursuance of merger into the Company. The gratuity scheme has been discontinued for future appointments.

		2020	2019
<b>23</b>	<b>TRADE AND OTHER PAYABLES</b>	Note ----- (Rupees in '000) -----	
	Trade creditors	73,561	90,042
	Accrued liabilities	1,237	1,290
	Payable to provident fund	4,525	-
	Withholding tax payable	127	845
	Other liabilities	-	60
		<u>79,450</u>	<u>92,237</u>

- 23.1** The audited financial statements of the Provident fund for the year ended June 30, 2020 have not been finalized. Investments out of the Provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017.

**24** **CONTINGENCIES AND COMMITMENTS**

**24.1** **Contingencies**

The Trust Investment Bank Limited (TIBL) instituted a suit on August 12, 2015 for recovery of Rs. 40.243 million against Hascombe Business Solution (Private) Limited (HBSPL) whose rights and obligations had been merged with and into the Company, which is pending adjudicating before the Judge Banking Court No. I, Lahore.

In response to the summons issued by the Banking Court, the Company moved an application for leave to appear and defend the suit under section 10 of the Financial Institutions (Recovery of Finances) Ordinance XLVI of 2001 as required by the law which has been allowed by the Honorable Court unconditionally and granted leave to defend the suit on the basis of question of facts and law raised by the Company in its leave to defend application.

The Honorable Court after considering the contents of the plaint and written statements framed issues whether the suit is barred by limitation; whether the plaint is liable to be rejected under Order VII Rule 11 CPC; whether the suit is not maintainable and plaint does not disclose any cause of action; whether the defendant is entitled to a decree in the sum of Rs. 0.690 million on account of set off in its favor against the plaintiff bank as prayed for; whether the plaintiff is entitled for recovery of Rs. 40.243 million along with costs of suit and cost of funds as prayed for.

The Honourable Judge Banking Court No.I called the case for evidence and fixed the case for recording of evidence of TIBL. In the next hearing, the oral evidence of TIBL stood recorded and evidence of the Company is still to be recorded. The case is fixed for documentary evidence of the TIBL as well as evidence of the Company.

In view of the Counsel opinion that after recording of evidence of the TIBL, no adverse outcome is probable from the case.

- 24.2** Subsequent to the reporting date, a case has been registered by the custom authorities dated September 03, 2020 against the Company and its Directors for the unauthorized withdrawal of VAM from the Bonded Warehouse having duty involvement of Rs 17.407 million. The legal proceedings has been started and the Company has filed constitutional petition before the Hon'ble High Court of Sindh for seeking quashment of criminal proceedings against the Company its Directors, & Senior Officials.

However, the legal advisor of the Company is of the opinion that the proceedings have been falsely and mala fide instituted against the Company through lodging a case by the Customs authorities for the alleged offence.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Further, the legal advisor has given his opinion that ongoing proceedings are not likely to culminate in incrimination of the Company.

		2020	2019 (Restated)
	Note	----- (Rupees in '000) -----	
<b>24.3 Commitments</b>			
Outstanding letters of credit for stock in trade		<b>21,906</b>	13,261
Ijarah financing	24.4	<b>8,122</b>	6,618
<b>24.4</b> The total of future Ijarah payments under Ijarah financing are as follows:			
Not later than one year		<b>3,046</b>	1,805
Later than one year but not later than five years		<b>5,076</b>	4,813
	24.4.1	<b>8,122</b>	6,618
<b>24.4.1</b> The Company has obtained car ijarah facility from Meezan Bank Limited amounting to Rs. 20 million (2019: Rs. 20 million) out of which Rs. 8.12 million (2019: Rs. 6.61 million) were utilised as at reporting date. The ownership of the cars are with Meezan bank Limited during the tenor of the facility of each vehicle. As per requirement of IFAS-2, ijarah financing has been treated as an operating lease.			
		2020	2019
<b>25 REVENUE - NET</b>	Note	----- (Rupees in '000) -----	
<b>Revenue from</b>			
- Sale of goods		<b>355,593</b>	1,213,872
- Services		<b>105,622</b>	224,140
<b>Revenue - gross</b>		<b>461,215</b>	1,438,012
Less:			
- Sales tax		<b>(60,632)</b>	(192,942)
- Cartage		<b>(6,155)</b>	(1,105)
		<b>(66,787)</b>	(194,047)
		<b>394,428</b>	1,243,965
<b>26 COST OF SALES</b>			
Cost of sales	26.1	<b>273,020</b>	754,969
Cost of services	26.2	<b>36,424</b>	34,342
		<b>309,444</b>	789,311
<b>26.1 Cost of sales</b>			
Opening stock		<b>77,824</b>	-
Add: Purchases		<b>530,722</b>	753,444
Addition under scheme of merger		-	79,349
Less: Closing stock		<b>(335,526)</b>	(77,824)
		<b>273,020</b>	754,969

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>26.2 Cost of services</b>			
Salaries, wages, allowances and other benefits	28.1	28,536	11,408
Consumption of repair material		2,971	7,061
Delivery and installation cost		2,482	15,550
Depreciation	9.1	2,435	323
		<u>36,424</u>	<u>34,342</u>
<b>27 SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages, allowances and other benefits	28.1	24,540	7,743
Depreciation	9.1	2,689	-
Travelling		3,623	6,373
Advertisement		3,277	3,149
Rent, rates and taxes		23,832	6,240
Miscellaneous		4,425	2,960
		<u>62,386</u>	<u>26,465</u>
		2020	2019
			(Restated)
<b>28 ADMINISTRATIVE EXPENSES</b>	Note	----- (Rupees in '000) -----	
Salaries, wages, allowances and other benefits	28.1	37,415	65,179
Travelling		883	11,323
Directors' remuneration		225	100
Office expenses		2,811	5,456
Postage, telephone and telegrams		1,538	2,878
Utilities		841	1,540
Rent, rates and taxes		1,867	1,637
Legal and professional charges		3,212	685
Insurance		4,233	3,248
Repairs and maintenance		437	3,442
Depreciation	9.1	1,873	8,119
Amortization	10.1	50	63
Expected credit loss		-	975
Miscellaneous		773	138
		<u>56,158</u>	<u>104,783</u>
<b>28.1</b>	The total amount recognised during the year in respect of provident fund expense amounting to Rs. 2.26 million (2019: Rs.1.55 million) and Gratuity expense amounting to Rs. 1.07 million (2019: Rs. 3.02 million).		
		2020	2019
<b>29 OTHER OPERATING EXPENSES</b>	Note	----- (Rupees in '000) -----	
Auditor's remuneration	29.1	1,586	1,401
Unrealized loss on revaluation of investments		30	4,670
Realized loss on sale of shares		-	1,030
		<u>1,616</u>	<u>7,101</u>
<b>29.1 Auditor's remuneration</b>			
Audit fee		900	700
Fee for half yearly review		436	326
Fee for statutory certification		100	50
Special audit		-	200
Out-of-pocket expense		150	125
		<u>1,586</u>	<u>1,401</u>

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		2020	2019
	Note	(Rupees in '000)	(Rupees in '000)
<b>30 OTHER INCOME</b>			
<i>Income from financial assets</i>			
Profit on bank deposit / TDRs	30.1	10,730	1,914
Mark-up income on over due receivables	30.2	37,130	-
<i>Income from non-financial assets</i>			
Recovery from sale of scrap		140	388
Realized gain on sale of shares		4,942	-
Dividend income		150	204
		<u>53,092</u>	<u>2,506</u>
<b>30.1</b>	This represents profit earned on conventional bank deposits and bank balances ranging from 6.25% to 12.5%. (2019: 8% to 10%) per annum.		
<b>30.2</b>	This includes amounting to Rs. 7.50 million (2019: Rs. Nil) and 11.27 million (2019: Rs. Nil) from Fossil Energy (Private) limited (Holding Company) and VOS Petroleum limited (Associated Company) respectively.		
<b>31 TAXATION</b>			
	Note	2020	2019 (Restated)
		(Rupees in '000)	(Rupees in '000)
Current		6,189	42,934
Deferred		(3,713)	16,397
		<u>2,476</u>	<u>59,331</u>
<b>31.1</b>	The relationship between tax expense and accounting profit has not been presented in these financial statements as the current year's income of the Company attracts minimum tax under section 113 of Income Tax Ordinance, 2001.		
<b>32 (LOSS) / EARNING PER SHARES - basic and diluted</b>			
<b>Basic (loss) / earnings per share</b>			
(Loss) / profit for the year		<u>(155,218)</u>	<u>252,496</u>
<b>Number of shares</b>			
		(Number in '000)	(Number in '000)
Weighted average number of shares outstanding as at year end		<u>31,143</u>	<u>31,143</u>
		(Rupees)	(Rupees)
Basic (loss) / earnings per share		<u>(4.98)</u>	<u>8.11</u>
<b>32.1</b>	There is no dilutive effect on the basic (loss) / earnings per share of the Company outstanding as at June 30, 2020 and June 30, 2019.		

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019 (Restated)
	----- (Rupees in '000) -----	
<b>33 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(152,742)	311,827
<b>Adjustment for</b>		
Depreciation	6,997	8,441
Amortization	50	63
Exchange loss	4,735	4,933
Finance cost	3,046	2,051
Unrealized loss on revaluation of investments	30	4,670
Realized (gain) / loss on sale of shares	(4,942)	1,030
Impairment of goodwill	162,877	-
Dividend income	(150)	(204)
Provision for gratuity	1,070	9,209
	<u>173,713</u>	<u>30,193</u>
<b>Operating profit before working capital changes</b>	<b>20,971</b>	<b>342,020</b>
<b>Working capital changes</b>		
<b>(Increase)/ decrease to current assets</b>		
Long-term deposits	(375)	(4,100)
Stock-in-trade	(257,702)	1,525
Trade debts	130,887	(73,970)
Loans and advances	17,584	(38,007)
Trade deposits and short term prepayments	3,906	94,310
Other receivables	103,652	(239,677)
<b>Increase / (decrease) in current liabilities</b>		
Advance from customers - unsecured	(580)	(46,504)
Sales tax payable- net	(153)	9,533
Trade and other payables	(17,522)	19,188
<b>Cash generated from operations</b>	<b><u>668</u></b>	<b><u>64,318</u></b>
<b>34 NUMBER OF EMPLOYEES</b>		
Number of employees as at the year end	<u>109</u>	<u>132</u>
Average number of employees during the year	<u>124</u>	<u>74</u>

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**35 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

	2020			2019		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Director	Executives
	-----Rupees in '000-----					
Managerial remuneration	6,000	-	15,864	2,758	-	13,698
Gratuity	-	-	336	-	-	336
Directors' fee	-	225	-	-	100	-
	<u>6,000</u>	<u>225</u>	<u>16,200</u>	<u>2,758</u>	<u>100</u>	<u>14,034</u>
<b>Number of persons</b>	<u>1</u>	<u>2</u>	<u>6</u>	<u>1</u>	<u>1</u>	<u>6</u>

The allocation of above expenses are as follows:

	2020			2019		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees in '000-----					
Selling and distribution expenses	-	-	3,645	-	-	-
Administrative expenses	6,000	225	12,555	2,758	100	14,034
	<u>6,000</u>	<u>225</u>	<u>16,200</u>	<u>2,758</u>	<u>100</u>	<u>14,034</u>
<b>Number of persons</b>	<u>1</u>	<u>2</u>	<u>6</u>	<u>1</u>	<u>1</u>	<u>6</u>

# CLOVER PAKISTAN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2020

#### 36 OPERATING SEGMENT

The management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. The reportable segments of the Company are as follows:

Description	For the year ended June 30, 2020					For the year ended June 30, 2019				
	Business automation and related services	Petrotech and related services	Chemicals	Others	Total	Business automation and related services	Petrotech and related services	Chemicals	Others	Total
	Rupees in "000"					Rupees in "000"				
Revenue - Gross	75,524	116,770	223,740	45,181	461,215	136,743	1,272,024	-	29,245	1,438,012
Sales Tax	(8,594)	(13,820)	(32,509)	(5,709)	(60,632)	(18,744)	(170,123)	-	(4,075)	(192,942)
Cartage	(1,199)	(301)	(3,873)	(782)	(6,155)	(116)	(962.46)	-	(27)	(1,105)
Revenue - net	65,731	102,649	187,358	38,690	394,428	117,883	1,100,939	-	25,143	1,243,965
Cost of sales	(56,238)	(37,477)	(180,611)	(35,118)	(309,444)	(77,738)	(689,381)	-	(22,192)	(789,311)
Gross profit	9,493	65,172	6,747	3,572	84,984	40,145	411,558	-	2,951	454,654
Selling and distribution expenses	(10,219)	(15,791)	(30,263)	(6,113)	(62,386)	(2,517)	(23,411)	-	(537)	(26,465)
Administrative expenses	(9,199)	(14,219)	(27,236)	(5,504)	(56,158)	(9,965)	(92,691)	-	(2,127)	(104,783)
Operating (loss) / profit	(9,925)	35,162	(50,752)	(8,045)	(33,560)	27,663	295,456	-	287	323,406
Other operating expenses	-	-	-	-	(1,616)	-	-	-	-	(7,101)
Other income	-	-	-	-	53,092	-	-	-	-	2,506
Exchange loss	(9,925)	35,162	(50,752)	(8,045)	17,916	27,663	295,456	-	287	318,811
Finance cost	-	-	(4,735)	-	(4,735)	(517)	(4,297)	-	(119)	(4,933)
Impairment of goodwill	-	-	-	-	(3,046)	-	-	-	-	(2,051)
(Loss) / profit before taxation	(9,925)	35,162	(55,487)	(8,045)	(162,877)	-	-	-	-	-
Taxation	(9,925)	35,162	(55,487)	(8,045)	(152,742)	27,146	291,159	-	168	311,827
(Loss) / profit for the year	(9,925)	35,162	(55,487)	(8,045)	(2,476)	27,146	291,159	-	168	252,496



**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company manages its exposure to financial risk in following manner:

**37.1 Market risk**

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The Company manages market risk as follows:

**37.1.1 Foreign currency risk**

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where payables exist due to transactions entered into foreign currencies.

**Exposure to Foreign currency risk**

The Company is exposed to foreign exchange risk arising from currency value fluctuations due to the following:

	2020	2019
	----- Amount in Euro '000 -----	
Trade creditors	12	265
<b>Off statement of financial position exposures</b>		
Letter of credit	-	73
<b>Net exposure</b>	<u>12</u>	<u>338</u>
	2020	2019
	----- Amount in USD '000 -----	
Trade creditors	-	-
<b>Off statement of financial position exposures</b>		
Letter of credit	204	-
<b>Net exposure</b>	<u>204</u>	<u>-</u>

The following significant exchange rates were applied during the year.

	Rupee per Euro	
Reporting date rate	<u>188.61</u>	<u>182.32</u>
	Rupee per USD	
Reporting date rate	<u>168.05</u>	<u>-</u>

**Foreign currency sensitivity analysis**

A 10 percentage strengthening of the PKR against the USD and EURO at June 30, 2020 and 2019 would have effect on the equity and statement of profit or loss of the company as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2020.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	----- (Rupees in '000) -----	
Strengthening of PKR against respective currencies	<u>3,654</u>	<u>6,158</u>
Weakening of PKR against respective currencies	<u>3,654</u>	<u>6,158</u>

A 10 percentage weakening of the PKR against the USD and EURO at June 30, 2020 and 2019 would have had the equal but opposite effect on USD and EURO to the amounts shown above, on the basis that all other variables remain constant.

### 37.1.2 Price risk

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has a equity investment Rs. 7.78 million.

A 10 percentage strengthening or weakening of the price of the equity investment would have effect on the equity, short-term investments and statement of profit or loss by Rs. 0.778 million.

### 37.1.3 Interest / Mark-up rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company has no long term or short term finance.

		2020			Non mark-up / profit bearing	Total
		Mark-up / profit bearing				
		Less than one year	One year to Five years	Over five years		
		----- (Rupees in '000) -----				
<b>Financial assets</b>	Note					
<b>At amortised cost</b>						
Long term deposits	11	-	-	-	3,315	3,315
Trade debts	13	-	-	-	68,360	68,360
Trade deposits	15	-	-	-	17,084	17,084
Other receivables	17	-	-	-	761	761
Cash and bank balances	19	201	-	-	6,562	6,763
		201	-	-	96,082	96,283
<b>Fair value through profit or loss</b>						
Short term investments	16	-	-	-	7,780	7,780
<b>Financial liabilities</b>						
<b>At amortised cost</b>						
Trade and other payables	23	-	-	-	79,323	79,323
Unclaimed dividend		-	-	-	3,936	3,936
		-	-	-	83,259	83,259
<b>On statement of financial position gap</b>		201	-	-	20,603	20,804
<b>Off statement of financial position gap</b>						
Commitments		-	-	-	30,028	30,028

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		2019				
		Mark-up / profit bearing			Non	Total
		Less than	One year to	Over five	mark-up /	
		one year	Five years	years	profit	
					bearing	
Financial assets	Note	----- (Rupees in '000) -----				
<b>At amortised cost</b>						
Long term deposits	11	-	-	-	3,525	3,525
Trade debts	13	-	-	-	199,247	199,247
Trade deposits	15	-	-	-	21,484	21,484
Other receivables	17	-	-	-	102,739	102,739
Cash and bank balances	19	229	-	-	43,086	43,315
		229	-	-	370,081	370,310
<b>Fair value through profit or loss</b>						
Short term investments	16	-	-	-	12,619	12,619
<b>Financial liabilities</b>						
<b>At amortised cost</b>						
Trade and other payables	23	-	-	-	91,392	91,392
Unclaimed dividend		-	-	-	4,653	4,653
		-	-	-	96,045	96,045
<b>On statement of financial position gap</b>		229	-	-	286,655	286,884
<b>Off statement of financial position gap</b>						
Commitments		-	-	-	19,879	19,879

(a) On statement of financial position gap represents the net amounts of statement of financial position items.

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the statement of financial position date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

At June 30, 2020, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 0.001 million (2019: Rs. 0.001 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

**37.1.4 Equity risk**

It is the risk that the listed equity securities are susceptible to market price risk, arising from uncertainties about future values of the investment securities.

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**37.2 Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

		2020	2019
Financial assets	Note	----- (Rupees in '000) -----	
Long-term deposits	11	3,315	3,525
Trade debts	13	68,360	199,247
Trade deposits	15	17,084	21,484
Other receivables	17	761	102,739
Bank balances	19	5,685	42,925
		<u>91,890</u>	<u>369,920</u>

**Trade Debts**

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The majority of the customers have been transacting with the company for several years. Actual credit loss experience over past years is used to base the calculation of expected credit loss. The ageing is disclosed in Note 13.1.

In respect of trade debts, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade debts consists of a large number of customers. Based on historical information about customer default rates management consider the credit quality of trade debts that are not past due and impaired to be good. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

**Bank balances**

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Short-term Ratings	2020	2019
		----- (Rupees in '000) -----	
Allied Bank Limited	A1+	2	2
Bank Al Habib Limited	A1+	25	424
Bank Al Falah Limited	A1+	636	4,040
Bank Islami Pakistan Limited	A1	32	23,128
Habib Bank Limited	A1+	2	2
Habib Metropolitan Bank Limited	A1+	243	3,728
MCB Bank Limited	A1+	6	6
Meezan Bank Limited	A1+	196	3,883
National Bank Of Pakistan	A1+	15	15
Soneri Bank Limited	A1+	-	20

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Short-term Ratings	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
Summit Bank Limited	SUSPENDED	417	7,677
Askari bank Limited	A1+	4,111	-
		<u>5,685</u>	<u>42,925</u>

### 37.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's gross maximum exposure to liquidity risk at reporting date is as follows:

	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
<b>Financial liabilities</b>		
Trade and other payables	79,323	91,392
Unclaimed dividend	3,936	4,653
	<u>83,259</u>	<u>96,045</u>

### 37.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the:

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g., significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on market value of shares at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2020:

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>Financial assets</b>				
Financial investments: FVTPL	<u>7,780</u>		<u>-</u>	<u>7,780</u>
	2019			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets				
Financial investments: FVTPL	<u>12,619</u>	<u>-</u>	<u>-</u>	<u>12,619</u>

**37.5 Financial instruments by category**

		2020	2019
		----- (Rupees in '000) -----	
<b>Financial assets</b>			
<b>At amortized cost</b>			
Long term deposits	11	3,315	3,525
Trade debts	13	68,360	199,247
Trade deposits	15	17,084	21,484
Other receivables	17	761	102,739
Cash and bank balances	19	6,763	43,315
<b>At fair value through profit or loss</b>			
Short-term investments	16	7,780	12,619
<b>Total financial assets</b>		<u>104,063</u>	<u>382,929</u>
<b>Financial liabilities</b>			
<b>At amortized cost</b>			
Trade and other payables	23	79,323	92,177
Unclaimed dividend		3,936	4,653
<b>Total financial liabilities</b>		<u>83,259</u>	<u>96,830</u>

**38 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue shares or sell assets to reduce debt.

The Company's capital includes share capital, unappropriated profit and reserves. As at reporting date the capital of the Company is as follows:

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		2020	2019
	Note	----- (Rupees in '000) -----	
Share Capital	20	<b>311,431</b>	249,145
Reserves	21	<b>560,717</b>	778,221
		<b>872,148</b>	1,027,366

The Company manages its capital risk by monitoring its debt level and liquid assets and keeping in view future investment requirements and expectations of the shareholders. The gearing ratio as at June 30, 2020 is Nil (2019: Nil).

**39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties comprise associated undertakings, directors of the Company and key management personnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

	Percentage of holding	2020	2019
		----- (Rupees in '000) -----	
<b>Transactions for the year:</b>			
<b>Holding Company - Fossil Energy (Private) Limited</b>	71%		
- Sale of goods		<b>10,546</b>	69,100
<b>Associated Company - Hascol Petroleum Limited</b>	0%		
<b>(Associate of Holding Company) - 2019 (note 13.4)</b>			
- Sale of goods and services		-	609,721
<b>Key management personnel</b>			
- Director's fee		<b>225</b>	100
- Managerial remuneration		<b>10,527</b>	6,223
<b>Associated Companies under common control</b>	0%		
<b>-VOS Petroleum Limited</b>			
- Sale of goods and services		-	354,351
<b>- Market 786 (Private) Limited</b>	0%		
- Sale of goods		<b>52</b>	252
<b>Balances:</b>			
<b>Holding Company - Fossil Energy (Private) Limited</b>	71%		
- Intercompany receivable to associate		-	102,499
<b>Associated Company - Hascol Petroleum Limited</b>	0%		
<b>(Associate of Holding Company) - 2019 (note 13.4)</b>			
- Receivable from associate		-	132,565
<b>Associated Companies under common control</b>			
<b>- VOS Petroleum Limited</b>	0%		
- Receivable from associate		-	37,880
<b>- Market 786 (Private) Limited</b>	0%		
- Receivable from associate		-	6

**CLOVER PAKISTAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**40 CORRESPONDING FIGURES**

Statement of profit or loss for the year ended June 30, 2019 includes fifteen months business activity of Hascombe business solutions (Private) Limited (HSBPL) because of the merger. Therefore, the corresponding figures presented in these financial statements are not entirely comparable. Furthermore, previous year figures have been rearranged and/or reclassified, wherever necessary, for better presentation. Reclassification made in the financial statements were as follows:

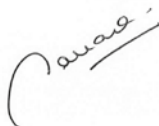
<u>Reclassification from</u>	<u>Reclassification to</u>	<u>Rupees in '000</u>
Trade deposits-unsecured	Long term deposits	3,525

**41 NON ADJUSTING EVENTS AFTER THE REPORTING DATE**

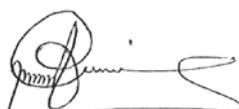
In the month of August 2020, due to urban flooding in Karachi, one of the Company's Mart namely Clover Nishat Mart located at Khayaban-e-Nishat, Ittehad commercial area, Phase-6, DHA Karachi, was flooded with the rain water. Consequently, damage occurred to the inventory and furniture at the Mart. However, the management is of the view that the damages will be recovered through insurance cover. The management is still in the process of assessing the financial impact of the said event through external surveyor.

**42 DATE OF AUTHORIZATION**

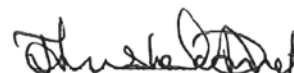
These financial statements were authorized for issue on November 05, 2020 by the Board of directors of the Company.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



# CLOVER PAKISTAN LIMITED

## PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
776	1	100	17,261
445	101	500	127,147
312	501	1,000	241,883
382	1,001	5,000	842,104
53	5,001	10,000	370,591
15	10,001	15,000	186,227
12	15,001	20,000	218,075
6	20,001	25,000	139,500
2	25,001	30,000	51,825
4	30,001	35,000	136,300
3	35,001	40,000	116,500
3	40,001	45,000	127,750
2	50,001	55,000	104,625
1	55,001	60,000	59,250
2	60,001	65,000	128,750
2	65,001	70,000	138,500
1	70,001	75,000	75,000
2	80,001	85,000	162,500
1	85,001	90,000	86,400
1	90,001	95,000	93,750
1	95,001	100,000	100,000
2	110,001	115,000	225,125
1	115,001	120,000	120,000
1	135,001	140,000	138,750
1	145,001	150,000	149,500
1	150,001	155,000	151,050
1	160,001	165,000	161,500
1	240,001	245,000	241,125
1	595,001	600,000	600,000
1	625,001	630,000	628,625
1	740,001	745,000	741,550
1	745,001	750,000	750,000
2	750,001	755,000	1,500,775
1	22,210,001	22,215,000	22,211,121
<b>2,041</b>			<b>31,143,059</b>

**CLOVER PAKISTAN LIMITED***AS AT JUNE 30, 2020*

Information as required under Code of Corporate Governance

Shareholders Category	No. of Shareholder	No. of Share held
<b>Associated Companies, Undertaking and Related Parties (name wise details)</b>		
FOSSIL ENERGY (PRIVATE) LIMITED	1	22,211,121
<b>TOTAL</b>	<b>1</b>	<b>22,211,121</b>
<b>Mutual Funds (name wise details)</b>		
TOTAL	-	-
<b>Directors and their spouse (to be confirmed by company)</b>		
MR. MUHAMMAD JAMSHED AZMET	1	1,250
MR. ABDUL WAHAB GHAFAR KODVAVI	1	625
MR. IRFAN ALI HYDER	1	625
SYED MUHAMMAD FAIZAN AHMED	1	7
<b>TOTAL</b>	<b>4</b>	<b>2,507</b>
<b>Executives (To be Filled by company)</b>		
TOTAL	-	-
<b>Public Sector Companies and Corporations</b>		
TOTAL	-	-
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions,</b>		
<b>Insurance Companies, Takaful, Modaraba and Pension Funds</b>		
TOTAL	-	-
<b>Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)</b>		
FOSSIL ENERGY (PRIVATE) LIMITED	1	22,211,121
<b>TOTAL</b>	<b>1</b>	<b>22,211,121</b>

# CLOVER PAKISTAN LIMITED

## CATEGORIES OF SHAREHOLDING

AS AT JUNE 30, 2020

SNO.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirmed by Company)	4	2,507	0.01
2	Associated Companies, Undertakings and related Parties (to be confirmed by Company)	1	22,211,121	71.32
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions			
5	Insurance Companies			
6	Modarabas and Mutual Funds			
7	Share holders holding 10%	1	22,211,121	71.32
8	General Public : a. local b .Foreign	2,005 -	8,015,926 -	25.74 -
9	Others	31	913,505	2.93
<b>Total (excluding : share holders holding 10%)</b>			<b>2,041</b>	<b>31,143,059</b>





CLOVER PAKISTAN LIMITED

## FORM OF PROXY

THIRTY-FOUR (34<sup>th</sup>) ANNUAL GENERAL MEETING 2020

**The Company Secretary**  
**Clover Pakistan Limited**  
 Banglow No. 23-B, Lalazar,  
 Off M. T. Khan Road,  
 Karachi.

I/We \_\_\_\_\_

of \_\_\_\_\_

being member(s) of **CLOVER PAKISTAN LIMITED** and holder of \_\_\_\_\_

ordinary shares as per Share Register Folio No. \_\_\_\_\_ and / or CDC

Participant I. D. No. and Sub Account / IAS Account No. \_\_\_\_\_

hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him / her \_\_\_\_\_

of \_\_\_\_\_ as my / our proxy in my / our absence to attend  
 and vote for me / us and on my / our behalf at the Thirty - four (34<sup>th</sup>)  
 Annual General Meeting of the Company to be held on Wednesday, 20<sup>th</sup>  
 January 2021, and at any adjournment thereof.

As witness my / our hands / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Signature \_\_\_\_\_

Affix  
 Five Rupees  
 Revenue  
 Stamp

(Signature should agree with the specimen  
 signature registered with the Company)

**Witness 1**

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

**Witness 2**

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

**Important**

- This proxy form, duly completed and signed, must be received at the registered office of the Company at Banglow No. 23-B, Lalazar, Off M. T. Khan Road, Karachi, not less than 48 hours before the time of holding the Meeting.
- Members are requested:
  - To affix Revenue Stamp of Rs. 5/- at the place indicated above; and
  - To sign across the Revenue Stamp in the same style of signature as is registered with the Company.

**For CDC account holder(s) / corporate entities****In addition to the above the following requirements have to be met:**

- the proxy form shall be witnessed by two persons whose names, addresses and CNIC / passport numbers shall be stated on the form;
- attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form;
- the proxy shall produce his / her original CNIC or original passport at the time of the meeting; and
- corporate entities should produce a certified copy of the resolution pertinent of its board of directors' meeting or a power of attorney bearing signature of the nominee at the time of the Meeting, unless it has been provided earlier.

## پراکسی فارم

چوتیسواں سالانہ اجلاس عام

محترم جناب کمپنی سکریٹری صاحب  
کلوور پاکستان لمیٹڈ  
بنگلہ نمبر B-23، لالازار،  
آف ایم۔ٹی۔ خان روڈ، کراچی۔

میں رہم \_\_\_\_\_ کلوور پاکستان لمیٹڈ کے ممبر ممبران رجسٹرڈ فولیو نمبر شرکا  
کی آئی ڈی سی ڈی سی ڈی ایل اکاؤنٹ نمبر کے مطابق عمومی شیئرز \_\_\_\_\_ ہولڈر ہیں جو کہ بذریعہ ہذا جناب  
کو دفتر رہبر بھرتی کرتے ہیں۔ رجسٹرڈ فولیو نمبر شرکا کی آئی ڈی سی ڈی سی ڈی ایل  
اکاؤنٹ نمبر \_\_\_\_\_ یا اس کے اس کی شرکت نہ کرنے کی صورت میں جناب \_\_\_\_\_  
کو بطور مختار کاربروز (بدھ) 20 جنوری 2021 کو کلوور پاکستان لمیٹڈ کا چوتیسواں سالانہ اجلاس عام اور اس کے کسی التوا تک میری  
ہماری جانب معرفت سے ووٹ دینے اور اجلاس عام میں شرکت کرنے کا اختیار دیتا ہوں۔

بطور گواہی میں ہمارے دستخط مہر مورخہ \_\_\_\_\_، 2021 کو دستخط کر دیئے۔

دستخط \_\_\_\_\_

دستخط کمپنی کی جانب سے تصدیق شدہ دستخط قابل قبول ہونگے

پانچ روپے والے  
ریونیوسٹیٹیمپ  
پر دستخط کریں

گواہ نمبر ۲:

گواہ نمبر ۱:

نام: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

پتہ: \_\_\_\_\_

سی این آئی سی / پاسپورٹ نمبر: \_\_\_\_\_

سی این آئی سی / پاسپورٹ نمبر: \_\_\_\_\_

### نوٹس:

۱۔ پراکسی فارم میٹنگ سے دو دن قبل یعنی 48 گھنٹے پہلے مکمل کوائف اور دستخط کے ساتھ بنگلہ نمبر A-23، لالازار، آف ایم۔ٹی۔ خان روڈ، کراچی۔ میں جمع ہونگے۔

۲۔ ممبران کو ضروری ہدایات

(الف) مذکورہ بالا خانہ برائے ریونیوسٹیٹیمپ میں رسیدی ٹکٹ لگانا ضروری ہے۔

(ب) رسیدی ٹکٹ پر کمپنی میں رجسٹرڈ دستخط کرنے ہونگے۔

برائے سی ڈی سی اکاؤنٹ ہولڈر کارپوریٹ ادارے۔

مزید برآں مندرجہ ذیل ضروری ہدایات پر عمل کیا جائے۔

(الف) پراکسی فارم پروڈو گواہان مع ان کا نام، پتہ اور قومی شناختی کارڈ نمبر ظاہر کرنا ضروری ہے۔

(ب) تصدیق شدہ قومی شناختی کارڈ کی کاپی فارم کے ساتھ منسلک کریں۔

(پ) میٹنگ کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ لانا ضروری ہے۔

(ت) کارپوریٹ اداروں کے بورڈ آف ڈائریکٹرز پر لازم ہے کہ میٹنگ کے وقت دستخط شدہ آئین یا پاور آف اٹارنی مقرر کردہ شخص کو دیں۔ اگر مقرر

کردہ شخص کو پہلے فراہم نہیں کیا گیا ہو۔

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



## Be aware, Be alert, Be safe

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator  
(based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk)

[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices

Back Cover