

MITCHELL'S®

*A
whole
lot of
Love!*

ANNUAL
REPORT
2021

MITCHELL'S®

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IN THE MATTER OF The Indian Mildura Fruit Farms Limited.

I do hereby certify that pursuant to the provisions of
 section 11, sub-section (b), Act VII, 1913 (The Companies
 Act, 1913), and under order of the Government of West Punjab,
 conveyed by their No. 3063-Com-45/44914,

Industries & Business Medical Deptt., dated the 9th October, 1949.

The Registrar

Companies

MITCHELL'S®

Farm Fresh since 1933

It all began at a golf course at St. Andrews. At the ninth green, Francis J. Mitchell received a telegram informing him he had lost all his money. Already 60 years old at the time, with three children to provide for, he decided to seek his fortune in India. This he found, though not without trials and tribulations, in a 720 acre plot of land near Renala Khurd, District Okara, which he leased from the Punjab government. This would become the first ever Mitchell's fruit farm. Mr. Mitchell and his sons, Leonard and Richard, originally tried their luck with vine fruits, but switched to growing citrus fruits when the former proved unworkable. Luckily, citrus fruits were a success, and the lease was extended in 1936, allowing the company-Indian Mildura Fruit Farms Limited- to be registered in 1933.

AGENTS
 CUTLER PALMER & CO
 BOMBAY, CALCUTTA,
 LAHORE & MADRAS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Najam Aziz Sethi..... Chairman
Ms. Naila Bhatti Chief Executive Officer
Mr. Syed Mohammad Mehdi Mohsin..... Non - Executive Director
Ms. Umme Kulsum Imam Non - Executive Director
Mr. Abdul Hamid Dagia Non - Executive Director
Mr. Shazad Ghaffar Non - Executive Director
Mr. Aamir Amin Independent Director
Mr. Syed Manzar Hassan..... Independent Director
Mr. Rizwan Bashir Independent Director

AUDIT COMMITTEE

Mr. Rizwan Bashir Chairman
Mr. Shazad Ghaffar Member
Mr. Aamir Amin Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Manzar Hassan..... Chairman
Ms. Umme Kulsum Imam Member
Mr. Aamir Amin Member
Ms. Naila Bhatti Member

COMPANY SECRETARY

Mehboob Ellahi Khan

AUDITORS

A.F. Ferguson & Company
Chartered Accountants

LEGAL ADVISORS

Cornelius, Lane & Mufti
Nawa-e-Waqt House,
4 Shahrah-e-Fatima Jinnah, Lahore 54000
Phone: 042 36360868

BANKERS

Habib Bank Limited
Askari Bank Limited
Allied Bank Limited
JS Bank Limited
Bank Al Habib Limited

CHIEF FINANCIAL OFFICER

Badar M. Khan, FCA

SHARE REGISTRAR

Corplink (Private) Limited,
Wings Arcade, 1-K (Commercial),
Model Town, Lahore
Phone : (042) 35839182, 35887262,
Fax: (042) 35869037

CORPORATE OFFICE

72-FCC Gulberg IV, Lahore
Phones: (042) 35872392-96,
Fax: (042) 35872398
E-Mail: ho@mitchells.com.pk
Website: www.mitchells.com.pk

FACTORY & FARMS

Renala Khurd, District Okara, Pakistan
Phones: (044) 2635907-8, 2622908
Fax: (044) 2621416
E-Mail: rnk@mitchells.com.pk
rsoc@mitchells.com.pk

REGIONAL SALES OFFICES

ISLAMABAD

Office # 43, 3rd Floor,
Rose-1 Plaza, I-8 Markaz- Islamabad
Phones: (051) 4443824-6
Fax: (051) 4443827
E-Mail: rson@mitchells.com.pk

KARACHI

Mehran VIP II, Ground Floor, Plot 18/3
Dr. Dawood Pota Road- Karachi
Phones: (021) 35212112, 35212712
& 35219675
Fax: (021) 35673588
E-Mail: rsos@mitchells.com.pk

MITCHELL'S JAMS, JELLIES & MARMALADES



CONFECTIONERY





VISION, MISSION AND VALUES

VISION

While we continue to serve our corporate purpose of providing value to our shareholders, we also recognize our responsibility to other stakeholders. We believe that the development of our employees, the protection of our environment and dealing fairly with our suppliers is essential for the future success of our company, our community and our country.

MISSION

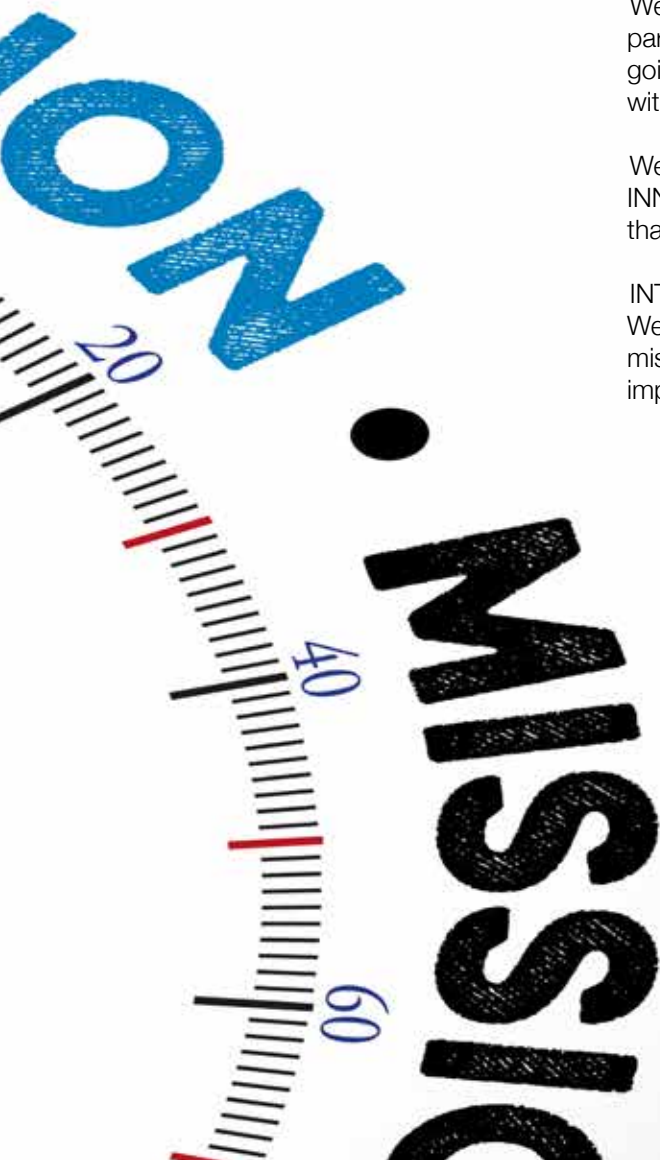
Mitchell's strives to continue to win the hearts and minds of our consumers by delighting them with healthy and delicious products for every occasion, as it has been doing for generations.

VALUES

We are COMMITED towards bringing success to our people and partners by consistently delivering on expectations of our shareholders, going the extra mile to get the job done and approaching everything with a "can do attitude".

We are open to ideas that challenge the conventional view and drive INNOVATION in order to stay relevant and continuously improve, so that we can cater to the changing needs of our consumers.

INTEGRITY: We are honest, ethical and fair in all our activities. We keep our word, deliver on our promises and acknowledge our mistakes. In all that we do, we believe that our reputation is more important than any other short-term rewards.





NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 89th Annual General Meeting of Mitchell's Fruit Farms Limited will be held on October 28, 2021, on Thursday at 11:00 a.m. at the Registered Office of the Company at 72 – FCC, Gulberg IV, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Extra Ordinary General Meeting held on April 30, 2021.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the period ended June 30, 2021 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending June 30, 2022 and to fix their remuneration as suggested by the audit committee to the Board of Directors. The retiring auditors namely Messers A. F. Ferguson & Co. Chartered Accountants, being eligible offer themselves for reappointment.

SPECIAL BUSINESS

1. To alter the Company's Memorandum of Association and Articles of Association through the proposed Special Resolution, as attached herein as Exhibit A.

OTHER BUSINESS

1. To transact any other business which may be placed before the meeting with the permission of the chair.

BY ORDER OF THE BOARD


Mehboob Khan
(Company Secretary)

LAHORE
October 1, 2021

NOTES

1. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Corplink (Private) Limited, Wings Arcade, 1-K (Commercial), Model Town, Lahore. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC and NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.
2. The share transfer book of the Company will remain closed from 21 October, 2021 to 28 October, 2021 (both days inclusive). Transfers received in order (including deposit requests under CDS) at our Registrar's office Corplink (Private) Limited, Wings Arcade, 1-K (Commercial) Model Town, Lahore up to 01:00 p.m. on 20 October, 2021 will be considered in time.
3. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the time meeting is scheduled for.
4. Duly completed instrument of proxy, and the other authority under which it is signed, or notarially a certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (72 - FCC, Gulberg IV, Lahore) at least 48 hours before the time of the meeting.
5. Shareholders are requested to immediately notify the change in their address, if any.

CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

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 the 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.
- ii) In case of corporate entity, 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 and their registrations, shall submit the proxy form accordingly.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC at the time of meeting.
- v) In case of corporate entity, 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 along with proxy form to the Company.

1. Intimation of Changes of Address and declaration for non-deduction of Zakat:

Members who hold shares certificates should notify any changes in their registered address and provide their declarations for non-deduction of zakat, if applicable to the Share Registrar.

Members who hold shares in CDC/participant accounts should update their address and submit their declarations for non-deduction of

zakat, if applicable, to the CDC or their respective participants/stockbrokers.

2. Unclaimed Dividends and Store Certificates:

The Shareholders are hereby informed that in accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificate, Dividends,

3. Circulate Annual Reports to shareholders via e-mail:

Pursuant to Notification vide S.R.O.787(1)/2014 dated September 8, 2014 has allowed companies to circulate Annual Financial Statements to shareholders along with notice of Annual General Meeting (AGM) through email. In this respect, members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company's website i.e. www.mitchells.com.pk. Further it is responsibility of the members to timely update the Company's Shares Registrar of any change in their registered e-mail addresses.

4. Circulate Annual Audited Accounts and Notice of AGM through to shareholders through CD or DVD or USB.

In pursuance of SECP notification S.R.O. No.470(1)/2016 dated May 31, 2016 the companies have been allowed to circulate their annual reports including annual audited accounts, notice of annual general meetings and other information contained therein of the Company to the members for future years through CD or DVD or USB instead of transmitting the same in hard copies. However, the Company will supply the hard copy of the Annual Audited Accounts to the shareholders on

demand at their registered addresses, free of cost, within one week of such demand.

5. Consent for Video Conference:

Pursuant to SECP's Circular No 10 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard please fill the following and submit to registered address of the Company at least 10 days before the date of AGM.

Consent Form for Video Conference Facility

I/We, _____ of _____ being a member of Mitchell's Fruit Farms Limited, holder of _____ Ordinary shares as per Registered Folio No./ CDC Account No. _____ hereby opt for video conference facility at _____ (geographical location).

Signature of member

6. Annual Accounts

Annual Accounts of the Company for the period ended June 30, 2021 have been placed on the Company's website – <http://www.mitchells.com.pk> in addition to annual and quarterly financial statements for the current and prior periods.

EXHIBIT A
EXTRACT OF SPECIAL RESOLUTION DATED 28 OCTOBER, 2021
MITCHELL'S FRUIT FARMS LIMITED
72 - FCC, GULBERG IV, LAHORE

SPECIAL RESOLUTION

The following resolution is being circulated to the Members of Mitchell's Fruit Farms Limited for approval:

"RESOLVED THAT the consent of the Members of Mitchell's Fruit Farms Limited (***"MFFL"***) is hereby accorded to alter the Articles of Association of MFFL (the ***"Articles"***) and the Memorandum of Association of MFFL (the ***"Memorandum"***) in the following manner:

(a) Clause III.(3) of the Memorandum shall be struck out and replaced with the following clause:

"(3) To carry on the business and manufacture of jams, pickles, chutneys, ketchup, sauces, pastes, mayonnaise, spreads, seasonings, squashes, juices, nectars, mineral water, carbonated water, sugar confectionary, chocolate confectionary, biscuits, wafers, snacks, sharbats, canned food items, ready-to-cook items, ready-to-eat items and fruit preserves by various processes and manufacture/processing of all kinds of food products, whether finished goods, semi-finished goods or raw materials and to engage in the business of buying and selling the aforementioned products and items from other businesses, body corporates and industrial concerns engaged in the manufacture, sale, purchase or supply of similar or related items and products."

(b) Clause 52.(1) of the Articles shall be struck out and replaced with the following clause:

"(1) Only a natural person shall be a director."

(c) At the end of clause 58.(3) a new clause titled, "58.(4)", shall be inserted that will state the following:

"(4) The Board may delegate, via a board resolution, any or all of the powers, duties and functions it is afforded through these Articles, to a single director or a group of directors and any such delegation shall continue to be binding and effective until such time that it is explicitly repealed or altered through a validly passed board resolution, later in time."

"FURTHER RESOLVED THAT MFFL is hereby authorised to issue, enter into, deliver and implement agreements, instruments and documentation, as may be deemed necessary and required from time to time, in relation to this resolution."

"FURTHER RESOLVED THAT Ms. Naila Bhatti, Chief Executive Officer of MFFL, is hereby authorised to make necessary filings with the Securities and Exchange Commission of Pakistan, as may be required by applicable laws."

"AND FURTHER RESOLVED THAT this resolution shall remain valid and bind MFFL until such time that it is explicitly repealed or altered through a validly passed special resolution at a later date than that stated herein."

اطلاع برائے سالانہ اجلاس عام

مجلد فروٹ فارمز لمیٹڈ

شیئرز رجسٹر اریمرز کارپلنک (پرائیویٹ) لمیٹڈ کمرشل ماڈل ٹاؤن لاہور کو برائے راست بھجوادیں۔ دیگر کمپنیاں اپنے NTN/NTN کے ہمراہ فون نمبر بھی ارسال کریں۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفکیشن SRO 779 (I) مورخہ 18 اگست 2011 اور RO 831 (I) مورخہ 5 جولائی 2012 کے مطابق ڈیوڈنڈ وارنٹ پر رجسٹرڈ ممبر کے قومی شناختی کارڈ کا درجہ ہونا ضروری ہے کم سن افراد اور کمپنیاں اس سے مستثنیٰ ہیں۔

کمپنی کی شیئرز ٹرانسفر بکس 21 اکتوبر 2021 سے 28 اکتوبر 2021 (بشمول دونوں دن) تک بند رہیں گی۔ انتقال دہندگان کے مذکورہ بالا استحقاق اور اجلاس میں شمولیت کی غرض سے منتقلیاں (بشمول سی ڈی ایس کے تحت ڈیپازٹس درخواستیں) کمپنی کے شیئرز رجسٹر اریمرز کارپلنک (پرائیویٹ) لمیٹڈ کمرشل ماڈل ٹاؤن لاہور کو مورخہ 20 اکتوبر 2021 کو دوپہر 1 بجے تک موصول کی جائیں گی موصول ہونے والی ٹرانسفرز بروقت تصدیق کی جائیں گی۔

3- ہر ممبر جو مینٹگ میں شرکت اور ووٹ ڈالنے کے اہل ہیں، اپنی جگہ کسی اور ممبر کو پراکسی مقرر کر کے مینٹگ میں شرکت اور ووٹ ڈالنے کے لئے نامزد کر سکتا ہے۔ پراکسی کے مؤثر ہونے کے لئے ضروری ہے کہ وہ کمپنی کے رجسٹرڈ آفس میں مینٹگ کے طے شدہ وقت سے کم از کم 48 گھنٹے قبل وصول ہو جانے چاہیے۔

4- مکمل شدہ پراکسی کے فارم، اور دیگر اتھارٹی جس کے تحت دستخط شدہ ہے، یا اس کی نوٹریلی سرٹیفیکیشن کاپی کمپنی سیکرٹری کو کمپنی کے رجسٹرڈ آفس (FCC-72 گلیبرگ IV لاہور) کو مینٹگ سے کم از کم 48 گھنٹے قبل موصول ہو جانے چاہیے۔

5- شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ اگر ان کے پتے میں کسی قسم کی تبدیلی ہوئی ہے تو وہ اس کی فوری اطلاع دیں۔

سی ڈی سی اکاؤنٹ ہولڈرز کو مزید سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مندرجہ ذیل ہدایات کی بھی پیروی کرنا ہوگی۔

اجلاس میں شمولیت کیلئے

I بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایادہ اشخاص جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات قواعد کے مطابق اپ لوڈ کی گئی ہیں مینٹگ میں شرکت کے وقت اپنی شناخت ثابت کرنے کی غرض سے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھائیں گے۔

II کمپنیز کی صورت میں بورڈ آف ڈائریکٹرز کی طرف سے جاری کردہ منظوری یا ان کی پاور آف اٹارنی جس پر ان کے مخصوص دستخط موجود ہوں مینٹگ میں شرکت کے وقت فراہم کریں گے (اگر پہلے فراہم نہیں کیا گیا)۔

بذریعہ نوٹس ہذا اطلاع دی جاتی ہے کہ مجلہ فروٹ فارمز لمیٹڈ کا 89 واں سالانہ اجلاس عام مورخہ 28 اکتوبر 2021 بروز جمعرات بوقت 11:00 بجے دن کمپنی کے رجسٹرڈ آفس، FCC-72 گلیبرگ IV لاہور میں منعقد ہوگا، جس میں مندرجہ ذیل امور کی انجام دہی ہوگی۔

عمومی کارروائی

- 1- 30 اپریل 2021 کو منعقد ہونے والے گزشتہ غیر معمولی اجلاس عام میں طے پائے گئے امور کی منظوری۔
- 2- 30 جون 2021 کو ختم ہونے والے سال کے سالانہ پڑتال شدہ حسابات کی وصولی، غور و خوض اور اختیار کرنا۔ جن کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹس شامل ہیں۔
- 3- 30 جون 2022 کو اختتام پذیر ہونے والے سال کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کو طے کرنا جس کو آڈٹ کمیٹی نے بورڈ آف ڈائریکٹرز کو تجویز کیا۔ ریٹائرڈ ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اہلیت کی بناء پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

خاص معاملات:

- 1- کمپنی کے میمورنڈم آف ایسوسی ایشن اور آرٹیکل آف ایسوسی ایشن میں ایگزٹ اے (لف ہے) کے تحت ترمیم کرنا۔

دیگر معاملات:

- 1- جناب صدر کی اجازت سے دوسرے امور کی انجام دہی جو کہ مینٹگ میں سامنے آئیں۔

بحکم بورڈ

محبوب خان

کمپنی سیکرٹری

لاہور یکم اکتوبر 2021ء

نوٹس

- 1- وہ ممبران جنہوں نے کمپیوٹرائزڈ شناختی کارڈ کمپنی ہذا یا شیئرز رجسٹر اریمرز کو جمع نہیں کروائے ان کو ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ وہ اپنے مذکورہ شناختی کارڈ کمپنی کے

B۔ پر کسی کا تقرر

9 شیر ہولڈرز کو سالانہ آڈٹ شدہ اکاؤنٹس اور اے جی ایم نوٹس کی بذریعہ ڈی وی ڈی یا

یو ایس بی ترسیل:

ایس ای سی پی کے نوٹیفیکیشن ایس آر او نمبر 2016/1(470) مورخہ 31 مئی 2016 کے تحت کمپنیز کو اجازت دی گئی ہے کہ وہ آنے والے برسوں میں ممبرز کو اپنی سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ اکاؤنٹس، سالانہ اجلاس عام کا نوٹس اور کمپنی کی دیگر معلومات ہارڈ کاپوں کی بجائے سی ڈی یا ڈی وی ڈی یا یو ایس بی کے ذریعے ارسال کر سکتی ہے۔ تاہم کمپنی شیئر ہولڈرز کے مطالبہ پر انہیں سالانہ آڈٹ شدہ اکاؤنٹس کی ہارڈ کاپی طلب کئے جانے کے ایک ہفتے کے اندر نئے رجسٹرڈ ایڈریس پر بلا معاوضہ فراہم کرے گی۔

10 ویڈیو کا نفرنس کیلئے رضا مندی:

ایس ای سی پی کے سرکولر نمبر 10 مورخہ 21 مئی 2014 کے مطابق اگر کمپنی کو کسی مخصوص جغرافیائی مقام سے مجموعی طور پر 10 فیصد یا زائد حصص کے ساتھ ہمہ گیر کی طرف سے اجلاس میں شرکت کے لئے اجلاس سے کم از کم دس دن قبل رضامندی ملتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس کا انتظام کرے گی۔ بشرطیکہ اس شہر میں ایسی کوئی سہولت میسر ہو۔ اس کیلئے براہ کرم درج ذیل فارم پر کر کے سالانہ اجلاس عام کی تاریخ سے کم از کم دس دن پہلے کمپنی کے رجسٹرڈ آڈیٹر ایس جمع کروائیں۔

ویڈیو کانفرنس کی سہولت کیلئے رضا مندی کا فارم

میں / ہم۔۔۔۔۔ ساکن۔۔۔۔۔ مجاز فروٹ فارمز لمیٹڈ کا
شیرزکا حامل ہوں برطابق رجسٹرڈ فوئیو نمبر اسی ڈی سی
کاؤنٹ نمبر۔۔۔۔۔ اپنے شہر۔۔۔۔۔
(خجرا فیا کی مقام) میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا ہوں۔

سالانہ اکاؤنٹس

30 ستمبر 2021 کو ختم ہونے والے مالیاتی سال کیلئے سالانہ اکاؤنٹس اور پچھلے سالوں کے سالانہ اکاؤنٹس بمعہ سہ ماہی اکاؤنٹس کمپنی کی ویب سائٹ <http://www.mitchells.com.pk> پر موجود ہے۔

بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا دہ شخصیات کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات قواعد کے مطابق آپ اپوڈ کی گئی ہیں وہ اپنے پراکسی فارم جمع کرائیں گے۔

II پراسیکیوٹر جنرل کے نام، پتے اور CNIC نمبرز فارم پر درج ہوں۔

III پراسکی فارم کیساتھ بنیفیشل اوزر کے کمپیوٹر انڈسٹری کمیونٹی شناختی کارڈ (CNIC) یا پاسپورٹ کی تصدیق شدہ کاپی لف ہونا ضروری ہے۔

IV پراسی والے افراد میٹنگ کے وقت اپنا اصل شناختی کارڈ CNIC دکھائیں گے۔

۷ کمپنیز کی صورت میں بورڈ آف ڈائریکٹرز کی طرف سے جاری کردہ منظوری یا ان کی پاور آف اٹارنی جس پر کمپنی کی جانب سے شرکت اور ووٹ دینے کے لئے نامزد فرد کے مخصوص دستخط موجود ہوں پر کسی فارم کے ہمراہ جمع کرائی جائے گی۔

6۔ ایڈریس کی تبدیلی اور زکوٰۃ سے استثنیٰ کے ڈیکلریشن کی اطلاع۔

شیرز سرِ ثقیلٹس رکھنے والے مہبران اپنے رجسٹرڈ پتہ میں تبدیلی کے بارے میں شیرجسٹرا کو آگاہ کریں اور اسے زکوٰۃ سے استثنیٰ کے ڈیکلریشن فراہم کریں۔

سی ڈی سی / پارٹیڈیپنٹ اکاؤنٹس میں شیئرز ہولڈرممبران سے گزارش ہے کہ وہ سی ڈی سی یا اپنے متعلقہ شرکا / اسٹاک بروکر کے ہاں اپنا ایڈریس اپ ڈیٹ کریں اور اپنے زکوٰۃ سے استثنیٰ کے ڈیکلریشنز فراہم کریں۔

7- غیر دعویٰ شدہ منافع اور شیئر سرفیکلیٹس

شیر ہولڈرز کو مطلع کیا جاتا ہے کہ کنیز ایکٹ 2017 کے سیکشن 244 اور غیر دعویٰ شدہ شیر، مضاربہ، حقوقیت، ڈیونڈز، دیگر انسٹرومنٹس اور ان ڈسٹری بیوڈ اسٹس ریلیگیٹیشنز 2017 کے مطابق پنیز کے لئے ایسے کیش ڈیونڈ فیڈرل گورنمنٹ کے کریڈٹ میں اور شیرز کو کمیشن میں جمع کروانا ضروری ہے۔ جو ادائیگی کی تاریخ سے لیکر تین سال یا زیادہ عرصہ سے غیر دعویٰ شدہ ہیں با وصول نہیں کئے گئے۔

8۔ شیر ہولڈرز کو سالانہ رپورٹس کی بذریعہ ای میل ترسیل:

مورخہ 8 ستمبر 2014 کو جاری ہونے والے نوٹیفکیشن ایس آر او نمبر 2014/(1)787 کے تحت کمپنیوں کو اجازت ہے کہ وہ شیر ہولڈرز کو سالانہ اجلاس عام (اے جی ایم) کے نوٹس کے ہمراہ سالانہ فنانشل سٹیٹمنٹ بذریعہ ای میل ارسال کریں۔ لہذا ممبرز سے درخواست ہے کہ وہ اس کے لئے معیاری درخواست فارم جو کہ کمپنی کی ویب سائٹ www.mitchells.com.pk پر دستیاب ہے، پر، بذریعہ ای میل اپنی رضامندی ظاہر کریں۔ علاوہ ازیں کمپنی کے شیر رجسٹرار کو اپنے رجسٹری میل ایڈریس میں ہونے والی مکمل تبدیلی کے بارے میں بروقت مطلع کرنا بھی ممبرز کی ذمہ داری ہے۔

CHAIRMAN'S REVIEW

As we close this financial year 2020-21 I would like to acknowledge the great efforts of the management team for working hard to achieve our targets as this is the first time after 2015 that we are reporting profits. Even though this was a 9-month period due to change in our financial year, we did manage to beat all previous records of Sales.

I know that the challenges were immense but everyone worked extra hard to deliver on targets. There were days that were very frustrating but there were also days that were very satisfying as well, since the team managed to achieve something that was new and exciting and also managed to optimize the available resources to the full extent.

EVALUATION OF BOARD'S PERFORMANCE

The board fully contributed throughout the year to guide the management for bringing operational improvements. Annual evaluation process as required under the Code of Corporate Governance is in place to assess the performance of its members.

Various committees of the Board also contributed towards their respective areas of the company and made value additions in underlying systems, processes and procedures.

FUTURE OUTLOOK

As we start the new financial year, I am sure that we shall face many more challenges. However, I have complete faith that we shall overcome them and shall find new and innovative ways to deliver results. The recent abolishment of Federal Excise Duty shall also contribute towards the profitability of the company. Currently we are geared to making progress on all fronts including infrastructure and technology which shall go a long way towards reviving our brand. We also intend to bring further efficiency in all business processes. New investments are also strategically planned to ensure uninterrupted supply of high quality products to the market.



Najam Aziz Sethi
Chairman
October 1, 2021

چیرمین کا جائزہ

جیسا کہ ہم اس مالی سال 2020-21 کا اختتام کر رہے ہیں میں اپنے اہداف کے حصول کے لیے مینجمنٹ ٹیم کی سخت محنت اور عظیم کوششوں کو سراہتا ہوں کیونکہ مالی سال 2015 کے بعد یہ پہلا موقع ہے کہ ہم منافع رپورٹ کر رہے ہیں۔ اگرچہ ہمارے مالی سال میں تبدیلی کی وجہ سے یہ 9 ماہ کی مدت تھی اس کے باوجود ہم نے سب کے تمام سابقہ ریکارڈوں کو شکست دی۔

میں جانتا ہوں کہ چیلنجز بہت زیادہ تھے لیکن ہر ایک نے اہداف حاصل کرنے کے لیے سخت محنت کی۔ کچھ دن بہت مایوس کن تھے لیکن کچھ دن ایسے بھی تھے جو کہ بہت اطمینان بخش رہے۔ اس طرح ہماری ٹیم کچھ نئی اور پُر جوش چیز حاصل کرنے میں کامیاب رہی اور دستیاب وسائل کو مکمل حد تک بروئے کار لانے میں بھی کامیاب رہی۔

بورڈ کی کارکردگی کا جائزہ

بورڈ نے آپریشنل بہتری لانے کے لیے پورے سال بھر میں مینجمنٹ کی رہنمائی کے لیے مکمل تعاون کیا۔ ممبروں کی کارکردگی کا جائزہ لینے کے لیے کوڈ آف کارپوریٹ گورننس کے تحت مطلوبہ سالانہ تشخیص کا عمل متعین کیا گیا ہے۔

بورڈ کی مختلف کمیٹیوں نے بھی کمپنی کے اپنے متعلقہ شعبوں میں شرکت کی اور بنیادی نظام، عوامل اور طریقہ کار میں اچھا اضافہ کیا۔

مستقبل کا نقطہ نظر

جیسا کہ ہم نئے مالی سال کا آغاز کر رہے ہیں، مجھے یقین ہے کہ ہمیں مزید کئی چیلنجز کا سامنا کرنا پڑے گا۔ تاہم، مجھے مکمل اعتماد ہے کہ ہم ان پر قابو پالیں گے اور نتائج دینے کے لیے نئے اور جدید طریقے تلاش کریں گے۔ فیڈرل ایکسائز ڈیوٹی کا حالیہ خاتمہ بھی کمپنی کے منافع پر اچھا اثر ڈالے گا۔ فی الحال ہم انفراسٹرکچر اور ٹیکنالوجی سمیت تمام شعبوں پر پیش رفت کے لیے تیار ہیں جو کہ ہمارے برانڈ کو بحال کرنے کی طرف بہت آگے تک جانے گی۔ ہم تمام کاروباری عوامل میں کارکردگی کو مزید بہتر بنانے کا بھی ارادہ رکھتے ہیں۔ مارکیٹ میں اعلیٰ معیار کی مصنوعات کی بلا تعطل فراہمی کو یقینی بنانے کے لیے نئی سرمایہ کاری کا بھی حکمت عملی سے منصوبہ بنایا گیا ہے۔

Karim Hossain

نجم عزیز سیٹھی

چیرمین

یکم اکتوبر 2021ء



DIRECTORS' REPORT

The directors are pleased to present their report on the Company's performance during the year.

PRINCIPAL ACTIVITY

The Company is principally engaged in the manufacture and sale of various grocery and confectionery products.

FINANCIAL POSITION AT A GLANCE

A brief financial analysis is presented as under:

Operating Results	2020-2021 (For the period from October 01, 2020 to June 30, 2021)	2019-2020 (For the period from October 01, 2019 to September 30, 2020)	Increase/Decrease % / Rs
Turnover	2,210,619,831	2,112,492,576	4.65%
Gross Profit	489,339,944	442,422,812	46.9M
Gross Profit %	22.14%	20.94 %	1.20%
Selling & Distribution Costs	311,214,276	253,637,474	22.70%
Administrative Expenses	137,043,348	150,668,678	(9.04%)
Operating Profit	67,426,187	47,016,162	43.41%
Profit/ (Loss) After Tax	10,466,180	(55,445,435)	65.9M
Earnings Per Share-Rupees	0.49	*(3.05)	7.53

*The comparative Earning per share has been restated on account of right issue of ordinary shares made during the year in accordance with the applicable financial reporting framework.

FINANCIAL RESULTS AND DEVELOPMENTS

This is the first year since 2015 that the Company has been able to report profits. It is remarkable to note that the Company has achieved a Rs 2.2 Billion sales in only nine months of its operations while the previous year, this was our twelve month's turnover.

During the period under review, the profitability also increased to a Rs 10 million profits after tax. The main factors that contributed towards the profitability were significant decrease in sales returns, increased sales volume, cost economies in variable and fixed costs and sizeable reduction in the financial cost of the Company. Fresh equity injection of Rs 750 million that was carried out this year in the shape of issuance of right shares, went a long way towards paying off the lenders and improving the long-awaited working capital requirements of the Company.

Despite highly inflationary conditions in the country, the Company put its best efforts to make efficient arrangements with its vendors in its endeavour to seek best rates for the raw & packing material despite. The production processes have also been optimized and efforts are being made to remove remaining bottlenecks and bring about further improvements and innovations.

Sales of the Company witnessed a healthy growth but were affected by lockdowns due to COVID restrictions. Our main focus was towards enhancement in the width and depth of sales operations. Even though we have a diversified product portfolio catering to all seasons and target markets, we are exposed to seasonal trends in the market as well, and were not able to fully utilize the sales opportunities available to us in the respective seasons. Exports also remained our main focus which witnessed a significant growth during the period. After many years, we were also able to focus upon various marketing activities for brand recall. This is an investment which shall be rewarded in the years to come and due to this reason, the sales and marketing costs have increased as compared to previous year.

The provision for current taxation for the year represents tax under final tax regime and minimum tax on turnover.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to certain risks and uncertainties. However, we consider the following as key risk areas:

- The uncertainties arising from the continued spread of COVID & resultant lockdowns;
- Significant competition in our product categories;
- Adverse movement in commodity prices and

foreign exchange rates since some of our raw & packing materials is imported; and

- Adverse movement in interest rate leading to increased cost of borrowings

MANUFACTURING OPERATIONS

The Company faces multiple challenges towards effectively carrying on the manufacturing operations. However, optimal utilization of resources is being ensured but there is a need to carry out major modernizations, improvements and expansions for which, the Company is planning to carry out the same during the next financial year.

HUMAN RESOURCE DEVELOPMENT

The Company has enhanced its focus towards human resource development by defining policies, procedures and encouraging the employees, especially the managerial staff to be role models and provide exemplary leadership roles. Work is also under progress to bring further gender diversity.

CORPORATE SOCIAL RESPONSIBILITY

No incident of accident, causing physical injury or misconduct was reported during the year. Employees were issued proper guidelines to prevent spread of COVID and vaccination was made compulsory in line with government directives.

The Company contributed Rs 409 million to the National Exchequer on account of various government levies including customs duty, sales tax, federal excise duty and income tax. Furthermore, foreign exchange of USD 2.3 million was also generated through our exports during the period under review.

SUBSEQUENT EVENTS

There is no such subsequent event that may have any material impact upon the financial statements under review.

FUTURE OUTLOOK

After attaining the previous yearly sales figure in just nine months of its operations, the Company looks towards further growth in the next financial year by putting further emphasis upon profitable sales both locally and overseas. We have rejuvenated our sales force to set and achieve new targets. Our recently implemented ERP to monitor secondary sales shall go a long way towards brining visibility and concentrating our efforts where needed. We have also started the process of implementing SAP during the next financial year which shall also bring further efficiencies of processes. Some modernization of existing plant & machinery equipment is also planned that shall bring production efficiencies. Abolishment of FED shall also

favourably impact the profitability of the Company.

The main challenges for the coming financial year shall again be to manage the economic uncertainty and lower buying power of the customers as a result of the pandemic. Expansion of the export market is also dependent upon worldwide reactions to COVID and its aftereffects.

INTERNAL FINANCIAL CONTROLS

The Directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The Directors have done their annual review and assessment for the year ended June 30, 2021. The Board and Audit Committee regularly reviews reports pertaining to the robust internal audit function of the Company to satisfy the internal control requirements. The Company's internal audit function performs reviews of the integrity and effectiveness of control activities and provides regular reports to the Audit Committee and the Board.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The financial statements have been prepared on a going concern basis.
- A statement regarding key financial data for the last five years is annexed to this report. All trades in the share of Company carried out by its directors, executives and their spouses and minor children are also annexed with this annual report.
- Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount with a brief descriptions and reasons for the same is adequately disclosed in the financial statement.

ENVIRONMENTAL IMPACT

The Company is committed to avoid any adverse impact to the environment caused due to its operations. A significant portion of energy requirements are met from agricultural bi-products (biomass).

COMPOSITION OF THE BOARD

The Board consists of 7 male directors and 2 female directors with following composition:

- Independent Directors..... 3
- Non-Executive Directors 5
- Executive Directors 1

Director's Name	Designation	Meetings Attended
Mr. Najam Aziz Sethi	Chairman	6
Syed Mohammad Mehdi Mohsin	Non-Executive Director	6
Mr. Shazad Ghaffar	Non-Executive Director	6
Mr. Abdul Hamid Dagia	Non-Executive Director	2
Syeda Umme Kulsum Imam	Non-Executive Director	5
Ms. Naila Bhatti	MD/ Chief Executive Officer	6
Syed Manzar Hassan	Independent Director	6
Mr. Aamir Amin	Independent Director	6
Mr. Rizwan Bashir	Independent Director	5
Mr. Muhammad Mohsin	Non-Executive Director (Retired)	1
Mrs. Sitwat Mohsin	Non-Executive Director (Retired)	3
Mr. Pervez Noon	Non-Executive Director (Retired)	2

CHANGE IN DIRECTORS OFFICE

Mr. Muhammad Mohsin, Mrs. Sitwat Mohsin and Mr. Pervez Noon retired during the year while Mr. Abdul Hamid Dagia joined the Board. Leave of absence was granted to the directors who could not attend the board meetings.

AUDIT COMMITTEE

During the year, three (3) meetings of the audit committee were held. Attendance by each Director was as follows: -

Director's Name	Designation	Meetings Attended
Mr. Rizwan Bashir	Independent Director/Chairman	3
Mr. Aamir Amin	Independent Director	3
Mr. Shazad Ghaffar	Non-Executive Director	2

Leave of absence was granted to the directors who could not attend the meetings.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Details of aggregate amount of remuneration separately of executive and non-executive directors, including salary/fee, perquisites, benefits, and other allowances are disclosed in the annexed financial statements. The remuneration policy is approved by the Board of Directors and the Board revisits the policy from time to time.

COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS

The requirements of the Regulations relevant for the period ended June 30, 2021 have been adopted by the Company and the statement of compliance in this regard is annexed to the Report.

PATTERN OF SHARE HOLDING

The information under this head is annexed.

RELATED PARTIES

The transactions between the related parties are made on mutually agreed terms and conditions. Details of all the transactions carried out during the year can be seen in Note 32 to the annexed financial statements.

EARNINGS PER SHARE

Earnings per share for the year under report is Rs 0.49 as compared to the last year figure of Loss per Share of Rs 3.05 (Restated).

DIVIDEND

Based on the results no dividend is proposed for the year under review.

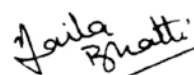
AUDITORS

The present Auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire and offer themselves for re-appointment. The Board of Directors, on recommendation of Audit Committee, proposes the re-appointment of Messrs. A.F. Ferguson & Co., Chartered Accountants, for the year ending June 30, 2022.

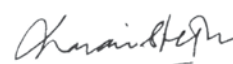
ACKNOWLEDGEMENTS

The board of directors would like to express their gratitude to all employees for their efforts and commitment in successfully overcoming the challenges faced by the Company during the year.

For and on behalf of Board of Directors



Naila Bhatti
Chief Executive Officer/MD



Najam Aziz Sethi
Chairman

Lahore: October 1, 2021

ڈائریکٹرز رپورٹ

ڈائریکٹرز انتہائی مسرت سے کمپنی کی سالانہ کارکردگی رپورٹ پیش کرتے ہیں۔

1- بنیادی کاروبار

کمپنی بنیادی طور پر بہت سے گراسری اور کنفیکشنری مصنوعات کی تیاری میں مصروف ہے۔

2- مالی نتائج پر ایک نظر:

کمپنی کا مختصر مالیاتی تجزیہ زیر نظر ہے۔

مالیاتی نتائج	2020-2021 اکتوبر 2020 تا جون 2021 روپے	2019-2020 اکتوبر 2019 تا ستمبر 2020 روپے	اضافہ / (کمی)
کاروبار کی شرح	2,210,619,831	2,112,492,576	4.65 فیصد
کل منافع	489,339,944	442,422,812	46.9 ملین
کل منافع فیصد (%)	22.14 فیصد	20.94 فیصد	1.20 فیصد
اخراجات فروخت و تقسیم کاری	311,214,276	253,637,474	22.70 فیصد
اخراجات انتظامی امور	137,043,348	150,668,678	(9.04) فیصد
آپریٹنگ منافع	67,426,187	47,016,162	43.41 فیصد
ٹیکس کے بعد منافع / (خسارہ)	10,466,180	(55,445,435)	65.9 ملین
فی حصص روپے آمدن (خسارہ)	0.49	(3.05) Restated	7.53

پچھلے سال کے موازنہ کا منافع فی شیئر دوبارہ درج کیا گیا ہے۔ کیونکہ اس عرصہ میں کمپنی نے مروجہ مالیاتی نظام کے تحت رائٹ شیئرز کا اجراء کیا تھا۔

3- مالی نتائج اور ترقی

سال 2015 کے بعد یہ پہلا سال ہے کہ کمپنی منافع درج کرنے کے قابل ہوئی ہے۔ یہ بات قابل ذکر ہے کہ کمپنی نے اپنے کاروبار کے صرف نو ماہ میں 2.2 بلین روپے کا ٹرن اور حاصل کیا جبکہ گزشتہ سال یہ ہمارا بارہ ماہ کا ٹرن اور تھا۔

زیر جائزہ مدت کے دوران ٹیکس کے بعد منافع بھی 10 ملین روپے تک بڑھ گیا۔ منافع بڑھانے میں اہم کردار ادا کرنے والے اہم عوامل سیلز ریٹن میں نمایاں کمی، سیلز حجم میں اضافہ، متغیر اور مقررہ اخراجات میں لاگت کی پخت اور کمپنی کی مالی لاگت میں نمایاں کمی تھی۔ 750 ملین روپے کی نئی ایکویٹی سرمایہ کاری جو اس سال رائٹ حصص کے اجراء کی شکل میں کی گئی، نے قرض دہندگان کی ادائیگی اور کمپنی کے طویل مدتی ورکنگ کیپٹل کی ضروریات کو بہتر بنانے میں اہم کردار ادا کیا ہے۔

کمپنی نے ملک میں انتہائی افراط زر کے حالات کے باوجود خام اور پیکنگ میٹریل کے بہترین نرخ حاصل کرنے کی کوشش میں اپنے وینڈرز کے ساتھ مؤثر انتظامات کئے ہیں۔ پیداوار کے عمل کو بھی بہتر بنایا گیا ہے اور باقی رکاوٹوں کو دور کرنے اور مزید بہتری اور جدت لانے کی کوششیں جاری ہیں۔

کمپنی کی سیلز میں صحت مند نمو دیکھی گئی لیکن COVID پابندیوں کی وجہ سے بار بار لاک ڈاؤن سے بری طرح متاثر ہوئی۔ ہماری بنیادی توجہ سیلز آپریشنز کی وسعت اور گہرائی میں اضافہ پر مرکوز رہی۔ اگرچہ ہمارے پاس تمام موسموں اور ٹارگٹ مارکیٹوں کے لیے ایک متنوع پروڈکٹ پورٹ فولیو ہے اور متعلقہ سیزن میں اپنے دستیاب سیلز کے مواقع سے بھرپور فائدہ اٹھانے کے قابل نہیں تھے۔ برآمدات بھی ہماری بنیادی توجہ رہی جس نے اس عرصے کے دوران نمایاں نمو دیکھی۔ کئی سالوں کے بعد، ہم دوبارہ براڈ متعارف کروانے کے لیے مختلف مارکیٹنگ سرگرمیوں پر بھی توجہ مرکوز کرنے کے قابل ہوئے۔ یہ ایک ایسی سرمایہ کاری ہے جس کا شراکتہ سالوں میں ملتا ہے اور اسی وجہ سے سیلز اور مارکیٹنگ اخراجات میں گزشتہ سال کے مقابلے میں اضافہ ہوا ہے۔

سال کے لیے موجودہ ٹیکس کی فراہمی حتمی ٹیکس نظام کے تحت ٹیکس اور کاروبار پر کم از کم ٹیکس کی نمائندگی کرتی ہے۔

4- بنیادی خدشات اور غیر یقینی صورتحال

- ☆ کمپنی کو چند خدشات اور غیر یقینی صورتحال کا سامنا ہے تاہم مندرجہ ذیل خدشات زیادہ توجہ کے لائق ہیں۔
- ☆ کرونا کے مسلسل پھیلاؤ اور نیچے لاک ڈاؤن کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال۔
- ☆ ہماری مصنوعات کی اقسام میں بڑا مقابلہ۔
- ☆ اشیاء کی قیمتوں اور زر مبادلہ کی شرح میں منفی بدلاؤ چونکہ ہمارے خام اور پیکنگ میٹریل میں سے چند ایک درآمد کیے جاتے ہیں۔
- ☆ شرح سود میں منفی اضافہ جس کی وجہ سے قرضوں کی لاگت میں اضافہ کا ہونا۔

5- مینوفیکچرنگ آپریشنز

- ☆ مینوفیکچرنگ آپریشنز کو موثر طریقے سے آگے بڑھانے کے لیے کمپنی کو کئی چیلنجز کا سامنا ہے۔ تاہم، ذرائع کے زیادہ سے زیادہ وسائل کو یقینی بنایا جا رہا ہے لیکن اہم جدید کاری، بہتری اور توسیع کی ضرورت ہے جس کے لیے، کمپنی اگلے مالی سال کے دوران ایسا ہی کرنے کی منصوبہ بندی کر رہی ہے۔

6- انسانی وسائل کی ترقی

- ☆ کمپنی نے پالیسیوں، طریقہ کار کی وضاحت اور ملازمین بالخصوص انتظامی عملے کو رول ماڈل بننے اور مثالی قائدانہ کردار مہیا کر کے انسانی وسائل کی ترقی کی طرف اپنی توجہ کو بڑھایا ہے۔ مزید تصنیف تنوع لانے کے لیے بھی کام جاری ہے۔

7- کمپنی کی سماجی ذمہ داریاں

- ☆ اس سال کوئی حادثہ، جسمانی زخم اور غیر اخلاقی واقعہ رونما نہیں ہوا۔ ملازمین کو کرنا سے بچاؤ کیلئے اہم ہدایات جاری کی گئیں اور حکومتی ہدایات کے مطابق ویکسینیشن لازمی قرار دی گئی۔
- ☆ کمپنی نے قومی خزانے میں کسٹمز ڈیوٹی، فیڈرل ایکسائز ڈیوٹی (FED)، سیلز ٹیکس، انکم اور دیگر محصولات کی مد میں 409 ملین روپے جمع کروائے۔ مزید برآں زیرِ جائزہ مدت کے دوران ہماری برآمدات کی مد میں 2.3 ملین ڈالر کا خطرہ زرمبادلہ کمایا گیا۔

8- مابعد واقعات

- ☆ ایسا کوئی واقعہ رونما نہیں ہو جو زیرِ جائزہ مالی حسابات پر کوئی مادی اثر رکھتا ہو۔

9- مستقبل کا لائحہ عمل

- ☆ اپنے آپریشن کے صرف نو ماہ میں گزشتہ سال کی سیلز کے اعداد و شمار حاصل کرنے کے بعد، کمپنی مقامی اور بیرون ملک منافع بخش سیلز پر مزید زور دے کر اگلے مالی سال میں مزید نمو دیکھتی ہے۔ ہم نے نئے اہداف طے اور ان کے حصول کے لیے اپنی سیلز فورس کو نئی شکل دی ہے۔ ثانوی فروخت کی نگرانی کے لیے ہماری حال ہی میں نافذ کردہ ERP نمایاں نظر آنے اور جہاں ضرورت ہو ہماری کوششوں پر توجہ مرکوز کرنے کے لیے طویل عرصہ چلے گی۔ ہم نے اگلے مالی سال کے دوران SAP نافذ کرنے کا عمل بھی شروع کر دیا ہے جو کہ افادیت میں مزید اضافہ کرے گا۔ موجودہ پلانٹ اور مشینری کے آلات کی کچھ جدید کاری کی بھی منصوبہ بندی کی گئی ہے جو پیداواری استعداد کار میں بہتری لائے گی۔ FED کا خاتمہ بھی کمپنی کے منافع پر مثبت اثر ڈالے گا۔

- ☆ آئندہ مالی سال کے لیے اہم چیلنجز ایک بار پھر باکے نتیجے میں معاشی غیر یقینی صورتحال اور صارفین کی قوت خرید کا کم ہونا ہوں گے۔ ایکسپورٹ مارکیٹ کی توسیع کا انحصار بھی COVID اور اس کے اثرات پر دنیا بھر کے ردعمل پر ہے۔

10- اندرونی استحکام

- ☆ ڈائریکٹرز اور انتظامیہ کمپنی کے اندرونی کنٹرول کے سالانہ جائزہ کے ذمہ دار ہیں جس کی وجہ سے شیئر ہولڈرز کو ان کی سرمایہ کاری کا بہترین بدل مل سکے۔ یہ ذمہ دارانہ تشخیص اور خطرات کے نظامات کے مطابق ہے۔ اس میں مالی، آپریشنل اور کمپلائنس کنٹرولز اور رسک مینجمنٹ کے طریقہ کار اور ان کی تاثیر کا جائزہ لینا شامل ہے۔ ڈائریکٹرز نے سال 30 جون 2021 کو ختم ہونے والے مدت کا سالانہ جائزہ مکمل کر لیا ہے۔ بورڈ اور آڈٹ کمیٹی اندرونی کنٹرول کے تقاضوں کو پورا کرنے کے لیے کمپنی کے مضبوط داخلی آڈٹ فنکشن سے متعلق رپورٹوں کا باقاعدگی سے جائزہ لیتی ہے۔ کمپنی کا اندرونی آڈٹ فنکشن کنٹرول کی سرگرمیوں کی سالمیت اور تاثیر کا جائزہ لیتا ہے اور آڈٹ کمیٹی اور بورڈ کو باقاعدہ رپورٹس فراہم کرتا ہے۔

11- کارپوریٹ اور مالیاتی رپورٹنگ کا دائرہ کار

کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔ مالیاتی حسابات کمپنی کے گونگ کنسرن ہونے کی بنیاد پر تیار کئے گئے ہیں۔ گزشتہ چھ سالوں کے کلیدی آپریشننگ اور مالی اعداد و شمار سالانہ رپورٹ میں دئے گئے ہیں۔ کمپنی کے حصص میں اس کے ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کی گئی تمام تجارت بھی اس سالانہ رپورٹ کے ساتھ لف ہے۔ ٹیکسز، ڈیوٹیز، لیویز اور بقایا چارجز کی مد میں قانونی ادائیگیاں جہاں کہیں ہیں، مفصل تفصیل اور وجوہات کے ساتھ رقم کا مالی حسابات میں بیان کیا گیا ہے۔

12- ماحولیات کا اثر

کمپنی نے اپنے آپریشنز کی وجہ سے ماحول پر پڑنے والے بُرے اثرات کو کم کرنے کا تہیہ کر رکھا ہے۔ کمپنی غیر استعمال شدہ زرعی مادے اور اپنے آپریشنل ویسٹ سے کسی حد تک توانائی پیدا کرتی ہے۔

13- بورڈ کی تشکیل

بورڈ 7 مرد اور 2 خواتین ڈائریکٹرز پر مشتمل ہے۔

3	انڈپنڈنٹ ڈائریکٹرز
5	نان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹرز

اس سال بورڈ کے 16 اجلاس منعقد ہوئے جس میں ہر ڈائریکٹر کی حاضری مندرجہ ذیل تھی۔

نام	عہدہ	حاضری
جناب نجم عزیز سیٹھی	چیئر مین	6
سید محمد مہدی محسن	نان ایگزیکٹو ڈائریکٹر	6
جناب شہزاد غفار	نان ایگزیکٹو ڈائریکٹر	6
جناب عبدالحمید داگہ	نان ایگزیکٹو ڈائریکٹر	2
سیدہ ام کلثوم امام	نان ایگزیکٹو ڈائریکٹر	5
محترمہ نانکھ بھٹی	ایم ڈی / چیف ایگزیکٹو آفیسر	6
سید منظر حسن	آزاد ڈائریکٹر	6
جناب عامر امین	آزاد ڈائریکٹر	6
جناب رضوان بشیر	آزاد ڈائریکٹر	5
جناب محمد محسن	نان ایگزیکٹو ڈائریکٹر (ریٹائرڈ)	1
محترمہ سلوٹ محسن	نان ایگزیکٹو ڈائریکٹر (ریٹائرڈ)	3
جناب پرویز نون	نان ایگزیکٹو ڈائریکٹر (ریٹائرڈ)	2

14- ڈائریکٹرز آفس میں تبدیلی

سال کے دوران جناب محمد محسن، محترمہ سلوٹ محسن اور جناب پرویز نون ریٹائر ہو گئے جبکہ جناب عبدالحمید داگہ بورڈ میں شامل ہوئے۔ بورڈ کے اجلاس میں شرکت نہ کر سکنے والے ڈائریکٹرز کو رخصت دی گئی۔

15- آڈٹ کمیٹی

سال کے دوران آڈٹ کمیٹی کے 3 اجلاس منعقد ہوئے جن میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی۔

ڈائریکٹرز کے نام	عہدہ	حاضری
جناب رضوان بشیر	انڈیپنڈنٹ ڈائریکٹر / چیئر مین	3
جناب عامر امین	انڈیپنڈنٹ ڈائریکٹر	3
جناب شہزاد غفار	نان ایگزیکٹو ڈائریکٹر	2

بورڈ کے اجلاس میں شرکت نہ کرنے والے ڈائریکٹرز کو رخصت دی گئی۔

16- نان ایگزیکٹو ڈائریکٹرز کے معاوضہ جات

ایگزاور نان ایگزیکٹو ڈائریکٹرز کے الگ الگ معاوضہ جات بشمول تنخواہ / فیس، تقاضے، سہولیات اور دیگر مراعات منسلک فنانشل سٹیٹمنٹس میں شامل ہیں۔ معاوضہ جات کی پالیسی بورڈ کی جانب سے منظور شدہ ہے اور بورڈ وقتاً فوقتاً اس کا جائزہ لیتا ہے۔

17- لیکویٹیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز کی تعمیل

کمپنی نے 30 جون 2021 کو ختم ہونے والی مدت کے متعلق قوانین کی بہتر انداز سے پیروی اور اس کی مکمل تعمیل کی ہے تعمیل کا بیانیہ رپورٹ کے ساتھ منسلک ہے۔

18- شیئر ہولڈنگ کا پیٹرن

اس سے متعلق معلومات ساتھ منسلک ہیں۔

19- متعلقہ پارٹی سے لین دین

متعلقہ پارٹیز کے درمیان لین دین باہمی رضامندی شرائط و ضوابط پر کیا گیا ہے۔ سال کے دوران کئے گئے تمام لین دین کی تفصیلات منسلک مالی حسابات کے نوٹ نمبر 30 میں دیکھی جاسکتی ہیں۔

20- فی حصص نقصان

اس سال فی حصص آمدنی گزشتہ سال کے 3.05 روپے خسارہ کے مقابل 0.49 روپے ہے۔

21- ڈیویڈنڈ

نتائج کی بنیاد پر زیر جائزہ سال کے لئے کوئی ڈیویڈنڈ تجویز نہیں کیا گیا۔

22- آڈیٹر

موجودہ آڈیٹر میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی طرف سے تجویز کے طور پر 30 جون 2022 کو ختم ہونے والے سال کے لئے بطور آڈیٹر میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز سال کے دوران کمپنی کو درپیش چیلنجز پر کامیابی سے قابو پانے میں تمام ملازمین کا ان کی کوششوں اور عزم کے لیے شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

Anila Bhatti

نانکد بھٹی

مینجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر

Khan

جناب نجم عزیز سیٹھی

چیئر مین

لاہور

یکم اکتوبر 2021

SAUCES



TOMATO KETCHUP & CHILLI GARLIC SAUCE



VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

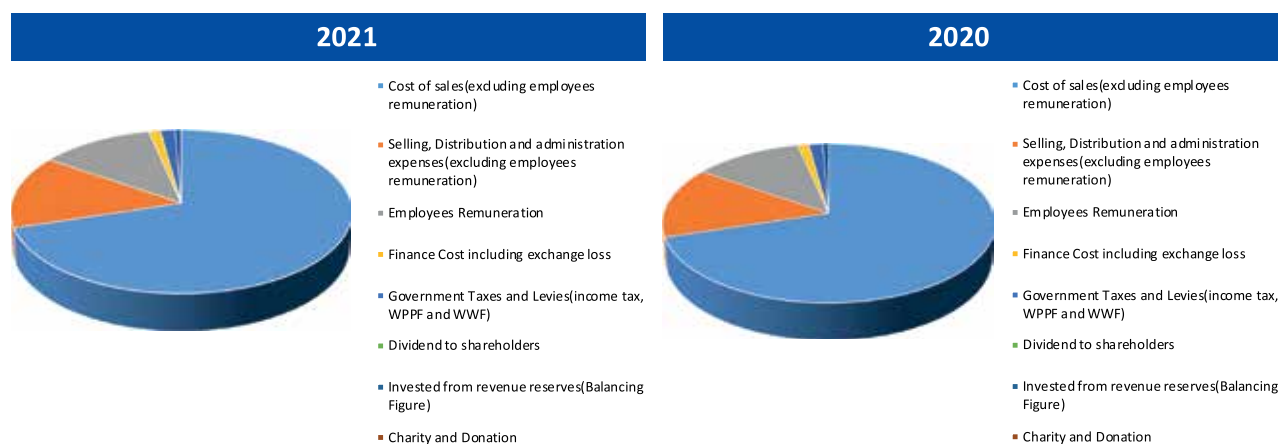
	2021		2020		2019		2018		2017		2016	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
Non-current Assets	694,663	40.66	614,348	44.50	638,792	47.55	696,294	46.63	703,414	44.96	681,248	48.14
Current Assets	1,013,994	59.34	766,271	55.50	704,702	52.45	797,015	53.37	861,160	55.04	733,752	51.86
Total Assets	1,708,657	100.00	1,380,619	100.00	1,343,494	100.00	1,493,309	100.00	1,564,574	100.00	1,415,000	100.00
Equity	836,418	48.95	74,310	5.38	126,445	9.41	209,300	14.02	501,489	32.05	540,922	38.23
Non-current Liabilities	126,384	7.40	134,230	9.72	134,123	9.98	119,730	8.02	161,444	10.32	149,020	10.53
Current Liabilities	745,855	43.65	1,172,079	84.90	1,082,926	80.61	1,164,279	77.97	901,641	57.63	725,058	51.24
Total equity and Liabilities	1,708,657	100.00	1,380,619	100.00	1,343,494	100.00	1,493,309	100.00	1,564,574	100.00	1,415,000	100.00
Profit and Loss Account												
Net Sales	2,210,620	100.00	2,112,493	100.00	1,987,552	100.00	1,628,007	100.00	1,894,406	100.00	1,679,461	100.00
Cost of Sales	(1,721,280)	(77.86)	(1,670,070)	(79.06)	(1,553,139)	(78.14)	(1,375,119)	(84.47)	(1,445,303)	(76.29)	(1,286,380)	(76.59)
Gross Profit	489,340	22.14	442,423	20.94	434,413	21.86	252,888	15.53	449,103	23.71	393,082	23.41
Selling and Distribution expenses	(311,214)	(14.08)	(253,637)	(12.01)	(282,634)	(14.22)	(407,886)	(25.05)	(317,444)	(16.76)	(261,060)	(15.54)
Administrative expenses	(137,043)	(6.20)	(150,669)	(7.13)	(135,252)	(6.80)	(136,106)	(8.36)	(112,698)	(5.95)	(103,908)	(6.19)
Other operating expense	41,082	1.86	38,117	1.80	16,527	0.83	(291,104)	(17.88)	18,961	1.00	28,114	1.67
Other operating income	(8,767)	(0.40)	(3,263)	(0.15)	(5,341)	(0.27)	(2,550)	(0.16)	(1,350)	(0.07)	(2,167)	(0.13)
Financial expenses	35,111	1.59	12,162	0.58	15,592	0.78	25,480	1.57	13,465	0.71	19,067	1.14
(Loss)/Profit before tax	67,426	3.05	47,016	2.23	26,777	1.35	(268,174)	(16.47)	31,076	1.64	45,014	2.68
Taxation	(25,631)	(1.16)	(74,272)	(3.52)	(78,300)	(3.94)	(49,244)	(3.02)	(42,187)	(2.23)	(42,920)	(2.56)
(Loss)/Profit for the year	41,795	1.89	(27,256)	(1.29)	(51,523)	(2.59)	(317,418)	(19.50)	(11,111)	(0.59)	2,094	0.12
	(31,329)	(1.42)	(28,189)	(1.33)	(28,483)	(1.43)	24,799	1.52	(19,772)	(1.04)	(14,202)	(0.85)
	10,466	0.47	(55,445)	(2.62)	(80,006)	(4.03)	(292,619)	(17.97)	(30,883)	(1.63)	(12,108)	(0.72)

HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

	2021	2020	2019	2018	2017	2016
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
Balance Sheet						
Non-current Assets	694,663	614,348	638,792	696,294	703,414	681,248
Current Assets	1,013,994	766,271	704,702	797,015	861,160	733,752
Total Assets	1,708,657	1,380,619	1,343,494	1,493,309	1,564,574	1,415,000
Equity	836,418	74,310	126,445	209,299	501,489	540,922
Non-current Liabilities	126,384	134,230	134,123	119,730	161,444	149,020
Current Liabilities	745,855	1,172,079	1,082,926	1,164,280	901,641	725,058
Total equity and Liabilities	1,708,657	1,380,619	1,343,494	1,493,309	1,564,574	1,415,000
Profit and Loss Account						
Net Sales	2,210,620	2,112,493	1,987,552	1,628,008	1,894,406	1,679,462
Cost of Sales	(1,721,280)	(1,670,070)	(1,553,139)	(1,375,118)	(1,445,303)	(1,286,380)
Gross Profit	489,340	442,423	434,413	252,890	449,103	393,082
Administrative expenses	(137,043)	(150,669)	(135,252)	(136,106)	(112,698)	(103,908)
Selling and Distribution expenses	(311,214)	(253,637)	(282,634)	(407,887)	(317,444)	(261,060)
Other operating expenses	41,082	38,117	16,527	(291,103)	18,961	28,114
Other operating income	(8,767)	(3,263)	(5,341)	(2,551)	(1,350)	(2,167)
Financial expenses	67,427	47,017	26,778	(268,174)	31,076	45,013
(Loss)/Profit before tax	41,796	(27,256)	(51,523)	(317,418)	(11,112)	2,094
Taxation	(31,329)	(28,189)	(28,483)	24,799	(19,772)	(14,202)
(Loss)/Profit for the year	10,467	(55,445)	(80,006)	(292,619)	(30,884)	(12,108)
Summary of Cash Flows						
Net cash flows from operating activities	(235,165)	84,352	47,250	(147,501)	(14,974)	(4,732)
Net cash flows from investing activities	(106,378)	(23,031)	5,087	(32,397)	(70,773)	(36,132)
Net cash flows from financing activities	745,000	50,000	(21,333)	107,333	(42,820)	(62,126)
Net change in cash and cash equivalents	403,457	111,321	31,003	(72,565)	(128,567)	(102,990)

VALUE ADDITION AND ITS DISTRIBUTION

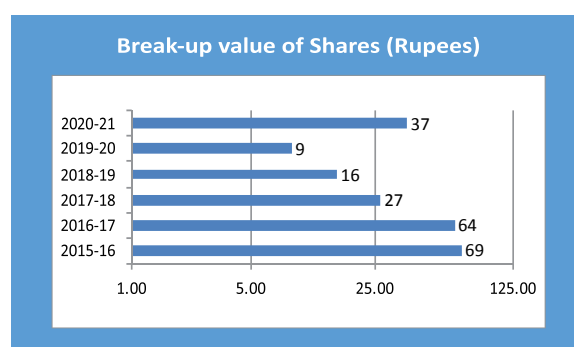
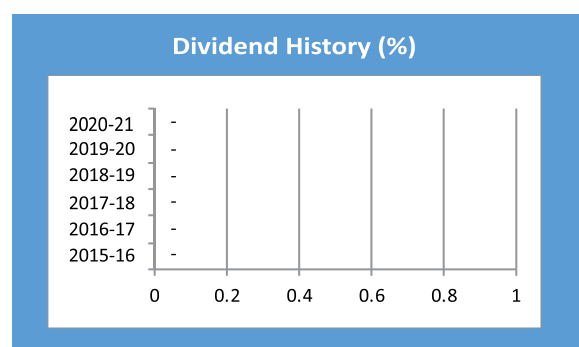
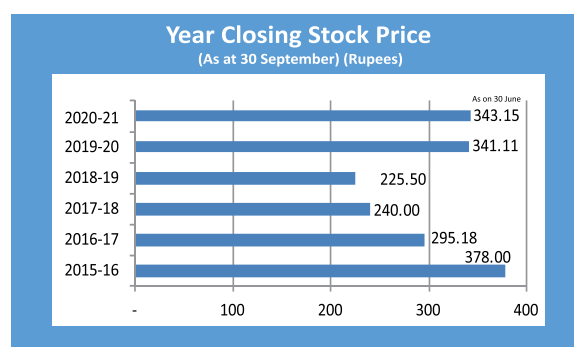
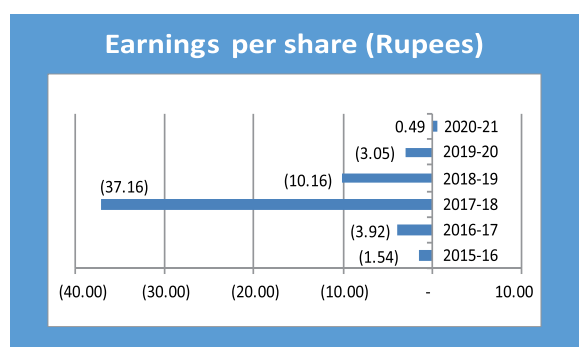
	2021		2020	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net Sales	2,210,620	98.44	2,112,493	99.43
Other Operating Income	35,111	1.56	12,162	0.57
	2,245,731	100.00	2,124,655	100.00
Distribution of Wealth				
Cost of sales(excluding employees remuneration)	1,575,627	70.16	1,503,626	70.77
Selling, Distribution and administration expenses (excluding employees remuneration)	324,403	14.45	252,996	11.91
Employees Remuneration	269,507	12.00	317,753	14.96
Finance Cost including exchange loss	27,334	1.22	74,272	3.50
Government Taxes and Levies(income tax, WPPF and WWF)	34,372	1.53	31,300	1.47
Dividend to shareholders	-	-	-	-
Invested from revenue reserves(Balancing Figure)	14,438	0.64	(55,445)	-2.61
Charity and Donation	50	0.002	152	0.01
	2,245,731	100.00	2,124,655	100.00



STAKEHOLDER INFORMATION

	Unit	2021	2020	2019	2018	2017	2016
Rate of return							
Return on assets	%	0.61	(4.02)	(5.96)	(19.60)	(1.97)	(0.86)
Return on equity	%	1.25	(74.61)	(63.27)	(139.81)	6.16	(2.24)
Return on capital employed	%	7.00	22.55	10.28	(81.50)	4.69	6.52
Interest cover	Times	2.63	(63.3)	(34.20)	(5.45)	0.74	1.05
Liquidity							
Current ratio		1.36	0.65	0.65	0.68	0.96	1.01
Quick Ratio		0.77	0.37	0.39	0.29	0.50	0.49
Financial Gearing							
Debt-Equity Ratio	Times	0.25	0.91	0.86	0.80	0.57	0.51
Debt to Assets	%	51.05	94.62	90.59	85.98	67.95	61.77
Capital Efficiency							
Debtor turnover/No. of days in receivables	Days	54	24	24	14	40	26
Inventory turnover/ No. of days in inventory	Days	86	73	65	123	104	107
Creditor turnover/ No. of days in payables	Days	90	87	106	98	67	40
Operating Cycle	Days	50	10	-17	38	77	93
Fixed assets turnover ratio	Times	3.48	3.69	3.34	2.34	2.69	2.47
Total assets turnover	Times	1.29	1.53	1.48	1.09	1.21	1.19

SHAREHOLDER INFORMATION



PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2021

No. of Shareholders	From	To	Total Shares Held
348	1	100	12,331
309	101	500	83,948
102	501	1,000	75,573
174	1,001	5,000	375,139
14	5,001	10,000	93,225
4	10,001	15,000	46,312
5	15,001	20,000	83,599
4	20,001	25,000	91,194
3	25,001	30,000	84,875
1	30,001	35,000	30,028
1	40,001	45,000	41,538
1	60,001	65,000	64,248
2	90,001	95,000	186,550
1	100,001	105,000	104,516
1	105,001	110,000	109,659
1	160,001	165,000	162,275
1	195,001	200,000	198,098
1	200,001	205,000	200,500
1	250,001	255,000	252,664
1	490,001	495,000	492,592
1	515,001	520,000	517,715
1	650,001	655,000	651,975
1	690,001	695,000	692,400
1	850,001	855,000	850,334
1	1,795,001	1,800,000	1,800,000
1	2,080,001	2,085,000	2,082,196
3	4,495,001	4,500,000	13,491,516
984			22,875,000

Categories of shareholders	Share held	Percentage
1. Directors, Chief Executive Officer, and their spouse and minor children	13,505,640	59.0410%
2. Associated Companies, undertakings and related parties.	-	0.0000%
3. NIT and ICP	2,218,284	9.6974%
4. Banks Development Financial Institutions, Non Banking Financial Institutions.	17,117	0.0748%
5. Insurance Companies	-	0.0000%
6. Modarabas and Mutual Funds	-	0.0000%
7. Shareholders holding 10% or more	13,491,516	58.9793%
8. General Public		
a. Local	6,177,208	27.0042%
b. Foreign	-	0.0000%
9. Others (to be specified)		
- Joint Stock Companies	890,248	3.8918%
- Pension Funds	64,248	0.2809%
- Others	2,255	0.0099%

CATEGORIES OF SHAREHOLDERS AS REQUIRED UNDER C.C.G.

AS AT JUNE 30, 2021

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. SYED MOHAMMAD MEHDI MOHSIN	4,497,172	19.6598%
2	MR. RIZWAN BASHIR	1,501	0.0066%
3	MS. UMME KULSUM IMAM	3,267	0.0143%
4	MR. NAJAM AZIZ SETHI	1,452	0.0063%
5	MR. AAMIR AMIN (NIT NOMINEE)	-	-
6	MR. SYED MANZAR HASSAN (CDC)	1,452	0.0063%
7	MR. SHAZAD GHAFAR	1,452	0.0063%
8	MR. ABDUL HAMID DAGIA (CDC)	5,000	0.0219%
9	MS. SYEDA MATANAT MOHSIN W/O MR. SHAZAD GHAFAR (CDC)	4,497,172	19.6598%
10	MS. SYEDA MAIMANAT MOHSIN W/O MR. NAJAM AZIZ SETHI	4,497,172	19.6598%
Executives:		1,307	0.0057%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		81,365	0.3557%

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

Sr. No.	Name	Holding	Percentage
1	MR. SYED MOHAMMAD MEHDI MOHSIN	4,497,172	19.6598%
2	MS. SYEDA MAIMANAT MOHSIN	4,497,172	19.6598%
3	MS. SYEDA MATANAT MOHSIN (CDC)	4,497,172	19.6598%
4	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	2,082,196	9.1025%
5	MS. AMINA WADALAWALA	1,800,000	7.8689%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr. No.	Name	Sale	Purchase	Right
1	MR. SYED MOHAMMAD MEHDI MOHSIN			1,770,871
2	MR. RIZWAN BASHIR			984
3	MS. UMME KULSUM IMAM			2,142
4	MR. NAJAM AZIZ SETHI			952
5	MR. SYED MANZAR HASSAN (CDC)			952
6	MR. SHAZAD GHAFAR			952
7	MS. SYEDA MATANAT MOHSIN			3,596,630
8	MS. SYEDA MAIMANAT MOHSIN			3,597,127

STATEMENT OF COMPLIANCE

WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

NAME OF THE COMPANY: MITCHELL'S FRUIT FARMS LIMITED
FOR THE PERIOD FROM OCTOBER 1, 2020 TO JUNE 30, 2021

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('Regulations') in the following manner:

1. The total number of directors are 9 as per the following,-

- | | |
|------------|---|
| a) Male: | 7 |
| b) Female: | 2 |

2. The composition of the board is as follows:

Category	Names
Independent Directors	Mr.Syed Manzar Hassan
	Mr. Rizwan Bashir
	Mr.Aamir Amin
Non-Executive Directors	Mr.Shazad Ghaffar
	Mr. Abdul Hamid Dagia
	Mr.Najam Aziz Sethi
	Ms. Umme Kulsum Imam
	Mr.Mehdi Mohsin
Executive Director	Ms.Naila Bhatti
Female Directors	Ms.Naila Bhatti
	Ms. Umme Kulsum Imam

- | | |
|--|---|
| <p>3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;</p> <p>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;</p> <p>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;</p> <p>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 Companies Act, 2017 ('Act') and these Regulations;</p> | <p>7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;</p> <p>8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;</p> <p>9. No Directors' training program was conducted during the period;</p> <p>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;</p> <p>11. Chief financial officer and chief executive officer</p> |
|--|---|

duly endorsed the financial statements before approval of the board;

12. The Board has formed Committees comprising of members given below:

a) **Audit Committee**

1. Mr. Rizwan Bashir (Independent director) - Chairman
2. Mr. Aamir Amin (Independent director)
3. Mr. Shazad Ghaffar (Non - executive director)

a) **Human Resource and Remuneration Committee**

1. Mr. Manzar Hassan (Independent director) - Chairman
2. Mr. Aamir Amin (Independent director)
3. Ms. Umme Kulsum Imam (Non-executive director)
4. Ms. Naila Bhatti (Executive director)

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**

Three meetings were held during the period from October 1, 2020 to June 30, 2021.

b) **Human Resource and Remuneration Committee**

No meeting was held during the period from October 1, 2020 to June 30, 2021.

15. The board has set up an effective internal audit function which is 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

the 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. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

- (i) The meeting of the HR & Remuneration Committee was supposed to take place after reconstitution of the Board, however, it could not be held during the period due to change in the financial year end of the Company. The said meeting was subsequently held on September 28, 2021;

- (ii) Directors Orientation Program has not been implemented after reconstitution of the Board due to the change in the financial year end of the company, which will be complied with in the next financial year. However, all the directors are highly qualified and experienced;

- (iii) Letter from the Chairman setting out the roles, obligations, powers and responsibilities in accordance with the Act and the company's Articles of Association, their remuneration and entitlement can not be circulated to the newly appointed Directors due to structural changes in the Company and change in financial year end, however, the requirement will be complied with in the next financial year.



NAJAM AZIZ SETHI
Chairman
Lahore:
October 1, 2021



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF MITCHELL'S FRUIT FARMS 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 Mitchell's Fruit Farms Limited for the period from October 1, 2020 to June 30, 2021 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 Director's 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 requirements contained in the Regulations as applicable to the Company for the period from October 1, 2020 to June 30, 2021.

A.F.Ferguson & Co.
Chartered Accountants
Name of engagement partner: Amer Raza Mir
Lahore
Date: October 5, 2021

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan
Tel: +92 (42) 3571 5868-71 / 3577 5747-50 Fax: +92 (42) 3577 5754 www.pwc.com/pk

■ KARACHI ■ LAHORE ■ ISLAMABAD

SPREADS



READY TO COOK & READY TO EAT



PASTES & PUREES



PICKLES



SEASONINGS



SQUASHES



MITCHELL'S JAMS, JELLIES & MARMALADES



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021





INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MITCHELL'S FRUIT FARMS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Mitchell's Fruit Farms Limited (the Company), which comprise the statement of financial position as at June 30, 2021, 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 period from October 1, 2020 to June 30, 2021, 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, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the period from October 1, 2020 to June 30, 2021.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matter:

S. No	Key audit matter	How the matter was addressed in our audit
(i)	<p>Revenue recognition</p> <p>(Refer note 24 to the financial statements)</p> <p>Revenue is measured net of returns, trade promotions and incentives earned by the customers on Company's sales.</p> <p>There are multiple arrangements for sales returns, trade promotions and incentives given to the Company's customers which are required to be estimated at the time of revenue recognition. These estimates are made by management based on past historical trends adjusted on the basis of current observable data. This process involves the exercise of significant judgment which may materially affect the amount of revenue recognized in the financial statements.</p> <p>We considered revenue recognition as a key audit matter due to significant management judgement and estimation involved in determining the amount of revenue to be recognized.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considered the appropriateness of the Company's revenue recognition policies, including those relating to returns, trade promotions and incentives in light of applicable accounting framework; • Checked the effectiveness of the Company's controls over proper recording of sales, trade promotions and incentives in the correct accounting period; • Selected a sample of sale return, trade promotions and incentive transactions and matched the amounts recorded in the general ledger with underlying supporting documents; • Assessed the adequacy of refund liabilities in respect of sales returns, trade promotions and incentives by considering credit notes issued after the year end; and • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were



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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX

of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible 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 Amer Raza Mir.

A.F.Ferguson & Co.
Chartered Accountants
Name of Engagement Partner: Amer Raza Mir
Lahore
Date: October 5, 2021

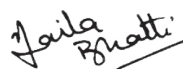
Statement of Financial Position


As at June 30, 2021

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 40,000,000 (September 30, 2020: 20,000,000) ordinary shares of Rs 10 each	5	400,000,000	200,000,000
Issued, subscribed and paid up capital 22,875,000 (September 30, 2020: 7,875,000) ordinary shares of Rs 10 each	5	228,750,000	78,750,000
Reserves	6	607,668,057	(4,440,223)
		836,418,057	74,309,777
NON-CURRENT LIABILITIES			
Deferred taxation	7	-	-
Deferred liabilities	8	112,510,688	134,230,460
Long term finance - secured	9	12,732,774	-
Deferred grant	10	1,140,378	-
		126,383,840	134,230,460
CURRENT LIABILITIES			
Current portion of long term finance	9	30,675,616	-
Current portion of deferred grant	10	675,616	-
Finances under markup arrangements	11	134,393,274	560,615,531
Creditors, accrued and other liabilities	12	425,850,584	399,806,286
Loan from shareholders - unsecured	13	150,000,000	200,000,000
Accrued finance cost		2,255,383	9,653,040
Unclaimed dividends		2,004,183	2,004,183
		745,854,656	1,172,079,040
CONTINGENCIES AND COMMITMENTS			
	14	1,708,656,553	1,380,619,277

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


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	636,098,672	572,845,202
Intangible assets	16	12,262,568	3,843,833
Biological assets	17	37,790,000	31,954,123
Long term receivables	18	8,511,693	5,705,010
		694,662,933	614,348,168
CURRENT ASSETS			
Stores, spares and loose tools	19	35,291,224	37,342,809
Stock in trade	20	407,053,602	335,418,696
Trade debts - unsecured	21	329,306,341	138,824,036
Advances, deposits, prepayments and other receivables	22	98,654,403	66,878,401
Income tax recoverable		131,061,071	152,414,931
Bank balances	23	12,626,979	35,392,236
		1,013,993,620	766,271,109
		1,708,656,553	1,380,619,277


Badar M. Khan
 Chief Financial Officer


Naila Bhatti
 Chief Executive Officer


Najam Aziz Seethi
 Chairman

Statement of Profit or Loss

For the period from October 01, 2020 to June 30, 2021

		For the period from October 1, 2020 to June 30, 2021	For the period from October 1, 2019 to September 30, 2020
	Note	Rupees	Rupees
Sales	24	2,210,619,831	2,112,492,576
Cost of sales	25	(1,721,279,887)	(1,670,069,764)
Gross profit		489,339,944	442,422,812
Administrative expenses	26	(137,043,348)	(150,668,678)
Distribution and marketing expenses	27	(311,214,276)	(253,637,474)
Other operating expenses	28	(8,767,309)	(3,262,518)
Other income	29	35,111,176	12,162,020
Finance cost	30	(25,630,724)	(74,272,355)
Profit / (loss) before tax		41,795,463	(27,256,193)
Taxation	31	(31,329,283)	(28,189,242)
Profit / (loss) after tax		10,466,180	(55,445,435)
			(Restated)
Earnings / (loss) per share - Basic and diluted	38	0.49	(3.05)

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


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

Statement of Comprehensive Income

For the period from October 01, 2020 to June 30, 2021

	For the period from October 1, 2020 to June 30, 2021	For the period from October 1, 2019 to September 30, 2020
	Rupees	Rupees
Profit / (loss) for the period	10,466,180	(55,445,435)
Other comprehensive income for the period - net of tax		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit - net of tax	1,642,100	3,310,643
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive income / (loss) for the period	12,108,280	(52,134,792)

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


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

Statement of Changes in Equity

For the period from October 01, 2020 to June 30, 2021

	Share capital Rupees	Share premium Rupees	Reserves General reserve Rupees	Unappropriated loss Rupees	Total Rupees
Balance as on October 01, 2019	78,750,000	9,335,878	300,000	38,058,691	126,444,569
Total comprehensive loss for the period from October 01, 2019 to September 30, 2020					
- Loss for the period from October 01, 2019 to September 30, 2020	-	-	-	(55,445,435)	(55,445,435)
- Other comprehensive income for the period from October 01, 2019 to September 30, 2020	-	-	-	3,310,643	3,310,643
	-	-	-	(52,134,792)	(52,134,792)
Balance as on September 30, 2020	78,750,000	9,335,878	300,000	(14,076,101)	74,309,777
Total comprehensive income for the period October 01, 2020 to June 30, 2021					
- Profit for the period from October 01, 2020 to June 30, 2021	-	-	-	10,466,180	10,466,180
- Other comprehensive income for the period from October 01, 2020 to June 30, 2021	-	-	-	1,642,100	1,642,100
	-	-	-	12,108,280	12,108,280
Transactions with owners					
- Right issue of ordinary shares	150,000,000	600,000,000	-	-	750,000,000
Balance as on June 30, 2021	228,750,000	609,335,878	300,000	(1,967,821)	836,418,057

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


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

Statement of Cash Flows

For the period from October 01, 2020 to June 30, 2021

	Note	For the period from October 1, 2020 to June 30, 2021 Rupees	For the period from October 1, 2019 to September 30, 2020 Rupees
Cash flows from operating activities			
Cash (used in) / generated from operations	35	(154,747,335)	219,414,456
Finance cost paid		(30,585,243)	(84,885,009)
Taxes paid		(10,646,140)	(27,709,234)
Retirement benefits paid		(30,251,601)	(19,713,675)
Payment of accumulated compensated absences		(6,127,594)	(3,738,999)
Security deposit - net		(2,806,683)	984,470
Net cash (used in) / generated from operating activities		(235,164,596)	84,352,009
Cash flows from investing activities			
Fixed capital expenditure		(109,169,383)	(25,653,886)
Proceeds from sale of biological assets		1,533,000	2,273,000
Proceeds from sale of property, plant and equipment		1,257,979	350,103
Net cash used in investing activities		(106,378,404)	(23,030,783)
Cash flows from financing activities			
Loan obtained from shareholder		-	50,000,000
Repayment of loan to shareholder		(50,000,000)	-
Proceeds from issuance of right shares		750,000,000	-
Proceeds from long term finances-secured		60,000,000	-
Repayment of long term finances-secured		(15,000,000)	-
Net cash generated from financing activities		745,000,000	50,000,000
Net increase in cash and cash equivalents		403,457,000	111,321,226
Cash and cash equivalents at the beginning of the period		(525,223,295)	(636,544,521)
Cash and cash equivalents at the end of the period	37	(121,766,295)	(525,223,295)

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


Badar M. Khan
Chief Financial Officer


Naila Bhatti
Chief Executive Officer


Najam Aziz Seethi
Chairman

Notes to the Financial Statements

For the period from October 01, 2020 to June 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

Mitchell's Fruit Farms Limited ("the Company") is a public limited Company incorporated in Pakistan and the shares of the Company are listed on Pakistan Stock Exchange Limited.

It is principally engaged in the manufacture and sale of various farm and confectionery products. The registered office of the Company is situated at House No. 72-FCC, Gulberg IV, Lahore. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan. The Company also has one sales office in Islamabad and one in Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Change of financial year of the Company

During the current period, the Taxation Authority granted approval for change in financial year end from September to June on February 11, 2021. The Company has changed its financial year end to align it with the normal tax year. Consequently, these financial statements are prepared for a period of nine months from October 01, 2020 to June 30, 2021 under the transitional period.

The corresponding figures shown in these financial statements pertain to the period of twelve months from October 01, 2019 to September 30, 2020 and are therefore not entirely comparable.

2.3 Initial application of standards, amendments or an interpretation of existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.3.1 Standards, amendments to published standards and interpretations that are effective in current period and are relevant to the Company's operations

Certain standard amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after October 1, 2020 but are considered not to be relevant or to have any significant effect on the Company operations and are, therefore, not detailed in these financial statements.

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements:

Standards or Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments interest rate benchmarks'	January 01, 2021
Amendments to IAS 16 'Property, Plant and Equipment', prohibiting a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use.	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' regarding the costs to include when assessing whether a contract is onerous.	January 01, 2022
Annual Improvements 2018-2020	January 01, 2022
Narrow scope amendments to IFRS 3	January 01, 2022
Classification of liabilities as current or non-current (Amendments to IAS 1).	January 01, 2023
Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors'	January 01, 2023

The above standards, amendments and interpretations are not expected to have a material impact on the Company's financial statements when they become effective.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan require the use of certain critical accounting estimates. They also require the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are documented in the following accounting policies and notes, and relate primarily to:

a) **Provision for taxation**

Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty as explained in note 4.1.

b) **Retirement benefits**

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2.

c) **Useful lives and residual values of property, plant and equipment**

The Company reviews the useful lives of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with the corresponding effect on the depreciation charge and impairment.

d) **Sales returns and trade promotions and incentives**

There are multiple arrangements for sales returns, trade promotions and incentives given to the Company's customers which are required to be estimated at the time of revenue recognition. These estimates are made by management based on past historical trends adjusted on the basis of current observable data, which involves the exercise of significant management judgment.

e) **Loss allowance for doubtful debts**

The loss allowance is calculated for trade debts - unsecured using the expected credit loss method as explained in note 4.10.4.

4. **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 periods presented, unless otherwise stated.

4.1 **Taxation**

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in the statement of changes in equity, or other comprehensive income, as the case may be.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. Where there is uncertainty in income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment, the impact of the uncertainty is measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty. Such judgements are reassessed whenever circumstances have changes or there is new information that affects the judgements. Where, at the assessment stage, the taxation authorities have adopted a different tax treatment and the Company considers that the most likely outcome will be in favor of the Company, the amounts are shown as contingent liabilities.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the statement of profit or loss, except in the case of items charged or credited to other comprehensive income / equity in which case it is included in other comprehensive income or in the statement of changes in equity as the case may be.

Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.2 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

(a) Defined benefit plans

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period. The amount recognized in the statement of financial position represents the present value of defined benefit obligation adjusted for unrecognized actuarial gains and losses.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2021. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

- Discount rate: 10 percent per annum (September 30, 2020: 9.75 percent per annum)
- Expected rate of increase in salary level: 9 percent per annum (September 30, 2020: 8.75 percent per annum)
- Expected rate of return: 10 percent per annum (September 30, 2020: 9.75 percent per annum)
- Average duration of the defined benefit obligation: 8 years (September 30, 2020: 8 years)
- The mortality rates assumed were based on SLIC 2001 - 2005 Setback 1 Year (September 30, 2020: SLIC 2001 - 2005 Setback 1 Year)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under this scheme.

(b) Accumulating compensated absences

The Company provides for the expected cost of accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences. These are treated as other long term employee benefits since these can be encashed at the time of final settlement. These benefits are provided to executives only.

Provisions are made annually to cover the obligation for accumulating compensated absences for executives based on actuarial valuation and are charged to statement of profit or loss. The amount recognized in the statement of financial position represents the present value of defined benefit obligation. Actuarial gains/losses are recognized immediately under IAS 19 "Employee benefits" in the statement of profit or loss.

The latest actuarial valuation was carried out as at June 30, 2021. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences:

- Discount rate: 10 percent per annum (September 30, 2020: 9.75 percent per annum)
- Expected rate of increase in salary level: 9 percent per annum (September 30, 2020: 8.75 percent per annum)
- Expected rate of return: 10 percent per annum (September 30, 2020: 9.75 percent per annum)
- Average duration of the plan: 9 years (September 30, 2020: 11 years)
- The Mortality rates assumed were based on SLIC 2001 - 2005 Setback 1 Year (September 30, 2020: SLIC 2001 - 2005 Setback 1 Year)

The Company also provides accumulated compensated absences to its non-executive employees. These are treated as short term benefits since these can be encashed annually.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost comprises of cost of acquisition and other directly attributable cost.

Major spare parts and other equipment are classified as property, plant and equipment if the entity expects to use them for more than one accounting period.

Depreciation on all operating fixed assets is charged to statement of profit or loss on the reducing balance method except for Pulping Plant, Steam Boiler and ancillaries which are being depreciated using the straight line method, so as to write off the depreciable amount of an asset over its estimated useful life at following annual rates, after taking into account the impact of their residual values, if considered significant:

Freehold land	0%
Buildings on freehold land	10%
Lease hold improvements	20%
Plant and machinery:	
- pulping plant, steam boiler and ancillaries (on straight line basis)	2.5% to 3.7%
- others	10%
Vehicles	20%
Furniture and fittings	20%
Electric installations	20% to 33%
Computer hardware	20%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if the impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets as at June 30, 2021 has not required any adjustment.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is put to use while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Fixed assets received as a grant / donation are debited to the property, plant and equipment account at fair value and a corresponding amount credited to the deferred income account in the statement of financial position. Such items are thereafter depreciated as per the policy of the Company while a corresponding amount is transferred from deferred income to statement of profit or loss.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The profit or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.4 Intangible assets

Intangible assets represent the cost of computer software acquired and are stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the reducing balance method at the rate of 20% so as to write off the cost of an asset over its estimated useful life.

Amortization on additions is charged from the month in which an asset is put to use while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged as mentioned in note 16.

An impairment loss is recorded when the carrying amount of an intangible is greater than its recoverable amount. The recoverable amount is the higher of an intangible's fair value less costs to sell and its value in use. The value in use is based on the expected discounted future net cash flows resulting from the intangible or cash-generating unit. The carrying amounts of assets are reviewed regularly for signs of possible impairment. If any such indication exists, the recoverable amount of the intangible is estimated. An impairment loss is recognized immediately in the statement of profit or loss.

4.5 Biological assets and agriculture produce

Biological assets comprise of livestock and trees. These are measured at fair value less estimated costs to sell. Fair value of livestock is determined on the basis of market prices of livestock of similar age, breed and genetic merit. Fair value of trees is determined on the basis of market prices of similar items in local areas. Costs to sell include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

Gains or losses arising from changes in fair value less costs to sell of livestock and milk are recognized in the statement of profit or loss.

4.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation/amortization and are tested annually for impairment. Assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.7 Leases

The Company is both lessee and lessor.

4.7.1 Lessee accounting

The Company's lease contracts are accounted for in accordance with the below policy apart from ijarah contracts which are accounted for as per note 4.25.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses the recent third party financing received by the Company as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;
- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and
- makes adjustments specific to the lease e.g. terms and security

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). While making this assessment, the Company considers significant penalties to terminate (or not extend) as well as the significant cost of business disruption.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if

the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.7.2 Lessor accounting

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

4.8 Stores, spares and loose tools

Stores, spares and loose tools are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management's best estimate.

4.9 Stock in trade

Stock of raw materials is valued principally at the lower of moving average cost and net realizable value.

Cost of work in process and finished goods comprises direct production costs, labor and appropriate manufacturing overheads. Work in process is measured at lower of cost as per book value and net realizable value while finished goods are measured at lower of annual average cost and net realizable value.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's best estimate.

4.10 Financial assets

4.10.1 Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss], and
- those to be measured at amortised cost.

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

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

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

4.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.10.3 Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

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

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss in the period in which it arises.

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognized in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.10.4 Impairment of financial assets

The Company assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies general 3-stage approach for loans, deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade Debts - unsecured
- Deposits and other receivables
- Bank Balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increase in credit risk on other financial instruments of the same counterparty; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the

debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of borrowers; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognises an impairment gain or loss in the statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in OCI and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.11 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.13 Trade debts and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognized at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest rate method. Impairment of receivable balances is carried out in line with note 4.10.4.

4.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reports issued to the chief operating decision-maker. The Chief Executive Officer has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Currently the Company is functioning as a single operating segment.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand, demand deposits, other 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 finances under mark-up arrangements. In the statement of financial position, finances under mark-up arrangements are included in current liabilities.

4.16 Share capital

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

4.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

4.18 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the statement of profit or loss in the period in which they arise.

4.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company's refund liabilities that arise from customers' right of return and volume rebates. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

4.20 Provisions

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

4.21 Revenue recognition

Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer and the control transfers at a point in time at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Revenue is measured at fair value of the consideration received or receivable excluding discounts, rebates and other considerations payable to customers. The normal credit period is 30 to 45 days.

Certain contracts provide a customer with a right of return the goods within the specified period. Therefore, a refund liabilities (included in trade and other payables) are recognised for the products expected to be returned and for estimated discounts (trade promotions and incentives) payable to certain customers. These estimates are made by management based on past historical trends adjusted on the basis of current observable data, which involves the exercise of significant management judgment due to which it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns / discounts are reassessed at each reporting date. A contract liability is recorded for advances received from customers against which performance obligations have not been satisfied.

Return on bank deposits is accrued on a time proportion basis, by reference to the principal outstanding, at the applicable rate of return.

4.22 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Furthermore, amounts presented in the financial statements have been rounded off to the nearest of Rs / Rupees, unless otherwise stated.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.23 Dividend

Dividend distribution to the Company's members is recognized as a liability in the period in which the dividends are approved.

4.24 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.25 Ijarah Contracts

The Company has entered in to Ijarah contracts under which it obtains usufruct of an asset for an agreed period for an agreed consideration. The Ijarah contracts are undertaken in compliance with the Shariah essentials for such contracts prescribed by the State Bank of Pakistan.

Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit or loss on straight line basis over the Ijarah term.

4.26 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, 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 Company; or the Company has a present legal or constructive 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.

5. SHARE CAPITAL

5.1 Authorised share capital

2021 (Number of Shares)	2020 (Number of Shares)	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
40,000,000	20,000,000	Ordinary shares of Rs 10 each 5.1.1	400,000,000	200,000,000
40,000,000	20,000,000		400,000,000	200,000,000

5.1.1 During the period, right issue was approved by the Board of Directors of the Company at their meeting held on October 26, 2020 in proportion of 1.905 ordinary shares for every 1 ordinary shares held at a premium of Rs. 40 per share. The unsubscribed portion of the right issued was acquired by Syeda Matanat Mohsin, Syeda Maimanat Mohsin and Syed Mohammad Mehdi Mohsin in equal proportion. Accordingly, on January 25, 2021, a total of 15 million right shares were issued and an amount of Rs. 750 million was raised comprising of Rs. 150 million and Rs. 600 million in respect of ordinary share capital and share premium, respectively.

5.2 Issued, subscribed and paid up capital

2021 (Number of Shares)	2020 (Number of Shares)	Note	2021 Rupees	2020 Rupees
16,417,990	1,417,990	Ordinary shares of Rs 10 each fully paid in cash 5.2.1	164,179,900	14,179,900
44,020	44,020	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	440,200	440,200
6,412,990	6,412,990	Ordinary shares allotted as bonus shares	64,129,900	64,129,900
22,875,000	7,875,000		228,750,000	78,750,000

5.2.1 Movement in ordinary shares

	Note	Number of shares	Par Value (Rupees)	Total (Rupees)
Opening balance as at October 1, 2020		7,875,000	10	78,750,000
Right issue of ordinary shares		15,000,000	10	150,000,000
Balance as at June 30, 2021	5.2.2	22,875,000	10	228,750,000

5.2.2 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
6. RESERVES			
Composition of reserves is as follows:			
Capital Reserve			
- Share premium	6.1	609,335,878	9,335,878
Revenue Reserves			
- General reserve		300,000	300,000
- Unappropriated loss		(1,967,821)	(14,076,101)
		607,668,057	(4,440,223)

6.1 This reserve can be utilized by the Company only for the purposes specified in section 81(2) of the Companies Act, 2017.

	June 30, 2021 Rupees	September 30, 2020 Rupees
7. DEFERRED TAXATION		
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation & amortization	81,523,892	83,655,370
Retirement benefits	(28,546,719)	(34,235,291)
Provisions	(15,660,402)	(19,728,860)
Deferred income	(1,006,176)	(1,089,363)
Unabsorbed depreciation	(36,310,595)	(28,601,856)
	-	-
The gross movement in net deferred tax liability during the year is as follows:		
Opening balance	-	-
Charged to other comprehensive income	(670,717)	(1,352,234)
Credited to statement of profit or loss	670,717	1,352,234
Closing balance	-	-

The Company has not recognized deferred tax asset amounting to Rs 139.40 million (September 30, 2020: Rs 121.14 million) in respect of minimum tax under section 113 of the Income Tax Ordinance, 2001 as sufficient taxable profits may not be available to set off these before these are set to expire in years 2022 to 2026. The Company has also not recognized deferred tax asset of Rs 161.46 million (September 30, 2020: Rs 135.49 million) in respect of business losses of Rs 556.77 million (September 30, 2020: Rs 467.20 million) as sufficient taxable profits may not be available to set off these losses. Included in these business losses is an amount of Rs 360.66 million (September 30, 2020: Rs 327.43 million) which is set to expire in years 2023 to 2027.

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
8. DEFERRED LIABILITIES			
Retirement and other benefits	8.1	108,525,366	129,922,003
Deferred income	8.2	3,985,322	4,308,457
		<u>112,510,688</u>	<u>134,230,460</u>
8.1 Retirement and other benefits			
Staff gratuity	8.1.1	94,379,592	114,561,553
Accumulating compensated absences	8.1.2	14,145,774	15,360,450
		<u>108,525,366</u>	<u>129,922,003</u>
8.1.1 Staff gratuity			
The movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at the start of the period		114,561,553	114,858,662
Charge to statement of profit or loss			
- Current service cost		9,821,564	14,861,489
- Past service cost		-	1,241,613
- Interest cost		7,105,092	12,968,424
		<u>16,926,656</u>	<u>29,071,526</u>
Benefits due but not paid		(4,544,199)	(4,992,083)
Benefits paid		(30,251,601)	(19,713,675)
Remeasurements recorded in other comprehensive income			
- Actuarial gains from changes in financial assumptions		24,554	(288,471)
- Experience adjustments		(2,337,371)	(4,374,406)
		<u>(2,312,817)</u>	<u>(4,662,877)</u>
Present value of defined benefit obligation at the end of the period		<u>94,379,592</u>	<u>114,561,553</u>
Period end sensitivity analysis on present value of defined benefit obligation:			
Discount rate + 100 bps		87,078,587	105,824,841
Discount rate - 100 bps		102,954,546	124,800,539
Increase in salary level + 100 bps		102,984,118	124,810,775
Increase in salary level - 100 bps		86,930,109	105,669,586

The Company faces the following risks on account of staff gratuity scheme:

- **Final Salary Risk (linked to inflation risk)** - the risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- **Mortality Risk** - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- **Withdrawal Risk** - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Maturity profile of the defined benefit obligation

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
Distribution of timing of benefit payments (time in years)			
1		6,944,138	7,716,984
2		16,630,440	17,459,571
3		13,092,566	18,508,410
4		8,513,244	10,034,786
5		18,502,440	15,408,935
6 to onwards		1,825,156,594	1,324,544,385

8.1.2 Accumulating compensated absences

Opening liability		15,360,450	14,477,240
Charged to profit or loss		4,912,918	5,109,578
Payments made during the period		(6,127,594)	(3,738,998)
		14,145,774	15,847,820
Current portion shown under current liability		-	(487,370)
Liability as at period end	8.1.3	14,145,774	15,360,450

8.1.3 It also includes an amount of Rs. 9.073 million (September 30, 2020: Rs. 7.244 million) relating to short term benefits payable to non-executives.

8.2 Deferred income

These represent assets donated to the Company, recognized and amortized in accordance with the Company's policy. The movement in the deferred income during the period is as follows:

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
Opening balance		4,308,457	4,787,174
Amortization during the period		(323,135)	(478,717)
Closing balance		3,985,322	4,308,457

9. LONG TERM FINANCE - SECURED

- Loan for wages and salaries - Habib Bank Limited 9.1 & 9.2		43,408,390	-
		43,408,390	-
Less: Current portion shown under current liabilities		(30,675,616)	-
		12,732,774	-

9.1 During the period ended June 30, 2021, the Company availed the State Bank of Pakistan Refinance Scheme for payment of salaries and wages from Habib Bank Limited of Rs 60 million (September 30, 2020). The loan is repayable in 8 equal quarterly installments

starting from January 1, 2021. This facility along with other running finance facility is secured by joint pari passu charge over present and future current assets and fixed assets of the Company amounting to Rs. 304 million and Rs. 206 million respectively. The facility carried interest rate of 2% per annum. The effective rate of interest used for discounting of the loan is 8.68% per annum.

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
9.2 The reconciliation of the carrying amount is as follows:			
Opening balance		-	-
Loan received during the period		60,000,000	-
Repayments during the period		(15,000,000)	-
		45,000,000	-
Discounting adjustment - deferred grant	10	(4,034,748)	-
Interest charged using the effective rate of interest		2,932,179	-
Interest payments paid during the period		(489,041)	-
Closing balance		43,408,390	-

10. DEFERRED GRANT

This represents Government grant recognised against the loan obtained from SBP Refinance Scheme for payment of salaries and wages as referred to in note 9.1. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The reconciliation of the carrying amount is as follows:

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
Opening balance		-	-
Deferred grant recognised during the period		4,034,748	-
Credited to profit or loss	29	(2,218,754)	-
		1,815,994	-
Current portion shown under current liabilities		(675,616)	-
Closing balance		1,140,378	-

11. FINANCES UNDER MARK UP ARRANGEMENTS - SECURED

Finances under mark up arrangements - secured	11.1	134,393,274	560,615,531
		134,393,274	560,615,531

11.1 Short term running finances available from commercial banks under mark-up arrangements amount to Rs 345 million (2020: Rs 717.296 million), out of which the amount Rs 134.39 million (September 30, 2020: Rs 617.244 million) has been availed at June 30, 2021. The rate of mark-up range from 3 month KIBOR plus 0.5% to 2.50% margin and 1 month KIBOR plus 0.5% to 2.5% margin and is payable quarterly. The effective rate charged during the period ranges from 7.79% to 9.99% per annum (September 30, 2020: 7.32% to 13.81% per annum) on the balance outstanding.

11.1.1 Of the aggregate facility of Rs 220 million (September 30, 2020: Rs 140 million) for opening letter of credits and Rs 32 million (September 30, 2020: Rs 32 million) for guarantees, the amount utilized at June 30, 2021 was Rs 36.32 million (September 30, 2020: Rs 99.042 million) and Rs 24.68 million (September 30, 2020: Rs 17.20 million) respectively.

11.1.2 The aggregate short term facilities are secured by a hypothecation of stores and spares, stock in trade, trade debts - unsecured and a charge on the present and future fixed assets of the Company.

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
12. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		110,058,233	224,476,427
Accrued liabilities		204,037,908	68,743,611
Contract liabilities	12.1	37,388,737	32,342,036
Interest free deposits repayable on demand	12.3	160,000	135,000
Workers' welfare fund		1,454,740	3,323,809
Workers' profit participation fund		2,172,877	-
Provision for duties payables		15,955,313	15,955,313
Withholding tax payable		-	4,325,671
Refund liabilities	12.2	51,651,934	49,428,413
Others		2,970,842	1,076,006
		<u>425,850,584</u>	<u>399,806,286</u>

12.1 This represents amount received in advance from customers against sales made subsequent to period end. Revenue recognized during the period that was included in contract liabilities balance at the beginning of the period amounts to Rs 32.34 million (September 30, 2020: Rs 17.29 million).

12.1.2 This includes amount payable to Mr. S.M. Mehdi Mohsin amounting to Rs 0.253 million (September 30, 2020: Nil), a related party.

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
12.2 Refund liabilities			
Liability relating to sales returns	12.2.1	40,000,000	40,000,000
Liability relating to trade promotions and incentives	12.2.2	11,651,934	9,428,413
		<u>51,651,934</u>	<u>49,428,413</u>
12.2.1 Liability relating to sales returns			
Opening balance		40,000,000	30,000,000
Add: Provision for sales returns	24	31,810,044	64,221,249
Less: Actual sales returns		(31,810,044)	(54,221,249)
Closing balance		<u>40,000,000</u>	<u>40,000,000</u>
12.2.2 Liability relating to trade promotions and incentives			
Opening balance		9,428,413	8,923,500
Add: Provision for trade promotions and incentives	24	104,339,642	68,809,273
Less: Claim and incentives given		(102,116,121)	(68,304,360)
Closing balance		<u>11,651,934</u>	<u>9,428,413</u>

- 12.3** This head includes security deposits received against scrap sale agreements. The deposits are interest free and are adjusted at the end of contract term when the party physically takes away the scrap from the factory premises. As per signed agreement the Company has the right to utilize the amounts for the purpose of business, hence the amounts are not required to be kept in a separate bank account maintained in a scheduled bank.

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
13. LOAN FROM SHAREHOLDERS - UNSECURED			
Loan from shareholders - Interest free	13.1	150,000,000	150,000,000
Loan from shareholders - Interest bearing	13.2	-	50,000,000
		<u>150,000,000</u>	<u>200,000,000</u>

- 13.1** This represents loan amounting to Rs. 75 million borrowed from Mr. S.M. Mohsin and Mr. Mehdi Mohsin each to meet working capital needs of the Company. During the previous period, the loans were transferred in the name of Syeda Maimant Mohsin and Syeda Matanat Mohsin on August 14, 2020 and September 1, 2020 respectively. The loans are interest free and repayable on demand.

- 13.2** This represents loan received from Syeda Maimanat Mohsin, a shareholder of the Company (19.85%), for the purpose of meeting working capital requirements. The loan bared a markup at 9 % per annum payable quarterly and was repaid on January 21, 2021. The loan agreement was approved by the Board of the Company in their meeting held on September 22, 2020.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Income Tax

Following are the various contingencies relating to Income Tax matters:

- (i) The Deputy Commissioner Inland Revenue ('DCIR') raised demands amounting to Rs. Rs 28.42 million including default surcharge against the Company vide various orders issued relating to tax year 2007, 2008, 2011, 2012, 2014, 2015 and 2016 under section 161 of Income Tax Ordinance 2001 ('ITO 2001') on account of non-withholding of taxes while making certain payments. The Company filed appeals with the Commissioner Inland Revenue (Appeals) (CIR-A), which were partially decided against the Company except for tax year 2014 and 2015, which were remanded back to DCIR. Being aggrieved the Company filed appeals before the Appellate Tribunal Inland Revenue ('ATIR') which are pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.
- (ii) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated May 28, 2013 in respect of tax year 2011, raised a demand of Rs 27.62 million on account of disallowance of certain expenditures and adjustment of minimum tax of prior years. The Company paid the said demand under protest and preferred an appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in Company's favor resulting in a refund of Rs 18.93 million vide order dated October 23, 2013. Being aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') which was decided against the Company vide order dated March 18, 2020. Being aggrieved, the Company filed an appeal in Honorable Lahore High Court, which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

- (iii) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated March 28, 2014 in respect of tax year 2013, raised a demand of Rs 39.47 million on account of disallowance of certain expenditures under section 21 (l) and 21 (m) of Income Tax Ordinance 2001. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated July 14, 2014 resulting in reduction of demand to Rs 8.57 million. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') on August 18, 2014 for the remaining grounds relating to proration of expenses in respect of export sales which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.
- (iv) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated June 30, 2021 in respect of tax year 2015, raised a demand of Rs 36.44 million on account of disallowance of certain expenditures under section 20 and section 21 of the Income Tax Ordinance 2001. Being aggrieved, the Company filed appeal before the Commissioner Inland Revenue (Appeals), which is pending for hearing. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

14.1.2 Sales Tax

Following are the various contingencies relating to Sales Tax matters:

- (i) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs 8.03 million on account of short sales tax withheld as withholding agent, excess input claimed and short output tax declaration vide order dated June 30, 2014. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was partially decided in favour of the Company vide order dated September 11, 2015 resulting in reduction of demand by Rs 4.17 million.

Furthermore, the CIR(A) remanded back the case to DCIR with directions to pass fresh order after providing an opportunity to the taxpayer. However, the Tax department has not initiated the remand back proceeding, therefore, Company's management is of the view point that the remand back proceeding has become barred by time thereby the demand of Rs. 1,137,134 also become decided in favor of Company.

Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR'), against the demand of Rs. 2,722,406 as confirmed by CIR(A), which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

- (ii) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs 16.47 million along with a penalty of Rs 16.37 million on account of input tax claimed on invoices issued by blacklisted vendors, inadmissible input tax claimed and non payment of further tax vide order dated July 30, 2019. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated November 11, 2019 resulting in reduction of demand to Rs 2.03 million with the penalty being recalculated at the time of the appeal effect and certain matters were remanded back. Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication.

Furthermore, DCIR initiated the remand back proceedings and issued order on June 30, 2021 creating a demand of Rs. 2.68 million including default surcharge. Subsequent to the period ended June 30, 2021, the Company filed an appeal before Commissioner Inland Revenue Appeals, which is pending for hearing. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

14.1.3 Others

- (i) Letter of guarantee in favor of Sui Northern Gas Pipelines Limited on account of payment of dues against gas consumption amounting to Rs 17.2 million (September 30, 2020: Rs 17.2 million).
- (ii) The Company has issued post dated cheques amounting to Rs 182.30 million (September 30, 2020: Rs 182.30 million) to Collector of Customs Lahore Dry Port on account of taxable duty which might become payable against Duty and Tax Remission on Export under SRO # 450 (I)/2001 dated June 30, 2001 under Customs Rules 2001.

14.2 Commitments

- (i) Letters of credit for purchase of raw and packing materials Rs 36.32 million (September 30, 2020: Rs 85.45 million).
- (ii) The Company has entered into operating lease agreements, including Ijara financing agreement with Bank Al Habib Limited in order to obtain vehicles for employees. The amount of future payments under this lease and the period in which these payments will become due are as follows:

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
Not later than one year		5,899,480	8,181,866
Later than one year and not later than five years		3,448,391	5,873,982
		<u>9,347,871</u>	<u>14,055,848</u>

15. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	15.1	627,417,134	572,288,167
Capital work-in-progress	15.2	8,681,538	557,035
		<u>636,098,672</u>	<u>572,845,202</u>

15.1 Reconciliation of the carrying amounts at the beginning and end of the period is as follows:

	Operating Fixed Assets							
	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery	Vehicles	Furniture and fittings	Electric installations	Computer hardware
	(Rupees)							
Net carrying value basis								
At 30 June 2021								
Opening net book value	15,547	84,282,594	1,750,226	467,647,433	6,731,307	1,615,938	7,089,344	3,155,778
Additions	-	-	19,676,818	44,684,500	374,859	5,703,298	15,271,237	6,338,858
Disposals at net book value	-	-	(1,662,714)	-	(1,478,997)	-	(80,005)	(149,808)
Depreciation charge	-	(6,321,194)	(1,071,352)	(22,019,685)	(488,270)	(539,947)	(2,189,783)	(918,848)
Closing net book value	15,547	77,961,400	18,692,978	490,312,248	5,138,899	6,779,289	20,090,793	8,425,980
Gross Carrying Value basis	15,547	77,961,400	18,692,978	490,312,248	5,138,899	6,779,289	20,090,793	8,425,980
At 30 June 2021								
Cost	15,547	195,722,525	19,676,817	1,039,075,210	9,934,922	13,519,728	72,469,398	17,791,172
Accumulated depreciation	-	(117,761,125)	(983,839)	(548,762,962)	(4,796,023)	(6,740,439)	(52,378,605)	(9,365,192)
Net Book Value	15,547	77,961,400	18,692,978	490,312,248	5,138,899	6,779,289	20,090,793	8,425,980
	Operating Fixed Assets							
	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery	Vehicles	Furniture and fittings	Electric installations	Computer hardware
	(Rupees)							
Net carrying value basis								
At 30 September 2020								
Opening net book value	15,547	93,647,326	2,187,783	480,681,648	4,024,078	2,022,966	9,008,796	3,864,850
Additions	-	-	-	16,014,315	3,855,670	-	507,825	301,143
Disposals at net book value	-	-	-	-	(156,712)	(2,879)	(556,244)	(243,027)
Depreciation charge	-	(9,364,732)	(437,557)	(29,048,530)	(991,729)	(404,149)	(1,871,033)	(767,188)
Closing net book value	15,547	84,282,594	1,750,226	467,647,433	6,731,307	1,615,938	7,089,344	3,155,778
Gross Carrying Value basis	15,547	84,282,594	1,750,226	467,647,433	6,731,307	1,615,938	7,089,344	3,155,778
At 30 September 2020								
Cost	15,547	195,722,525	8,410,476	994,390,710	12,191,978	7,816,430	57,452,625	12,978,353
Accumulated depreciation	-	(111,439,931)	(6,660,250)	(526,743,277)	(5,460,671)	(6,200,492)	(50,363,281)	(9,822,575)
Net Book Value	15,547	84,282,594	1,750,226	467,647,433	6,731,307	1,615,938	7,089,344	3,155,778

15.1.1 Immovable properties of the company are situated at manufacturing facility in Renala Khurd, Okara, Pakistan. Freehold land represents 46.762 acres of land of which approximately 7.381 acres represents covered area.

15.1.2 The cost of fully depreciated assets which are still in use as at June 30, 2021 is Rs 37.95 million (September 30, 2020: Rs 23.22 million).

15.1.3 The depreciation charge for the period has been allocated as follows:

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
Cost of sales	25	28,340,879	38,701,910
Administration expenses	26	4,236,708	2,910,481
Distribution and marketing expenses	27	971,492	1,272,527
		<u>33,549,079</u>	<u>42,884,918</u>

15.1.4 Disposal of operating fixed assets

Detail of operating fixed assets sold during the period is as follows:

		2021					
Particulars of assets	Sold to/Transferred to	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sale proceeds Rupees	Gain/ (Loss) on sale Rupees	Mode of disposals
Assets with book value greater than Rs 0.50 million							
NToyota Grande 1.8	Syed Muhammad Mehdi Mohsin (Director)	2,563,915	1,127,803	1,436,112	1,094,857	(341,255)	Cheque
Other assets with book value less than Rs. 0.50 million							
	Various	10,258,980	8,323,569	1,935,411	163,122	(1,772,289)	Various
		12,822,895	9,451,372	3,371,523	1,257,979	(2,113,544)	

Detail of operating fixed assets sold during the period is as follows:

		2020					
Particulars of assets	Sold to/Transferred to	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sale proceeds Rupees	Gain/ (Loss) on sale Rupees	Mode of disposals
Assets with book value greater than Rs 0.50 million							
	None	-	-	-	-	-	-
Other assets with book value less than Rs 0.50 million							
	Various	1,543,540	584,678	958,862	350,102	(608,760)	Various
		1,543,540	584,678	958,862	350,102	(608,760)	

15.2 Capital work-in-progress

	June 30, 2021 Rupees	September 30, 2020 Rupees
Civil works	4,377,494	398,000
Plant and machinery	4,304,044	159,035
	8,681,538	557,035

15.3 Movement of capital work in progress

Opening balance	159,035	398,000
Additions	47,430,394	37,042,736
Transfers to Property, plant and equipment	(43,193,864)	(32,665,242)
Adjustments	(91,521)	(398,000)
Closing balance	4,304,044	4,377,494

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
16. INTANGIBLE ASSETS			
Computer softwares	16.1	3,267,258	3,843,833
Capital work-in-progress	16.2	8,995,310	-
		<u>12,262,568</u>	<u>3,843,833</u>
16.1 Computer Softwares			
Net carrying value basis			
Opening net book value		3,843,833	4,263,957
Amortization charge	16.1.1	(576,575)	(420,124)
Closing net book value		<u>3,267,258</u>	<u>3,843,833</u>
Gross carrying value basis			
Cost		11,614,750	11,614,750
Accumulated amortization		(8,347,492)	(7,770,917)
Net book value		<u>3,267,258</u>	<u>3,843,833</u>
Amortization rate % per annum		<u>20</u>	<u>20</u>
16.1.1 The amortization charge for the period has been allocated as follows:			
Cost of sales	25	10,687	17,812
Administration expenses	26	488,986	274,143
Distribution and marketing expenses	27	76,902	128,169
		<u>576,575</u>	<u>420,124</u>
16.2 Capital work in progress			
Intangible assets	16.3	8,995,310	-
		<u>8,995,310</u>	<u>-</u>
16.3 Movement of capital work in progress			
Opening balance		-	-
Additions		9,195,310	-
Adjustments		(200,000)	-
Closing balance		<u>8,995,310</u>	<u>-</u>
17. BIOLOGICAL ASSETS			
Livestock		36,290,000	30,129,999
Trees		1,500,000	1,824,124
	17.1 - 17.4	<u>37,790,000</u>	<u>31,954,123</u>

17.1 Reconciliation of carrying amounts of biological assets

	Livestock	Trees	Total	Livestock	Trees	Total
	June 30,	June 30,		September 30,	September 30,	
	2021	2021	2021	2020	2020	2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Carrying amount at the beginning of the period	30,129,999	1,824,124	31,954,123	29,894,000	2,491,667	32,385,667
Increase due to purchases/additions due to new born	400,000	-	400,000	-	-	-
Changes in fair value (price change, exchange fluctuations and biological transformation)	10,940,001	(324,124)	10,615,877	4,343,616	(528,334)	3,815,282
Less: Decrease due to deaths & sale	(5,180,000)	-	(5,180,000)	(4,107,617)	(139,209)	(4,246,826)
Carrying amount at the end of the period which approximates the fair value	36,290,000	1,500,000	37,790,000	30,129,999	1,824,124	31,954,123

17.2 As at June 30, 2021, the Company held 139 animals (September 30, 2020: 142 animals) including cows, calves and horses and estimates to beneficially own 827 trees (September 30, 2020: 828) of various kinds including jamboline, kachnar, ceruse, amla, spikenard, borh and sheesham etc.

17.3 The valuation of dairy livestock as at June 30, 2021 has been carried out by an independent valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Company as at June 30, 2021. Livestock are measured at their fair value less costs to sell. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing.

17.4 The Company is exposed to the regulatory risks relating to its dairy products business. The Company is subject to laws and regulations for standards of food quality promulgated by the food authorities. The Company has established policies and procedures with necessary resources to ensure compliance with these laws and regulations.

18. LONG TERM RECEIVABLES

This represents long term security deposits in the normal course of business and are interest free.

19. STORES, SPARES AND LOOSE TOOLS

	June 30, 2021 Rupees	September 30, 2020 Rupees
General stores	11,460,807	10,940,999
Engineering stores	23,830,417	26,401,810
	35,291,224	37,342,809

19.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
20. STOCK IN TRADE			
Raw materials		48,832,761	21,175,742
Packing materials		150,190,672	111,007,278
Work in process		52,978,614	93,033,860
Finished goods	20.2	155,495,740	128,089,330
		<u>407,497,787</u>	<u>353,306,210</u>
Less: Provision for obsolete items - raw material	20.1	(444,185)	(17,887,514)
		<u>407,053,602</u>	<u>335,418,696</u>

20.1 The movement in provision for obsolete items during the period is as follows:

	June 30, 2021 Rupees	September 30, 2020 Rupees
Balance as at beginning of the period	17,887,514	13,109,841
Charge for the period	-	4,777,673
Material Written off	(17,443,329)	-
	<u>444,185</u>	<u>17,887,514</u>

20.2 The finished goods inventory having book value of Rs 18.76 million have been recorded at net realizable value of Rs. 17.66 million (September 30, 2020: Nil).

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
21. TRADE DEBTS - UNSECURED			
Considered good		329,306,341	138,824,036
Considered doubtful		15,638,501	14,262,337
		<u>344,944,842</u>	<u>153,086,373</u>
Less: Loss allowance	21.1 21.2	(15,638,501)	(14,262,337)
		<u>329,306,341</u>	<u>138,824,036</u>

21.1 These include trade debts related to export sales of Rs 45.17 million (September 30, 2020: Rs 8.54 million).

	June 30, 2021 Rupees	September 30, 2020 Rupees
21.2 Loss allowance		
Balance as at beginning of the period	14,262,337	13,797,646
Charge for the year	1,376,164	464,691
	<u>15,638,501</u>	<u>14,262,337</u>

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- To employees	22.1	4,321,351	2,444,571
- To suppliers	22.2	15,546,260	9,100,497
Prepayments		3,589,192	4,807,546
Letters of credit - margins, deposits, opening charges, etc.		29,806,897	6,634,320
Claims recoverable from the government			
- considered good			
- Sales tax		30,044,031	35,344,595
- Custom duty and surcharge		8,204,642	8,204,642
		38,248,673	43,549,237
Other receivables - Considered good		7,142,030	342,230
		98,654,403	66,878,401

22.1 This includes amount receivable from Mr. S.M. Mehdi Mohsin amounting to Rs 0.122 million (September 30, 2020: Nil), a related party. The maximum aggregate amount outstanding from related party at any time during the year amounts to Rs 0.122 million (September 30, 2020: Nil).

22.2 This includes amount receivable from Mr. S.M. Mehdi Mohsin amounting to nil (September 30, 2020: Rs 0.22 million), a related party. The maximum aggregate amount outstanding from related party at any time during the year amounts to nil (September 30, 2020: Rs 0.363 million).

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
23. BANK BALANCES			
- Balances at banks on current accounts		9,201,551	33,370,212
- Balances at banks on saving accounts	23.1	1,421,245	17,841
- Special account related to dividend payable		2,004,183	2,004,183
		12,626,979	35,392,236

23.1 The balances in saving accounts bear markup ranging from 5.65% to 5.76% (September 30, 2020: 5.65% to 5.76%) per annum.

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
24. SALES			
Gross sales - Local	24.1 & 24.2	2,225,350,464	2,143,202,948
Less: Sales returns	12.2.1	31,810,044	64,221,249
Rebates		250,533,517	245,746,344
Trade promotion and incentives	12.2.2	104,339,642	68,809,273
		386,683,203	378,776,866
Net sales - Local		1,838,667,261	1,764,426,082
- Export		371,952,570	348,066,494
- Export sales	24.3	2,210,619,831	2,112,492,576

24.1 These are exclusive of sales tax of Rs. 341.3 million (September 30, 2020: Rs 361.81 million).

24.2 These include milk sales of Rs 23.82 million (September 30, 2020: Rs 24.03 million).

24.3 The sales recorded represent contracts with customers only.

		For the period from October 1, 2020 to June 30, 2021	For the period from October 1, 2019 to September 30, 2020
	Note	Rupees	Rupees
25. COST OF SALES			
Raw and packing material consumed		1,347,868,527	1,342,060,516
Salaries, wages and other benefits	25.1	145,652,834	166,443,401
Ijarah rentals		1,199,226	2,516,974
Furnace oil consumed		37,174,171	25,497,533
Freight and octroi		514,578	791,677
Travelling and vehicle running		2,212,002	1,802,174
Repairs and maintenance		12,866,423	29,838,969
Power, water and gas		45,609,203	55,773,495
Insurance		5,784,640	4,213,587
Rent, rates and taxes		1,861,410	3,045,068
Depreciation on property, plant and equipment	15.1	28,340,879	38,701,910
Dairy expenses		23,674,542	30,107,417
Amortization of intangible assets	16.1.1	10,687	17,812
Material written off		17,027,155	-
Provision for slow moving stock		-	4,777,673
Federal excise duty		21,875,902	17,049,776
Other expenses		16,958,872	15,157,163
		1,708,631,051	1,737,795,145
Opening work-in-process		93,033,860	62,982,864
Closing work-in-process		(52,978,614)	(93,033,860)
		40,055,246	(30,050,996)
Cost of goods manufactured		1,748,686,297	1,707,744,149
Opening finished goods		128,089,330	90,414,945
Closing finished goods		(155,495,740)	(128,089,330)
		(27,406,410)	(37,674,385)
		1,721,279,887	1,670,069,764

		For the period from October 1, 2020 to June 30, 2021	For the period from October 1, 2019 to September 30, 2020
	Note	Rupees	Rupees
25.1 Salaries, wages and other benefits include expenses in respect of the following:			
Gratuity			
- Service cost		3,535,763	5,874,763
- Interest cost for the period		3,055,190	5,593,767
		6,590,953	11,468,530
Accumulated compensated absences		3,662,593	3,020,135
		10,253,546	14,488,665
26. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	26.1	59,532,962	87,356,540
Ijarah rentals		1,658,889	3,973,455
Travelling and vehicle running		2,786,895	4,523,755
Entertainment		834,502	778,474
Repairs and maintenance		1,809,811	2,069,184
Insurance		929,665	433,325
Rent, rates and taxes		13,466,666	7,905,713
Power, water and gas		3,330,297	4,006,195
Printing and stationery		1,506,421	1,470,371
Postage and telephone expenses		2,148,921	2,523,990
Professional services	26.3	38,944,241	28,309,568
Depreciation on property, plant and equipment	15.1.3	4,236,708	2,910,481
Amortization of intangible assets	16.1.1	488,986	274,143
Other expenses		5,368,384	4,133,484
		137,043,348	150,668,678
26.1 Salaries, wages and other benefits include expenses in respect of the following:			
Gratuity			
- Service cost		3,928,626	6,455,911
- Interest cost for the period		2,060,477	3,782,668
		5,989,103	10,238,579
Accumulated compensated absences		575,115	725,107
		6,564,218	10,963,686

26.2 Number of employees

Total number of employees at the end of the period

June 30,
2021

291

September 30,
2020

253

Average number of employees during the period

272

266

26.3 Professional services

The charges for professional services include the following in respect of auditors' services for:

	Note	For the period from October 1, 2020 to June 30, 2021 Rupees	For the period from October 1, 2019 to September 30, 2020 Rupees
Audit Services			
Statutory audit		1,730,300	1,573,000
Half yearly review		715,000	775,000
Out of pocket expenses		190,624	261,410
		2,635,924	2,609,410
Non - audit services			
Certifications and sundry services		300,000	1,043,250
		2,935,924	3,652,660

27. DISTRIBUTION AND MARKETING EXPENSES

Salaries, wages and other benefits	27.1	64,321,268	63,953,354
Ijarah rentals		4,725,198	6,565,849
Travelling and vehicle running		9,895,441	13,324,213
Entertainment		800,747	606,844
Freight expenses			
- Local		50,640,271	63,769,282
- Export		16,430,162	15,114,151
		67,070,433	78,883,433
Advertisement		99,612,761	24,687,069
Distributors expenses		44,891,332	50,938,803
Trade promotion expenses		30,047	161,173
Repairs and maintenance		5,070	90,535
Insurance		1,066,505	429,821
Rent, rates and taxes		5,160,040	7,586,420
Power, water and gas		437,256	442,644
Printing and stationery		247,084	244,587
Postage and telephone		1,809,735	1,989,644
Depreciation on property, plant and equipment	15.1.3	971,492	1,272,527
Amortization of intangible assets	16.1.1	76,902	128,169
Loss allowance	21.2	1,376,164	464,691
Service charges		5,576,019	-
Other expenses		3,140,782	1,867,698
		311,214,276	253,637,474

27.1 Salaries, wages and other benefits include expenses in respect of the following:

	For the period from October 1, 2020 to June 30, 2021 Rupees	For the period from October 1, 2019 to September 30, 2020 Rupees
Gratuity		
- Service cost	2,357,175	3,772,428
- Interest cost for the period	1,989,425	3,591,989
	4,346,600	7,364,417
Accumulated compensated absences	675,210	1,364,336
	5,021,810	8,728,753
28. OTHER OPERATING EXPENSES		
Loss on disposal of biological assets	3,647,000	1,973,826
Loss on revaluation of trees	324,124	528,334
Worker's welfare fund	869,873	-
Workers' profit participation fund	2,172,877	-
Exchange loss	1,703,435	-
Loss on sale of fixed assets	-	608,758
Donations	50,000	151,600
	8,767,309	3,262,518
29. OTHER INCOME		
Income from financial assets		
Exchange gain	-	1,402,046
Income from non financial assets		
Profit on revaluation of live stock	10,940,001	3,023,616
Profit on sale of fixed assets	2,066,985	-
Scrap sales	11,490,080	3,949,540
Rental income	1,636,797	2,457,575
	26,133,863	9,430,731
Others		
Amortization of deferred income	323,135	478,717
Amortization of deferred grant	2,218,754	-
Income on bank deposits	5,711,844	-
Others	723,580	850,526
	8,977,313	1,329,243
	35,111,176	12,162,020

30. FINANCE COST

	Note	For the period from October 1, 2020 to June 30, 2021 Rupees	For the period from October 1, 2019 to September 30, 2020 Rupees
Mark-up on			
- Long term finances -secured		2,932,179	-
- Finances under mark up arrangements -secured		17,477,679	68,966,699
- Loan from shareholders - unsecured		33,803	36,986
Bank and other charges		5,187,063	5,268,670
		<u>25,630,724</u>	<u>74,272,355</u>

31. PROVISION FOR TAXATION

Current tax			
- Current		32,000,000	29,541,476
- Prior years		-	-
		<u>32,000,000</u>	<u>29,541,476</u>
Deferred tax		(670,717)	(1,352,234)
		<u>31,329,283</u>	<u>28,189,242</u>

31.1 The provision for current taxation represents tax under final tax regime and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001. Minimum tax under section 113 is available for set off for five years against normal tax liability arising in future years, whereas tax under final tax regime is not available for set off against normal tax liability arising in future years.

31.2 Tax charge reconciliation

	For the period from October 1, 2020 to June 30, 2021 %	For the period from October 1, 2019 to September 30, 2020 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate.		
Applicable tax rate	29.00	29.00
Unrecognized losses and tax credits	54.29	(125.50)
Tax effect under presumptive tax regime and others	(8.48)	(12.59)
Tax credits	3.02	6.06
Tax effects of amounts that are exempt / inadmissible	(2.87)	(0.39)
Change in tax rates	-	-
	<u>45.96</u>	<u>(132.42)</u>
Average effective tax rate charged to statement of profit or loss	<u>74.96</u>	<u>(103.42)</u>

31.3 Tax recognized in other comprehensive income

Defined benefits obligation	670,717	1,352,234
	<u>670,717</u>	<u>1,352,234</u>

32. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Relationship with the Company	Name and Percentage of Shareholding of Related Party	Transactions during the year	June 30, 2021 Rupees	September 30, 2020 Rupees
i. Director	Mr. Mehdi Mohsin (Shareholding: 19.65%)	Purchase of goods Rent paid Expenses incurred on their behalf	6,492,731 2,440,479 1,497,322	4,363,402 3,166,541 1,983,910
ii. Spouse of Director	Syeda Maimanat Mohsin (Shareholding: 19.85%)	Purchase of goods Obtained loan Loan Repaid	1,628,090 - 50,000,000	1,092,840 50,000,000 -
iii. Related Party	M/s Vanguard Books (Private) Limited (Common Directorship)	Rent Expense	9,882,355	-

All transactions with related parties have been carried out on mutually agreed terms and conditions. During the period, the Company did not enter into transactions or arrangements with any other related party.

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the period for remuneration, including certain benefits, to the Chief Executive, directors and executives of the Company is as follows:

	Chief Executive		Directors				Executives	
	For the period from October 1, 2020 to June 30, 2021	For the period from October 1, 2019 to September 30, 2020	For the period from October 1, 2020 to June 30, 2021		For the period from October 1, 2019 to September 30, 2020		For the period from October 1, 2020 to June 30, 2021	For the period from October 1, 2019 to September 30, 2020
			Non Executive Directors	Executive Directors	Non Executive Directors	Executive Directors		
	Rupees							
Managerial remuneration	5,032,254	10,108,064	-	-	-	-	28,030,822	28,348,214
Retirement benefits	-	1,583,333	-	-	-	-	3,861,917	5,034,058
House rent allowance	2,264,514	3,133,871	-	-	-	-	12,605,419	12,756,696
Utilities	503,232	103,226	63,742	-	376,282	62,982	2,801,247	2,834,829
Car allowance	-	-	-	-	-	-	604,666	537,209
Club expenses	23,731	23,731	-	-	60,014	-	-	-
Bonus	-	-	-	-	-	-	-	-
Meeting fee	-	-	925,000	-	980,116	-	-	-
	7,823,731	14,952,225	988,742	-	1,416,412	62,982	47,904,071	49,511,006
Number of persons	1	1	8	1	8	2	18	13

The Company also provides certain employees with free use of Company maintained cars.

The Chief Executive and employees are entitled to reimbursement of medical expenses as per the limits defined in the Company's policy.

34. CAPACITY AND PRODUCTION

The capacity of the plant is not determinable as it is a multi product plant capable of producing several interchangeable products.

Actual production:

Groceries & Confectioneries - in cartons
Milk - in litres

June 30,
2021
Rupees

September 30,
2020
Rupees

1,624,451
323,734

1,569,640
413,307

35. CASH (USED IN) / GENERATED FROM OPERATIONS

Note

For the period
from October 1,
2020 to
June 30,
2021
Rupees

For the period
from October 1,
2019 to
September 30,
2020
Rupees

Profit/(loss) before tax		41,795,463	(27,256,193)
Adjustments for:			
Provision for retirement benefits	8.1.1	16,926,656	29,071,526
Provision for leave absences	8.1.2	4,912,918	5,109,578
Unwinding of grant income	10	(2,218,754)	-
Amortization of deferred income	29	(323,135)	(478,717)
Depreciation on operating fixed assets	15.1	33,549,079	42,884,918
Amortization on intangibles	16	576,575	420,124
Reversal / provision for obsolete stocks	20.1	(17,443,329)	4,777,673
Provision for sale returns	24	31,810,044	64,221,249
Provision for trade promotions and incentives	24	104,339,642	68,809,273
Loss allowance	27	1,376,164	464,691
Profit on revaluation and sale of biological assets	28 & 29	(6,968,877)	(1,841,456)
Additions by new born - Biological assets	17.1	(400,000)	-
(Profit)/ loss on sale of property, plant and equipment	29	(2,066,985)	608,758
Exchange loss / (gain)	28	1,703,435	(1,402,046)
Finance cost	30	25,630,724	74,272,355
Profit before working capital changes		233,199,620	259,661,733
Effect on cash flow due to working capital changes			
- Decrease in stores, spares and loose tools		2,051,585	20,556,673
- Increase in stock in trade		(54,191,577)	(62,922,324)
- Increase in trade debts - unsecured		(193,561,904)	(4,953,046)
- (Increase) /decrease in advances, deposits, prepayments and other receivables		(27,595,472)	1,099,486
- (Decrease)/increase in creditors, accrued and other liabilities		(114,649,587)	5,971,934
		(387,946,955)	(40,247,277)
Cash (used in) / generated from operations		(154,747,335)	219,414,456

36. Reconciliation of movement of liabilities to cash flows arising from financing activities

	Long term finances- secured	Loan from shareholders (Interest free)	Loan from shareholders (Interest bearing)	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at October 01, 2020	-	150,000,000	50,000,000	200,000,000
Financing obtained	60,000,000			60,000,000
Repayments during the period	(15,000,000)	-	(50,000,000)	(65,000,000)
Balance as at June 30, 2021	45,000,000	150,000,000	-	195,000,000

	Note	June 30, 2021 Rupees	September 30, 2020 Rupees
37. CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	12,626,979	35,392,236
Short term running finances-secured	11	(134,393,274)	(560,615,531)
		(121,766,295)	(525,223,295)

38. EARNINGS / (LOSS) PER SHARE

38.1 Basic earnings / (loss) per share

Net profit / (loss) for the period	Rupees	10,466,180	(55,445,435)
			(Restated)
Weighted average number of ordinary shares outstanding during the period	Number	21,289,916	18,178,063
Basic earnings / (loss) per share	Rupees	0.49	(3.05)

38.2 Diluted loss per share

There is no dilution effect on the basic loss per share of the Company as the Company has no such commitments.

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities. The Company's exposure to currency risk at the reporting date is as follows:

	June 30, 2021 USD	September 30, 2020 USD
Trade debts - unsecured	286,148	51,500

The following significant exchange rates were applied during the year:

Rupees per USD

Average rate	161.80	160.96
Reporting date rate	157.89	165.71

If the functional currency, at reporting date, had fluctuated by 1% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.45 million (September 30, 2020: Rs 0.09 million) higher/lower, mainly as a result of exchange gains/losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

(iii) Interest rate risk

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

The Company's interest rate risk arises from long term and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	June 30, 2021 Rupees	September 30, 2020 Rupees
Fixed rate instruments		
Financial liabilities		
Loan from shareholders - interest bearing	-	(50,000,000)
Net exposure	-	(50,000,000)
Floating rate instruments		
Financial liabilities		
Long term finances - secured	(43,408,390)	-
Finances under markup arrangements	(134,393,274)	(560,615,531)
Net exposure	(177,801,664)	(560,615,531)

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 reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term finances, at the reporting date, fluctuate by 1% higher/lower with all other variables held constant, profit before taxation for the year would have been Rs. 1.78 million (September 30, 2020: Rs 5.61 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from amounts receivable from customers of the Company, deposits with banks and other receivables.

The management has a credit policy in place and exposure to credit risk is monitored on a continuous basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets. Out of total financial assets of Rs. 454.8 million (September 30, 2020: Rs. 255.3 million) following are subject to credit risk:

	June 30, 2021 Rupees	September 30, 2020 Rupees
Financial Assets		
Trade debts - unsecured	344,944,842	153,086,373
Advances, deposits and other receivables	27,009,641	11,887,298
Bank balances	12,626,979	35,392,236
	<u>384,581,462</u>	<u>200,365,907</u>

Impairment of financial Assets

The Company's financial assets including bank balances, loans, advances, deposits and other receivables are also subject to the impairment requirements of IFRS 9, however, the identified impairment loss was immaterial.

Trade Debts - unsecured

The Company applies the IFRS 9 simplified approach to measuring expected credit losses as referred to in note 4.10.4.

On that basis, the loss allowance as at June 30, 2021 and September 30, 2020 was determined as follows:

June 30, 2021	Expected Credit Loss Rate	Trade Debts unsecured	Loss Allowance
Not Due	0.00%	233,480,856	-
0 - 30 days	0.64%	30,269,619	192,859
31 - 60 days	1.44%	43,784,717	632,095
61 - 90 days	6.92%	22,196,813	1,536,884
91 - 120 days	18.11%	903,481	163,583
121 - 150 days	28.45%	144,927	41,225
151 - 180 days	39.32%	657,998	258,743
181 - 210 days	47.23%	161,759	76,400
211 - 240 days	57.94%	696,059	403,308
241 - 270 days	71.18%	914,111	650,643
271 - 300 days	79.12%	108,002	85,451
301 - 330 days	83.23%	154,440	128,536
331 - 360 days	92.13%	41,779	38,493
Above 360 days	100.00%	11,430,281	11,430,281
Total		344,944,842	15,638,501

September 30, 2020	Expected Credit Loss Rate	Trade Debts	Loss Allowance
Not Due	0.00%	4,086,293	-
0 - 30 days	1.85%	128,305,525	2,369,032
31 - 60 days	2.29%	5,842,546	133,970
61 - 90 days	11.25%	1,624,401	182,810
91 - 120 days	29.00%	798,451	231,527
121 - 150 days	42.28%	753,390	318,518
151 - 180 days	51.65%	567,961	293,369
181 - 210 days	60.00%	528,044	316,800
211 - 240 days	69.29%	164,165	113,745
241 - 270 days	78.17%	182,952	143,010
271 - 300 days	85.28%	223,288	190,431
301 - 330 days	89.91%	345,589	310,712
331 - 360 days	95.13%	110,011	104,656
Above 360 days	100.00%	9,553,757	9,553,757
Total		153,086,373	14,262,337

(ii) Credit quality of major financial assets

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

	Rating Short term	Long term	Rating Agency	June 30, 2021 (Rupees)	September 30, 2020 (Rupees)
National Bank of Pakistan	A-1+	AAA	PACRA	1,739,244	2,124,000
MCB Bank Limited	A-1+	AAA	PACRA	787,333	787,333
Habib Bank Limited	A-1+	AAA	VIS	8,495,643	10,217,029
Bank Al Habib	A-1+	AA+	PACRA	740,748	884,611
Meezan Bank Limited	A-1+	AA+	VIS	4,749	21,279,262
Faysal Bank Limited	A-1+	AA	PACRA	100,001	100,001
Standard Chartered Bank	A-1+	AAA	PACRA	352,196	-
JS Bank Limited	A-1+	AA-	PACRA	169,723	-
Askari Bank Limited	A-1+	AA+	PACRA	237,342	-
				12,626,979	35,392,236

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

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. at June 30, 2021, the Company had Rs. 345 million (September 30, 2020: Rs. 777.29 million) available borrowing limits from financial institutions [unutilized: Rs. 225.8 million (September 30, 2020: Rs. 216.68 million)] and Rs. 12.63 million (September 30, 2020: Rs. 35.39 million) cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2021:

	Carrying amount	Less than one year	One to five years	More than five years
			Rupees	
Long term finance - secured	43,408,390	30,675,616	12,732,774	
Finances under markup arrangements - secured	134,393,274	134,393,274	-	-
Trade and other payables	388,461,847	388,461,847	-	-
Accrued finance cost	2,255,383	2,255,383	-	-
Loan from shareholders - unsecured	150,000,000	150,000,000	-	-
Unclaimed dividend	2,004,183	2,004,183	-	-
	720,523,077	707,790,303	12,732,774	-

The following are the contractual maturities of financial liabilities as at September 30, 2020:

	Carrying amount	Less than one year	One to five years	More than five years
			Rupees	
Finances under markup arrangements - secured	560,615,531	560,615,531	-	-
Trade and other payables	367,464,250	367,464,250	-	-
Loan from shareholders - unsecured	200,000,000	200,000,000	-	-
Accrued finance cost	9,653,040	9,653,040	-	-
Unclaimed dividend	2,004,183	2,004,183	-	-
	1,139,737,004	1,139,737,004	-	-

39.2 Fair value estimation

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The different levels for fair value estimation used by the Company have been explained as follows:

- 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 following table presents the Company's non financial asset that are measured at fair value at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets		Rupees		
Recurring fair value measurements of biological assets				
Livestock and trees	-	37,790,000	-	37,790,000
	-	37,790,000	-	37,790,000

The following table presents the Company's non financial asset that are measured at fair value at September 30, 2020:

	Level 1	Level 2	Level 3	Total
Assets		Rupees		
Recurring fair value measurements of biological assets				
Livestock and trees	-	31,954,123	-	31,954,123
	-	31,954,123	-	31,954,123

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the period and there were no changes in valuation techniques during the periods.

Valuation techniques used to measure level 2 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on June 30, 2021. Level 2 fair value of biological assets has been determined using a replacement cost approach, whereby, current cost of similar livestock is used for determining the fair value.

39.3 Fair values of financial assets and liabilities

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

39.4 Financial instruments by categories

Financial Assets

Trade debts - unsecured	344,944,842	153,086,373
Advances, deposits and other receivables	65,258,314	55,436,535
Cash and bank balances	12,626,979	35,392,236

At amortized cost	
June 30, 2021 Rupees	September 30, 2020 Rupees
422,830,135	243,915,144
134,393,274	560,615,531
43,408,390	-
424,395,844	396,482,477
2,255,383	9,653,040
150,000,000	200,000,000
2,004,183	2,004,183
756,457,074	1,168,755,231

Financial liabilities

Finances under markup arrangements	134,393,274	560,615,531
Long term finance - secured	43,408,390	-
Trade and other payables	424,395,844	396,482,477
Accrued finance cost	2,255,383	9,653,040
Loan from shareholders - unsecured	150,000,000	200,000,000
Unclaimed dividends	2,004,183	2,004,183

39.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 9 and 11. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2021 and September 30, 2020 is as follows:

		June 30, 2021 Rupees	September 30, 2020 Rupees
Loan from shareholders	13	150,000,000	200,000,000
Short term borrowings	37	134,393,274	560,615,531
Net debt		284,393,274	760,615,531
Total equity		836,418,057	74,309,777
Total capital		1,120,811,331	834,925,308
Gearing ratio	Percentage	25%	91%

40. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 5, 2021 by the Board of Directors of the Company.

41. EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

No significant events have occurred subsequent to June 30, 2021, other than those mentioned elsewhere in these financial statements.

42. CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison and better presentation. However, no significant reclassifications have been made.

The corresponding figures shown in these financial statements pertain to the period from October 01, 2019 to September 30, 2020 and are therefore not entirely comparable.


Badar M. Khan

Chief Financial Officer


Naila Bhatti

Chief Executive Officer


Najam Aziz Seethi

Chairman

Proxy Form

Mitchell's Fruit Farms Limited 89th Annual General Meeting

I/We _____

of _____

being a member of Mitchell's Fruit Farms Limited, hereby appoint _____

(Name)

of _____

or failing him/her _____

(Name)

of _____

another member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 89th Annual General Meeting of the Company to be held on October 28, 2021 on Thursday at 11:00 a.m at the Registered Office of the Company located at 72-FFC, Gulberg IV, Lahore.

Signed this _____

day of _____

2021

Please affix
revenue
stamp

Please quote folio number _____

Signature of Member _____

IMPORTANT:

This instrument, appointing a proxy, duly completed, must be received at the Registered Office of the Company located at 72-FCC, Gulberg IV, Lahore not later than 48 hours before the scheduled time of the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Mitchell's Fruit Farms Limited
72-FCC, Gulberg IV, Lahore.



ANNUAL REPORT 2021

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 MitchellsFruitFarms

 MitchellsChocolatesAndSweets