



A woman with dark hair, wearing a white dress, is holding a baby in a white onesie. They are in a nursery with a mobile hanging in the background. The scene is warm and intimate.

*A
whole
lot of
Love!*



A young girl with dark hair and a white bow, wearing a white dress, is standing in a pantry. She is looking down at a box of Quaker Oats. The pantry shelves are filled with various jars and containers.

MITCHELL'S®

Farm
Fresh
since
1933

ANNUAL REPORT 2022



A close-up of a jar of Mitchell's Strawberry Jam. The jar is red with a white label that says "MITCHELL'S" and "STRAWBERRY JAM". There are fresh strawberries and other fruit around the jar.

MITCHELL'S®

CONTENTS

Company Information	03
Vision and Mission Statement	07
Notice of Annual General Meeting	08
Chairman's Review	14
Directors' Report	16
Key Financial Data	26
Pattern of Shareholding	30
Statement of Compliance with the Code of Corporate Governance	33
Independent Auditor's Review Report	35
Independent Auditor's Report	38
Statement of Financial Position	42
Statement of Profit or Loss	44
Statement of Comprehensive Income	45
Statement of Changes in Equity	46
Statement of Cash Flows	47
Notes to the Financial Statements	48
Proxy Form	93



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shazad Ghaffar Chairman
 Mr. Najam Aziz Sethi..... 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. 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

COMPANY SECRETARY

Mehboob Ellahi Khan

AUDITORS

A.F. Ferguson & Company
 Chartered Accountants

LEGAL ADVISORS

Crown 1207 LLP
 258-A, Upper mall Scheme,
 Opposite Gymkhana, Lahore

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

Plot # 102, Street 7
 Main China Road, Sector I-10/3
 Islamabad
 Phones: (051) 2707357
 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



HAR NAKHRAY KA EK FLAVOUR



at
whole
lot of
Love!



JAM, JELLIES & MARMALADES

THE EASY LIFE



*A
whole
lot of
Love!*



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 COMMITTED 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 90th Annual General Meeting of Mitchell's Fruit Farms Limited will be held on 2nd December, 2022, on Friday 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 Annual General Meeting held on October 28, 2021.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the period ended June 30, 2022 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending June 30, 2023 and to fix their remuneration as suggested by the audit committee to the Board of Directors. The existing auditors Messers A. F. Ferguson & Co. Chartered Accountants retire and the Board of Directors propose the appointment of Crowe Hussain Chaudhury & Co. Chartered Accountants in their place.

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
8th November, 2022

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 25th November, 2022 to 2nd December, 2022 (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 24th November, 2022 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 registration details are uploaded as per the Regulations, 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.

6. 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.

7. 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,

8. 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 consent is hereby presumed starting from the FY 2022-2023 and all notices for next year's AGM shall be transmitted electronically via the email addresses on record. Should you wish to object to this form of transmission, please contact the Company's Shares Registrar and explicitly state so. Further it is responsibility of the members to update their email addresses on record with the Company's Share Registrar and timely inform the Company's Shares Registrar of any change in their registered e-mail addresses.

9. 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 trans-

mitting 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.

10. 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

11. Annual Accounts

Annual Accounts of the Company for the period ended June 30, 2022 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.

اطلاع برائے سالانہ اجلاس عام

مچل فروٹ فارمز لمیٹڈ

بذریعہ نوٹس ہذا اطلاع دی جاتی ہے کہ مچل فروٹ فارمز لمیٹڈ کا 90 واں سالانہ اجلاس عام مورخہ 2 دسمبر 2022 بروز بوقت 11:00 بجے دن کمپنی کے رجسٹرڈ آفس، FCC-72 گلبرگ IV لاہور میں منعقد ہوگا، جس میں مندرجہ ذیل امور کی انجام دہی ہوگی۔

عمومی کارروائی

- 1- 28 اکتوبر 2021 کو منعقد ہونے والے گزشتہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- 30 جون 2022 کو ختم ہونے والے سال کے سالانہ پڑتال شدہ حسابات مع ان پریذیکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور اختیار کرنا۔
- 3- 30 جون 2023 کو ختم ہونے والے سال کے لئے آڈیٹرز کا تقرر اور بورڈ آف ڈائریکٹرز کو آڈٹ کمیٹی کی تجویز کے مطابق ان کے مشاہرے کا تعین کرنا۔ موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور بورڈ آف ڈائریکٹرز کی تجویز کے مطابق میسرز کرسٹین چوہدری اینڈ کمپنی کو ان کی جگہ مقرر کرنا

دیگر امور:

- 1- صدر کی اجازت سے دیگر امور کی انجام دہی جو اجلاس کے رد و رد کے لئے جائیں۔

محکم بورڈ

محبوب خان
کمپنی سیکریٹری

لاہور

8 نومبر 2022ء

نوٹس

- 1- انفرادی ممبران جنہوں نے ابھی تک موثر کمپیوٹرز آڈیٹ کمیٹی (CNIC) کی کاپی کمپنی یا شیئرز رجسٹر ارجو جمع نہیں کروائی ان کو ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ وہ شناختی کارڈ کی کاپی کمپنی کے شیئرز رجسٹر ارمیسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K (کمرشل)، ماڈل ٹاؤن، لاہور کو براہ راست بھجوادیں۔ کارپوریٹ اداروں سے درخواست ہے کہ اپنے قومی ٹیکس نمبر (NTN) فراہم کریں۔ CNIC کی کاپی/NTN کے ہمراہ فوئیو نمبر بھی دیں۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے نوٹیفکیشن SRO 779(I) مورخہ 18 اگست 2011 اور SRO 831(I) مورخہ 5 جولائی 2012 کے مطابق ڈیوڈنڈ وارنٹ پر رجسٹرڈ ممبر کے قومی شناختی کارڈ کا درج ہونا ضروری ہے کم سن افراد اور کمپنیاں اس سے مستثنیٰ ہیں۔
- 2- کمپنی کی شیئرز ٹرانسفر بکس 2022 سے 2022 (بشمول دونوں دن) تک بند رہیں گی۔ منتقلیاں (بشمول سی ڈی ایس کے تحت ڈیپازٹس درخواستیں) کمپنی کے شیئرز رجسٹر ارمیسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K (کمرشل) ماڈل ٹاؤن، لاہور کو مورخہ 2022 کو دوپہر 1 بجے تک موصول ہونے والی بروقت تصویب کی جائیں گی۔
- 3- اجلاس ہذا میں شرکت اور ووٹ ڈالنے کا اہل رکن، اپنی جگہ اجلاس میں شرکت اور ووٹ ڈالنے کے لئے کسی دیگر رکن کو اپنا اپنی پراکسی مقرر نامزد کر سکتا/سکتی ہے۔ پراکسی کے موثر ہونے کے لئے ضروری ہے کہ وہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل موصول ہو جائی چاہئیں۔
- 4- باقاعدہ مکمل شدہ پراکسی کے آلات، اور دیگر اتھارٹی جس کے تحت دستخط شدہ ہے، یا اس کی نوٹریلی سرٹیفیکیشنڈ کاپی کمپنی سیکریٹری کو کمپنی کے رجسٹرڈ آفس (FCC-72 گلبرگ IV لاہور) کو اجلاس سے کم از کم 48 گھنٹے قبل موصول ہو جانی 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 برآں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مندرجہ ذیل ہدایات کی بھی پیروی کرنا ہوگی۔

A- اجلاس میں شمولیت کیلئے

- I- بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ اشخاص جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات قواعد کے مطابق اپ لوڈ کی گئی ہیں اجلاس میں شرکت کے وقت اپنی شناخت ثابت کرنے کی غرض سے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھائیں گے۔
- II- کارپوریٹ ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی جس پر نامزدہ کے مخصوص دستخط موجود ہوں اجلاس میں شرکت کے وقت فراہم کریں گے (اگر پہلے فراہم نہیں کیا گیا)۔

B- پاکسی کے تقرر کے لئے

- I- بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ اشخاص جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات قواعد کے مطابق اپ لوڈ کی گئی ہیں وہ اس کے مطابق پاکسی فارم جمع کرائیں گے۔
- II- پاکسی فارم پر دو گواہوں کے دستخط ہونے چاہئیں جن کے نام، پتے اور CNIC نمبرز فارم پر درج ہوں۔
- III- پاکسی فارم کیساتھ پینفیشل اونرز اور پاکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ کی تصدیق شدہ کاپی لف ہونا ضروری ہے۔
- IV- پاکسی اجلاس کے وقت اپنا اصل شناختی کارڈ CNIC دکھائیں گے۔
- V- کارپوریٹ ادارہ کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی جس پر کمپنی کی جانب سے شرکت اور ووٹ دینے کے لئے نامزدہ فرد کے مخصوص دستخط موجود ہوں پاکسی فارم کے ہمراہ جمع کرائی جائے گی۔

6- ایڈریس کی تبدیلی اور زکوٰۃ سے استثنیٰ کے ڈیکلریشن کی اطلاع:-

شیرز سرٹیفکیٹس رکھنے والے لمبران اپنے رجسٹرڈ پتہ میں تبدیلی کے بارے میں شیرز رجسٹرار کو آگاہ کریں اور اپنے زکوٰۃ سے استثنیٰ کے ڈیکلریشن فراہم کریں۔

سی ڈی سی پارٹنیشن اکاؤنٹس میں شیرز رکھنے والے لمبران سے گزارش ہے کہ وہ سی ڈی سی یا اپنے متعلقہ شرکاء/شاخ بروکر کے ہاں اپنا ایڈریس اپ ڈیٹ کریں اور اپنے زکوٰۃ سے استثنیٰ کے ڈیکلریشن فراہم کریں۔

7- غیر دعویٰ شدہ منافع اور شیرز سرٹیفکیٹس

شیرز ہولڈرز کو مطلع کیا جاتا ہے کہ کمپنی ایکٹ 2017 کے سیکشن 244 اور غیر دعویٰ شدہ شیرز، مضاربہ شریعت، ڈیویڈنڈز، دیگر انٹرنیشنل اور ان ڈسٹری بیوٹڈ ایسٹس ریگولیشنز 2017 کے مطابق کمپنیز کے لئے ایسے کیش ڈیویڈنڈ فیڈرل گورنمنٹ کے کریڈٹ میں اور شیرز کو کمپنیز میں جمع کروانا ضروری ہے۔ جو ادائیگی کی تاریخ سے لیکر تین سال یا زیادہ عرصہ سے غیر دعویٰ شدہ ہیں یا وصول نہیں کئے گئے۔

8- ای میل کے ذریعے شیرز ہولڈرز کو سالانہ رپورٹس بھیجیں:

S.R.O.787/(1)/2014 مورخہ 8 ستمبر 2014 کے ذریعے نوٹیفکیشن کے مطابق کمپنیوں کو ای میل کے ذریعے سالانہ جنرل میٹنگ (AGM) کے نوٹس کے ساتھ شیرز ہولڈرز کو سالانہ مالیاتی گوشوارے بھیجے کی اجازت دی گئی ہے۔ اس سلسلے میں، اراکین کی رضامندی کو مالی سال 2022-2023 سے شروع کرنے کا خیال کیا جاتا ہے اور اگلے سال کی AGM کے لیے تمام نوٹس ریکارڈ پر موجود ای میل پتوں کے ذریعے الیکٹرانک طور پر منتقل کیے جائیں گے۔ اگر آپ ٹرانسمیشن کی اس شکل پر اعتراض کرنا چاہتے ہیں، تو براہ کرم کمپنی کے شیرز رجسٹرار سے رابطہ کریں اور واضح طور پر بتائیں۔ مزید یہ کہ ممبران کی ذمہ داری ہے کہ وہ اپنے ای میل ایڈریسز کو کمپنی کے شیرز رجسٹرار کے پاس ریکارڈ پر اپ ڈیٹ کریں اور کمپنی کے شیرز رجسٹرار کو اپنے رجسٹرڈ ای میل ایڈریس میں کسی بھی تبدیلی کے بارے میں بروقت مطلع کریں۔

9- شیرز 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 نوٹیفکیشن ایس آر او نمبر 2016/(1)470 مورخہ 31 مئی 2016 کے تحت کمپنیوں کو اجازت دی گئی ہے کہ وہ آئندہ برسوں میں ممبرز کو اپنی سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ اکاؤنٹس، سالانہ اجلاس عام 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 شیرز ہولڈرز کے مطالبہ پر انہیں سالانہ آڈٹ شدہ اکاؤنٹس کی ہارڈ کاپی طلب کئے جانے کے ایک ہفتے کے اندر انکے رجسٹر ایڈریس پر بلا معاوضہ فراہم کرے گی۔

10۔ ویڈیو کانفرنس کیلئے رضامندی:

ایس ای سی پی کے سرگز 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 مالک ممبرز 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 پُر کر کے سالانہ اجلاس عام کی تاریخ سے کم از کم دس دن پہلے کمپنی کے رجسٹرڈ ایڈریس پر جمع کروائیں۔

ویڈیو کانفرنس کی سہولت کیلئے رضامندی کا فارم

میں / ہم _____ ساکن _____ بحیثیت رکن چلار فروٹ فارمز لمیٹڈ بمطابق رجسٹرڈ فوئیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____ اور
عام شہر زکا حامل ہوں اپنے شہر _____ (جغرافیائی مقام) میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا ہوں۔

دستخط رکن

11۔ سالانہ اکاؤنٹس

30 جون 2022 کو ختم ہونے والے مالیاتی سال کیلئے سالانہ اکاؤنٹس اور پچھلے سالوں کے سالانہ اکاؤنٹس بمعہ سہ ماہی اکاؤنٹس کمپنی کی ویب سائٹ www.mitchells.com.pk پر موجود ہیں۔

CHAIRMAN'S REVIEW

As the bottom line indicates, for varied reasons this has been an extremely difficult year and a tricky environment to navigate. Our results were most negatively impacted by the company being too slow in adjusting prices upwards in the wake of abnormal rises in input cost, production costs. Inflation and currency depreciation accelerated through the year, and we were behind the curve, especially in the final quarter. Timely procurement of raw materials was also an issue, as supply chains became disrupted globally and locally for key inputs. On the positive side of the ledger, we continued to head on address legacy issues and there were significant process improvements throughout the organization (in particular in the factory and its production lines). SAP was implemented successfully to enable real time decision making and better information utilization. Important strategic and operational lessons have been learned, which augur well for the future.

EVALUATION OF BOARD'S PERFORMANCE

The Board's inputs at every stage were valuable. With rare exceptions, most decisions were unanimous. The HR and Audit Committees were encouraged to make forceful interventions, which they did.

FUTURE OUTLOOK

The sponsors are determined to address head-on the issue of bottom-line profitability. Management decision making must become more proactive, effective, and accountable. Sponsors are also taking a hands-on approach by investing much of their time and by making more capital available to the company. Mitchell's remains an iconic and historic Pakistani brand, and there is a significant commitment from all stakeholders to enable the company to regain profitability and eventually its rightful position as a leader in the Pakistani food industry. Whilst the results this year are truly disappointing, they reflect a perfect storm of macro and idiosyncratic factors. Hard lessons have been learned, and key challenges identified. Performance will improve gradually but surely.



Shazad Ghaffar
Chairman
November 8, 2022

چیرمین کا جائزہ

جیسا کہ زیریں لائن ظاہر کرتی ہے، مختلف وجوہات کی بناء پر یہ ایک انتہائی مشکل سال اور کاروبار کے لئے مشکل ماحول رہا ہے۔ ان پٹ لاگت، پیداواری لاگت میں غیر معمولی اضافے کے تناظر میں قیمتوں میں اضافہ ایڈجسٹ کرنے میں کمپنی کی سست روی سے ہمارے نتائج سب سے زیادہ منفی طور پر متاثر ہوئے۔ سال بھر میں افراط زر میں اضافہ اور کرنسی کی قدر میں تیزی سے کمی آئی، اور خاص طور پر آخری سہ ماہی میں ہم خاصے پیچھے تھے۔ خام مال کی بروقت خریداری بھی ایک مسئلہ تھا، کیونکہ کلیدی ان پٹس کے لیے عالمی اور مقامی طور پر سپلائی چین میں خلل پڑ گیا۔ مثبت پہلو پر، ہم نے موروثی مسائل کو حل کرنے کا سلسلہ جاری رکھا اور پوری تنظیم میں (خاص طور پر فیکٹری اور اس کی پیداواری لائنوں میں) عمل میں نمایاں بہتری آئی۔

صحیح وقت پر فیصلہ سازی اور معلومات کے بہتر استعمال کے لیے SAP کو کامیابی کے ساتھ نافذ کیا گیا۔ اہم سٹریٹجک اور آپریشنل اسباق حاصل ہوئے ہیں، جو مستقبل میں بہتر نتائج دیں گے۔

بورڈ کی کارکردگی کا جائزہ

ہر مرحلے پر بورڈ کی خدمات قابل قدر تھیں۔ معمولی استثناء کے ساتھ، زیادہ تر فیصلے متفقہ تھے۔ ایچ آر اور آڈٹ کمیٹیوں کو کارآمد تجاویز دینے کی ترغیب دی گئی، جو انہوں نے کی۔

مستقبل کا نقطہ نظر

اسپانسرز زیریں لائن کے منافع کے مسئلے سے نمٹنے کے لیے پُر عزم ہیں۔ انتظامی فیصلہ سازی کو زیادہ فعال، مؤثر اور جوابدہ ہونا چاہیے۔ اسپانسرز اپنا زیادہ وقت لگا کر اور کمپنی کو مزید سرمایہ فراہم کر کے بھی مدد فراہم کر رہے ہیں۔ Mitchell's ایک مشہور اور تاریخی پاکستانی برانڈ ہے، اور تمام اسٹیک ہولڈرز کا اہم عزم ہے کہ کمپنی کو دوبارہ منافع بخش بنایا جائے اور بالآخر پاکستانی فوڈ انڈسٹری میں اس کا قائدانہ صحیح مقام ہو۔ اس سال کے نتائج واقعی مایوس کن ہیں، وہ نیکرو اور غیر معمولی عوامل کے مکمل طوفان کی عکاسی کرتے ہیں۔ مشکل ترین سبق سیکھے گئے، اور کلیدی چیلنجوں کی نشاندہی کی گئی ہے۔ لیکن یقینی طور پر کارکردگی بتدریج بہتر ہوگی۔

Shahid Khan

شہزادہ خٹا

چیرمین

8 نومبر 2022ء



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	2021-22 (For the 12 months period from July 1, 2021 to June 30, 2022)	2020-21 (For the nine months period from October 1, 2020 to June 30, 2021)	Inc/Dec % PKR
Turnover - Gross	3,461,597,572	2,938,623,932	17.80%
Turnover - Net	2,489,291,011	2,210,619,831	12.61%
Gross Profit	193,820,379	489,339,944	-60.39%
Gross Profit %	7.79%	22.14%	-64.81%
Marketing & Distribution Costs	546,250,088	309,838,112	76.30%
Administrative & General Expenses	227,877,998	137,043,348	66.28%
Operating (Loss)/Profit	(597,192,213)	32,315,011	630 M
(Loss)/Profit After Tax	(621,977,039)	10,466,180	632 M
(Loss)/Earnings Per Share-Rupees	(27.19)	0.49	(27.68)

FINANCIAL RESULTS AND DEVELOPMENTS

During the Financial year 2021-2022, Pakistan's economy showed a downward performance. Persistent increase in imports overshadowed a recovery in exports which further increased the trade deficit. This led to increased pressure on foreign exchange reserves which resulted in the depreciation of the Rupee. The pass-through of significant Rupee depreciation coupled with higher international commodity prices started to reflect in higher year-on-year inflation. Exports were also hit with an abnormal increase in freight costs.

Due to economic conditions, the current financial year has been very tough for the company and the company has incurred losses due to the following factors:

- Unprecedented increase in the prices of raw & packing material.
- Increase in the cost of other inputs like fuel & power, salaries and wages etc.
- Increase in selling & distribution expenses
- Unavailability of export refinance
- Increase in bank interest rates
- Shortage of supplies due to global supply chain issues

The above factors caused a steep decline in profitability since the company did not raise prices of its products in line with market conditions. Despite the adversities, the company managed to record revenue growth of 12.61% for the year despite increasingly difficult economic conditions and competitive pressures. However, the operating profit was impacted by higher input and energy costs due to Rupee devaluation and global increase in the prices of commodities. The sales for the year were also impacted due to damage of agricultural crop because of rains. We were unable to make procurement of raw & packing material in advance on a timely basis and were exposed to market fluctuations in prices as well as timely availability.

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

During the period, two sponsors extended fresh loans of PKR 75Million to the company. Also, the sponsors remain committed to being financially supportive to the company.

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 due to floods in the country, allied damage to infrastructure and agricultural crops;
- Significant competition in our product categories making it difficult to increase prices unilaterally;
- Adverse movement in commodity prices, rising inflationary trends and foreign exchange rates since some of our raw & packing materials is imported; and
- Adverse movement in interest rates 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.

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.

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 454.7 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 2.5 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

The company continues to be committed to enhancing its product base through innovation and renovation which remains an integral part of the Company's vision to positively enhance the quality of life of our consumers. The major new product launches during this period include Recipe Mix (Bombay Biryani Masala, Biryani Masala, Qorma Masala, Karahi Masala), new flavors of Candies (Orango, Aamu, Imlika & Fruit Bon Bons) and Kick Chocolates and Caramel Hearts.

The main challenges for the coming financial year shall again be to manage the economic uncertainty and lower buying power of the customers due to adverse economic conditions.

In the upcoming year the focus is going to be on exports and trying to diversify the markets. There is a continued emphasis upon R&D and innovation. In the last year, the consumption of sugar has been reduced by nearly 5%. Diabetes is one of the leading diseases in Pakistan, and Mitchell's has made a commitment to reduce the use of sugar in its products without compromising on taste and quality.

Despite adverse financial results during the year, the Company looks towards growth in the next financial year by putting further emphasis upon profitable sales both locally and exports. Our recently implemented SAP ERP shall also bring further efficiencies of processes & timely data for in-depth analysis.

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, 2022. 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 six 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 1 female directors with following composition:

- Independent Directors..... 3
- Non-Executive Directors 4
- Executive Directors 1

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

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

CHANGE IN DIRECTORS OFFICE

Subsequent to the year end, Ms. Naila Bhatti resigned as the Chief Executive of the company and was replaced by Mr. Najam Sethi. Mr. Shazad Ghaffar took over from Mr. Sethi as the new Chairman of the Board of Directors.

AUDIT COMMITTEE

During the year, four (4) 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	4
Mr. Shazad Ghaffar	Non-Executive Director	4
Mr. Aamir Amin	Non-Executive Director	4

HR & REMUNERATION COMMITTEE

During the year, two (2) meeting of the HR & Remuneration committee was held. Attendance by each Director was as follows:

Director's Name	Designation	Meetings Attended
Mr. Manzar Hassan	Independent Director/Chairman	2
Mr. Aamir Amin	Independent Director	2
Ms. Umme Kulsum Imam	Non-Executive Director	2
Ms. Naila Bhatti	Member	2

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 year ended June 30, 2022 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

Loss per share for the year under report is Rs. 27.19 as compared to the last year figure of Earning per Share of Rs 0.49.

DIVIDEND

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

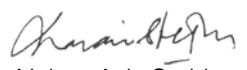
AUDITORS

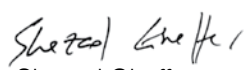
The present Auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire. The Board of Directors, on recommendation of Audit Committee, proposes the appointment of Messrs. Crowe Hussain Chaudhury & Co. Chartered Accountants, for the year ending June 30, 2023 in place of retiring Auditors.

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


Najam Aziz Sethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Lahore: November 8, 2022

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 کنفییکشنری مصنوعات کی تیاری میں مصروف ہے۔

2- مالی نتائج پر ایک نظر:

کمپنی کا مختصر مالیاتی تجزیہ زیر نظر ہے۔

مالیاتی نتائج	2021-22 (برائے ماہ مدت از یکم جولائی 2021 تا 30 جون 2022)	2020-21 (برائے نو ماہی مدت از یکم اکتوبر 2020 تا 30 جون 2021)	اضافہ کی فیصد روپے
کاروباری شرح (گراس)	3,461,597,572	2,938,623,932	17.80%
کاروباری شرح (نیٹ)	2,489,291,011	2,210,619,831	12.61%
کل منافع	193,820,379	489,339,944	-60.39%
کل منافع فیصد (%)	7.79%	22.14%	-64.81%
اخراجات فروخت و تقسیم کاری	546,250,088	309,838,112	76.30%
اخراجات انتظامی امور	227,877,998	137,043,348	66.28%
آپریٹنگ منافع	(597,192,213)	32,315,011	630 M
ٹیکس کے بعد منافع (خسارہ)	(621,977,039)	10,466,180	632 M
فی حصص روپے آمدن (خسارہ)	(27.19)	0.49	(27.68)

مالی نتائج اور ترقی

مالی سال 2021-2022 کے دوران، پاکستان کی معیشت نے کم کارکردگی کا مظاہرہ کیا ہے۔ درآمدات میں مسلسل کمی نے برآمدات میں بحالی کو متاثر کیا جس سے تجارتی خسارے میں مزید اضافہ ہوا ہے۔ اس سے زرمبادلہ کے ذخائر پر دباؤ بڑھ گیا جس کے نتیجے میں روپے کی قدر میں کمی واقع ہوئی۔ بین الاقوامی اجناس کی زیادہ قیمتوں کے ساتھ ساتھ روپے کی قدر میں گراؤ کا اثر سال بہ سال افراط زر میں اضافہ ظاہر ہوتا شروع ہوا۔ مال برداری کے اخراجات میں غیر معمولی اضافے سے برآمدات کو بھی نقصان پہنچا۔

معاشی حالات کی وجہ سے، موجودہ مالی سال کمپنی کے لیے بہت مشکل رہا ہے اور کمپنی کو درج ذیل عوامل کی وجہ سے نقصان اٹھانا پڑا ہے۔

• خام اور پیکنگ میٹریل کی قیمتوں میں غیر معمولی اضافہ۔

• دیگر ان پٹ جیسے کہ ایندھن اور بجلی، تنخواہ اور اجرت وغیرہ کی لاگت میں اضافہ۔

• فروخت اور تقسیم کے اخراجات میں اضافہ۔

• ایکسپورٹ ری فنانس کی عدم دستیابی۔

• بینک کی شرح سود میں اضافہ۔

• عالمی سپلائی چین کے مسائل کی وجہ سے سپلائی کی کمی

مندرجہ بالا عوامل منافع میں زبردستی کا باعث بنے کیونکہ کمپنی نے مارکیٹ کے حالات کے مطابق اپنی مصنوعات کی قیمتوں میں اضافہ نہیں کیا۔ مشکلات کے باوجود، کمپنی تیزی سے بڑھتے ہوئے مشکل معاشی حالات اور مسابقتی دباؤ کے باوجود سال بھر میں آمدنی میں 12.61% کی نمود درج کرنے میں کامیاب رہی۔ تاہم، آپریٹنگ منافع روپے کی قدر میں کمی اور اشیاء کی قیمتوں میں عالمی اضافے کی وجہ سے زیادہ ان پٹ اور توانائی کی لاگت سے متاثر ہوا۔ بارشوں کی وجہ سے زرعی فصل کو ہونے والے نقصان کی وجہ سے سال بھر کی فروخت بھی متاثر ہوئی، ہم خام اور پیکنگ کے سامان کی بروقت خریداری کرنے سے قاصر رہے اور قیمتوں میں اتار چڑھاؤ کے ساتھ ساتھ بروقت دستیابی کا بھی سامنا کرنا پڑا۔

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

اس مدت کے دوران، دو سپانسرز نے کمپنی کو 75 ملین روپے کے قرضے فراہم کیے، نیز اسپانسرز کمپنی کی مالی معاونت کے لیے پُر عزم ہیں۔

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۔
- ملک میں سیلاب کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال، بنیادی ڈھانچے اور زرعی فصلوں کو ہونے والے نقصانات؛
- ہماری مصنوعات کی کینگری میں اہم مقابلہ ہونا، جس کی وجہ سے یکطرفہ طور پر قیمتوں میں اضافہ کرنا مشکل ہو جاتا ہے۔
- اجناس کی قیمتوں میں منفی حرکت، مہنگائی کے بڑھتے ہوئے رجحانات اور زرمبادلہ کی شرحیں کیونکہ ہمارے کچھ خام اور پیکنگ مواد درآمد کیے جاتے ہیں۔ اور
- شرح سود میں منفی حرکت جس کی وجہ سے قرض لینے کی لاگت میں اضافہ ہوتا ہے۔

مینیجنگ آرپیشرز

مینیجنگ آرپیشرز 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 ایسا ہی کرنے کی منصوبہ بندی کر رہی ہے۔

انسانی وسائل کی بہتری

کمپنی نے پالیسیوں، طریقہ کار کی وضاحت اور ملازمین بالخصوص انتظامی عملے کو رول ماڈل بننے اور مثالی قائدانہ کردار مہیا کر کے HR کی ڈویلپمنٹ کی طرف اپنی توجہ کو بڑھایا ہے۔

کارپوریٹ سماجی ذمہ داری

اس سال کوئی حادثہ، جسمانی زخم اور غیر اخلاقی واقعہ رونما نہیں ہوا۔ ملازمین کو کورونا سے بچاؤ کیلئے اہم ہدایات جاری کی گئیں اور حکومتی ہدایات کے مطابق ویکسینیشن لازمی قرار دی گئی۔ کمپنی نے کسٹمر ڈیوٹی، سبائز ٹیکس، فیڈرل ایکسائز ڈیوٹی، اور انکم ٹیکس کی مد میں قومی خزانے میں 454.7 ملین روپے جمع کا حصہ شامل کیا۔ مزید برآں زیر جائزہ مدت کے دوران ہماری برآمدات کی مد میں 2.5 ملین روپے کا خلیزر مبادلہ بھی کمایا گیا۔

مابعد واقعات

ایسا کوئی واقعہ رونما نہیں ہو جو زیر جائزہ مالی حسابات پر کوئی مادی اثر رکھتا ہو۔

مستقبل کا نقطہ نظر

کمپنی جدت اور تزئین و آرائش کے ذریعے اپنی مصنوعات کی بنیاد کو بڑھانے کے لیے پُر عزم ہے جو ہمارے صارفین کے معیار زندگی کو مثبت طور پر بہتر بنانے کے لیے کمپنی کے وژن کا ایک لازمی حصہ ہے۔ اس عرصے کے دوران لانچ ہونے والی اہم نئی مصنوعات میں ریسپی مکس (بہمنی بریانی مصالحہ، بریانی مصالحہ، قورم مصالحہ، کڑا ہی مصالحہ)، کینیڈی کے نئے ڈاسٹک (اورگو، آمو، املیکا اور فروٹ بونس) اور کیک چاکلیٹ اور کیریمل ہائس شامل ہیں۔

آئندہ مالی سال کے لیے ایک بار پھر اہم چیلنج معاشی غیر یقینی صورتحال اور منفی معاشی حالات کی وجہ سے صارفین کی قوت خرید کم ہوں گی۔ آئندہ مالی سال میں توجہ برآمدات پر مرکوز رہے گی اور مارکیٹوں کو متنوع بنانے کی کوشش کی جائے گی۔ R&D اور اخراج پر مسلسل زور دیا جا رہا ہے۔ پچھلے سال چینی کی کھیت میں تقریباً 5 فیصد کمی ہوئی ہے۔ ذیابیطس پاکستان میں سب سے اہم بیماریوں میں سے ایک ہے، اور نیکڑے نے ڈانقہ اور معیار پر سمجھوتہ کیے بغیر اپنی مصنوعات میں چینی کے استعمال کو کم کرنے کا عہد کیا ہے۔ سال کے دوران منفی مالیاتی نتائج کے باوجود، کمپنی دونوں مقامی طور پر اور برآمدات پر منافع بخش فروخت پر مزید زور دے کر اگلے مالی سال میں ترقی کی طرف دیکھ رہی ہے۔ ہمارا حال ہی میں نافذ کیا گیا ERP SAP گہرائی سے تجزیہ کرنے کے لیے عمل اور بروقت ڈیٹا کی مزید افادیت بھی لائے گا۔

اندرونی استحکام

ڈائریکٹرز اور انتظامیہ کمپنی کے اندرونی کنٹرول کے سالانہ جائزہ کے ذمہ دار ہیں جس کی وجہ سے شیئرز ہولڈرز کو ان کی سرمایہ کاری کا بہترین بدل مل سکے۔ یہ ذمہ دارانہ تشخیص اور خطرات کے انتظامات 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 30 جون 2022 کو ختم ہونے والے سال 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۔

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 موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- مالیاتی حسابات ایک چلتی ہوئی کمپنی ہونے کی بنیاد پر تیار کئے گئے ہیں۔
- گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالی اعداد و شمار سالانہ رپورٹ میں دینے 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۔
- ٹیکس، ڈیوٹی، 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۔

ماحولیات کا اثر

کمپنی نے اپنے آپریشنز کی وجہ سے ماحول پر پڑنے والے بُرے اثرات کو کم کرنے کا تہیہ کر رکھا ہے۔ توانائی کی ضروریات کا ایم حصہ زریعی بائی مصنوعات (بائیو ماس) سے پورا کیا جاتا ہے۔

بورڈ کی تشکیل

بورڈ 7 مرد ڈائریکٹرز اور 1 خواتین ڈائریکٹرز پر مشتمل ہے۔

3	انڈیپنڈنٹ ڈائریکٹرز
4	نان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹرز

ڈائریکٹرز کے نام	عہدہ	اجلاسوں میں حاضری
جناب نجم عزیز سیٹھی	چیئر مین	6
سید محمد مدنی محسن	نان ایگزیکٹو ڈائریکٹر	5
جناب شہزاد غفار	نان ایگزیکٹو ڈائریکٹر	6
جناب عبدالحمید داگہ	ایگزیکٹو ڈائریکٹر	5
سیدہ ام کلثوم امام	نان ایگزیکٹو ڈائریکٹر	6
محترمہ نائلہ بھٹی	ایم ڈی / چیف ایگزیکٹو آفیسر	6
سید منظر حسن	آزاد ڈائریکٹر	5
جناب عامر امین	آزاد ڈائریکٹر	6
جناب رضوان بشیر	آزاد ڈائریکٹر	5

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

ڈائریکٹر آفس میں تبدیلی

سال کے اختتام کے بعد محترمہ نائلہ بھٹی نے کمپنی کی چیف ایگزیکٹو کے عہدے سے استعفیٰ دے دیا اور ان کی جگہ جناب نجم سیٹھی نے لے لی۔ جناب شہزاد غفار نے جناب سیٹھی سے بورڈ آف ڈائریکٹرز کے نئے چیئر مین کا عہدہ سنبھال لیا۔

آڈٹ کمیٹی

سال کے دوران آڈٹ کمیٹی کے 14 اجلاس منعقد ہوئے۔ جن میں ہر ایک ڈائریکٹرز کی حاضری مندرجہ ذیل رہی۔

ڈائریکٹرز کے نام	عہدہ	اجلاسوں میں حاضری
جناب رضوان بشیر	انڈیپنڈنٹ ڈائریکٹر / چیئر مین	4
جناب شہزاد غفار	نان ایگزیکٹو ڈائریکٹر	4
جناب عامر امین	نان ایگزیکٹو ڈائریکٹر	4

ایچ آر اور ریویویشن کمیٹی

سال کے دوران ایچ آر اور ریویویشن کمیٹی کے 12 اجلاس منعقد ہوئے۔ جن میں ہر ایک ڈائریکٹرز کی حاضری مندرجہ ذیل رہی۔

ڈائریکٹرز کے نام	عہدہ	اجلاسوں میں حاضری
جناب منظر حسن	انڈیپنڈنٹ ڈائریکٹر / چیئر مین	2
جناب عامر امین	نان ایگزیکٹو ڈائریکٹر	2
محترمہ ام کلثوم امام	نان ایگزیکٹو ڈائریکٹر	2
محترمہ نائلہ بھٹی	ممبر	2

نان ایگزیکٹو ڈائریکٹرز کے معاوضہ جات

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

لسٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز کی تعمیل

کمپنی نے 30 جون 2022 کو ختم ہونے والے سال کے متعلقہ قوانین کی بہتر انداز سے پیروی اور اس کی مکمل تعمیل کی ہے اور اس سلسلہ میں تعمیل کا بیان رپورٹ کے ساتھ منسلک ہے۔

نمودہ حصص داری

اس سے متعلق معلومات ساتھ منسلک ہیں۔

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 32 میں دیکھی جاسکتی ہیں۔

فی حصص آمدنی

زیر جائزہ سال میں 27.19 روپے فی حصص نقصان ہوا جبکہ گزشتہ سال 0.49 روپے فی حصص آمدنی ہوئی تھی۔

ڈیویڈنڈ

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

آڈیٹر

موجودہ آڈیٹر میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر 30 جون 2023 کو ختم ہونے والے سال کے لئے بطور آڈیٹر میسرز کرو جیسون چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز دی 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۔

منجانب بورڈ آف ڈائریکٹرز

Charandeep

جناب نجم عزیز سیٹھی
چیف ایگزیکٹو آفیسر

Sheela Khehra

جناب شہزاد غفار
چیئر مین

لاہور

8 نومبر 2022ء

*a
whole
lot of
Love!*



SEASONINGS



*A
whole
lot of
Love!*



TOMATO KETCHUP, SAUCES & READY-TO-COOK

VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

	2022		2021		2020		2019		2018		2017	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
Non-current Assets	697,771	42.50	694,663	40.66	614,348	44.50	638,792	47.55	696,294	46.63	703,414	44.96
Current Assets	944,132	57.50	1,013,994	59.34	766,271	55.50	704,702	52.45	797,015	53.37	861,160	55.04
Total Assets	1,641,903	100	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
Equity	202,936	12.36	836,418	48.95	74,310	5.38	126,445	9.41	209,300	14.02	501,489	32.05
Non-current Liabilities	135,742	8.27	126,384	7.40	134,230	9.72	134,123	9.98	119,730	8.02	161,444	10.32
Current Liabilities	1,303,225	79.37	745,855	43.65	1,172,079	84.90	1,082,926	80.61	1,164,279	77.97	901,641	57.63
Total equity and Liabilities	1,641,903	100	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
Profit and Loss Account												
Net Sales	2,489,291	100	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
Cost of Sales	(2,295,471)	92.21	(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)
Gross Profit	193,820	7.79	489,340	22.14	442,423	20.94	434,413	21.86	252,888	15.53	449,103	23.71
Selling and Distribution expenses	(546,250)	21.94	(311,214)	(14.08)	(253,637)	(12.01)	(282,634)	(14.22)	(407,886)	(25.05)	(317,444)	(16.76)
Administrative expenses	(227,878)	9.15	(137,043)	(6.20)	(150,669)	(7.13)	(135,252)	(6.80)	(136,106)	(8.36)	(112,698)	(5.95)
			41,082	1.86	38,117	1.80	16,527	0.83	(291,104)	(17.88)	18,961	1.00
Other operating expense	(31)	00	(8,767)	(0.40)	(3,263)	(0.15)	(5,341)	(0.27)	(2,550)	(0.16)	(1,350)	(0.07)
Other operating income	47,995	1.93	35,111	1.59	12,162	0.58	15,592	0.78	25,480	1.57	13,465	0.71
			67,426	3.05	47,016	2.23	26,777	1.35	(268,174)	(16.47)	31,076	1.64
Financial expenses	(36,981)	1.49	(25,631)	(1.16)	(74,272)	(3.52)	(78,300)	(3.94)	(49,244)	(3.02)	(42,187)	(2.23)
(Loss)/Profit before tax	(586,178)	23.55	41,795	1.89	(27,256)	(1.29)	(51,523)	(2.59)	(317,418)	(19.50)	(11,111)	(0.59)
Taxation	(35,799)	1.44	(31,329)	(1.42)	(28,189)	(1.33)	(28,483)	(1.43)	24,799	1.52	(19,772)	(1.04)
(Loss)/Profit for the year	(621,977)	24.99	10,466	0.47	(55,445)	(2.62)	(80,006)	(4.03)	(292,619)	(17.97)	(30,883)	(1.63)

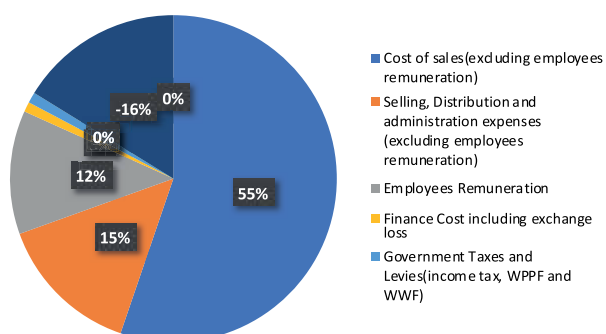
HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

	2022	2021	2020	2019	2018	2017
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
Balance Sheet						
Non-current Assets	697,771	694,663	614,348	638,792	696,294	703,414
Current Assets	944,132	1,013,994	766,271	704,702	797,015	861,160
Total Assets	1,641,903	1,708,657	1,380,619	1,343,494	1,493,309	1,564,574
Equity	202,936	836,418	74,310	126,445	209,299	501,489
Non-current Liabilities	135,742	126,384	134,230	134,123	119,730	161,444
Current Liabilities	1,303,225	745,855	1,172,079	1,082,926	1,164,280	901,641
Total equity and Liabilities	1,641,903	1,708,657	1,380,619	1,343,494	1,493,309	1,564,574
Profit and Loss Account						
Net Sales	2,489,291	2,210,620	2,112,493	1,987,552	1,628,008	1,894,406
Cost of Sales	(2,295,471)	(1,721,280)	(1,670,070)	(1,553,139)	(1,375,118)	(1,445,303)
Gross Profit	193,820	489,340	442,423	434,413	252,890	449,103
Administrative expenses	(546,250)	(137,043)	(150,669)	(135,252)	(136,106)	(112,698)
Selling and Distribution expenses	(227,878)	(311,214)	(253,637)	(282,634)	(407,887)	(317,444)
	(580,308)	41,082	38,117	16,527	(291,103)	18,961
Other operating expenses	(31)	(8,767)	(3,263)	(5,341)	(2,551)	(1,350)
Other operating income	47,995	35,111	12,162	15,592	25,480	13,465
	(532,342)	67,427	47,017	26,778	(268,174)	31,076
Financial expenses	(36,981)	(25,631)	(74,272)	(78,300)	(49,244)	(42,187)
(Loss)/Profit before tax	(586,178)	41,796	(27,256)	(51,523)	(317,418)	(11,112)
Taxation	(35,799)	(31,329)	(28,189)	(28,483)	24,799	(19,772)
(Loss)/Profit for the year	(621,977)	10,467	(55,445)	(80,006)	(292,619)	(30,884)
Summary of Cash Flows						
Net cash flows from operating activities	(181,985)	(235,165)	84,352	47,250	(147,501)	(14,974)
Net cash flows from investing activities	(60,684)	(106,378)	(23,031)	5,087	(32,397)	(70,773)
Net cash flows from financing activities	45,000	745,000	50,000	(21,333)	107,333	(42,820)
Net change in cash and cash equivalents	(197,669)	403,457	111,321	31,003	(72,565)	(128,567)

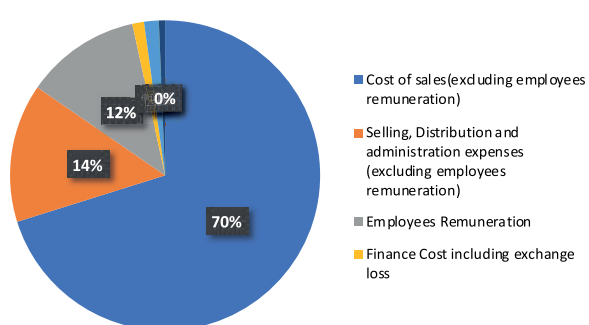
VALUE ADDITION AND ITS DISTRIBUTION

	2022		2021	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Net Sales	2,489,291	98.108	2,210,620	98.44
Other Operating Income	47,995	1.892	35,111	1.56
	2,537,286	100.00	2,245,731	100.00
Distribution of Wealth				
Cost of sales(excluding employees remuneration)	2,074,554	81.76	1,575,627	70.16
Selling, Distribution and administration expenses(excluding employees remuneration)	535,767	21.12	324,403	14.45
Employees Remuneration	459,278	18.10	269,507	12.00
Finance Cost including exchange loss	36,981	1.46	27,334	1.22
Government Taxes and Levies(income tax, WPPF and WWF)	39,695	1.56	34,372	1.53
Dividend to shareholders	-	-	-	-
Invested from revenue reserves(Balancing Figure)	(609,019)	-24.00	14,438	0.64
Charity and Donation	31	0.001	50	0.00
	2,537,286	100.00	2,245,731	100.00

2022



2021

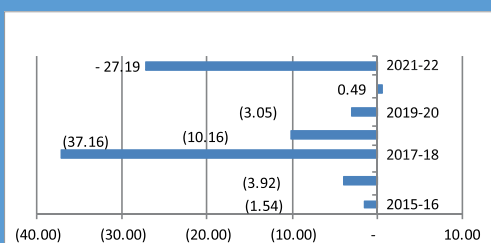


STAKEHOLDER INFORMATION

	Unit	2022	2021	2020	2019	2018	2017
Rate of return							
Return on assets	%	-38	0.61	(4.02)	(5.96)	(19.60)	(1.97)
Return on equity	%	-306	1.25	(74.61)	(63.27)	(139.81)	6.16
Return on capital employed	%	-1.62	7.00	22.55	10.28	(81.50)	4.69
Interest cover	Times	-14.85	2.63	(63.3)	(34.20)	(5.45)	0.74
Liquidity							
Current ratio		0.72	1.36	0.65	0.65	0.68	0.96
Quick Ratio		0.36	0.77	0.37	0.39	0.29	0.50
Financial Gearing							
Debt-Equity Ratio	Times	7.09	0.25	0.91	0.86	0.80	0.57
Debt to Assets	%	87.6	51.05	94.62	90.59	85.98	67.95
Capital Efficiency							
Debtor turnover/No. of days in receivables	Days	38.96	54	24	24	14	40
Inventory turnover/ No. of days in inventory	Days	66.62	86	73	65	123	104
Creditor turnover/ No. of days in payables	Days	90.09	90	87	106	98	67
Operating Cycle	Days	15.5	50	10	-17	38	77
Fixed assets turnover ratio	Times	3.58	3.48	3.69	3.34	2.34	2.69
Total assets turnover	Times	1.52	1.29	1.53	1.48	1.09	1.21

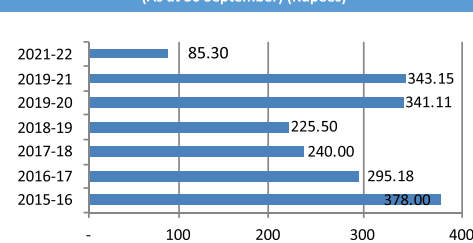
SHAREHOLDER INFORMATION

Earnings per share (Rupees)

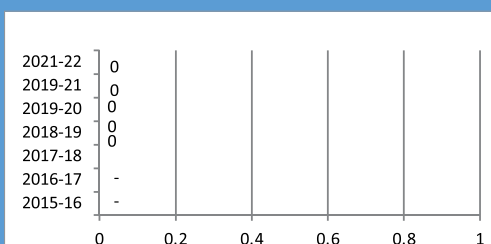


Year Closing Stock Price

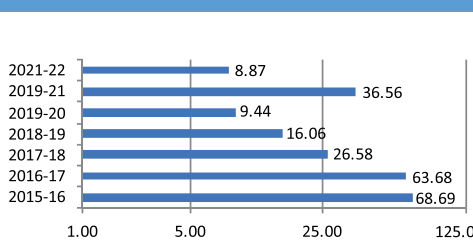
(As at 30 September) (Rupees)



Dividend History (%)



Break-up value of Shares (Rupees)



PATTERN OF SHAREHOLDING AS AT JUNE 30, 2022

No. of Shareholders	From	To	Total Shares Held
453	1	100	21,068
517	101	500	155,658
239	501	1,000	197,050
368	1,001	5,000	875,099
62	5,001	10,000	459,462
16	10,001	15,000	196,552
18	15,001	20,000	323,136
8	20,001	25,000	185,994
7	25,001	30,000	193,403
1	35,001	40,000	36,400
1	40,001	45,000	41,538
1	50,001	55,000	50,800
1	60,001	65,000	64,248
1	80,001	85,000	82,550
1	95,001	100,000	100,000
1	100,001	105,000	104,516
1	105,001	110,000	109,659
1	110,001	115,000	115,000
1	120,001	125,000	125,000
1	160,001	165,000	162,275
2	170,001	175,000	346,600
1	250,001	255,000	252,664
1	490,001	495,000	492,592
1	515,001	520,000	517,715
1	595,001	600,000	600,000
1	650,001	655,000	651,975
1	850,001	855,000	850,334
1	2,070,001	2,075,000	2,072,196
3	4,495,001	4,500,000	13,491,516
1,711			22,875,000

Categories of shareholders	Share held	Percentage
1. Directors, Chief Executive Officer, and their spouse and minor children	13,979,865	61.1142%
2. Associated Companies, undertakings and related parties.	-	0.0000%
3. NIT and ICP	2,196,284	9.6012%
4. Banks Development Financial Institutions, Non Banking Financial Institutions.	17,117	0.0748%
5. Insurance Companies	0	0.0000%
6. Modarabas and Mutual Funds	0	0.0000%
7. Shareholders holding 10% or more	13,963,116	61.0409%
8. General Public		
a. Local	5,629,783	24.6111%
b. Foreign	0	0.0000%
9. Others (to be specified)		
- Joint Stock Companies	985,448	4.3080%
- Pension Funds	64,248	0.2809%
- Others	2,255	0.0099%

CATEGORIES OF SHAREHOLDERS AS REQUIRED UNDER C.C.G. AS AT JUNE 30, 2022

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	Ms. Naila Bhatti (CEO) (CDC)	2,625	0.0115%
2	Mr. Syed Mohammad Mehdi Mohsin	4,669,872	20.4147%
3	Mr. Rizwan Bashir	1,501	0.0066%
4	Mst. Umme Kulsum Imam	3,267	0.0143%
5	Mr. Najam Sethi	1,452	0.0063%
6	Mr. Aamir Amin (NIT Nominee)	--	--
7	Mr. Syed Manzar Hassan (CDC)	1,452	0.0063%
8	Mr. Shahzad Ghaffar	1,452	0.0063%
9	Mr. Abdul Hamid Ahmad Dagia (CDC)	5,000	0.0219%
10	Syeda Matanat Ghaffar W/o Mr. Shahzad Ghaffar (CDC)	4,622,172	20.2062%
11	Syeda Maimanat Mohsin W/o Mr. Najam Aziz Sethi (CDC)	4,671,072	20.4200%
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	Syed Mohammad Mehdi Mohsin	4,669,872	20.4147%
2	Syeda Maimanat Mohsin	4,671,072	20.4200%
3	Syeda Matanat Ghaffar(CDC)	4,622,172	20.2062%
4	CDC - Trustee National Investment (Unit) Trust (CDC)	2,072,196	9.0588%

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

Sr. No.	Name	Sale	Purchase
1	Syed Mohammad Mehdi Mohsin (CDC)		172,700
2	Syeda Matanat Ghaffar W/o Mr. Shahzad Ghaffar (CDC)		125,000
3	Syeda Maimanat Mohsin W/o Mr. Najam Aziz Sethi (CDC)		173,900

STATEMENT OF COMPLIANCE

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

NAME OF THE COMPANY: MITCHELL'S FRUIT FARMS LIMITED FOR THE YEAR ENDED JUNE 30, 2022

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. Najam Aziz Sethi
	Mr. Abdul Hamid Dagia
	Mr. Mehdi Mohsin
	Mr. Shazad Ghaffar
	Ms. Umme Kulsum Imam
Executive Director	Mrs. Naila Bhatti
Female directors	Ms. Umme Kulsum Imam
	Mrs. Naila Bhatti

Mrs. Naila Bhatti has resigned subsequent to the year end of the Company. Her position has since been filled by Mr. Najam Sethi.

- | | |
|---|--|
| <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</p> | <p>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. Most of the members of the Board are exempted from Director's training. The Company, however, intends to facilitate further training for the remaining Directors in near future as defined in these Regulations.</p> |
|---|--|

10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year;
11. The Chief Financial Officer and Chief Executive officer 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) HR and Remuneration Committee

1. Mr. Manzar Hassan
(Independent director) - Chairman
2. Mr. Aamir Amin
(Independent director)
3. Mrs. Umme Kulsum Imam
(Non-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

Four meetings were held during the period from July 1, 2021 to June 30, 2022.

b) HR and Remuneration Committee

Two meetings were held during the period from July 1, 2021 to June 30, 2022.

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) As required by section 10 of the Code of Corporate governance, the Board of the Company is required to perform the annual evaluation, which has not been carried out during the year ended June 30, 2022. The Company will ensure compliance of the said clause in due course;
 - (ii) Directors Orientation Program has not been conducted after reconstitution of the Board since all of the Directors have experience of over 20 years and are well versed with the Operations of the Company.



Najam Aziz Sethi
Chief Executive Officer



Shazad Ghaffar
Chairman

Lahore: November 8, 2022



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 year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

A.F. Ferguson & Co.
Chartered Accountants
Name of engagement partner: Amer Raza Mir
Lahore
Date: November 11, 2022
UDIN: CR202210118MpDsQ7mIF

*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*



A JUGFUL OF REFRESHMENT

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SQUASHES



A hand holding a silver pen is writing on a spiral-bound notebook. The notebook is open, showing lined pages. In the background, a black calculator is visible on the left, and a colorful map is partially visible in the center. The scene is set on a light-colored desk. The text "FINANCIAL STATEMENTS" is prominently displayed in blue, with "FOR THE YEAR ENDED JUNE 30, 2022" in a smaller blue font below it.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022



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, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended June 30, 2022, 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, 2022 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year ended June 30, 2022.

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.

Material Uncertainty Related to Going Concern

We draw attention to note 2.2 in the financial statements, which indicates that the Company incurred a total comprehensive loss of Rs 633.48 million during the year ended June 30, 2022 and, as of that date, the Company's current liabilities exceeded its current assets by Rs 359.09 million. As stated in note 2.2, these events or conditions, along with other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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 to 24 to the annexed 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
Lahore
Date: November 11, 2022
UDIN: AR202210118T1mtiR6lj


Statement of Financial Position


As at June 30, 2022

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (June 30, 2021: 40,000,000) ordinary shares of Rs 10 each	5	400,000,000	400,000,000
Issued, subscribed and paid up capital 22,875,000 (June 30, 2021: 22,875,000) ordinary shares of Rs 10 each	5	228,750,000	228,750,000
Reserves	6	(25,813,586)	607,668,057
		202,936,414	836,418,057
NON-CURRENT LIABILITIES			
Deferred taxation	7	-	-
Deferred liabilities	8	135,741,601	112,510,688
Long term finance - secured	9	-	12,732,774
Deferred grant	10	-	1,140,378
		135,741,601	126,383,840
CURRENT LIABILITIES			
Current portion of long term finance	9	14,949,499	30,675,616
Current portion of deferred grant	10	125,297	675,616
Trade and other payables	11	707,328,886	425,850,584
Finances under markup arrangements	12	341,059,804	134,393,274
Loan from shareholders - unsecured	13	225,000,000	150,000,000
Accrued finance cost		12,848,666	2,255,383
Unclaimed dividend		1,912,754	2,004,183
		1,303,224,906	745,854,656
CONTINGENCIES AND COMMITMENTS			
	14	1,641,902,921	1,708,656,553

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



Badar M. Khan
Chief Financial Officer



Najam Aziz Seethi
Chief Executive Officer


Shazad Ghaffar
Chairman

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	668,093,802	636,098,672
Intangible assets	16	26,585,558	12,262,568
Biological assets	17	1,550,000	37,790,000
Long term receivables	18	1,541,543	8,511,693
		697,770,903	694,662,933
CURRENT ASSETS			
Stores, spares and loose tools	19	45,561,599	35,291,224
Inventories	20	430,965,294	407,053,602
Trade debts - unsecured	21	202,059,716	329,306,341
Advances, deposits, prepayments and other receivables	22	127,526,438	98,654,403
Income tax recoverable		116,394,571	131,061,071
Cash and bank balances	23	21,624,400	12,626,979
		944,132,018	1,013,993,620
		1,641,902,921	1,708,656,553


Badar M. Khan
 Chief Financial Officer


Najam Aziz Seethi
 Chief Executive Officer


Shazad Ghaffar
 Chairman


Statement of Profit or Loss


For the Year ended June 30, 2022

		For the year ended June 30, 2022	For the period from October 1, 2020 to June 30, 2021
	Note	Rupees	Rupees
Sales	24	2,489,291,011	2,210,619,831
Cost of sales	25	(2,295,470,632)	(1,721,279,887)
Gross profit		193,820,379	489,339,944
Administrative and general expenses	26	(227,877,998)	(137,043,348)
Net impairment losses on financial assets	39	(16,854,006)	(1,376,164)
Marketing and distribution expenses	27	(546,250,088)	(309,838,112)
Other operating expenses	28	(30,500)	(8,767,309)
Operating (loss) / profit		(597,192,213)	32,315,011
Other income	29	47,995,036	35,111,176
Finance costs	30	(36,980,631)	(25,630,724)
(Loss) / profit before tax		(586,177,808)	41,795,463
Income tax expense	31	(35,799,231)	(31,329,283)
(Loss) / profit after tax		(621,977,039)	10,466,180
(Loss) / earnings per share - Basic and diluted	38	(27.19)	0.49

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


Badar M. Khan
Chief Financial Officer


Najam Aziz Seethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Statement of Comprehensive Income


For the year ended June 30, 2022

	For the year ended June 30, 2022	For the period from October 1, 2020 to June 30, 2021
	Rupees	Rupees
(Loss) / profit for the period	(621,977,039)	10,466,180
Other comprehensive (loss)/ income for the period - net of tax		
Items that will not be reclassified to profit or loss		
Remeasurement (loss) / gain on defined benefit plan - net of tax	(11,504,604)	1,642,100
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive (loss) / income for the period	(633,481,643)	12,108,280

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


Badar M. Khan
Chief Financial Officer


Najam Aziz Seethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Statement of Changes in Equity

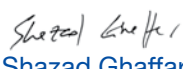
For the year ended June 30, 2022

	Share capital Rupees	Share premium Rupees	Reserves		Total Rupees
			General reserve Rupees	Unappropriated loss Rupees	
Balance as on October 01, 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
Total comprehensive loss for the period July 01, 2021 to June 30, 2022					
- Loss for the period from July 01, 2021 to June 30, 2022	-	-	-	(621,977,039)	(621,977,039)
- Other comprehensive loss for the period from July 01, 2021 to June 30, 2022	-	-	-	(11,504,604)	(11,504,604)
	-	-	-	(633,481,643)	(633,481,643)
Balance as on June 30, 2022	228,750,000	609,335,878	300,000	(635,449,464)	202,936,414

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


Badar M. Khan
Chief Financial Officer


Najam Aziz Seethi
Chief Executive Officer


Shazad Ghaffar
Chairman


Statement of Cash Flows


For the year ended June 30, 2022

		For the year ended June 30, 2022	For the period from October 1, 2020 to June 30, 2021
	Note	Rupees	Rupees
Cash flows from operating activities			
Cash used in operations	35	(110,693,550)	(154,747,335)
Finance costs paid		(24,846,239)	(30,585,243)
Income taxes paid		(16,433,668)	(10,646,140)
Employee defined benefits paid		(26,225,003)	(30,251,601)
Payment of accumulated compensated absences		(4,448,411)	(6,127,594)
Security deposit - net		662,100	(2,806,683)
Net cash used in operating activities		(181,984,771)	(235,164,596)
Cash flows from investing activities			
Fixed capital expenditure		(101,605,552)	(109,169,383)
Proceeds from disposal of biological assets		40,126,000	1,533,000
Proceeds from disposal of property, plant and equipment		795,214	1,257,979
Net cash used in investing activities		(60,684,338)	(106,378,404)
Cash flows from financing activities			
Loan obtained from shareholder		75,000,000	-
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		(30,000,000)	(15,000,000)
Net cash generated from financing activities	36	45,000,000	745,000,000
Net (decrease) / increase in cash and cash equivalents		(197,669,109)	403,457,000
Cash and cash equivalents at the beginning of the period		(121,766,295)	(525,223,295)
Cash and cash equivalents at the end of the period	37	(319,435,404)	(121,766,295)

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


Badar M. Khan
Chief Financial Officer


Najam Aziz Seethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Notes to the Financial Statements

For the year ended June 30, 2022

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.

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 are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Going concern assumption

During the year ended June 30, 2022, the Company incurred a total comprehensive loss of Rs 633.48 million and as per the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 359.09 million. Due to the accumulated losses, the reserves of the Company have depleted. The existing working capital lines available to the Company have been substantially utilized. Further more, some of the loan facilities from bank are due to expire subsequent to year ended June 30, 2022 and the company is in the process of negotiating with the banks for their renewal. These conditions indicate a material uncertainty exist which may cast significant doubt on the Company's ability to continue as going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management has planned to undertake the following financial & operational improvement measures for mitigating the aforementioned issues:

- Conversion of short term loans from sponsors to long term loans;
- Disposal of selective assets;
- improving pricing and discount structure;
- exploring new geographical markets for increasing the export sales
- expanding new business avenues including toll manufacturing; and
- cost reduction measures including reduction in marketing expenditure.

Furthermore, the Company is negotiating with banks for continuance and enhancement of existing working capital lines and is also exploring the possibility of entering into further loan agreements with the sponsors of the Company.

The management of the company is confident that the above actions and steps shall enable the company to resolve its liquidity issues and substantially improve the financial results in the next year, therefore these financial statements have been prepared on a going concern basis and consequently, do not include any adjustments relating to the realization of its assets and liquidation of liabilities

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 July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's 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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these financial statements, except for the ones mentioned below. Further, the following standards, interpretations and the amendments are not expected to have significant impact on the Company's financial statements other than certain disclosures.

Standards or Interpretation	Effective date (accounting periods beginning on or after)
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' specify which costs a company includes when assessing whether a contract will be loss making.	January 01, 2022
First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).	January 01, 2022
Business Combinations IFRS 3 - Amendments updating a reference to the Conceptual Framework.	January 01, 2022
Amendments to IAS 1 and IFRS 2 Practice Statement 2, 'Disclosure of Accounting Policies' require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material.	January 01, 2023

Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors' clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates whereby change in accounting policies is a prospective change and change in accounting estimates is a retrospective change.	January 01, 2023
Amendment to IAS 12 'Income Taxes' require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	January 01, 2023
Amendments to IAS 1 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and what IAS 1 means when it refers to the 'settlement' of a liability.	January 01, 2024

Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 17 – Insurance Contracts

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 is 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) Staff 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, 2022. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

- Discount rate: 13.25 percent per annum (June 30, 2021: 10 percent per annum)
- Expected rate of increase in salary level: 12.25 percent per annum (June 30, 2021: 9 percent per annum)
- Expected rate of return: 10 percent per annum (June 30, 2021: 10 percent per annum)
- Average duration of the defined benefit obligation: 9 years (June 30, 2021: 8 years)
- The mortality rates assumed were based on SLIC 2001 - 2005 Setback 1 Year (June 30, 2021: 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, 2022. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences:

- Discount rate: 13.25 percent per annum (June 30, 2021: 10 percent per annum)
- Expected rate of increase in salary level: 12.25 percent per annum (June 30, 2021: 9 percent per annum)
- Expected rate of return: 10 percent per annum (June 30, 2021: 10 percent per annum)
- Average duration of the plan: 9 years (June 30, 2021: 9 years)
- The Mortality rates assumed were based on SLIC 2001 - 2005 Setback 1 Year (June 30, 2021: 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, 2022 has not required any adjustment.

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, 2022 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.

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

At each reporting date, the Company reviews the carrying amounts of its non financial assets to determine whether there is any indication of impairment. An impairment loss is recognized in statement of profit or loss 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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 ljarah 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 as income in statement of profit or loss 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 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 amortized 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 statement of 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 amortized 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
- Advances, deposits, prepayments and other receivables
- Cash and 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 recognizes 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.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

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.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit or loss as other income or finance costs.

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

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 60 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 recognized 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 recognized will not occur. The validity of this assumption and the estimated amount of returns / discounts are reassessed at each reporting date.

“A contract asset is recognized for the Company’s right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable.”

A contract liability is recognized for the Company’s obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

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 recognizes the Ijarah (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

June 30, 2022 (Number of Shares)	June 30, 2021 (Number of Shares)	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
40,000,000	40,000,000	Ordinary shares of Rs 10 each	400,000,000	40,000,000
40,000,000	40,000,000		400,000,000	40,000,000

5.2 Issued, subscribed and paid up capital

June 30, 2022	June 30, 2021		June 30, 2022	June 30, 2021
16,417,990	16,417,990	Ordinary shares of Rs 10 each fully paid in cash	164,179,900	164,179,900
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	22,875,000		228,750,000	228,750,000

5.2.1 During the year, there has been no movement in the ordinary share capital of the Company.

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, 2022 Rupees	June 30 2021 Rupees
6. RESERVES			
Composition of reserves is as follows:			
CAPITAL RESERVE			
- Share premium	6.1	609,335,878	609,335,878
REVENUE RESERVES			
- General reserve		300,000	300,000
- Unappropriated loss		(635,449,464)	(1,967,821)
		<u>(25,813,586)</u>	<u>607,668,057</u>

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, 2022 Rupees	June 30 2021 Rupees
7. DEFERRED TAXATION		
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation & amortization	89,431,437	81,523,892
Retirement benefits	(33,583,813)	(28,546,719)
Provisions	(17,501,954)	(15,660,402)
Deferred income	(933,220)	(1,006,176)
Unabsorbed depreciation	(37,412,450)	(36,310,595)
	<u>-</u>	<u>-</u>
The gross movement in net deferred tax liability during the year is as follows:		
Opening balance	-	-
Charged to other comprehensive income	4,699,064	(670,717)
Credited to statement of profit or loss	(4,699,064)	670,717
Closing balance	<u>-</u>	<u>-</u>

The Company has not recognized deferred tax asset amounting to Rs. 152.26 million (June 30, 2021: Rs. 139.40 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 2023 to 2026. The Company has also not recognized deferred tax asset of Rs. 312.41 million (June 30, 2021: Rs. 161.46 million) in respect of business losses of Rs. 1,077.28 million (June 30, 2021: Rs. 556.77 million) as sufficient taxable profits may not be available to set off these losses. Included in these business losses is an amount of Rs. 832.03 million (June 30, 2021: Rs. 360.66 million) which is set to expire in years 2024 to 2028.

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
8. DEFERRED LIABILITIES			
Retirement and other benefits	8.1.1	132,154,811	108,525,366
Deferred income	8.1.2	3,586,790	3,985,322
		<u>135,741,601</u>	<u>112,510,688</u>
8.1 Retirement and other benefits			
Staff gratuity	8.1.1	109,859,964	94,379,592
Accumulating compensated absences	8.1.2	22,294,847	14,145,774
		<u>132,154,811</u>	<u>108,525,366</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		94,379,592	114,561,553
Charge to statement of profit or loss			
- Current service cost		18,878,774	9,821,564
- Past service cost		-	-
- Interest cost		8,055,101	7,105,092
		<u>26,933,875</u>	<u>16,926,656</u>
Benefits due but not paid		(1,432,167)	(4,544,199)
Benefits paid		(26,225,003)	(30,251,601)
Remeasurements recorded in other comprehensive income			
- Actuarial gains from changes in financial assumptions		486,531	24,554
- Experience adjustments		15,717,136	(2,337,371)
		<u>16,203,667</u>	<u>(2,312,817)</u>
Present value of defined benefit obligation at the end of the period		<u>109,859,964</u>	<u>94,379,592</u>
Period end sensitivity analysis on present value of defined benefit obligation:			
Discount rate + 100 bps		100,790,525	87,078,587
Discount rate - 100 bps		120,499,816	102,954,546
Increase in salary level + 100 bps		120,573,189	102,984,118
Increase in salary level - 100 bps		100,577,204	86,930,109

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, 2022 Rupees	June 30, 2021 Rupees
Distribution of timing of benefit payments (time in years)			
1		10,432,913	6,944,138
2		14,725,749	16,630,440
3		8,869,804	13,092,566
4		22,200,940	8,513,244
5		13,879,499	18,502,440
6 to onwards		4,516,862,921	1,825,156,594

8.1.2 Accumulating compensated absences

Opening liability		14,145,774	15,360,450
Charged to profit or loss		14,086,534	4,912,918
Payments made during the period		(4,448,411)	(6,127,594)
		23,783,897	14,145,774
Current portion shown under current liability		(1,489,050)	-
Liability as at period end	8.1.3	22,294,847	14,145,774

8.1.3 It also includes an amount of Rs. 10.69 million (June 30, 2021: Rs. 9.07 million) relating to short term benefits payable to non-executives.

Period end sensitivity analysis on present value of defined benefit obligation:

Discount rate + 100 bps	10,420,258	87,078,587
Discount rate - 100 bps	12,683,468	102,954,546
Increase in salary level + 100 bps	12,700,319	102,984,118
Increase in salary level - 100 bps	10,388,348	86,930,109

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, 2022 Rupees	June 30, 2021 Rupees
Opening balance		3,985,322	4,308,457
Amortization during the period		(398,532)	(323,135)
Closing balance		3,586,790	3,985,322

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
9. LONG TERM FINANCE - SECURED			
- Loan for wages and salaries - Habib Bank Limited 9.1 & 9.2		14,949,499	43,408,390
		14,949,499	43,408,390
Less: Current portion shown under current liabilities		(14,949,499)	(30,675,616)
		-	12,732,774

9.1 During the prior period, the Company availed the State Bank of Pakistan Refinance Scheme for payment of salaries and wages from Habib Bank Limited of Rs. 60 million . 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, 2022 Rupees	June 30, 2021 Rupees
9.2 The reconciliation of the carrying amount is as follows:			
Opening balance		43,408,390	-
Loan received during the period		-	60,000,000
Repayments during the period		(30,000,000)	(15,000,000)
		13,408,390	45,000,000
Discounting adjustment - deferred grant	10	-	(4,034,748)
Interest charged using the effective rate of interest		2,216,725	2,932,179
Interest payments paid during the period		(675,616)	(489,041)
		14,949,499	43,408,390

10. DEFERRED GRANT

This represents Government grant recognized 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 2022 Rupees	June 30, 2021 Rupees
Opening balance		1,815,994	-
Deferred grant recognized during the period		-	4,034,748
Credited to profit or loss	29	(1,690,697)	(2,218,754)
		125,297	1,815,994
Current portion shown under current liabilities		(125,297)	(675,616)
Closing balance		-	1,140,378

	Note	June 30 2022 Rupees	June 30, 2021 Rupees
11. TRADE AND OTHER PAYABLES			
Trade creditors		502,932,552	110,058,233
Accrued liabilities		86,028,566	204,037,908
Contract liabilities	11.1	43,785,665	37,388,737
Refund liabilities	11.2	42,771,445	51,651,934
Interest free deposits repayable on demand	11.3	1,310,000	160,000
Workers' welfare fund		1,437,860	1,454,740
Workers' profit participation fund		-	2,172,877
Provision for duties payables		15,900,713	15,955,313
Payable to Employees		5,221,806	-
Sales tax payable		1,930,347	-
Others		6,009,932	2,970,842
		<u>707,328,886</u>	<u>425,850,584</u>

11.1 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. 37.38 million (June 30, 2021: Rs. 32.34 million).

11.1.2 This includes amount payable to Mr. S.M. Mehdi Mohsin amounting to Rs. 1.93 million (June 30, 2021: Rs. 0.25 million), a related party.

	Note	June 30 2022 Rupees	June 30, 2021 Rupees
11.2 Refund liabilities			
Liability relating to sales returns		39,307,211	40,000,000
Liability relating to trade promotions and incentives		3,464,234	11,651,934
	11.2.1	<u>42,771,445</u>	<u>51,651,934</u>
11.2.1 Movement of Refund Liabilities			
Opening balance		51,651,934	49,428,413
Add: Provision for sales returns, promotions and incentives	24	222,186,224	136,149,686
Less: Actual sales returns, claims and incentives disbursed		(231,066,713)	(133,926,165)
Closing balance		<u>42,771,445</u>	<u>51,651,934</u>

11.3 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, 2022 Rupees	June 30, 2021 Rupees
12. Finances under mark up arrangements - secured			
Finances under mark up arrangements - secured	12.1	341,059,804	134,393,274
		<u>341,059,804</u>	<u>134,393,274</u>

12.1 Short term running finances available from commercial banks under mark-up arrangements amount to Rs. 367 million (2021: Rs 345 million), out of which the amount Rs. 341.06 million (2021: Rs. 134.39 million) has been availed at June 30, 2022. 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 year ranges from 7.45% to 14.31% per annum (2021: 7.70% to 9.99% per annum) on the balance outstanding.

12.1.1 Of the aggregate facility of Rs. 122 million (2021: Rs. 220 million) for opening letter of credits and Rs. 32 million (2021: Rs. 32 million) for guarantees, the amount utilized at June 30, 2022 was Rs. 32.59 million (2021: Rs. 36.32 million) and Rs 17.20 million (2021: Rs. 17.20 million) respectively.

12.1.2 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, 2022 Rupees	June 30, 2021 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	75,000,000	-
		<u>225,000,000</u>	<u>150,000,000</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 Maimanat Mohsin and Syeda Matanat Ghaffar on August 14, 2020 and September 1, 2020 respectively. The loans are interest free and repayable on demand

13.2 A loan of Rs. 50 million was received From Mr. Najam Aziz Sethi (Chairman) bearing interest rate of 7% per annum on October 22, 2021. Furthermore, a loan of Rs. 25 million on March 11, 2022 bearing interest rate of 8.84% per annum was given to the Company by Syeda Matanat Ghaffar.

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. 19.52 million including default surcharge against the Company vide various orders issued relating to tax year 2007, 2008, 2011, 2012, 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. Being aggrieved the Company filed appeals before the Appellate Tribunal Inland Revenue ('ATIR') which are pending adjudication.

- (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.
- (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 has been remanded back for fresh proceedings vide order dated March 31, 2022.
- (iv) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated June 30, 2022 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. The Company filed appeal before the Commissioner Inland Revenue (Appeals), which has been decided against the Company vide order dated October 14, 2021. Being aggrieved, the Company filed an appeal before the Honorable Appellate Tribunal, which is pending adjudication.

The Management and taxation expert of the Company believes that there are meritorious grounds to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these financial statements with respect to the above matters.

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 favor 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. 1.14 million 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. 3.86 million as confirmed by CIR(A), which is pending adjudication.

- (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'). The honorable ATIR has remanded back the case to DCIR through order dated May 17, 2022.

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. The Company filed an appeal before Commissioner Inland Revenue (Appeals), which was partially decided in favor of the Company vide order dated October 11, 2021. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') against the remaining amount of Rs. 1.51 million, which was remanded back for fresh proceedings vide order dated May 17, 2022.

- (iii) The additional Commissioner Punjab Revenue Authority ('ADC') passed an order dated May 06, 2021 created a demand of Rs. 38.28 million on issues on account of short deduction of sales tax withheld issues. Being aggrieved, the Company filed an appeal before Commissioner Appeals Punjab Revenue Authority, which is pending for hearing.

The Management and taxation expert of the Company believes that there are meritorious grounds to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these financial statements with respect to the above matters.

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. 17.20 million (June 30, 2021: Rs. 17.2 million).
- (ii) The Company has issued postdated cheques amounting to Rs 80.59 million (June 30, 2021: 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 # 492 (I)/2009 dated June 13, 2009 and 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 32.59 million (June 30, 2021: Rs 36.32 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, 2022 Rupees	June 30, 2021 Rupees
Not later than one year		2,708,050	5,899,480
Later than one year and not later than five years		310,000	3,448,391
		<u>3,018,050</u>	<u>9,347,871</u>
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	644,779,914	627,417,134
Capital work-in-progress	15.2	23,313,888	8,681,538
		<u>668,093,802</u>	<u>636,098,672</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	Total
	(Rupees)								
Net Carrying Value basis At 30 June 2022									
Opening 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	627,417,134
Additions	-	1,539,029	2,900,287	57,698,567	239,414	2,296,873	3,931,584	4,447,200	73,052,954
Disposals at net book value	-	-	-	(427,649)	(52,286)	(208)	(136,054)	(175,665)	(791,862)
Depreciation charge	-	(7,873,092)	(3,978,509)	(33,841,222)	(555,213)	(1,636,891)	(4,626,017)	(2,387,368)	(54,898,312)
Closing net book value	15,547	71,627,337	17,614,756	513,741,944	4,770,814	7,439,063	19,260,306	10,310,147	644,779,914
Gross Carrying Value basis At 30 June 2022	15,547	77,961,400	18,692,978	490,312,248	5,138,899	6,779,289	20,090,793	8,425,980	627,417,134
Cost	15,547	197,261,554	22,577,104	1,094,035,367	9,981,952	15,774,276	76,213,822	22,013,241	1,437,872,863
Accumulated depreciation	-	(125,634,217)	(4,962,348)	(580,293,423)	(5,211,138)	(8,335,213)	(56,953,516)	(11,703,094)	(793,092,949)
Net Book Value	15,547	71,627,337	17,614,756	513,741,944	4,770,814	7,439,063	19,260,306	10,310,147	644,779,914

	Operating Fixed Assets								
	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery	Vehicles	Furniture and fittings	Electric installations	Computer hardware	Total
	(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	572,288,167
Additions	-	-	19,676,818	44,684,500	374,859	5,703,298	15,271,237	6,338,858	92,049,570
Disposals at net book value	-	-	(1,662,714)	-	(1,478,997)	-	(80,005)	(149,808)	(3,371,524)
Depreciation charge	-	(6,321,194)	(1,071,352)	(22,019,685)	(488,270)	(539,947)	(2,189,783)	(918,848)	(33,549,079)
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	627,417,134
Gross Carrying Value basis 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	1,368,205,319
Accumulated depreciation	-	(117,761,125)	(983,839)	(548,762,962)	(4,796,023)	(6,740,439)	(52,378,605)	(9,365,192)	(740,788,185)
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	627,417,134

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, 2022 is Rs 40.25 million (June 30, 2021: Rs 37.95 million).

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

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
Cost of sales	25	41,714,312	28,340,879
Administration expenses	26	12,487,212	4,236,708
Distribution and marketing expenses	27	696,789	971,492
		<u>54,898,313</u>	<u>33,549,079</u>

15.1.4 Disposal of operating fixed assets

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

		2022					
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	-	-	-	-	-	None
Other assets with book value less than Rs. 0.50 million	Various	3,386,410	2,593,548	791,862	795,215	3,353	Various
		3,386,410	2,593,548	791,862	795,215	3,353	

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							
Toyota 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)	

15.2 Capital work in progress

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
Civil works		17,376,186	4,377,494
Plant and machinery	15.3	5,937,702	4,304,044
		23,313,888	8,681,538

15.3 Movement of capital work in progress

Opening balance	4,304,044	159,035
Additions	33,622,269	47,430,394
Transfers to Property, plant and equipment	(31,988,611)	(43,193,864)
Adjustments	-	(91,521)
Closing balance	5,937,702	4,304,044

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
16. INTANGIBLE ASSETS			
Computer softwares	16.1	4,191,050	3,267,258
Capital work-in-progress	16.2	22,394,508	8,995,310
		<u>26,585,558</u>	<u>12,262,568</u>
16.1 Computer Softwares			
Net carrying value basis			
Opening net book value		3,267,258	3,843,833
Additions at cost		1,603,975	-
Amortization charge	16.1.1	(680,183)	(576,575)
Closing net book value		<u>4,191,050</u>	<u>3,267,258</u>
Gross carrying value basis			
Cost		13,218,725	11,614,750
Accumulated amortization		(9,027,675)	(8,347,492)
Net book value		<u>4,191,050</u>	<u>3,267,258</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	12,112	10,687
Administration expenses	26	580,917	488,986
Distribution and marketing expenses	27	87,154	76,902
		<u>680,183</u>	<u>576,575</u>
16.2 Capital work in progress			
Computer softwares	16.3	22,394,508	8,995,310
		<u>22,394,508</u>	<u>8,995,310</u>
16.3 Movement of capital work in progress			
Opening balance		8,995,310	-
Additions		15,003,173	9,195,310
Adjustments		(1,603,975)	(200,000)
Closing balance		<u>22,394,508</u>	<u>8,995,310</u>
17. BIOLOGICAL ASSETS			
Livestock		-	36,290,000
Trees		1,550,000	1,500,000
	17.1 - 17.3	<u>1,550,000</u>	<u>37,790,000</u>

17.1 Reconciliation of carrying amounts of biological assets

	Livestock	Trees	Total	Livestock	Trees	Total
	June 30,	June 30,		June 30,	June 30,	
	2022	2022		2021	2021	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Carrying amount at the beginning of the period	36,290,000	1,500,000	37,790,000	30,129,999	1,824,124	31,954,123
Increase due to purchases/additions due to new born	-	-	-	400,000	-	400,000
Changes in fair value (price change, exchange fluctuations and biological transformation)	-	50,000	50,000	10,940,001	(324,124)	10,615,877
Less: Decrease due to deaths & sale	(36,290,000)	-	(36,290,000)	(5,180,000)	-	(5,180,000)
Carrying amount at the end of the period which approximates the fair value	-	1,550,000	1,550,000	36,290,000	1,500,000	37,790,000

17.2 As at June 30, 2022, the Company held no animals (June 30, 2021: 139 animals) and estimates to beneficially own 869 trees (June 30, 2021: 827) of various kinds including jamboline, kachnar, ceruse, amla, spikenard, borh and sheesham etc.

17.3 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, 2022 Rupees	June 30, 2021 Rupees
General stores	14,441,697	11,460,807
Engineering stores	31,119,902	23,830,417
	<u>45,561,599</u>	<u>35,291,224</u>

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

20. INVENTORIES

		June 30, 2022 Rupees	June 30, 2021 Rupees
Raw materials		41,972,572	48,832,761
Packing materials		142,584,118	150,190,672
Work-in-process		92,569,218	52,978,614
Finished goods	20.1 & 20.3	156,706,393	155,495,740
		433,832,301	407,497,787
Less: Provision for obsolete items	20.2	(2,867,007)	(444,185)
		<u>430,965,294</u>	<u>407,053,602</u>

20.1 There is no adjustment for the net realisable value of finished goods for the year (June 30, 2021: 17.66 million).

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

	June 30, 2022 Rupees	June 30, 2021 Rupees
Balance as at beginning of the period	444,185	17,887,514
Charge for the period	2,422,822	-
Reversal of provision	-	(17,443,329)
	<u>2,867,007</u>	<u>44,185</u>

20.3 This includes goods in transit pertaining to finished goods amounting to Rs. 13.11 million (June 30, 2021: nil).

20.4 During the year ended June 30, 2022, the Company has recorded inventory written off amounting to Rs. 87.78 million (2021: Nil). These were recognized as an expense in the cost of sales.

21. TRADE DEBTS - UNSECURED

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
Considered good		202,059,716	329,306,341
Considered doubtful		29,093,679	15,638,501
		<u>231,153,395</u>	<u>344,944,842</u>
Less: Loss allowance	21.1 21.2	(29,093,679)	(15,638,501)
		<u>202,059,716</u>	<u>329,306,341</u>

21.1 These include trade debts related to export sales of Rs. 45.12 million (June 30, 2021: Rs. 45.17 million).

21.2 Impairment of financial assets

	June 30, 2022 Rupees	June 30, 2021 Rupees
Balance as at beginning of the period	15,638,501	14,262,337
Charge for the year	13,455,178	1,376,164
	<u>29,093,679</u>	<u>15,638,501</u>

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- To employees	22.1	6,467,770	4,321,351
- To suppliers		28,206,073	15,546,260
Prepayments		2,005,176	3,589,192
Letters of credit - margins, deposits, opening charges, etc.		11,817,807	29,806,897
Claims recoverable from the government considered good			
- Sales tax		59,259,934	30,044,031
- Custom duty and surcharge		6,412,099	8,204,642
		65,672,033	38,248,673
Other receivables - Considered good		13,357,579	7,142,030
		127,526,438	98,654,403

22.1 This includes amount receivable from Mr. S.M. Mehdi Mohsin amounting to Rs. 0.11 million (June 30, 2021: Rs. 0.12 million), a related party. The maximum aggregate amount outstanding from related party at any time during the year amounts to Rs. 0.59 million (June 30, 2021: Rs. 0.12 million).

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
23. Cash and bank balances			
- Balances at banks on current accounts		8,301,666	9,201,551
- Balances at banks on saving accounts	23.1	11,409,980	1,421,245
- Special account related to dividend payable not available for general use		1,912,754	2,004,183
		21,624,400	12,626,979

23.1 The balances in saving accounts bear markup ranging from 7.00% to 11.50% (June 30, 2021: 5.65% to 5.76%) per annum.

	Note	For the Year ended June 30, 2022 Rupees	For the period from October 1, 2020 to June 30, 2021 Rupees
24. SALES			
-Local	24.1	3,026,972,834	2,566,671,362
- Export		434,624,738	371,952,570
Gross Sales		3,461,597,572	2,938,623,932
Less: Sales Tax	24.2	(416,508,554)	(341,320,898)
		3,045,089,018	2,597,303,034
Less:			
Sales Return, Trade Discounts and			
Trade promotion and incentives	24.3	(555,798,007)	(386,683,203)
		(555,798,007)	(386,683,203)
	24.4	2,489,291,011	2,210,619,831

24.1 These include milk sales of Rs. 8.90 million (June 30, 2021: Rs. 23.82 million).

24.2 This amount pertains to sales tax charged on local sales only.

24.3 This includes an amount of Rs. 333.61 million (2021:Rs. 250.53 million) relating to trade discounts.

24.4 The sales recorded represent contracts with customers only.

	Note	For the Year ended June 30, 2022 Rupees	For the period from October 1, 2020 to June 30, 2021 Rupees
25. COST OF SALES			
Raw and packing material consumed		1,848,621,733	1,347,868,527
Salaries, wages and other benefits	25.1	220,916,511	145,652,834
Ijarah rentals		1,092,365	1,199,226
Boiler expenses		50,691,465	37,174,171
Freight and octroi		2,215,962	514,578
Travelling and vehicle running		4,843,417	2,212,002
Repairs and maintenance		34,524,546	12,866,423
Power, water and gas		80,494,841	45,609,203
Insurance		3,507,512	5,784,640
Rent, rates and taxes		2,492,357	1,861,410
Depreciation on property, plant and equipment	15.1	41,714,312	28,340,879
Dairy expenses		10,237,705	23,674,542
Amortization of intangible assets	16.1.1	12,112	10,687
Material written off		8,444,200	17,027,155
Provision for slow moving raw material		2,422,822	-
Federal excise duty		-	21,875,902
Other expenses		24,040,029	16,958,872
		2,336,271,889	1,708,631,051
Opening work-in-process		52,978,614	93,033,860
Closing work-in-process		(92,569,218)	(52,978,614)
		(39,590,604)	40,055,246
Cost of goods manufactured		2,296,681,285	1,748,686,297
Opening finished goods		155,495,740	128,089,330
Closing finished goods		(156,706,393)	(155,495,740)
		(1,210,653)	(27,406,410)
		2,295,470,632	1,721,279,887

	Note	For the Year ended June 30, 2022 Rupees	For the period from October 1, 2020 to June 30, 2021 Rupees
25.1 Salaries, wages and other benefits include expenses in respect of the following:			
Gratuity			
- Service cost		8,873,025	3,535,763
- Interest cost for the period		3,785,897	3,055,190
		12,658,922	6,590,953
Accumulated compensated absences		5,344,431	3,662,593
		18,003,353	10,253,546
26. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, wages and other benefits	26.1	131,132,754	60,249,611
Ijarah rentals		864,831	1,658,889
Travelling and vehicle running		8,490,423	2,786,895
Entertainment		2,907,664	834,502
Repairs and maintenance		2,790,214	1,809,811
Insurance		7,268,857	929,665
Rent, rates and taxes		18,994,080	13,466,666
Power, water and gas		7,380,585	3,330,297
Printing and stationery		3,233,952	1,506,421
Postage and telephone expenses		1,771,262	2,148,921
Professional services	26.3	25,499,039	38,944,241
Depreciation on property, plant and equipment	15.1.3	12,487,212	4,236,708
Amortization of intangible assets		580,917	488,986
Other expenses		4,476,208	4,651,735
		227,877,998	137,043,348
26.1 Salaries, wages and other benefits include expenses in respect of the following:			
Gratuity			
- Service cost		5,097,269	3,928,626
- Interest cost for the period		2,174,877	2,060,477
		7,272,146	5,989,103
Accumulated compensated absences		3,022,970	575,115
		10,295,116	6,564,218

26.2 Number of employees

Total number of employees at the end of the period

June 30,
2022

292

June 30,
2021

291

Average number of employees during the period

294

272

26.3 Professional services

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

		For the Year ended June 30, 2022	For the period from October 1, 2020 to June 30, 2021
	Note	Rupees	Rupees
Audit Services			
Statutory audit		1,903,330	1,730,300
Half yearly review		786,500	715,000
Out of pocket expenses		230,655	190,624
		2,920,485	2,635,924
Non - audit services			
Certifications and sundry services		330,000	300,000
		3,250,485	2,935,924

27. MARKETING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits	27.1	107,228,260	71,273,451
ljarah rentals		3,990,110	4,725,198
Travelling and vehicle running		25,078,909	9,895,441
Entertainment		7,257,781	800,747
Freight expenses			
- Local		48,130,445	50,640,271
- Export		36,754,807	16,430,162
		84,885,252	67,070,433
Advertisement		179,515,917	99,612,761
Selling expenses and related expenses		119,815,571	44,921,379
Repairs and maintenance		194,320	5,070
Insurance		957,942	1,066,505
Rent, rates and taxes		2,475,223	5,160,040
Power, water and gas		715,483	437,256
Printing and stationery		717,906	247,084
Postage and telephone		1,907,538	1,809,735
Depreciation on property, plant and equipment	15.1.3	696,789	971,492
Amortization of intangible assets	16.1.1	87,154	76,902
Professional services		7,750,996	284,490
Other expenses		2,974,937	1,480,128
		546,250,088	309,838,112

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

	Note	For the Year ended June 30, 2022 Rupees	For the period from October 1, 2020 to June 30, 2021 Rupees
Gratuity			
- Service cost		4,908,481	2,357,175
- Interest cost for the period		2,094,326	1,989,425
		7,002,807	4,346,600
Accumulated compensated absences		5,719,133	675,210
		12,721,940	5,021,810
28. OTHER OPERATING EXPENSES			
Loss on disposal of biological assets		-	3,647,000
Loss on revaluation of trees		-	324,124
Worker's welfare fund		-	869,873
Workers' profit participation fund		-	2,172,877
Exchange loss		-	1,703,435
Donations		30,500	50,000
		30,500	8,767,309
29. OTHER INCOME			
Income from financial assets			
Exchange gain		21,994,428	-
Profit on revaluation of live stock		-	10,940,001
Profit on revaluation of trees		50,000	-
Profit on sale of biological assets		3,836,000	-
Profit on sale of fixed assets		3,352	2,066,985
Scrap sales		12,668,474	11,490,080
Rental income		2,250,406	1,636,797
		18,808,232	26,133,863
Others			
Amortization of deferred income		398,532	323,135
Amortization of deferred grant		1,690,697	2,218,754
Income on bank deposits		567,365	5,711,844
Others		4,535,782	723,580
		7,192,376	8,977,313
		47,995,036	35,111,176

	Note	For the Year ended June 30, 2022 Rupees	For the period from October 1, 2020 to June 30, 2021 Rupees
30. FINANCE COST			
Mark-up on			
- Long term finances -secured		2,216,725	2,932,179
- Finances under mark up arrangements -secured		23,486,033	17,477,679
- Loan from shareholders - unsecured		4,528,164	33,803
Interest on WPPF		110,363	-
Bank and other charges		6,639,346	5,187,063
		<u>36,980,631</u>	<u>25,630,724</u>

31. PROVISION FOR TAXATION

Current tax			
- Current		32,217,422	32,000,000
- Prior years		(1,117,254)	-
		<u>31,100,168</u>	<u>32,000,000</u>
Deferred tax		4,699,063	(670,717)
		<u>35,799,231</u>	<u>31,329,283</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 Year ended June 30, 2022 %	For the period from October 1, 2020 to June 30, 2021 %
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	(28.61)	54.29
Tax effect under presumptive tax regime and others	(5.57)	(8.48)
Prior Year adjustment	0.19	-
Tax credits	-	3.02
Tax effects of amounts that are exempt / inadmissible	-	(2.87)
Deferred tax asset not recorded and others	(1.12)	-
	<u>(35.11)</u>	<u>45.96</u>
Average effective tax rate charged to statement of profit or loss	<u>(6.11)</u>	<u>74.96</u>

31.3 Tax recognized in other comprehensive income

Defined benefits obligation	(4,699,063)	670,717
	<u>(4,699,063)</u>	<u>670,717</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	For the year ended June 30, 2022	For the period from 1, October 2020 to June 30, 2021
i. Director	Mr. Mehdi Mohsin (Shareholding: 19.65%)	Purchase of goods Rent paid Expenses incurred on their behalf	3,318,091 3,498,014 1,565,627	6,492,731 2,440,479 1,497,322
ii. Chairman	Mr. Najam Sethi (Shareholding: 0.0063%)	Obtained loan	50,000,000	-
ii. Spouse of Director	Syeda Maimanat Mohsin (Shareholding: 19.65%)	Purchase of goods Obtained loan Loan Repaid	45,360 - -	1,628,090 75,000,000 50,000,000
	Syeda Maimanat Mohsin (Shareholding: 19.65%)	Obtained loan	25,000,000	75,000,000
iii. Related Party	M/s Vanguard Books (Private) Limited (Common Directorship)	Security deposit Rent Expense	3,600,000 17,647,060	3,600,000 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 Year ended June 30, 2022	For the period from October 1, 2020 to June 30, 2021	For the Year ended June 30, 2022		For the period from October 1, 2020 to June 30, 2021		For the Year ended June 30, 2022	For the period from October 1, 2020 to June 30, 2021
			Non Executive Directors	Executive Directors	Non Executive Directors	Executive Directors		
	Rupees							
Managerial remuneration	9,019,350	5,032,254	-	-	-	-	53,075,394	28,030,822
Retirement benefits	-	-	-	-	-	-	19,463,636	3,861,917
House rent allowance	4,058,702	2,264,514	-	-	-	-	23,883,931	12,605,419
Utilities	901,948	503,232	389,947	-	63,742	-	5,307,649	2,801,247
Car allowance	1,377,000	-	-	-	-	-	5,765,000	604,666
Club expenses	-	23,731	-	-	-	-	-	-
Bonus	-	-	-	-	-	-	-	-
Meeting fee	-	-	175,000	-	925,000	-	-	-
	15,357,000	7,823,731	564,947	-	988,742	-	107,495,610	47,904,071
Number of persons	1	1	8	1	8	1	22	18

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.

		June 30, 2022 Rupees	June 30, 2021 Rupees
Actual production:			
Groceries and Confectioneries - in cartons		1,793,222	1,624,451
Milk - in litres		-	323,734
		For the Year ended June 30, 2022	For the period from October 1, 2020 to June 30, 2021
	Note	Rupees	Rupees
35. CASH (USED IN) / GENERATED FROM OPERATIONS			
(Loss)/profit before tax		(586,177,808)	41,795,463
Adjustments for:			
Provision for retirement benefits	8.1.1	26,933,875	16,926,656
Provision for leave absences	8.1.2	14,086,534	4,912,918
Government grant recognized in income	29	(1,690,697)	(2,218,754)
Amortization of deferred income	29	(398,532)	(323,135)
Amortization on intangibles	16.1	680,183	576,575
"Depreciation of property, plant and equipment"	15.1	54,898,312	33,549,079
Provision/(Reversal) for obsolete stocks and material written off	25	2,422,822	(17,443,329)
Material written off	25	8,444,200	-
Provision for sale returns, trade promotions and incentives	11.2.1	222,186,224	136,149,686
Provision for trade promotions and incentives			
Net impairment losses on financial assets	21.2	16,854,006	1,376,164
Advances, deposits, prepayments written off	26	-	-
Profit on revaluation of biological assets	29	(50,000)	(6,968,877)
Additions by new born biological assets	17.1	-	(400,000)
Profit on disposal of biological assets	29	(3,836,000)	-
Profit on disposal of property, plant and equipment	29	(3,352)	(2,066,985)
Finished goods written off	20.4	87,783,463	-
Exchange (gain) / loss	29	(21,994,428)	1,703,435
Finance cost	30	36,980,631	25,630,724
(Loss) / Profit before working capital changes		(142,880,567)	233,199,620
Effect on cash flow due to working capital changes			
- Increase/ (decrease) in stores, spares and loose tools		(11,353,300)	2,051,585
- Increase in stock in trade		(122,562,177)	(54,191,577)
- Decrease/(Increase) in trade debts - unsecured		135,785,875	(193,561,904)
- Increase in advances, deposits, prepayments and other receivables		(25,962,813)	(27,595,472)
- Increase/(Decrease) in creditors, accrued and other liabilities		56,279,432	(114,649,587)
		32,187,017	(387,946,955)
Cash used in operations		(110,693,550)	(154,747,335)

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 June 30, 2021	45,000,000	150,000,000	-	195,000,000
Financing obtained	-	-	75,000,000	75,000,000
Repayments during the period	(30,000,000)	-	-	(30,000,000)
Balance as at June 30, 2022	15,000,000	150,000,000	75,000,000	240,000,000

37. CASH AND CASH EQUIVALENTS

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
Cash and bank balances	23	21,624,400	12,626,979
Short term running finances-secured	12	(341,059,804)	(134,393,274)
		(319,435,404)	(121,766,295)

38. (LOSS) / EARNINGS PER SHARE

38.1 Basic (loss) / earnings per share

		For the Year ended June 30, 2022 Rupees	For the period from October 1, 2020 to June 30, 2021 Rupees
Net (loss) / profit for the period	Rupees	(621,977,039)	10,466,180
Weighted average number of ordinary shares outstanding during the period	Number	22,875,000	21,289,916
Basic (loss) / earnings per share	Rupees	(27.19)	0.49

38.2 Diluted earning / (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, 2022 USD	June 30, 2021 USD
Trade debts - unsecured	202,073	286,148

The following significant exchange rates were applied during the year:

Rupees per USD

Average rate	190.60	161.80
Reporting date rate	223.31	157.89

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 (June 30, 2021: Rs. 0.45 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, 2022 Rupees	June 30, 2021 Rupees
Financial assets		
Floating rate instruments		
Bank balances - savings accounts	11,409,980	1,421,245
Financial liabilities		
Fixed rate instruments		
Loan from shareholders - interest bearing	(75,000,000)	-
Floating rate instruments		
Financial liabilities		
Long term finances - secured	(14,949,499)	(43,408,390)
Finances under markup arrangements	(341,059,804)	(134,393,274)

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. 3.56 million (June 30, 2021: Rs 1.78 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. 360.12 million (June 30, 2021: Rs. 454.8 million) following are subject to credit risk:

	June 30, 2022 Rupees	June 30, 2021 Rupees
Financial Assets		
Trade debts - unsecured	231,153,395	344,944,842
Advances, deposits and other receivables	48,031,422	27,009,641
Bank balances	21,624,400	12,626,979
	<u>300,809,217</u>	<u>384,581,462</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. Furthermore, during the year ended June 30, 2022, the Company recorded net impairment losses on financial assets amounting to Rs. 16.85 million (2021: Rs. 1.38 million). The net impairment losses on financial assets comprise of an amount of Rs. 13.46 million (2021: Rs. 1.38 million) relating to loss allowance on trade debts and the remaining amount of Rs. 3.40 million (2021: Nil) relates to amounts written off in advances, deposits, prepayments and other receivables.

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, 2022 and June 30, 2021 was determined as follows:

June 30, 2022	Expected Credit Loss Rate	Trade Debts unsecured	Loss Allowance
Not Due	0.00%	121,377,092	-
0 - 30 days	1.05%	47,290,651	498,040
31 - 60 days	2.11%	8,479,875	178,544
61 - 90 days	7.39%	19,439,674	1,436,331
91 - 120 days	17.58%	7,253,764	1,274,965
121 - 150 days	27.01%	2,935,366	792,880
151 - 180 days	38.08%	3,058,441	1,164,616
181 - 210 days	48.17%	601,566	289,774
211 - 240 days	60.12%	2,151,739	1,293,553
241 - 270 days	73.44%	3,065,262	2,251,276
271 - 300 days	80.28%	3,130,732	2,513,218
301 - 330 days	84.58%	379,603	321,081
331 - 360 days	93.26%	2,105,133	1,963,275
Above 360 days	100.00%	15,171,808	15,171,809
Total		236,440,706	29,149,362

June 30, 2021	Expected Credit Loss Rate	Trade Debts	Loss Allowance
Not Due	0.00%	233,480,856	-
0 - 30 days	1.85%	30,269,619	192,859
31 - 60 days	2.29%	43,784,717	632,095
61 - 90 days	11.25%	22,196,813	1,536,884
91 - 120 days	29.00%	903,481	163,583
121 - 150 days	42.28%	144,927	41,225
151 - 180 days	51.65%	657,998	258,743
181 - 210 days	60.00%	161,759	76,400
211 - 240 days	69.29%	696,059	403,308
241 - 270 days	78.17%	914,111	650,643
271 - 300 days	85.28%	108,002	85,451
301 - 330 days	89.91%	154,440	128,536
331 - 360 days	95.13%	41,779	38,493
Above 360 days	100.00%	11,430,281	11,430,281
Total		344,944,842	15,638,501

(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, 2022 (Rupees)	June 30, 2021 (Rupees)
National Bank of Pakistan	A-1+	AAA	PACRA	1,739,244	1,739,244
MCB Bank Limited	A-1+	AAA	PACRA	787,333	787,333
Habib Bank Limited	A-1+	AAA	VIS	17,146,143	8,495,643
Bank Al Habib	A-1+	AAA	PACRA	779,659	740,748
Meezan Bank Limited	A-1+	AAA	VIS	1,072,019	4,749
Faysal Bank Limited	A-1+	AA	PACRA	100,002	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
				<u>21,624,400</u>	<u>12,626,979</u>

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 counterparties 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, 2022, the Company had Rs. 367 million (June 30, 2021: Rs. 345 million) available borrowing limits from financial institutions [unutilized: Rs. 25.94 million (June 30, 2021: Rs. 225.8 million)] and Rs. 21.62 million (June 30, 2021: Rs. 12.63 million) cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2022:

	Carrying amount	Less than one year	One to five years Rupees	More than five years
Long term finance - secured	14,949,499	14,949,499	-	-
Finances under markup				
arrangements - secured	341,059,804	341,059,804	-	-
Trade and other payables	663,543,221	663,543,221	-	-
Accrued finance cost	12,848,666	12,848,666	-	-
Loan from shareholders - unsecured	225,000,000	225,000,000	-	-
Unclaimed dividend	1,912,754	1,912,754	-	-
	<u>1,259,313,944</u>	<u>1,259,313,944</u>	<u>-</u>	<u>-</u>

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	-	-
Loan from shareholders - unsecured	150,000,000	150,000,000	-	-
Accrued finance cost	2,255,383	2,255,383	-	-
Unclaimed dividend	2,004,183	2,004,183	-	-
	720,523,077	707,790,303	12,732,774	-

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, 2022:

Assets	Level 1	Level 2	Level 3	Total
	Rupees			
Recurring fair value measurements of biological assets				
Trees	-	1,550,000	-	1,550,000
	-	1,550,000	-	1,550,000

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

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

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, 2022. 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
Advances, deposits and other receivables
Cash and bank balances

Financial liabilities

Finances under markup arrangements
Long term finance - secured
Trade and other payables
Accrued finance cost
Loan from shareholders - unsecured
Unclaimed dividends

At amortized cost

June 30, 2022 Rupees	June 30, 2021 Rupees
231,153,395	344,944,842
113,703,455	65,258,314
21,624,400	12,626,979
366,481,250	422,830,135
341,059,804	134,393,274
14,949,499	43,408,390
705,891,026	424,395,844
12,848,666	2,255,383
225,000,000	150,000,000
1,912,754	2,004,183
1,301,661,749	756,457,074

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, 2022 and June 30, 2021 is as follows:

		June 30, 2022 Rupees	June 30, 2021 Rupees
Loan from shareholders	13	225,000,000	150,000,000
Short term borrowings	37	341,059,804	134,393,274
Net debt		566,059,804	284,393,274
Total equity		202,936,414	836,418,057
Total capital		768,996,218	1,120,811,331
Gearing ratio	Percentage	74%	25%

40. DATE OF AUTHORIZATION

These financial statements were authorized for issue on November 8, 2022 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, 2022, 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, 2020 to June 30, 2021 and are therefore not entirely comparable.


Badar M. Khan
Chief Financial Officer


Najam Aziz Seethi
Chief Executive Officer


Shazad Ghaffar
Chairman

Proxy Form

Mitchell's Fruit Farms Limited 90th 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 90th Annual General Meeting of the Company to be held on December 2, 2022 on Friday at 11:00 a.m at the Registered Office of the Company located at 72-FFC, Gulberg IV, Lahore.

Signed this

day of

2022

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 2022

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 Mitchell'sChocolatesAndSweets