

A large circular image showing a close-up of oranges on a tree with green leaves. The oranges are bright orange and some are still green. The image is set against a dark blue background with a white circular border.

Farm  
Fresh  
since  
**1933**<sup>®</sup>

**MITCHELL'S**<sup>®</sup>

**ANNUAL  
REPORT  
2023**



# MITCHELL'S®

## CONTENTS

Company Information .....	03
Vision and Mission Statement.....	06
Notice of Annual General Meeting.....	08
Chairman's Review .....	14
Directors' Report .....	18
Key Financial Data .....	28
Pattern of Shareholding .....	32
Statement of Compliance with the Code of Corporate Governance.....	35
Independent Auditor's Review Report .....	37
Independent Auditor's Report .....	40
Statement of Financial Position .....	44
Statement of Profit or Loss .....	45
Statement of Comprehensive Income .....	46
Statement of Changes in Equity.....	47
Statement of Cash Flows .....	48
Notes to the Financial Statements .....	49
Proxy Form.....	95





# 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

## 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

## COMPANY SECRETARY

Anum Ali

## AUDITORS

Crowe Hussain Chaudhury & Co.  
 Chartered Accountants

## LEGAL ADVISORS

Alliance Legal Services  
 Office No.7, L.G. Floor, Lahore Palace Building,  
 14-B, Temple Road, 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

## 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



 MITCHELL'S® **Fruit**  
**BONBONS**  
Center Filled Candies



Farm  
Fresh  
since  
**1933**

# MITCHELL'S®

# Ready to Eat — AND — Ready to Cook



Farm  
Fresh  
since  
1933



A hand is shown holding a single green leaf, positioned next to a potted plant with many green leaves. The plant is in a dark metal pot with a circular top and a stand. The background is plain white.

## 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.

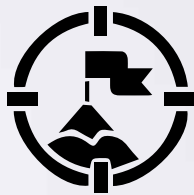
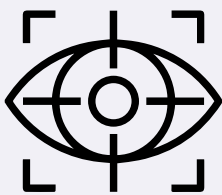


## VALUES

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 91st Annual General Meeting of Mitchell's Fruit Farms Limited will be held on November 15, 2023, on Wednesday 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 the last Annual General Meeting held on December 2, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the period ended June 30, 2023, together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending June 30, 2024, and to fix their remuneration as suggested by the audit committee to the Board of Directors.

## SPECIAL BUSINESS:

4. To Consider and, If deemed fit, pass a special resolution under Section 199 of the Companies Act, 2017, with or without modification, as recommended by the Directors:

**TO RESOLVE that**, in view of the PUCARS notification vide S.R.O. 389/(1)/2023 which details and confirms that there is no longer a need to issue/compose CDs/DVDs etc. to circulate the Annual Financial Statements among the shareholders. We hereby resolve to transmit the same through a QR code/web link instead as recommended by the Notification for the ease of business.

## 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

Anum Ali  
(Company Secretary)

LAHORE  
October 24, 2023

## NOTES

1. The share transfer book of the Company will remain closed from 2023-11-09 to 2023-11-15(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 8th November, 2023 will be considered in time.
2. The Individual Members who have not yet submitted a 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.
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 (72 - FCC, Gulberg IV, Lahore) not later than 48 hours before the time meeting is scheduled. The proxy form is placed on the Company's website – <http://www.mitchells.com.pk>.
4. Duly completed instrument of the proxy, and the other authority under which it is signed, or notari-ally 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 directly to Company's Share Registrar, M/s Corplink (Private) Limited, Wings Arcade, 1-K (Commercial), Model Town, Lahore.
6. [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 the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a 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 the case of a 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 the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a 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 the meeting.
    - v) In the case of a 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.
7. [Intimation of Changes of Address and declaration for non-deduction of Zakat:](#)
  - (a) 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.
  - (b) 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.
8. [Unclaimed Dividends and Shares Certificates:](#)
  - (a) Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/S Corplink (Private) Limited, 1-K Commercial, Model Town, Lahore to collect/enquire about their unclaimed dividend or pending shares, if any.
  - (b) Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years



from the date due and payable shall be deposited to the credit of the Federal Government (as and when the account is designated by the Federal Government) and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

9. **Circulate Annual Reports to shareholders via e-mail:**

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

(b) The standard request form is as below:  
I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of Mitchell's Fruit Farms Limited, holder of \_\_\_\_\_ Ordinary shares as per Registered Folio No./CDC Account No. \_\_\_\_\_ and email id \_\_\_\_\_ hereby give my consent for circulation of Annual Financial Statements along with notice of Annual General Meeting (AGM) through email.

\_\_\_\_\_  
Signature of member

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

(a) 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 financial statements, auditor's report and directors report, a notice of annual general meetings, and other information contained therein of the Company to the members for future years through CD or DVD or USB instead of transmitting the same in hard copies. However, the Company will supply the hard copy of the Annual Audited Accounts to the shareholders on demand at their registered addresses, free of cost, within one week of such demand.

(b) To proceed toward a paperless environment and to fulfill the responsibility toward the environment, Company has already passed a resolution with the consent of its shareholder, therefore, accounts are circulated in soft copies instead of the printed copy.

11. **Consent for Video Conference:**

(a) 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 a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of the 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 out the following and submit to the registered address of the Company at least 10 days before the date of AGM.

(b) Consent Form for Video Conference Facility is as below:

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

12. **Replacing physical shares into book entry form:**

The SECP through its letter No. CSD/ED/ Misc/2016 - 639-640 dated March 26, 2021 has advised listed companies to adhere to provisions of Section 72 of the Companies Act, 2017 by replacing physical shares issued by them into the book entry form. The shareholders of Mitchells having physical folios/share certificates are requested to convert their shares from the physical form into book-entry form as soon as possible. The shareholders may contact their Broker, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, avoidance of formalities required for the issuance of duplicate shares, etc. For further information and assistance, the shareholders may contact our Share Registrar, M/s. Corplink (Private) Limited.

13. **Annual Accounts:**

Annual Accounts of the Company for the period ended June 30, 2023 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

## چلچل فروٹ فارمز لمیٹڈ

بذریعہ نوٹس ہذا اطلاع دی جاتی ہے کہ چلچل فروٹ فارمز لمیٹڈ کا 91 واں سالانہ اجلاس عام مورخہ 15 نومبر 2023 بروز بدھ 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- 2 دسمبر 2022 کو منعقد ہونے والے گزشتہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- 30 جون 2023 کو ختم ہونے والے سال کے سالانہ پڑتال شدہ حسابات معائنہ پریذائریٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور اختیار کرنا۔
- 3- 30 جون 2024 کو ختم ہونے والے سال کے لئے آڈیٹرز کا تقرار اور بورڈ آف ڈائریکٹرز کو آڈٹ کمیٹی کی تجویز کے مطابق ان کے مشاہرے کا تعین کرنا۔

### خاص کارروائی

مندرجہ ذیل اسٹیبلشمنٹ ریڈولوشن کو (جو کہ کمپنیز ایکٹ 2017 کے سیکشن 199 کے تحت ہے) درست پا کر اس کو منظور کرنا۔  
PUCAR کا نوٹیفیکیشن نمبر 389(1)2023 اس بات کی اجازت دیتا ہے کہ سالانہ فنانشل رپورٹ کو سی ڈی یا ڈی وی ڈی کے تحت حصہ داران کو بھیجنے کی ضرورت نہیں ہے۔  
اس بات کے پیش نظر یہ فیصلہ کیا جاتا ہے کہ آئندہ سال سے سہولت کے مد نظر یہ سالانہ فنانشل رپورٹ QR کوڈ یا انٹرنیٹ لنک کے ذریعے ارسال کی جایا کرے گی۔

### دیگر امور:

- 1- صدر کی اجازت سے دیگر امور کی انجام دہی جو اجلاس کے روز بروز رکھے جائیں۔

بحکم بورڈ



انعم علی

کمپنی سیکریٹری

لاہور

24 اکتوبر 2023ء

### نوٹس

- 1- کمپنی کی شیئرز ٹرانسفرنسز 25 اکتوبر 2023 سے 31 اکتوبر 2023 (بشمول دونوں دن) تک بند رہیں گی۔ منتقلیاں (بشمول سی ڈی ایس کے تحت ڈیپازٹس درخواستیں) کمپنی کے شیئرز رجسٹر اری میسرز کارپوریشن (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 (کمرشل) ماڈل ٹاؤن، لاہور مورخہ 24 اکتوبر 2023 کو دوپہر 1:00 بجے تک موصول ہونے والی بروقت تصورات کی جائیں گی۔
- 2- انفرادی ممبران جنہوں نے ابھی تک مؤثر کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی کمپنی یا شیئرز رجسٹر اری میسرز کو جمع نہیں کروائی ان کو ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ وہ شناختی کارڈ کی کاپی کمپنی کے شیئرز رجسٹر اری میسرز کارپوریشن (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 (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 فولیو نمبر بھی دیں۔ سیوریٹیز اینڈ ایکیچینج کمیشن آفس پاکستان (SECP) کے نوٹیفیکیشن 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۔
- 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 پر کسی مقرر کر سکتا/سکتی ہے۔ پراسی کے مؤثر ہونے کے لئے ضروری ہے کہ وہ کمپنی کے رجسٹرڈ آفس (FCC-72، گلبرگ IV، لاہور) میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل وصول ہو جانی چاہئیں۔ پراسی فارم کمپنی کی ویب سائٹ <http://www.mitchells.com.pk> پر رکھا گیا ہے۔
- 4- باقاعدہ مکمل شدہ پراسی کے آلات، اور دیگر اتھارٹی جس کے تحت دستخط شدہ ہے، یا اس کی نوٹری پبلسٹیٹڈ 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 براہ راست کمپنی کے شیئرز رجسٹر اری میسرز کارپوریشن (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 (کمرشل)، ماڈل ٹاؤن، لاہور کو دیں۔

6- 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- پراکسی 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 پراکسی فارم جمع کرائیں گے۔

II- پراکسی فارم پر دو گواہوں کے دستخط ہونے چاہئیں جن کے نام، پتے اور CNIC نمبرز فارم پر درج ہوں۔

III- پراکسی فارم کیساتھ ہینڈلڈ اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ کی تصدیق شدہ کاپی لف ہونا ضروری ہے۔

IV- پراکسی 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 پراکسی فارم کے ہمراہ جمع کرائی جائے گی۔

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

(a) - شیئرز سٹیک ہولڈرز رکھنے والے ممبران اپنے رجسٹرڈ پتے میں تبدیلی کے بارے میں شیئرز رجسٹر ارا کو آگاہ کریں اور اپنے زکوٰۃ سے استثنیٰ کے ڈیکلریشنز، اگر قابل اطلاق ہو فراہم کریں۔

(b) - سی ڈی سی ای پارٹنیشنز اکاؤنٹس میں شیئرز رکھنے والے ممبران سے گزارش ہے کہ وہ سی ڈی سی یا اپنے متعلقہ شرکاء/اشاک بروکر کے ہاں اپنا ایڈریس اپ ڈیٹ کریں اور اپنے زکوٰۃ سے استثنیٰ کے ڈیکلریشنز، اگر قابل اطلاق ہو فراہم کریں۔

8- غیر دعویٰ شدہ منافع اور شیئرز سٹیک ہولڈرز

(a) - شیئرز ہولڈرز، جو کسی وجہ سے، اپنے ڈیویڈنڈ یا بونس شیئرز دعویٰ نہیں کر سکے یا اپنے مادی شیئرز حاصل نہیں کئے کو ہدایت کی جاتی ہے کہ اپنے غیر دعویٰ شدہ ڈیویڈنڈ یا بونس یا زکوٰۃ سے استثنیٰ کے زکوٰۃ کی ہوں حاصل/کے بارے میں معلوم کرنے کے لئے ہمارے شیئرز رجسٹر ارا میسرز کا رپ لنک (پرائیویٹ) لمیٹڈ، K-1 (کمرشل)، ماڈل ٹاؤن، لاہور سے رابطہ کریں۔

(b) - براہ مہربانی نوٹ فرمائیں کہ کمپنی ایکٹ 2017 کے سیکشن 244 کی تعمیل میں مقررہ طریقہ کار مکمل ہونے کے بعد، واجب اور قابل ادائیگی تاریخ سے تین سالوں کی مدت سے غیر دعویٰ شدہ منافع ڈیویڈنڈ فیڈرل گورنمنٹ کے کریڈٹ (جیسا کہ اور جب فیڈرل گورنمنٹ کی طرف سے اکاؤنٹ تفویض کیا گیا) میں جمع کروائے جائیں گے اور بصورت شیئرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان میں جمع کروائے جائیں گے۔

9- شیئرز ہولڈرز کو سالانہ رپورٹس کی بذریعہ ای میل ترسیل:

(a) - مورخہ 8 ستمبر 2014 کو جاری ہونے والے نوٹیفیکیشن ایس آر او نمبر 787(1)/2014 کے تحت کمپنیوں کو اجازت ہے کہ وہ شیئرز ہولڈرز کو سالانہ اجلاس عام (اے جی ایم) کے نوٹس کے ہمراہ سالانہ فنانشل سٹیٹمنٹ بذریعہ ای میل ارسال کریں۔ اس سلسلے میں، اراکین کو ہدایت کی جاتی ہے کہ معیاری درخواست فارم پر بذریعہ ای میل اپنی رضامندی پہنچائیں۔ علاوہ ازیں کمپنی کے شیئرز رجسٹر ارا کو اپنے رجسٹر ای میل ایڈریس میں ہونے والی ممکنہ تبدیلی کے بارے میں بروقت مطلع کرنا بھی ممبرز کی ذمہ داری ہے۔

(b) - معیاری درخواست فارم حسب ذیل ہے:

میں/ہم، \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت رکن چل فروٹ فارمز لمیٹڈ، بطابق رجسٹرڈ فولیو نمبر/ CDC اکاؤنٹ نمبر \_\_\_\_\_ عام حصص اور ای میل آئی ڈی \_\_\_\_\_ بذریعہ ہذا ای میل کے ذریعے سالانہ اجلاس عام

(AGM) نوٹس کے ہمراہ سالانہ مالیاتی گوشواروں کی ترسیل کے لیے اپنی رضامندی دیتا ہوں۔

رکن کے دستخط



10 - شیئر ہولڈرز کو سالانہ آڈٹ شدہ اکاؤنٹس اور اے جی ایم نوٹس کی بذریعہ سی ڈی یا ڈی ڈی یا یو ایس بی ترسیل:  
 (a) - ایس ای سی پی کے نوٹیفیکیشن 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 کا نوٹس اور کمپنی کی دیگر معلومات ہارڈ کاپیوں کی بجائے سی ڈی یا ڈی ڈی یا یو ایس بی کے ذریعے ارسال کر سکتی ہے۔ تاہم کمپنی شیئر ہولڈرز کے مطالبہ پر انہیں سالانہ آڈٹ شدہ اکاؤنٹس کی ہارڈ کاپی طلب کئے جانے کے ایک ہفتے کے اندر اسکے رجسٹر ایڈریس پر بلا معاوضہ فراہم کرے گی۔  
 (b) پیپر ایس ماحول کی طرف بڑھنے اور ماحول کے لئے اپنی ذمہ داری کو پورا کرنے کے لیے، کمپنی نے پہلے ہی اپنے شیئر ہولڈرز کی رضامندی سے ایک قرارداد منظور کی، اس لیے، اکاؤنٹس کو پرنٹ شدہ کاپی کے بجائے سافٹ کاپیوں میں ترسیل کیا جاتا ہے۔

11 - ویڈیو کانفرنس کیلئے رضامندی:  
 (a) - ایس ای سی پی کے سرکلر 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۔

(b) - ویڈیو کانفرنس کی سہولت کیلئے رضامندی کا فارم

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

دستخط رکن

12 - ایس ای سی پی نے اپنے خط نمبر 639-640 - CSD/ED/Misc/2016 مورخہ 26 مارچ 2021 کے ذریعے لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ کمپنیز ایکٹ، 2017 کے سیکشن 72 کی دفعات پر عمل کرتے ہوئے اپنے جاری کردہ فزیکل شیئرز کو بک انٹری فارم میں تبدیل کریں۔ فزیکل فوئیو/شیئر ٹھوکھٹ رکھنے والے مجاز کے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو فزیکل فارم سے جلد از جلد بک انٹری فارم میں تبدیل کریں۔ حصص یافتگان اپنے بروکر، سی ڈی سی شرکت کنندہ یا سی ڈی سی انوسٹر اکاؤنٹ سروس پرووائیڈرز سے سی ڈی ایس اکاؤنٹ کھولنے اور بعد ازاں فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے میں مدد کے لیے رابطہ کر سکتے ہیں۔ یہ حصص یافتگان کو کئی طریقوں سے سہولت فراہم کرے گا جن میں حصص کی محفوظ تھویل، ڈیپلیٹ حصص کے اجراء کے لیے درکار رسمی کارروائیوں سے گریز وغیرہ شامل ہیں۔ مزید معلومات اور مدد کے لیے، شیئر ہولڈرز ہمارے شیئر رجسٹرار، مینسز کارپ لنک (پرائیویٹ) لمیٹڈ سے رابطہ کر سکتے ہیں۔

13 - سالانہ اکاؤنٹس

30 جون 2023 کو ختم ہونے والے مالیاتی سال کیلئے سالانہ اکاؤنٹس، موجودہ اور پچھلے سالوں کے سالانہ اکاؤنٹس بمعہ سہ ماہی اکاؤنٹس کمپنی کی ویب سائٹ

http://www.mitchells.com.pk پر موجود ہیں۔

## CHAIRMAN'S REVIEW

Whilst the Company has recorded another net loss for the year, this was entirely a function of a very poor first quarter. The last nine months have remained difficult but were profitable; whilst macroeconomic stresses have continued to be a strong headwind, many company specific issues were tackled head-on.

The turnaround that started in the second quarter was driven by increased active sponsor involvement. In October 2022, Mr Najam Sethi assumed the role of CEO, and I became Chairman of the Board. In addition to initiating significant management changes, additional monies were made available to the Company to ensure smooth operations. There was an unremitting focus on appropriate and dynamic pricing strategies in the face of an increasingly inflationary environment, and on cost controls. SAP was rolled out successfully, giving us much better information on which to base decisions.

In addition to continuing the strategy of focusing on profitability in our core local business, the Company under the guidance of the Board, is keen to expand export sales and its B2B business, especially utilizing the excess pulping capacity available.

I would like to thank the Board for its valuable inputs in effecting the turnaround of the last nine months. We had healthy debate, but generally were able to find consensus. There were five board meetings during the course of the year. The Audit Committee, under the leadership of Mr Rizwan Bashir continued to play an effective role in identifying key control issues which the Board was subsequently able to address. The Company continues to have an Annual Board Performance Evaluation Mechanism and monitors individual board member performance.

We promised last year that performance would improve gradually but slowly; for the coming year we want to build on the positive last nine months to achieve less volatility and more predictability in our business and financial outcomes and to continue to focus on the bottom line.



Shazad Ghaffar  
Chairman  
October 10, 2023

## چیرمین جائزہ رپورٹ

چونکہ کمپنی نے اس سال بھی نقصان درج کرایا ہے، جس کی بنیادی وجہ پہلی سہ ماہی کی انتہائی خراب کارکردگی تھی۔ گزشتہ نو ماہ مشکل ترین لیکن منافع بخش رہے؛ جب کہ میکرو اکنامک دباؤ بدستور ایک مسئلہ ہے، اس کے علاوہ کمپنی کے اور بہت سے مسائل کو حل کیا گیا ہے۔

دوسری سہ ماہی میں تبدیلی کا آغاز اسپانسر کی زیادہ فعال شمولیت کی وجہ سے ہوا، اکتوبر 2022 میں، جناب نجم سیٹھی نے سی ای او کا عہدہ سنبھالا، اور میں بورڈ کا چیرمین بن گیا۔ اہم انتظامی تبدیلیوں کے علاوہ کمپنی کو بہتر کرنے کے لیے اور ہموار آپریشنز کو یقینی بنانے کے لیے کمپنی کو اضافی رقم فراہم کی گئی۔ بڑھتی ہوئی مہنگائی کے ماحول اور لاگت پر مناسب کنٹرول اور متحرک قیمتوں کے تعین کی حکمت عملیوں پر مسلسل توجہ مرکوز کی گئی۔ SAP کو کامیابی کے ساتھ متعارف کرایا گیا، جس کی وجہ سے قیمتی معلومات بروقت ملنا شروع ہو گئیں جن کی بنیاد پر بہتر فیصلے کئے گئے۔

ہمارے بنیادی مقامی کاروبار میں منافع پر توجہ مرکوز کرنے کی حکمت عملی کو جاری رکھنے کے علاوہ، بورڈ کی قیادت میں کمپنی، برآمدی فروخت اور، خاص طور پر دستیاب اضافی پلپنگ کی صلاحیت کو بروئے کار لاتے ہوئے اپنے B2B کاروبار کو وسعت دینے کی خواہشمند ہے۔

میں گزشتہ نو مہینوں کی تبدیلی کو موثر بنانے میں بورڈ کی قابل قدر خدمات کا شکریہ ادا کرتا ہوں۔ ہم نے صحت مند گفت و شنید کی اور باہم اتفاق رائے حاصل کرنے میں کامیاب رہے۔ سال کے دوران بورڈ کی آڈٹ کمیٹی کے پانچ اجلاس ہوئے۔ جناب رضوان بشیر کی سربراہی میں آڈٹ کمیٹی نے کنٹرول کے اہم مسائل کی نشاندہی میں اپنا موثر کردار ادا کیا جنہیں بعد میں بورڈ نے کامیابی سے حل کیا۔ کمپنی کے پاس بورڈ کی سالانہ کارکردگی کے جائزہ کا طریقہ کار موجود ہے اور بورڈ ممبران کی کارکردگی پر نظر رکھتا ہے۔

ہم نے پچھلے سال وعدہ کیا تھا کہ کارکردگی بتدریج لیکن آہستہ آہستہ بہتر ہوگی۔ آئندہ سال کے لیے ہم اپنے کاروبار اور مالیاتی نتائج میں کم اتار چڑھاؤ اور زیادہ پیش گوئی حاصل کرنے اور منافع بخش کارکردگی پر توجہ مرکوز کرنے کے لئے گزشتہ نو مہینوں کے طرز پر مثبت طریقے پر استوار کرنا چاہتے ہیں۔

Sheera Khan

شیرا خان

چیرمین

10 اکتوبر 2023ء



**MITCHELL'S®**

# Paste and Puree



Farm  
Fresh  
since  
**1933**

# MITCHELL'S®

## Ketchup & Sauce



Farm Fresh since 1933





## 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		2022-23	2021-22	Inc/(Dec)
Turnover - Gross	PKR '000	3,704,244	3,461,598	7%
Turnover - Net	PKR '000	2,724,931	2,489,291	9%
Gross Profit	PKR '000	648,116	193,820	234%
Gross Profit %	% Age	23.78%	7.79%	205%
Marketing & Distribution Costs	PKR '000	444,879	546,250	-19%
Administrative & General Expenses	PKR '000	187,798	227,878	-18%
Operating Profit/(Loss)	PKR '000	15,439	(580,308)	595,747
(Loss) After Tax	PKR '000	(59,197)	(621,977)	562,780
(Loss) Per Share-Rupees	PKR	(2.59)	(27.19)	24.60

### FINANCIAL RESULTS AND DEVELOPMENTS

The year 2022-2023 was again a difficult year. Pakistan's economy is currently under severe stress with low foreign reserves, a depreciating currency, and high inflation. There are strong pressures on domestic prices, the exchange rate, and foreign reserves. Economic activity has fallen with policy tightening, flood impacts, import controls, high borrowing and fuel costs, low confidence, and protracted policy and political uncertainty. Similarly, dwindling foreign reserves, import restrictions, flood impacts, high fuel costs, policy uncertainty, and the slowdown in domestic and global demand have greatly affected the industry and service sector activity.

Despite this negative backdrop, the company started its upward journey from the second quarter to recover from last year's losses, mainly concentrating upon doing profitable business instead of focusing upon expanding volumes. We still have a long way to go but we now have better visibility in terms of product profitability while we have also focused upon optimizing costs and make the company lean and more efficient to attain targets and maintain sustainable operations.

As a result of measures taken by the management, we have been able to drastically reduce the losses when compared to the previous year. The main reasons for this year's losses were:

- Persistent Increase in the prices of raw & packing material and other input costs, mainly fuel and power.
- Constant increase in the financial cost
- Unavailability of export refinance
- Provisioning for unsaleable/expired stocks etc.

Due to the above factors, the company was constrained to revise its pricing strategy to ensure profitable operations. As a result, a revenue growth of 9.47% was recorded while the gross profit margin also improved to 23.78% that had sharply decreased during the previous year. Like previous years, due to paucity of funds, we were not able to make advance procurement of raw & packing material in bulk on a timely basis and resultantly, were exposed to persistent price fluctuations in the market.

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 91 Million to the company. 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 consistent inflation in the country;
- Significant competition in our product categories making upward price revision a challenge;
- Adverse movement in commodity prices and foreign exchange rates since some of our raw & packing materials are either directly or indirectly imported; and
- Adverse movement in interest rates leading to unprecedented 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 with the help of attaining cost savings in manufacturing, administrative and distribution areas. There is a need to carry out major modernizations and improvements for which, profitable operations in the next year coupled with fresh induction of money shall be required.

## HUMAN RESOURCE DEVELOPMENT

It is a challenge to maintain a good talent base within the company in the existing inflationary conditions but the management is committed towards taking care of its employees by defining such policies and procedures that should add to their productivity.

## CORPORATE SOCIAL RESPONSIBILITY

No incident of accident, causing physical injury or misconduct was reported during the year.

The Company contributed Rs 549 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 1.9 million was also generated through 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

It is hoped that the financial results of the company will continue to improve in the coming year. The company is totally focused towards bringing production efficiencies, quality improvements and innovation and the management is working rigorously to enhance operations in an efficient and robust manner. At the same time, we are also working to enhance secondary sales and our customer outreach both locally as well as in internationally.

The company has also explored new B2B business opportunities by optimally utilizing its Pulping Plant and expects to further benefit from this channel in future. The fixed costs are continuously being monitored and controlled.

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.

### 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 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 sizeable portion of energy requirements is 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. Shazad Ghaffar	Chairman & Non-Executive Director	5
Mr. Najam Aziz Sethi	Chief Executive Officer	5
Syed Mohammad Mehdi Mohsin	Non-Executive Director	4
Mr. Abdul Hamid Dagia	Non-Executive Director	5
Syeda Umme Kulsum Imam	Non-Executive Director	5
Syed Manzar Hassan	Independent Director	1
Mr. Aamir Amin	Independent Director	4
Mr. Rizwan Bashir	Independent Director	5

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

### CHANGE IN DIRECTORS OFFICE

During the year, Ms. Naila Bhatti resigned from the position of Chief Executive Officer. Her position was filled by Mr. Najam Aziz Sethi while Mr. Shazad Ghaffar become Chairman of 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

## 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, 2023 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 41 to the annexed financial statements.

## EARNINGS PER SHARE

Loss per share for the year under report is Rs. 2.59 as compared to the last year figure of Rs 27.19.

## DIVIDEND

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

## AUDITORS

The present Auditors, Messrs. Crowe Hussain Chaudhury & Co. Chartered Accountants retire and offer themselves for reappointment. The Board of Directors, on recommendation of Audit Committee, proposes the reappointment of Messrs. Crowe Hussain Chaudhury & Co. Chartered Accountants, for the year ending June 30, 2024.

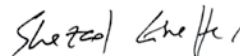
## ACKNOWLEDGEMENTS

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: October 10, 2023

# 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 کھفیکیشنری مصنوعات کی تیاری اور فروخت میں مصروف ہے۔

## 2- مالی نتائج پر ایک نظر:

کمپنی کا مختصر مالیاتی تجزیہ زیر نظر ہے۔

مالیاتی نتائج	2022-23	2021-22	اضافہ کی	
کاروبار کی شرح - مجموعی	PKR '000	3,704,244	3,461,598	7%
کاروبار کی شرح - خالص	PKR '000	2,724,931	2,489,291	9%
کل منافع	PKR '000	648,116	193,820	234%
کل منافع فیصد (%)	% Age	23.78%	7.79%	205%
اخراجات فروخت و تقسیم کاری	PKR '000	444,879	546,250	-19%
اخراجات انتظامی امور	PKR '000	187,798	227,878	-18%
آپریٹنگ منافع / (خسارہ)	PKR '000	15,439	(580,308)	595,747
ٹیکس کے بعد (خسارہ)	PKR '000	(59,197)	(621,977)	562,780
(خسارہ) فی شخص روپے	PKR	(2.59)	(27.19)	24.60

## مالی نتائج اور ترقی

سال 2022-2023 پھر ایک مشکل ترین سال تھا۔ پاکستان کی معیشت اس وقت زرمبادلہ کے کم ذخائر، کرنسی کی قدر میں کمی اور مہنگائی کی بلند شرح کے باعث شدید بے روزگاری کا شکار ہے۔ ملکی قیمتوں، شرح مبادلہ اور غیر ملکی ذخائر پر سخت دباؤ ہے۔ پالیسیوں میں ترقی، سیلاب کے اثرات، درآمدی کنٹرول، قرض اور ایندھن کی زیادہ لاگت، اعتماد میں کمی، اور طویل پالیسی اور سیاسی غیر یقینی کی وجہ سے اقتصادی سرگرمیاں کم ہو گئی ہیں۔ اسی طرح غیر ملکی ذخائر میں کمی، درآمدی پابندیاں، سیلاب کے اثرات، ایندھن کی زیادہ قیمتیں، پالیسی کی غیر یقینی صورتحال اور ملکی اور عالمی طلب میں کمی نے صنعت اور سروس سیکٹرز کی سرگرمیوں کو بہت متاثر کیا ہے۔

اس منفی پس منظر کے باوجود، کمپنی نے گزشتہ سال کے نقصانات سے نکلنے کے لیے دوسری سہ ماہی سے بہتری کی طرف سفر شروع کیا، بنیادی طور پر حجم کو بڑھانے پر توجہ دینے کے بجائے منافع بخش کاروبار کرنے پر توجہ دی گئی۔ ہمیں ابھی بہت طویل سفر طے کرنا ہے لیکن اب ہمارے پاس مصنوعات کے منافع کے لحاظ سے بہتر نمائش ہے جبکہ ہم نے لاگت کو بہتر بنانے اور کمپنی کو اپنا ہدف حاصل کرنے اور مستحکم آپریٹنگ کو برقرار رکھنے کے لیے توانا اور زیادہ موثر بنانے پر بھی توجہ مرکوز کی ہے۔

انتظامیہ کی طرف سے اٹھائے گئے اقدامات کے نتیجے میں، ہم پچھلے سال کے مقابلے میں نقصانات کو کافی حد تک کم کرنے میں کامیاب رہے ہیں۔ اس سال کے نقصانات کی بنیادی وجوہات یہ تھیں:

• خام اور پیکنگ میٹریل اور دیگر پیداواری اخراجات، خاص طور پر ایندھن اور بجلی کی قیمتوں میں مسلسل اضافہ۔

• مالیاتی لاگت میں مسلسل اضافہ

• ایکسپورٹ ری فنانس کی عدم دستیابی۔

• ناقابل فروخت/خراب شدہ اسٹاک وغیرہ کی فراہمی۔

مندرجہ بالا عوامل کی وجہ سے، کمپنی منافع بخش کارروائیوں کو یقینی بنانے کے لیے اپنی قیمتوں کی حکمت عملی پر نظر ثانی کرنے پر مجبور تھی۔ اس کے نتیجے میں، فروخت کی مد میں 9.47% کا اضافہ ریکارڈ کیا گیا جبکہ گراس پرافٹ کارمارجن بھی 23.78% تک بہتر ہوا جو پچھلے سال کے دوران تیزی سے کم ہوا تھا۔ پچھلے سالوں کی طرح، فنڈز کی کمی کی وجہ سے، ہم بروقت بنیادوں پر خام اور پیکنگ میٹریل کی پیشگی خریداری نہیں کر سکے اور اس کے نتیجے میں، مارکیٹ میں قیمتوں میں مسلسل اتار چڑھاؤ کا سامنا کرنا پڑا۔

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

اس مدت کے دوران، دو اسپانسر نے کمپنی کو 91 ملین پاکستانی روپے کے نئے قرضوں کی توسیع کی۔ اسپانسر 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 مسلسل مہنگائی کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال،
- 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 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۔

### مینیجمنٹ کی آپریشنز

مینیجمنٹ کی آپریشنز کو مؤثر طریقے سے آگے بڑھانے کے لیے کمپنی کو کئی چیلنجز کا سامنا ہے۔ تاہم مینیجمنٹ کی آپریشنز اور تنظیمی امور تقسیم کاری کے شعبوں میں لاگت کو بچانے کی مدد کے ساتھ 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 اگلے سال میں منافع بخش آپریشنز کے ساتھ ساتھ مزید رقم شامل کرنے کی ضرورت ہوگی۔

### انسانی وسائل کی بہتری

موجودہ مہنگائی کے حالات میں کمپنی کے اندر اچھے ٹیلنٹ کی بنیاد کو برقرار رکھنا بھی ایک چیلنج ہے لیکن انتظامیہ ایسی پالیسیاں اور طریقہ کار وضع کرتے ہوئے اپنے ملازمین کی دیکھ بھال کے لیے پُر عزم ہے جس سے ان کی پیداواری صلاحیت میں اضافہ ہو۔

### کارپوریٹ سماجی ذمہ داری

اس سال کوئی حادثہ، جسمانی زخم اور غیر اخلاقی واقعہ رونما نہیں ہوا۔ کمپنی نے کسٹمر ڈیوٹی، سیلز ٹیم، فیڈرل ایکسائز ڈیوٹی، اور انکم ٹیکس کی مد میں قومی خزانے میں 549 ملین روپے کا حصہ شامل کیا۔ مزید برآں زیر جائزہ مدت کے دوران ہماری برآمدات کی مد میں 1.9 بلین امریکی ڈالر کا زرمبادلہ 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

امید ہے کہ چند سال میں کمپنی کے مالیاتی نتائج میں بہتری آئے گی۔ کمپنی کی پوری توجہ پیداواری صلاحیتوں، معیار میں بہتری اور جدت لانے کی طرف ہے اور انتظامیہ مؤثر اور مستحکم طریقے سے آپریشنز کو بڑھانے کے لیے سختی سے کام کر رہی ہے۔ اس کے ساتھ ساتھ ہم ثانوی فروخت کو بڑھانے کے لیے بھی کام کر رہے ہیں اور مقامی اور بین الاقوامی سطح پر اپنے صارفین کی رسائی کو بڑھا رہے ہیں۔ کمپنی نے اپنے پیکنگ پلانٹ کو بہترین طریقے سے استعمال کرتے ہوئے نئے B2B کاروباری مواقع بھی تلاش کیے ہیں اور مستقبل میں اس چینل سے مزید فائدہ حاصل ہونے کی توقع ہے۔ مقررہ اخراجات کی مسلسل نگرانی اور کنٹرول کیا جا رہا ہے۔ آئندہ مالی سال کے لیے ہم چیلنج معاشی غیر یقینی اور منفی معاشی حالات کی وجہ سے صارفین کی کم قوت خرید کو ایک بار پھر برداشت کرنا ہوگا۔

### اندرونی مالیاتی کنٹرول

ڈائریکٹرز اور انتظامیہ کمپنی کے اندرونی کنٹرول کے سالانہ جائزہ کے ذمہ دار ہیں جس کی وجہ سے شیئر ہولڈرز کو ان کی سرمایہ کاری کا بہترین بدل مل سکے۔ یہ ذمہ دارانہ تفتیش اور خطرات کے انتظامات کے مطابق ہے۔ اس میں مالی، آپریشنل اور کیمپلائنس کنٹرولز اور رسک مینجمنٹ کے طریقہ کار اور ان کی تاثیر کا جائزہ لینا شامل ہے۔ بورڈ اور آڈٹ کمیٹی اندرونی کنٹرول کے تقاضوں کو پورا کرنے کے لیے کمپنی کے مضبوط داخلی آڈٹ فنکشن سے متعلق رپورٹوں کو 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 کرتی 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 کی واضح نشاندہی 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 کمپنی کے گونگ کنٹرن ہونے کی بنیاد پر تیار کئے گئے ہیں۔
- گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالی اعداد و شمار سالانہ رپورٹ میں دیئے گئے ہیں۔ کمپنی کے حصص میں اس کے ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کی گئی تمام تجارت بھی اس سالانہ رپورٹ کے ساتھ لف ہے۔
- ٹیکسز، ڈیویڈنڈ، 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 آپریٹنگز کی وجہ سے ماحول پر پڑنے والے بڑے اثرات کو کم کرنے کا تہیہ کر رکھا ہے۔ توانائی کی ضروریات کا اہم حصہ زرعی بائی مصنوعات (بائیو ماس) سے پورا کیا جاتا ہے۔

#### بورڈ کی تشکیل

بورڈ 7 مرد ڈائریکٹرز اور 1 خاتون ڈائریکٹر پر مشتمل ہے۔

3	انڈیپنڈنٹ ڈائریکٹرز
4	نان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹرز

ڈائریکٹرز کے نام	عہدہ	اجلاسوں میں حاضری
جناب شہزاد غفار	چیئرمین اور نان ایگزیکٹو ڈائریکٹر	5
جناب نجم عزیز سیٹھی	چیف ایگزیکٹو آفیسر	5
سید محمد مہدی محسن	نان ایگزیکٹو ڈائریکٹر	4
جناب عبدالحمید داگیہ	نان ایگزیکٹو ڈائریکٹر	5
سیدہ ام کلثوم امام	نان ایگزیکٹو ڈائریکٹر	5
سید منظر حسن	آزاد ڈائریکٹر	1
جناب عامر امین	آزاد ڈائریکٹر	4
جناب رضوان بشیر	آزاد ڈائریکٹر	5

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

#### ڈائریکٹرز آفس میں تبدیلی

سال کے دوران محترمہ منالیہ سیٹھی چیف ایگزیکٹو آفیسر کے عہدہ سے مستعفی ہو گئیں۔ ان کی جگہ پر جناب نجم عزیز سیٹھی کو مقرر کیا گیا جبکہ جناب شہزاد غفار بورڈ آف ڈائریکٹرز کے چیئرمین بنے۔

#### آڈٹ کمیٹی

سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ جن میں ہر ایک ڈائریکٹرز کی حاضری مندرجہ ذیل رہی۔

ڈائریکٹرز کے نام	عہدہ	اجلاسوں میں حاضری
جناب رضوان بشیر	آزاد ڈائریکٹر / چیئرمین	4
جناب شہزاد غفار	نان ایگزیکٹو ڈائریکٹر	4
جناب عامر امین	نان ایگزیکٹو ڈائریکٹر	4

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

لٹیکینیئر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز کی تعمیل  
کمپنی نے 30 جون 2023 کو ختم ہونے والے سال کے متعلقہ قوانین کی بہتر انداز سے بیرونی اور اس کی مکمل تعمیل کی ہے اور اس سلسلہ میں تعمیل کا بیان رپورٹ کے ساتھ منسلک ہے۔

عمومہ 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 41 میں دیکھی جاسکتی ہیں۔

فی حصص آمدنی  
زیر جائزہ سال میں 2.59 روپے فی حصص نقصان ہوا جبکہ گزشتہ سال 27.19 روپے فی حصص نقصان تھا۔

ڈیویڈنڈ  
نتائج کی بنیاد پر زیر جائزہ سال کے لئے کوئی ڈیویڈنڈ تجویز نہیں کیا گیا۔  
آڈیٹر  
موجودہ آڈیٹر میسرز کرو حسین چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر 30 جون 2024 کو ختم ہونے  
والے سال کے لئے بطور آڈیٹر میسرز کرو حسین چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی تجویز دی ہے۔  
اظہار تشکر  
بورڈ آف ڈائریکٹرز سال کے دوران کمیٹی کو درپیش چیلنجز پر کامیابی سے قابو پانے میں تمام ملازمین کا ان کی کوششوں اور عزم کے لیے شکر ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

Sheza Ghaffar

شہزاد غفار  
چیئر مین

Charul Gupta

جناب نجم عزیزی سیٹھی  
چیف ایگزیکٹو آفیسر

لاہور

10 اکتوبر 2023ء





MITCHELL'S®

# Chocolate



Farm  
Fresh  
since  
**1933**

**MITCHELL'S®**

# Jam, Jelly & Marmalade



Farm  
Fresh  
since  
**1933**



# VERTICAL ANALYSIS OF FINANCIAL STATEMENTS

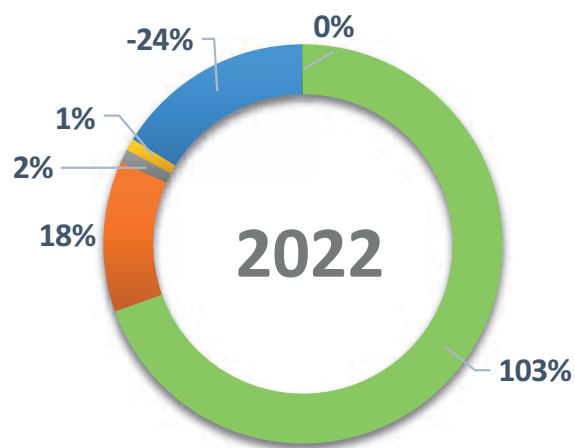
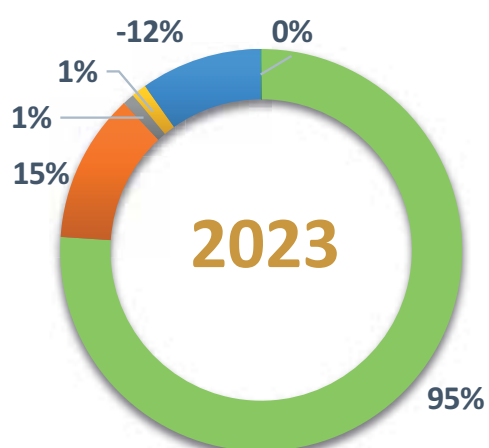
	2023		2022		2021		2020		2019		2018	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
<b>Balance Sheet</b>												
Non-current Assets	656,320	40.50	697,771	42.4	694,663	40.66	614,348	44.50	638,792	47.55	696,294	46.63
Current Assets	964,214	59.50	946,244	57.6	1,013,994	59.34	766,271	55.50	704,702	52.45	797,015	53.37
<b>Total Assets</b>	<b>1,620,534</b>	<b>100</b>	<b>1,644,015</b>	<b>100</b>	<b>1,708,657</b>	<b>100</b>	<b>1,380,619</b>	<b>100</b>	<b>1,343,494</b>	<b>100</b>	<b>1,493,309</b>	<b>100</b>
Equity	143,746	8.87	202,936	12.34	836,418	48.95	74,310	5.38	126,445	9.41	209,300	14.02
Non-current Liabilities	141,008	8.70	135,742	8.26	126,384	7.40	134,230	9.72	134,123	9.98	119,730	8.02
Current Liabilities	1,335,780	82.43	1,305,337	79.40	745,855	43.65	1,172,079	84.90	1,082,926	80.61	1,164,279	77.97
<b>Total equity and Liabilities</b>	<b>1,620,534</b>	<b>100</b>	<b>1,644,015</b>	<b>100</b>	<b>1,708,657</b>	<b>100</b>	<b>1,380,619</b>	<b>100</b>	<b>1,343,494</b>	<b>100</b>	<b>1,493,309</b>	<b>100</b>
<b>Profit and Loss Account</b>												
Net Sales	2,724,931	100.00	2,489,291	100.00	2,210,620	100.00	2,112,493	100.00	1,987,552	100.00	1,628,007	100.00
Cost of Sales	(2,076,815)	(76.22)	(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)
<b>Gross Profit</b>	<b>648,116</b>	<b>23.78</b>	<b>193,820</b>	<b>7.79</b>	<b>489,340</b>	<b>22.14</b>	<b>442,423</b>	<b>20.94</b>	<b>434,413</b>	<b>21.86</b>	<b>252,888</b>	<b>15.53</b>
Selling and Distribution expenses	(444,879)	(16.33)	(546,250)	(21.94)	(311,214)	(14.08)	(253,637)	(12.01)	(282,634)	(14.22)	(407,886)	(25.05)
Administrative expenses	(187,798)	(6.89)	(227,878)	(9.15)	(137,043)	(6.20)	(150,669)	(7.13)	(135,252)	(6.80)	(136,106)	(8.36)
	15,439	0.57	(580,308)	(23.31)	41,082	1.86	38,117	1.80	16,527	0.83	(291,104)	(17.88)
Other operating expense	(63,954)	(2.35)	(16,885)	(0.68)	(8,767)	(0.40)	(3,263)	(0.15)	(5,341)	(0.27)	(2,550)	(0.16)
Other operating income	107,685	3.95	47,995	1.93	35,111	1.59	12,162	0.58	15,592	0.78	25,480	1.57
	59,171	2.17	(549,197)	(22.06)	67,426	3.05	47,016	2.23	26,777	1.35	(268,174)	(16.47)
Financial expenses	(85,083)	(3.12)	(36,981)	(1.49)	(25,631)	(1.16)	(74,272)	(3.52)	(78,300)	(3.94)	(49,244)	(3.02)
<b>(Loss)/Profit before tax</b>	<b>(25,912)</b>	<b>(0.95)</b>	<b>(586,178)</b>	<b>(23.55)</b>	<b>41,795</b>	<b>1.89</b>	<b>(27,256)</b>	<b>(1.29)</b>	<b>(51,523)</b>	<b>(2.59)</b>	<b>(317,418)</b>	<b>(19.50)</b>
Taxation	(33,285)	(1.22)	(35,799)	(1.44)	(31,329)	(1.42)	(28,189)	(1.33)	(28,483)	(1.43)	24,799	1.52
<b>(Loss)/Profit for the year</b>	<b>(59,197)</b>	<b>(2.17)</b>	<b>(621,977)</b>	<b>(25)</b>	<b>10,466</b>	<b>0.5</b>	<b>(55,445)</b>	<b>(3)</b>	<b>(80,006)</b>	<b>(4)</b>	<b>(292,619)</b>	<b>(18)</b>

# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENTS

	2023	2022	2021	2020	2019	2018
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
<b>Balance Sheet</b>						
Non-current Assets	656,320	697,771	694,663	614,348	638,792	696,294
Current Assets	964,214	944,132	1,013,994	766,271	704,702	797,015
<b>Total Assets</b>	<b>1,620,534</b>	<b>1,641,903</b>	<b>1,708,657</b>	<b>1,380,619</b>	<b>1,343,494</b>	<b>1,493,309</b>
Equity	143,746	202,936	836,418	74,310	126,445	209,299
Non-current Liabilities	141,008	135,742	126,384	134,230	134,123	119,730
Current Liabilities	1,335,780	1,303,225	745,855	1,172,079	1,082,926	1,164,280
<b>Total equity and Liabilities</b>	<b>1,620,534</b>	<b>1,641,903</b>	<b>1,708,657</b>	<b>1,380,619</b>	<b>1,343,494</b>	<b>1,493,309</b>
<b>Profit and Loss Account</b>						
Net Sales	2,724,931	2,489,291	2,210,620	2,112,493	1,987,552	1,628,008
Cost of Sales	(2,076,815)	(2,295,471)	(1,721,280)	(1,670,070)	(1,553,139)	(1,375,118)
<b>Gross Profit</b>	<b>648,116</b>	<b>193,820</b>	<b>489,340</b>	<b>442,423</b>	<b>434,413</b>	<b>252,890</b>
Administrative expenses	(187,798)	(546,250)	(137,043)	(150,669)	(135,252)	(136,106)
Selling and Distribution expenses	(444,879)	(227,878)	(311,214)	(253,637)	(282,634)	(407,887)
<b>Other operating expenses</b>	<b>15,439</b>	<b>(580,308)</b>	<b>41,082</b>	<b>38,117</b>	<b>16,527</b>	<b>(291,103)</b>
<b>Other operating income</b>	<b>(63,954)</b>	<b>(16,885)</b>	<b>(8,767)</b>	<b>(3,263)</b>	<b>(5,341)</b>	<b>(2,551)</b>
<b>Other operating income</b>	<b>107,685</b>	<b>47,995</b>	<b>35,111</b>	<b>12,162</b>	<b>15,592</b>	<b>25,480</b>
<b>Financial expenses</b>	<b>59,172</b>	<b>(549,196)</b>	<b>67,427</b>	<b>47,017</b>	<b>26,778</b>	<b>(268,174)</b>
<b>Financial expenses</b>	<b>(85,083)</b>	<b>(36,981)</b>	<b>(25,631)</b>	<b>(74,272)</b>	<b>(78,300)</b>	<b>(49,244)</b>
<b>(Loss)/Profit before tax</b>	<b>(25,911)</b>	<b>(586,177)</b>	<b>41,796</b>	<b>(27,256)</b>	<b>(51,523)</b>	<b>(317,418)</b>
<b>Taxation</b>	<b>(33,285)</b>	<b>(35,799)</b>	<b>(31,329)</b>	<b>(28,189)</b>	<b>(28,483)</b>	<b>24,799</b>
<b>(Loss)/Profit for the year</b>	<b>(59,196)</b>	<b>(621,976)</b>	<b>10,467</b>	<b>(55,445)</b>	<b>(80,006)</b>	<b>(292,619)</b>
<b>Summary of Cash Flows</b>						
Net cash flows from operating activities	(28,102)	(181,985)	(235,165)	84,352	47,250	(147,501)
Net cash flows from investing activities	(9,150)	(60,684)	(106,378)	(23,031)	5,087	(32,397)
Net cash flows from financing activities	36,942	251,667	745,000	50,000	(21,333)	107,333
<b>Net change in cash and cash equivalents</b>	<b>(309)</b>	<b>8,997</b>	<b>403,457</b>	<b>111,321</b>	<b>31,003</b>	<b>(72,565)</b>

# VALUE ADDITION AND ITS DISTRIBUTION

	2023		2022	
	Rs. In '000	%	Rs. In '000	%
<b>WEALTH GENERATED</b>				
Net Sales	2,724,931	-	2,489,291	-
Other Income	107,685	-	47,995	-
	<b>2,832,616</b>	<b>100.00</b>	<b>2,537,286</b>	<b>100.00</b>
<b>DISTRIBUTION OF WEALTH</b>				
Bought-In-Materials & Services	2,679,704	94.60	2,610,321	102.88
<b>To Employee:</b> Remuneration, Benefit and Facilities	423,017	14.93	459,278	18.10
<b>To Government:</b> Income tax, WPPF and WWF	33,285	1.18	39,695	1.56
Finance Cost including exchange loss	42,384	1.50	36,981	1.46
Dividend to shareholders	-	-	-	-
Invested from revenue reserves(Balancing Figure)	(345,773)	-12.21	(609,020)	-24.00
Charity and Donation	-	0.000	31	0%
	<b>2,832,616</b>	<b>100.00</b>	<b>2,537,286</b>	<b>100.00</b>

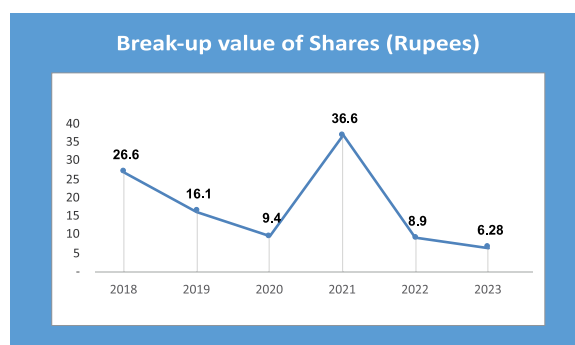
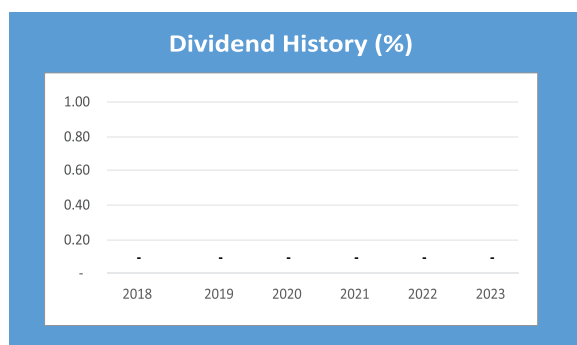
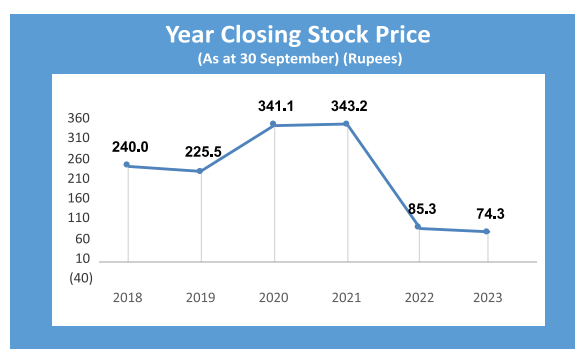
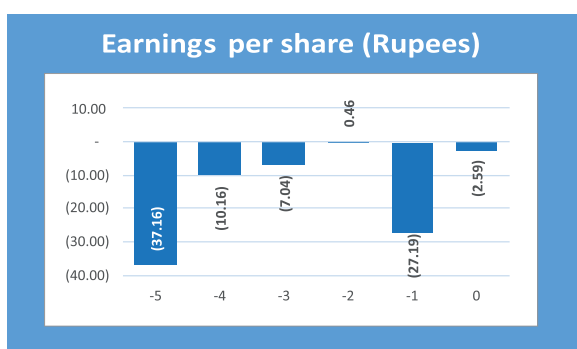




# STAKEHOLDER INFORMATION

	2023	2022	2021	2020	2019	2018
<b>Rate of return</b>						
Return on assets (%)	(3.7)	(37.9)	0.6	(4.0)	(6.0)	(19.6)
Return on equity (%)	(41.2)	(306.5)	1.3	(74.6)	(63.3)	(139.8)
Return on capital employed (%)	20.8	(162.0)	7.0	22.5	10.3	(81.5)
Interest cover ratio	0.7	(14.9)	2.6	(0.6)	(34.2)	(5.5)
<b>Gross profit Margin (%)</b>						
Gross profit Margin (%)	23.8	7.8	22.1	20.9	21.9	15.5
Net profit to sales (%)	(2.2)	(25.0)	0.5	(2.6)	(4.0)	(18.0)
EBITDA (Rs.)	116,894	(494,017)	100,976	90,321	74,859	(219,665)
EBITDA margin to sales (%)	4.3	(19.8)	4.6	4.3	3.8	(13.5)
<b>Liquidity</b>						
Current ratio	0.7	0.7	1.4	0.7	0.7	0.7
Quick Ratio	0.3	0.4	0.8	0.4	0.4	0.3
<b>Financial Gearing</b>						
Debt-Equity Ratio	10.3	7.1	0.2	0.9	0.9	0.8
Debt to Assets %	91.1	87.6	51.0	94.6	90.6	86
<b>Capital Efficiency</b>						
Debtor turnover Days	27	39	54	24	24	14
Inventory turnover Days	76	67	86	73	65	123
Creditor turnover Days	125	90	90	87	106	98
Operating Cycle	(22)	15	50	10	(17)	38
Fixed assets turnover ratio	4.2	3.6	3.5	3.7	3.3	2.3
Total assets turnover Ratio	1.7	1.5	1.3	1.5	1.5	1.1

# SHAREHOLDER INFORMATION



## PATTERN OF SHAREHOLDING AS AT JUNE 30, 2023

No. of Shareholders	From	To	Total Shares Held
454	1	100	15,457
472	101	500	158,348
243	501	1,000	214,055
358	1,001	5,000	859,377
49	5,001	10,000	344,748
18	10,001	15,000	224,252
11	15,001	20,000	188,686
6	20,001	25,000	139,195
5	25,001	30,000	137,103
1	30,001	35,000	30,500
1	35,001	40,000	36,000
1	40,001	45,000	41,538
2	45,001	50,000	97,300
1	60,001	65,000	64,248
2	75,001	80,000	155,613
1	80,001	85,000	82,550
1	100,001	105,000	104,516
1	105,001	110,000	109,659
1	120,001	125,000	125,000
1	125,001	130,000	130,000
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	555,001	560,000	556,463
1	850,001	855,000	850,334
1	870,001	875,000	874,500
1	2,070,001	2,075,000	2,072,196
3	4,495,001	4,500,000	13,491,516
1,642			22,875,000

Categories of shareholders	Share held	Percentage
1 Directors, Chief Executive Officer, and their spouse and minor children	13,977,240	61.1027%
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	5,489,258	23.9968%
b. Foreign	87,050	0.3805%
9 Others (to be specified)		
- Joint Stock Companies	1,041,548	4.5532%
- Pension Funds	64,248	0.2809%
- Others	2,255	0.0099%

# CATEGORIES OF SHAREHOLDERS AS REQUIRED UNDER C.C.G. AS AT JUNE 30, 2023

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	SYED MOHAMMAD MEHDI MOHSIN	4,669,872	20.4147%
2	MR. RIZWAN BASHIR	1,501	0.0066%
3	MST. UMME KULSUM IMAM	3,267	0.0143%
4	MR. NAJAM AZIZ SETHI	1,452	0.0063%
5	MR. AAMIR AMIN (NIT NOMINEE)	--	--
6	SYED MANZAR HASSAN (CDC)	1,452	0.0063%
7	MR. SHAHZAD GHAFAR	1,452	0.0063%
8	MR. ABDUL HAMID AHMAD DAGIA (CDC)	5,000	0.0219%
9	SYEDA MATANAT GHAFAR W/O MR. SHAHZAD GHAFAR (CDC)	4,622,172	20.2062%
10	SYEDA MAIMANAT MOHSIN W/O MR. NAJAM AZIZ SETHI (CDC)	4,671,072	20.4200%
Executives:		-	-
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 MAIMNAT MOHSIN	4,671,072	20.4200%
3	SYEDA MATANAT MOHSIN (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 their spouses and minor children shall also be disclosed: None



# STATEMENT OF COMPLIANCE

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

### MITCHELL'S FRUIT FARMS LIMITED FOR THE YEAR ENDED JUNE 30, 2023

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

1. The total number of directors are 8 as per the following; -

a) Male:	7
b) Female:	1

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr.Syed Manzar Hasan
	Mr.Rizwan Bashir
	Mr.Amir Amin
Executive Director	Mr.Najam Aziz Sethi
Non-Executive Directors	Mr.Shazad Ghaffar
	Mr.Syed Mohammad Mehdi Mohsin
	Ms.Umme Kulsoom Imam
	Mr.Abdul Hameed Dagia
Female directors	Ms.Umme kulsoom Imam

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 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;
- 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;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 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 the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- Four directors have acquired prescribed certification under Directors' Training Program while the Company shall facilitate further training for the remaining Directors in near future as defined in these regulations.
- The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations they remain unchanged and no new appointments were made in these faculties.
- Chief financial officer and Chief Executive officer duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below; -
  - Audit Committee**
    - Mr. Rizwan Bashir Chairman
    - Mr. Amir Amin Member
    - Mr. Shazad Ghaffar Member

**b) HR and Remuneration Committee**

- (i) Mr. Manzar Hassan Chairman
- (ii) Ms. Umme Kulsoom Imam Member
- (iii) Mr. Amir Amin Member

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 committee were as per following:
- a) Audit Committee: 4\*
  - b) HR and Remuneration Committee: 0
- \* Quarterly meeting required in first quarter was not held due to extension in holding the Annual General Meeting.
15. The Board has set up an effective internal audit function who 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 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 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, 32, 33 and 36 of the Regulations have been complied with except 27(2)(i) to hold first quarter meeting of Audit Committee due to extension in Annual General Meeting; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

Sr. No.	Regulation No.	Description	Explanation
1	19	By June 30, 2022, all directors shall acquire certification under director training program.	Directors in need of DTP are in line to receive the training in the following year. They are aligned and enrolled for such training and soon would be receiving it.
2	28(3)	HR & R Committee shall meet at least once in a financial year.	We are in the process of recruiting more resources in our HR department. We shall ensure compliance with this requirement in the following year.

Najam Aziz Sethi  
Chief Executive Officer  
Lahore: October 10, 2023

Shazad Ghaffar  
Chairman



**Crowe Hussain Chaudhury & Co.**  
25-E, Main Market, Gulberg II,  
Lahore-54600, Pakistan  
Main +92-42-3575 9223-5  
www.crowe.pk

## 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 ("the Company") for the year ended June 30, 2023 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, 2023.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No	Paragraph Reference	Description
1	18	The Audit Committee of the Company did not hold its meeting during the first quarter of the year ended June 30, 2023, as required under regulation 27(2)(i) of the Regulations.
2	19	Three Directors out of Seven Directors have not acquired the prescribed certification under the Directors' Training Program as required under regulation 19(2) of the Regulations.
3	19	The HR & R Committee of the Company did not hold any meeting during the year ended June 30, 2023, as required under regulation 28(3) of the Regulations.

Lahore  
Date: 12<sup>th</sup> October, 2023  
UDIN: CR202310051dYlwyUWnD

  
**CROWE HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants



**MITCHELL'S®**

# Squash



Farm  
Fresh  
since  
**1933**





**FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2023



# 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, 2023 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to and forming part of these 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, 2023 and of the loss, its comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent

of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan 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 the note 2.2 to the financial statements, which indicates that the Company incurred a total comprehensive loss of Rs. 59.190 million (2022: Rs. 633.482 million) during the year and as at the reporting date, the Company's current liabilities exceeded its current assets by Rs. 371.566 million (2022: Rs. 359.093 million). These events or conditions, along with factors mentioned in note 24 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. 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 matters described below to be the key audit matters to be communicated in our report:

S. No	Key audit matter	How the matter was addressed in our audit
(1)	<b>Revenue recognition</b>	
	<p>Refer to note 25 to the financial statements, Revenue of the Company has increased from Rs. 2,489.2 million to Rs. 2,724.9 million for the year ending June 30, 2023.</p> <p>The Company is primarily engaged in the manufacturing and sales of various confectionery and grocery products. We identified recognition of revenue as a key audit matter due to revenue being one of the key performance indicators of the Company and due to significant management judgements and estimations involved in determining the amount of revenue to be recognized.</p>	<p>Our key audit procedures related to revenue included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, testing the operating effectiveness of those controls.</li> <li>• Assessing the appropriateness of the Company's revenue recognition policies and their compliance with applicable accounting and reporting standards.</li> <li>• Comparing a sample of revenue transactions recorded during the year with customers' orders, sales invoices, delivery orders and other relevant underlying documents.</li> <li>• Reviewing contracts with customers and comparing the revenue transactions to the relevant sales orders, sales invoices, delivery challans and other relevant underlying documents to assess whether the revenue was recorded in accordance with the Company's revenue accounting policy and applicable financial reporting framework.</li> <li>• Examining the customer receipts for sales made during the year.</li> <li>• Assessing the appropriateness and adequacy of disclosed information in the financial statements in accordance with the relevant accounting and reporting standards.</li> </ul>

S. No	Key audit matter	How the matter was addressed in our audit
(2)	<b>Stock in Trade</b>	
	<p>Refer to notes 3.8 &amp; 9 to the financial statements for stock-in-trade.</p> <p>There is an increase in value of inventory from Rs. 430 million to Rs. 520 million as of June 30, 2023. This represents a significant portion, 32%, of the Company's total assets at the end of the fiscal year.</p> <p>The inventories encompass diverse categories, including raw materials, packing materials, work in process, and finished goods. These are valued at lower of cost and estimated net realizable value (NRV). Calculating NRV involves assessing both selling prices and associated costs required to facilitate sales.</p> <p>The provisions for slow-moving and obsolete stock-in-trade necessitate substantial judgments and estimations by management.</p> <p>Considering the above matter, the valuation of stock in trade has been considered a key audit matter.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Observing the physical inventory count procedures and comparing, on a sample basis, physically counted inventories with valuation sheets provided by the management.</li> <li>• Comparing on a sample basis specific purchases and directly attributable costs with underlying supporting documents.</li> <li>• Checking the accumulation of costs at different stages of production to ascertain valuation of work in process and finished goods.</li> <li>• Comparing the net realizable value, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards.</li> <li>• Assessing the provision for slow moving stocks as of the reporting date and assessed whether it is in accordance with the Company's policies and relevant accounting and reporting standards.</li> <li>• Considering adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting standards.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

### Other Matter

The financial statements of the Company for the year ended June 30, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on November 11, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.



**CROWE HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants

Lahore

Dated: October 12, 2023

UDIN: AR202310051CXtTRIZGI

# Statement of Financial Position

As at June 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	4	622,300,506	668,093,802
Intangible assets	5	30,350,731	26,585,558
Biological assets	6	2,444,402	1,550,000
Long term deposits	7	1,224,780	1,541,543
		656,320,419	697,770,903
<b>Current Assets</b>			
Stores and spares	8	57,571,705	45,561,599
Stock in trade	9	520,738,674	430,965,294
Trade debts	10	191,854,393	202,059,716
Advances, deposits, prepayments and other receivable	11	64,123,643	127,526,438
Income tax recoverable - net	12	108,613,307	118,506,475
Cash and bank balances	13	21,312,106	21,624,400
		964,213,828	946,243,922
Total Assets		1,620,534,247	1,644,014,825
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital 40,000,000 (2022: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital	14	228,750,000	228,750,000
Reserves	15	(85,003,937)	(25,813,586)
		143,746,063	202,936,414
<b>Non Current Liabilities</b>			
Long term finances - secured	16	-	-
Deferred grant	17	-	-
Deferred liabilities	18	141,008,335	135,741,601
Deferred taxation	19	-	-
		141,008,335	135,741,601
<b>Current Liabilities</b>			
Current portion of non-current liabilities	20	-	15,074,796
Trade and other payables	21	668,555,256	709,440,790
Finances under markup arrangements	22	302,002,267	341,059,804
Loan from related parties - unsecured	23	316,000,000	225,000,000
Accrued finance cost		47,309,572	12,848,666
Unclaimed dividend		1,912,754	1,912,754
		1,335,779,849	1,305,336,810
Total Equity and Liabilities		1,620,534,247	1,644,014,825
Contingencies and commitments	24		

The annexed notes from 1 to 45 form an integral part of these financial statements

Badar M. Khan  
Chief Financial Officer

Najam Aziz Sethi  
Chief Executive Officer

Shazad Ghaffar  
Chairman




# Statement of Profit or Loss

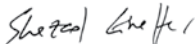
## For the Year ended June 30, 2023

	Note	For the year ended June 30, 2023 Rupees	For the year ended June 30, 2022 Rupees
Revenue	25	2,724,930,890	2,489,291,011
Cost of sales	26	(2,076,814,684)	(2,295,470,632)
<b>Gross profit</b>		648,116,206	193,820,379
Administrative expenses	27	(187,798,148)	(227,877,998)
Selling and distribution expenses	28	(444,878,650)	(546,250,088)
		(632,676,798)	(774,128,086)
<b>Operating profit / (loss)</b>		15,439,408	(580,307,707)
Other operating expenses	29	(63,953,923)	(16,884,506)
Finance cost	30	(85,083,157)	(36,980,631)
Other income	31	107,685,416	47,995,036
<b>Loss before Taxation</b>		(25,912,256)	(586,177,808)
<b>Taxation</b>	32	(33,285,040)	(35,799,231)
<b>Net Loss for the Year</b>		(59,197,296)	(621,977,039)
<b>Loss per Share - Basic and Diluted</b>	33	(2.59)	(27.19)

The annexed notes 1 to 45 form an integral part of these financial statements.

  
Badar M. Khan  
Chief Financial Officer

  
Najam Aziz Sethi  
Chief Executive Officer

  
Shazad Ghaffar  
Chairman


# Statement of Comprehensive Income

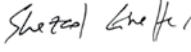
## For the year ended June 30, 2023

	For the year ended June 30, 2023	For the year ended June 30, 2022
	Rupees	Rupees
Net Loss for the year	(59,197,296)	(621,977,039)
<b>Other comprehensive income</b>		
Items that will not be re-classified subsequently to profit or loss		
Remeasurement gain / (loss) on defined benefit plan - net of deferred tax	6,945	(11,504,604)
Items that may be re-classified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year	6,945	(11,504,604)
<b>Total Comprehensive Loss for the Year</b>	<b>(59,190,351)</b>	<b>(633,481,643)</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

  
Badar M. Khan  
Chief Financial Officer

  
Najam Aziz Sethi  
Chief Executive Officer

  
Shazad Ghaffar  
Chairman

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2023


Share Capital	Reserves			Sub-Total Reserves	Total Equity
	Capital Reserve	Revenue Reserves			
	Share premium	General Reserve	Accumulated Loss		


.....Rupees in thousands.....

<b>Balance as at June 30, 2021</b>	228,750,000	609,335,878	300,000	(1,967,821)	607,668,057	836,418,057
Net loss for the year	-	-	-	(621,977,039)	(621,977,039)	(621,977,039)
Other comprehensive loss for the year	-	-	-	(11,504,604)	(11,504,604)	(11,504,604)
Total comprehensive loss for the year	-	-	-	(633,481,643)	(633,481,643)	(633,481,643)
<b>Balance as at June 30, 2022</b>	228,750,000	609,335,878	300,000	(635,449,464)	(25,813,586)	202,936,414
Net loss for the year	-	-	-	(59,197,296)	(59,197,296)	(59,197,296)
Other comprehensive income for the year	-	-	-	6,945	6,945	6,945
Total comprehensive loss for the year	-	-	-	(59,190,351)	(59,190,351)	(59,190,351)
<b>Balance as at June 30, 2023</b>	228,750,000	609,335,878	300,000	(694,639,815)	(85,003,937)	143,746,063

The annexed notes from 1 to 45 form an integral part of these financial statements

  
**Badar M. Khan**  
 Chief Financial Officer

  
**Najam Aziz Sethi**  
 Chief Executive Officer

  
**Shazad Ghaffar**  
 Chairman

# Statement of Cash Flows

## For the year ended June 30, 2023

	For the year ended June 30, 2023	For the year ended June 30, 2022
Note	Rupees	Rupees
<b>Loss before taxation</b>	(25,912,256)	(586,177,808)
<b>Adjustments for:</b>		
- Depreciation of property, plant and equipment	55,179,100	54,898,312
- Amortization of intangible assets	2,543,577	680,183
- Provision for gratuity	33,863,078	26,933,875
- Provision for leave absences	8,153,201	14,086,534
- Capital work in progress charged to profit or loss	845,844	-
- Government grant recognized	(125,297)	(1,690,697)
- Amortization of deferred grant	(358,679)	(398,532)
- Gain on disposal of property, plant and equipment	(7,390,884)	(3,352)
- Finance cost	85,083,157	36,980,631
- Excess liabilities written back	(80,853,444)	-
- Allowance for expected credit losses	28,814,501	13,455,178
- Provision for obsolete stock	23,465,231	2,422,822
- Material written off	55,482,107	96,227,663
- Assets written off	25,061,668	3,398,828
- Provision for advances	4,675,095	-
- Provision for refund liabilities	72,052,355	39,307,211
- Gain on revaluation of biological assets	(894,402)	(50,000)
- Profit on disposal of biological assets	-	(3,836,000)
- Exchange loss / (gain)	5,402,659	(21,994,428)
	310,998,867	260,418,228
<b>Operating profit / (loss) before working capital changes</b>	285,086,611	(325,759,580)
(Increase) / decrease in current assets		
- Stores and spares	(12,010,106)	(11,353,300)
- Stock in trade	(168,720,718)	(122,562,177)
- Trade debts	(24,011,837)	135,785,875
- Advances, deposits, prepayments and other receivable	33,982,795	(25,962,813)
(Decrease) / increase in current liabilities		
- Trade and other payables	(50,717,100)	239,158,445
	(221,476,966)	215,066,030
<b>Cash Generated from / (Used in) Operations</b>	63,609,645	(110,693,550)
Finance cost paid	(50,571,750)	(24,846,239)
Employee defined benefits - gratuity paid	(14,145,107)	(26,225,003)
Employee defined benefits - accumulated absences paid	(3,603,322)	(4,448,411)
Long term deposits	-	662,100
Income tax paid / deducted	(23,394,709)	(16,433,668)
	(91,714,888)	(71,291,221)
<b>Net Cash Used in Operating Activities</b>	(28,105,243)	(181,984,771)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for acquisition of property, plant and equipment	(11,337,098)	(86,602,379)
Proceeds from disposal of property, plant and equipment	8,496,334	795,214
Payment for acquisition of Intangible assets	(6,308,750)	(15,003,173)
Proceeds from disposal of biological assets	-	40,126,000
<b>Net Cash Used in Investing Activities</b>	(9,149,514)	(60,684,338)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan obtained from related parties	111,000,000	75,000,000
Loan repaid to related parties	(20,000,000)	-
Finances under markup arrangements - net	(39,057,537)	206,666,530
Repayment of long term finances	(15,000,000)	(30,000,000)
<b>Net Cash Generated from Financing Activities</b>	36,942,463	251,666,530
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	(312,294)	8,997,421
Cash and cash equivalents at the beginning of the year	21,624,400	12,626,979
<b>Cash and Cash Equivalents at the End of the Year</b>	21,312,106	21,624,400

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

Badar M. Khan  
Chief Financial Officer

Najam Aziz Sethi  
Chief Executive Officer

Shazad Ghaffar  
Chairman

# Notes to the Financial Statements

## For the year ended June 30, 2023

### 1. THE COMPANY AND ITS OPERATIONS

“Mitchell’s Fruit Farms Limited (“the Company”) is a public limited Company incorporated in Pakistan. The shares of the Company are listed on Pakistan Stock Exchange. The Company is domiciled in Pakistan and is principally engaged in the manufacture and sale of various confectionery and grocery products.

The geographical location and address of Company’s business units, including manufacturing facility are as under:

Business Unit	Geographical Location
Head Office / Registered Office	72 - FCC Gulberg IV, Lahore
Manufacturing Facility	Renala Khurd, District Okara, Pakistan
Regional Sales office	Plot # 102, Street 7, Main China Road, Sector I-10/3, Islamabad
Regional Sales office	Mehran VIP II, Ground Floor, House No. 18/3, Dr. Dawood Pota Road, 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), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

#### 2.2 Going concern assumption

During the year ended June 30, 2023, the Company incurred a total comprehensive loss of Rs. 59.190 million (2022: Rs. 633.482 million) and as of the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 371.566 million (2022: Rs. 359.093 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. Furthermore, some of the loan facilities from Banks have expired and extended by the banks for couple of months and the Company is in the process of negotiating with the banks for their renewal. These conditions along with factors mentioned in Note 24 indicate a material uncertainty 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:



- Continuous support from sponsors;
- Disposal of selective assets;
- improving pricing and discount structure;
- exploring new geographical markets for increasing the export sales; and
- expanding new business avenues including toll manufacturing.

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 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of following:

Biological assets	Note 6	Stated at fair value
Staff retirement benefits	Note 18	Stated at present value

### 2.4 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees (Rs.) which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

### 2.5 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements primarily relate to:

- Useful lives, residual values, depreciation method of property, plant and equipment  
– Note 3.1 & 4
- Useful lives, residual values and amortization method of intangible assets  
– Note 3.4, 3.5 & 5
- Fair value of biological assets - Note 3.26 & 6
- Revenue from contracts with customers - Note 3.18 & 25
- Provision for impairment of inventories - Note 3.8, 8 and 9
- Impairment loss of non-financial assets other than inventories – Note 3.5, 4 & 5
- Provision for expected credit losses – Note 3.10, 10
- Defined benefit obligation – Note 3.12.1 & 18.1
- Estimation of provisions - Note 3.12
- Estimation of contingent liabilities - Note 3.12 & 24
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses and credits) - Note 3.16, 32

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

## 2.6 Changes in accounting standards, interpretations and pronouncements

### 2.6.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective Date - (Annual Periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference the conceptual framework	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract Onerous Contracts — cost of fulfilling a contract	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 1, 2022

### 2.6.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

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

	Effective Date - (Annual Periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 1, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates.	January 1, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 1, 2023

**Effective Date -  
(Annual  
Periods beginning on  
or after)**

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non current.	January 1, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non current.	January 1, 2024
Amendments to IFRS 16 ' Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 1, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 1, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

The Company is in the process of assessing of the impact of these amendments on financials statement.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Property, plant and equipment

Items of property, plant and equipment other than freehold land are stated at cost less accumulated depreciation and identified impairment losses, if any. Freehold land is stated at cost less identified impairment loss, if any.

Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of items of property, plant and equipment. Cost in relation to certain assets may also include cost of borrowing during construction period in respect of loans taken for specific projects.

Depreciation is charged 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 the rate mentioned on note 4, after taking into account their residual values. Depreciation on additions is charged from the month in which these are capitalized, while no depreciation is charged in the month in which an asset is disposed off.

The depreciation method and useful lives of each part of property, plant and equipment, that are significant in relation to the total cost of the asset, are reviewed, and adjusted if appropriate, at each reporting date.

Normal repairs are charged to profit or loss as and when incurred. Gains or losses on disposal of property, plant and equipment are included in the current year's 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.

### 3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. 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. All other repairs and maintenance are charged to profit or loss during the period in which these are incurred.

### 3.3 Ijarah contracts

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

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

### 3.4 Intangibles assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably. Cost of intangible assets i.e. software includes purchase cost and directly attributable expenses incidental to bring the software to its intended use.

Costs that are directly associated with identifiable software and have probable economic benefits beyond one year are recognized as intangible assets. However, costs associated with the maintenance of software are recognized as an expense.

All intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to profit or loss using the reducing method so as to write off the cost of an asset over its estimated useful life at the rate mentioned on note 5. The amortization period and the amortization method for intangible assets are reviewed, at each reporting date, and adjusted if impact on amortization is significant.

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.

### 3.5 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of



an asset's fair value less costs 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 flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life.

### 3.6 Leases

For contracts entered into, or modified, on or after January 1, 2019, the Company assesses whether a contract contains a lease or not at the inception of a contract. The Company reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

The Company determines the lease term as non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not to exercise that option.

The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

The Company revises the lease term if there is a change in the non-cancellable period of a lease.

#### 3.6.1.2 Initial measurement

##### Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

##### Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

### 3.6.1.3 Subsequent measurement

#### Lease liability

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in profit or loss, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between finance charges and reduction of lease liability using the incremental borrowing rate to achieve a constant rate of interest on the remaining balance of the liability.

Lease liability payable in foreign currency is translated to local currency of the Company i.e. Pak Rupees at the reporting date. Any foreign exchange differences arising on translation of lease liability are recognized in profit or loss.

#### Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Depreciation is charged to profit or loss at the same rates as used for owned asset.

## 3.7 Stores and spare parts

These are valued at lower of moving average cost and net realizable value while items considered obsolete, if any, are carried at nil value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made for obsolete and slow moving stores and spares based on management's best estimate.

## 3.8 Stock in trade

These are stated at lower of cost and estimated net realizable value.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing inventories to their present location and condition, the valuation has been determined as follows:

Raw materials and packing materials	Moving average cost
Work-in-process and finished goods	Cost of direct materials, labour and appropriate manufacturing overhead

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale (selling expenses). If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

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

### 3.9 Trade debts

Trade debts are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such trade debts 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. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the reporting date. Bad debts are written off when identified

### 3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.10.1 Financial assets - Classification and measurement

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

##### 3.10.1.1 Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

##### 3.10.1.2 Initial recognition and measurement

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition except for trade receivable. Trade receivables are initially measured at the transaction price.

##### 3.10.1.3 Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

##### 3.10.1.4 Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss.

##### 3.10.1.5 Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

### 3.10.2 Financial liabilities

#### 3.10.2.1 Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

#### 3.10.2.2 Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. Difference between carrying amount and consideration paid is recognized in profit or loss when the liabilities are derecognized.

### 3.10.3 Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3.11 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, these comprise cash in hand and cash at bank.

### 3.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

### 3.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

### 3.14 Government grants

Grants from the government are recognised 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 recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### 3.15 Employee benefits

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

#### 3.15.1 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. Employees are eligible for benefits under the gratuity scheme after completion of one year of continuous 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.

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

#### 3.15.2 Accumulating compensated absences

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

### 3.16 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.

#### 3.16.1 Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Company is also as per the applicable rates as per the Income Tax Ordinance, 2001. However, in case of loss for the year, income tax expense is recognized as minimum tax



liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.”

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the 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.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid is recognized as a liability. If the amount already paid irrespective of current and prior period exceeds the amount due to those periods the excess recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

### 3.16.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 3.17 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. The amounts are unsecured and are usually paid within short period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

### 3.18 Revenue recognition

Revenue is recognized by applying the following steps:

- i) Identifying contract with a customer
- ii) Identifying performance obligation in the contract
- iii) Determining transaction price of the contract
- iv) Allocating transaction price to each of the separate performance obligations in the contract
- v) Recognizing the revenue when (or as) the Company satisfies a performance obligation

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 to in exchange for those goods. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and other considerations payable to customers, is recognised when goods are dispatched from the factory to customer whereas revenue of export sales is recognized on date of issue of bill of lading.

### 3.19 Refund liabilities

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.

### 3.20 Contract asset

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.

### 3.21 Contract liability

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 Company shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

### 3.22 Borrowings cost

Borrowing costs directly attributable to 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, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in profit or loss as incurred.

### 3.23 Foreign currency transactions and balances

Transactions in foreign currencies are translated into Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into Pak Rupees at the exchange rate prevailing at that date. Monetary translation differences are recognized in of profit or loss.

### 3.24 Earnings per share

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

### 3.25 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length basis determined using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

### 3.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the Chief Executive Officer of the Company). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

### 3.27 Dividend distribution

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

### 3.28 Biological assets

Biological assets comprise of trees. These are measured at fair value less estimated costs to sell. 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 trees are recognised in profit or loss.

#### 4. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2023 Rupees	June30, 2022 Rupees
Operating fixed assets	4.1	622,300,506	644,779,914
Capital work-in-progress	4.6	-	23,313,888
		<u>622,300,506</u>	<u>668,093,802</u>

##### 4.1 Operating fixed assets

	Freehold land	Buildings on freehold land	Leasehold improve- ments	Plant and machinery	Vehicles	Furniture and fittings	Electric installations	Computer hardware	Total
	(Rupees)								
<b>Cost</b>									
Balance as at July 01, 2021	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
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	-	-	-	(2,738,410)	(192,384)	(42,325)	(187,160)	(225,131)	(3,385,410)
Balance as at June 30, 2022	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
Additions	-	11,327,653	-	8,234,058	-	6,652,433	2,500,608	5,090,390	33,805,142
Disposals	-	-	-	(9,703,432)	-	-	-	-	(9,703,432)
Balance as at June 30, 2023	15,547	208,589,207	22,577,104	1,092,565,993	9,981,952	22,426,709	78,714,430	27,103,631	1,461,974,573
Rate of depreciation - %	-	10%	20%	2.5% to 10%	20%	20%	20% to 33%	20%	-
<b>Accumulated depreciation</b>									
Balance as at July 01, 2021	-	117,761,125	983,839	548,762,962	4,796,023	6,740,439	52,378,605	9,365,192	740,788,185
Depreciation charged for the year	-	7,873,092	3,978,509	33,841,222	555,213	1,636,891	4,626,017	2,387,368	54,898,312
Disposals	-	-	-	(2,310,761)	(140,098)	(42,117)	(51,106)	(49,466)	(2,593,548)
Balance at June 30, 2022	-	125,634,217	4,962,348	580,293,423	5,211,138	8,335,213	56,953,516	11,703,094	793,092,949
Depreciation charged for the year	-	7,540,310	3,522,951	34,772,258	433,563	1,698,583	4,071,089	3,140,346	55,179,100
Disposals	-	-	-	(8,597,982)	-	-	-	-	(8,597,982)
Balance at June 30, 2023	-	133,174,527	8,485,299	606,467,699	5,644,701	10,033,796	61,024,605	14,843,440	839,674,067
<b>Carrying amount</b>									
As at June 30, 2022	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
As at June 30, 2023	15,547	75,414,680	14,091,805	486,098,294	4,337,251	12,392,913	17,689,825	12,260,191	622,300,506

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

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Cost of sales	26	45,465,538	41,714,312
Administration expenses	27	8,700,263	12,487,212
Distribution and marketing expenses	28	1,013,299	696,788
		<u>55,179,100</u>	<u>54,898,312</u>

4.2 There is no property, plant and equipment disposed off during the year having individual net book value exceeding Rs. 500,000 or more.

4.3 Particulars of immovable property (land and building) of the Company are as follow:

Location	Usage of immovable property	Total area
Renala Khurd, Okara, Pakistan	Production plant and warehouse	46.762 acres

4.4 The cost of fully depreciated assets that are still in use as at the reporting date is Rs. 40.96 million (2022: Rs. 40.25 million).

#### 4.5 Security

The property, plant and equipment of the Company are subject to first and joint pari passu charge as security for certain financing by banks (Note 16 and Note 22).

#### 4.6 Capital work in progress

	Civil works		Others		Total	
	2023	2022	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Opening balance	17,376,186	4,377,494	5,937,702	4,304,044	23,313,888	8,681,538
Additions during the year	-	12,998,692	3,773,184	33,622,269	3,773,184	46,620,961
	17,376,186	17,376,186	9,710,886	37,926,313	27,087,072	55,302,499
Transferred to property, plant and equipment	(17,376,186)	-	(8,865,042)	(31,988,611)	(26,241,228)	(31,988,611)
Charged to profit or loss	-	-	(845,844)	-	(845,844)	-
	-	17,376,186	-	5,937,702	-	23,313,888

### 5. INTANGIBLE ASSETS

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Computer softwares	5.1	30,350,731	4,191,050
Capital work-in-progress	5.2	-	22,394,508
		30,350,731	26,585,558
<b>5.1 Computer softwares</b>			
Net carrying value - opening balance		4,191,050	3,267,258
Additions during the year		28,703,258	1,603,975
Amortization during the year	5.1.1	(2,543,577)	(680,183)
Net carrying value as at June 30		30,350,731	4,191,050
<b>Gross Carrying Value</b>			
Cost		41,921,983	13,218,725
Accumulated amortization		(11,571,252)	(9,027,675)
Net book value		30,350,731	4,191,050
Amortization rate		20%	20%



		June 30, 2023 Rupees	June 30 2022 Rupees
5.1.1 Amortization charge for the year has been allocated as follows:			
Cost of sales	26	63,960	12,112
Administrative expenses	27	2,019,379	580,917
Selling and distribution expenses	28	460,238	87,154
		2,543,577	680,183

## 5.2 Capital work-in-progress

Opening balance		22,394,508	8,995,310
Additions		6,308,750	15,003,173
Transferred to computer software		(28,703,258)	(1,603,975)
Closing balance		-	22,394,508

## 6. BIOLOGICAL ASSETS

Trees	6.1	2,444,402	1,550,000
-------	-----	-----------	-----------

### 6.1 Reconciliation of carrying amounts of biological assets

	2023 Trees Rupees	2022		Total Rupees
		Livestock Rupees	Trees Rupees	
Carrying amount at the beginning of the year	1,550,000	36,290,000	1,500,000	37,790,000
Changes in fair value	894,402	-	50,000	50,000
Less: Decrease due to deaths & sale	-	(36,290,000)	-	(36,290,000)
Carrying amount at the end of the year which approximates the fair value less cost to sell	2,444,402	-	1,550,000	1,550,000

6.2 As at the reporting date, the Company beneficially owns 487 (2022: 402) trees of various kinds including Guava, Lemon and Mangoes etc.

6.3 The fair value of these assets is determined by an independent valuer. Latest valuation of these assets was carried out on June 30, 2023. Level 2 fair value of biological assets has been determined using market value approach.

	June 30, 2023 Rupees	June 30 2022 Rupees
<b>7. LONG TERM DEPOSITS</b>		
Lahore Electric Supply Company	1,224,780	1,224,780
Security deposit - Ijarah	-	310,000
Others	-	6,763
	<u>1,224,780</u>	<u>1,541,543</u>
<b>8 STORES AND SPARES</b>		
General stores	12,744,891	14,441,697
Engineering stores	44,826,814	31,119,902
	<u>57,571,705</u>	<u>45,561,599</u>

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

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>9. STOCK IN TRADE</b>			
Raw materials		68,870,835	41,972,572
Packing materials		149,252,054	142,584,118
Work-in-process		180,241,135	92,569,218
Finished goods	9.1	148,706,888	156,706,393
		<u>547,070,912</u>	<u>433,832,301</u>
Less: Provision for obsolete stock	9.2	(26,332,238)	(2,867,007)
		<u>520,738,674</u>	<u>430,965,294</u>

**9.1** This includes goods in transit pertaining to finished goods amounting to Rs. Nil (2022: Rs. 13.11 million).

	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>9.2 Provision for slow moving stock</b>		
Opening balance	2,867,007	444,185
Provision for the year	23,465,231	2,422,822
	<u>26,332,238</u>	<u>2,867,007</u>

**9.3** During the year, the Company has written off stock in trade amounting to Rs. 55.482 million (2022: Rs. 87.78 million), which was recognized as an expense in the cost of sales.

**9.4** Stocks of the Company are pledged against short term borrowings obtained from various banks (Refer to note 22).

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>10. TRADE DEBTS</b>			
Local debtors (Unsecured - considered good)		125,792,879	156,939,716
Local debtors (Unsecured - considered doubtful)		57,908,180	29,093,679
Foreign debtors (Considered good)	10.2	66,061,514	45,120,000
		249,762,573	231,153,395
Less: Allowance for expected credit losses (ECL)	10.1	(57,908,180)	(29,093,679)
		<u>191,854,393</u>	<u>202,059,716</u>
<b>10.1 Allowance for expected credit losses (ECL)</b>			
Opening balance		29,093,679	15,638,501
Add: Allowance for impairment for the year		28,814,501	13,455,178
Less: Trade debts written off		-	-
		<u>57,908,180</u>	<u>29,093,679</u>

#### 10.2 Detail of trade receivables from export sales

Jurisdiction	Export Sales During the Year Rupees	Gross Receivables at Year End Rupees	Default Amount Rupees	Names of Defaulting Parties	Legal Action Taken
Canada	168,586,135	55,758,607	-	No default	N/A
United Arab Emirates	102,181,718	-	-	No default	N/A
United States of America	80,541,155	-	-	No default	N/A
Kingdom of Saudi Arabia	72,528,555	-	-	No default	N/A
Europe	66,243,688	10,302,907	-	No default	N/A
Others	24,241,860	-	-	No default	N/A
<b>Total</b>	<u>514,323,111</u>	<u>66,061,514</u>	-		

**10.3** The Company has received security deposit amounting to Rs. 7.9 million (2022: Rs. 7.9 million) from a customer against the receivables.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees (Re-arranged)
<b>11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE</b>			
Advances (Unsecured)			
-Employees (Considered good)		6,778,570	6,467,770
-Letter of credit (Considered good)		-	11,817,807
-Suppliers and others			
-Considered good		18,260,047	28,206,073
-Considered doubtful		4,675,095	-
		29,713,712	46,491,650
Claims recoverable from the government			
- (Considered good)			
-Sales tax - net		29,806,089	59,259,934
-Custom duty and surcharge		-	6,412,099
Security deposits	11.1	5,524,000	5,214,000
Prepayments		2,469,058	2,005,176
Other receivables (Unsecured- considered good)	11.2	1,285,879	8,143,579
		68,798,738	127,526,438
Less: Loss allowance against doubtful advances and other receivables		(4,675,095)	-
		64,123,643	127,526,438

**11.1** This includes an amount of Rs. 3.6 million (2022: Rs. 3.6 million) paid as a security deposit to Vanguard Books (Private) Limited, an associated Company, against the rented head office building at reporting date. The maximum amount outstanding during the year was Rs. 3.6 million (2022: Rs.3.6 million).

**11.2** This includes receivable from Mr. S.M. Mehdi Mohsin amounting to Rs. 0.35 million (2022: Rs. 0.11 million), a related party. The maximum aggregate amount outstanding at the end of any month during the year amounts to Rs. 1.39 million (2022: Rs. 0.59 million).

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>12. INCOME TAX RECOVERABLE - NET</b>			
Opening balance		118,506,475	131,118,740
Add: Payments / adjustments		23,394,709	18,487,903
Less: Charge for the year		(33,091,451)	(32,217,422)
Prior year adjustment		(196,426)	1,117,254
		108,613,307	118,506,475
<b>13. CASH AND BANK BALANCES</b>			
Cash at bank in current accounts		2,836,041	8,301,666
Cash at Bank in saving account	13.1	16,563,311	11,409,980
Special account related to dividend payable		1,912,754	1,912,754
		21,312,106	21,624,400

**13.1** The saving account earns markup at floating rates based on daily bank deposit rates ranging from 13.00% to 20.51% (2022: 7.00% to 11.50%) per annum approximately.

#### 14. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

June 30, 2023 (Number of Shares)	June 30, 2022 (Number of Shares)		June 30, 2023 Rupees	June 30, 2022 Rupees
16,417,990	16,417,990	Ordinary shares of Rs. 10 each fully paid in cash	164,179,900	164,179,900
6,412,990	6,412,990	Ordinary shares of Rs. 10 each allotted as bonus shares	64,129,900	64,129,900
44,020	44,020	Ordinary shares of Rs. 10 each issued as consideration other than cash	440,200	440,200
<u>22,875,000</u>	<u>22,875,000</u>		<u>228,750,000</u>	<u>228,750,000</u>

#### 14.2 Shares held by related parties are as follows:

	2023 (Percentage)	2022 (Percentage)	2023 (Percentage)	2023 (Percentage)
Mr. Syed Mohammad Mehdi Mohsin	20.415%	20.415%	4,669,872	4,669,872
Ms. Syeda Matanat Ghaffar	20.206%	20.206%	4,622,172	4,622,172
Ms. Syeda Maimanat Mohsin	20.420%	20.420%	4,671,072	4,671,072
Mr. Rizwan Bashir	0.0066%	0.0066%	1,501	1,501
Ms. Umme Kulsum Imam	0.0143%	0.0143%	3,267	3,267
Ms. Naila Bhatti	0.0000%	0.0115%	-	2,625
Mr. Abdul Hamid Ahmad Dagia	0.0219%	0.0219%	5,000	5,000
Mr. Shahzad Ghaffar	0.0063%	0.0063%	1,452	1,452
Mr. Syed Manzar Hassan	0.0063%	0.0063%	1,452	1,452
Mr. Najam Aziz Sethi	0.0063%	0.0063%	1,452	1,452
			<u>13,977,240</u>	<u>13,979,865</u>

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

14.3 The terms of agreement between the Company and certain lenders impose restrictions on the distribution of dividend by the Company.

#### 15. RESERVES

	June 30, 2023 Rupees	June 30, 2022 Rupees
Capital reserve		
- Share premium	609,335,878	609,335,878
Revenue reserves		
- General reserve	300,000	300,000
- Accumulated loss	(694,639,815)	(635,449,464)
	<u>(85,003,937)</u>	<u>(25,813,586)</u>



	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>16. LONG TERM FINANCES - SECURED</b>			
Loan for wages and salaries - Habib Bank Limited	16.1 & 16.2	-	14,949,499
Less: Current portion shown under current liabilities	20	-	(14,949,499)
		-	-

**16.1** In year 2021, the Company availed the State Bank of Pakistan Refinance Scheme for payment of salaries and wages from Habib Bank Limited of Rs. 60 million. The loan was repayable in 8 equal quarterly installments starting from January 1, 2021. This facility along with other running finance facility was 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% (2022: 2%) per annum. The effective rate of interest used for discounting of the loan was 8.68% (2022: 8.68%) per annum.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>16.2</b> The reconciliation of carrying amount is as follows:			
Opening balance		14,949,499	43,408,390
Loan received during the year		-	-
Repayments during the year		(15,000,000)	(30,000,000)
		(50,501)	13,408,390
Interest charged using the effective rate of interest		324,404	2,216,725
Interest payments paid during the year		(273,903)	(675,616)
Closing balance		-	14,949,499
<b>17. DEFERRED GRANT</b>			
Opening balance		125,297	1,815,994
Deferred grant recognized during the year		-	-
Credited to profit or loss	31	(125,297)	(1,690,697)
		-	125,297
Current portion shown under current liabilities	20	-	(125,297)
Closing balance		-	-

**17.1** This represents Government grant recognized against the loan obtained from SBP Refinance Scheme for payment of salaries and wages as referred to in note 16.1.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>18. DEFERRED LIABILITIES</b>			
Retirement and other benefits	18.1	137,780,224	132,154,811
Deferred income	18.2	3,228,111	3,586,790
		<u>141,008,335</u>	<u>135,741,601</u>
<b>18.1 Retirement and other benefits</b>			
Staff gratuity	18.1.1	124,007,195	109,859,964
Accumulated compensated absences - Executive	18.1.2	12,427,444	11,454,178
Other employment benefit - Non executive		1,345,585	10,840,669
		<u>137,780,224</u>	<u>132,154,811</u>

#### 18.1.1 Staff gratuity - unfunded

The Company operates an unfunded gratuity scheme covering its permanent employees subject to completion of minimum prescribed period of service. Actuarial valuation of the scheme is carried out annually by an independent actuary. Latest actuarial valuation was carried out as at June 30, 2023. Following key information was included in that actuarial report:

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>18.1.1.1 Movement in liability for staff gratuity</b>			
Opening balance		109,859,964	94,379,592
Charge for the year			
- Current service cost		20,612,160	18,878,774
- Interest cost		13,250,918	8,055,101
	18.1.1.3	33,863,078	26,933,875
Benefits due but not paid		(5,560,958)	(1,432,167)
Benefits paid		(14,145,107)	(26,225,003)
Remeasurements recorded in other comprehensive income			
- Actuarial gains from changes in financial assumptions		484,684	486,531
- Experience adjustments		(494,466)	15,717,136
		(9,782)	16,203,667
Closing balance		<u>124,007,195</u>	<u>109,859,964</u>

#### 18.1.1.2 Actuarial assumptions

Discount rate - per annum	16.25%	13.25%
Expected rate of increase in salary level - per annum	15.25%	12.25%
Average duration of liability	9 years	9 years
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	
Actuarial valuation method	Projected unit credit method	

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>18.1.3</b>	<b>The charge for the year has been allocated as under:</b>		
Cost of revenue	26	15,915,648	12,658,922
Administrative expenses	27	9,143,031	7,272,146
Selling and distribution expenses	28	8,804,400	7,002,807
		<u>33,863,079</u>	<u>26,933,875</u>
<b>18.1.4</b>	<b>Estimated expenses to be Charged for the year 2023-2024</b>		
			<u>2024</u>
Current service cost			18,499,861
Interest cost			19,101,904
			<u>37,601,765</u>
<b>18.1.5</b>	<b>Year end sensitivity analysis on defined benefit obligation</b>		
Period end sensitivity analysis on present value of defined benefit obligation:			
Discount rate + 100 bps		113,750,231	100,790,525
Discount rate - 100 bps		135,966,193	120,499,816
Increase in salary level + 100 bps		136,060,800	120,573,189
Increase in salary level - 100 bps		113,502,086	100,577,204

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

- Final Salary 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 servicedistribution 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.

**18.1.6** The comparative statement of present value of defined benefit obligations is as under:

	2023 (Rupees)	2022 (Rupees)	2021 (Rupees)	2020 (Rupees)	2019 (Rupees)
Present value of defined benefit obligation	124,007,195	109,859,964	94,379,592	114,561,553	114,858,662
Fair value of plan asset	-	-	-	-	-
Net liability	124,007,195	109,859,964	94,379,592	114,561,553	114,858,662

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>18.1.2 Accumulated compensated absences</b>			
Opening liability		11,454,178	5,072,566
Charge for the year	18.1.2.1	7,362,904	10,631,400
Payments made during the period		(2,938,369)	(2,760,738)
		<u>15,878,713</u>	<u>12,943,228</u>
Current portion shown under current liability		(3,451,269)	(1,489,050)
Liability as at period end		<u>12,427,444</u>	<u>11,454,178</u>
<b>18.1.2.1 The charge for the year has been allocated as under:</b>			
Cost of revenue		2,793,486	4,033,553
Administrative expenses		1,580,079	2,281,498
Selling and distribution expenses		2,989,339	4,316,349
		<u>7,362,904</u>	<u>10,631,400</u>
<b>18.1.2.2 Actuarial assumptions</b>			
Discount rate - per annum		16.25%	13.25%
Expected rate of increase in salary level - per annum		12.25%	15.25%
Average duration of liability		9 years	9 years
Expected mortality rate		SLIC 2001-2005	Setback 1 Year
Actuarial valuation method		Projected unit credit method	
<b>18.1.2.3 Period end sensitivity analysis on present value of defined benefit obligation:</b>			
Discount rate + 100 bps		11,353,478	10,420,258
Discount rate - 100 bps		13,683,427	12,683,468
Increase in salary level + 100 bps		13,663,873	12,700,319
Increase in salary level - 100 bps		11,353,748	10,388,348

## 18.2 Deferred income

This represent assets donated to the Company by World Health Organization, recognized and amortized in accordance with the Company's policy. The movement in the deferred income during the year is as follows:

	June 30, 2023 Rupees	June 30, 2022 Rupees
Opening balance	3,586,790	3,985,322
Amortization during the year	(358,679)	(398,532)
Closing balance	<u>3,228,111</u>	<u>3,586,790</u>

19. DEFERRED TAXATION	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
The asset for deferred taxation comprises temporary differences relating to:			
- Accelerated tax depreciation & amortization		86,112,328	89,431,437
- Employee retirement benefits		(33,830,970)	(33,583,813)
- Provisions		(46,916,003)	(17,501,954)
- Deferred income		(792,640)	(933,220)
- Unabsorbed depreciation and amortization		(120,209,318)	(108,535,531)
- Business losses		(253,716,795)	(312,410,000)
- Unused tax credits available / minimum tax		(140,261,633)	(152,441,876)
- Deferred tax asset		(509,615,031)	(535,974,957)
- Unrecognized deferred tax asset		509,615,031	535,974,957
		-	-

19.1 Business tax losses and unused tax credits available against which deferred tax asset has not been recognized, will expire as follows:

Serial Number	Business Losses	Unused Tax Available	Tax Year in Which Loss Will Expire
1	7,631,685	-	2024
2	274,816,721	28,692,504	2025
3	22,586,644	27,719,370	2026
4	55,628,938	27,833,938	2027
5	514,221,511	28,067,601	2028
6	-	27,948,220	2029
	874,885,499	140,261,633	

20. CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Current portion of long term finance	16	-	14,949,499
Current portion of deferred grant	17	-	125,297
		-	15,074,796
<b>21. TRADE AND OTHER PAYABLES (Re-arranged)</b>			
Trade creditors		409,923,783	502,932,552
Accrued liabilities		74,827,219	89,492,800
Contract liabilities	21.1	40,458,853	35,877,179
Refund liabilities / provision against sales return		72,052,355	39,307,211
Security deposits	21.2	9,518,486	9,218,486
Workers' welfare fund		1,437,860	1,437,860
Provision for duties payables		13,560,527	15,900,713
Payable to employees		6,148,147	5,221,806
Withholding sales tax payable		13,937,046	1,930,347
Withholding income tax		25,445,031	2,111,904
Others		1,245,949	6,009,932
		668,555,256	709,440,790



- 21.1 This represents amount received in advance from customers against sales made subsequent to the year end. Revenue recognized during the year that was included in contract liabilities balance as at the beginning of the period amounts to Rs. 35.87 million (2022: Rs. 37.38 million).
- 21.1.2 This includes amount payable to Mr. S.M. Mehdi Mohsin amounting to Rs. Nil (June 30, 2022: Rs. 1.93 million), a related party.
- 21.2 These security deposits are received from various customers. As per signed agreement, the Company has the right to utilize the amounts of these security deposits 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, 2023 Rupees	June 30, 2022 Rupees
<b>22. FINANCES UNDER MARKUP ARRANGEMENTS</b>			
Finances under Markup Arrangements-secured	22.1	302,002,267	341,059,804

- 22.1 This represents running finance and export refinance facilities availed from various banks to meet the working capital requirements of the Company with a cumulative sanctioned limit amounting to Rs. 360 million (2022: Rs. 367 million). Mark up on these facilities ranges from 1 to 3 months KIBOR plus 0.5% to 3.5% margin per anum (2022: 1 to 3 months KIBOR plus 0.5% to 2.5% margin per anum) and is payable on quarterly basis. The above balance represents the utilized portion of the funded facilities. The Company has also utilized un-funded facilities amounting to Rs. 17.2 million (2022: Rs. 17.2 million). Unutilized amount of funded and unfunded facilities are Rs. 40.80 million (2022: Rs. 25.94 million). In addition to this the Company also has Rs. 100 million (2022: Rs. 100 million) unfunded facilities for opening letter of credits out of which the amount utilized at the period end is Rs. 31.59 million (2022: Rs. 36.52 million).
- 22.2 The aggregate short term facilities are secured by a first and joint pari passu charge on the present and future fixed assets of the Company, stores and spares, stock in trade and trade debts -unsecured and subordination of loan from related parties of the Company.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>23. LOAN FROM RELATED PARTIES - UNSECURED</b>			
Loan from related parties - Interest free	23.1 & 23.4	150,000,000	150,000,000
Loan from related parties - Interest bearing	23.2 & 23.3	166,000,000	75,000,000
	23.5	316,000,000	225,000,000

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
23.1	Loan from related parties - Interest free		
	Ms. Syeda Maimanat Mohsin	75,000,000	75,000,000
	Ms. Syeda Matanat Ghaffar	75,000,000	75,000,000
		<u>150,000,000</u>	<u>150,000,000</u>
23.2	Loan from related parties - Interest bearing		
	Mr. Najam Aziz Sethi	66,000,000	50,000,000
	Ms. Mira Sethi	35,000,000	-
	Ms. Syeda Matanat Ghaffar	65,000,000	25,000,000
		<u>166,000,000</u>	<u>75,000,000</u>
23.3	These loans carry mark-up @ 1 to 3 months KIBOR plus 1% to 1.5% margin (2022: 7.00% - 8.84%) per annum.		
23.4	These loans are subordinated to finances under markup arrangements obtained from Allied Bank Limited (Note: 22).		
23.5	These loans are repayable on demand		

## 24. CONTINGENCIES AND COMMITMENTS

### 24.1 Contingencies

#### 24.1.1 Income tax

Following are the various contingencies relating to Income tax matters:

- (i) The Deputy Commissioner Inland Revenue ('DCIR') raised demands amounting to Rs. 6.18 million including default surcharge against the Company vide various orders issued relating to tax year 2007 and 2008 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 with orders of CIR(A), Company filed appeals before the Appellate Tribunal Inland Revenue ('ATIR'). The case is pending against ATIR and the Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.
- (ii) The DCIR raised demands amounting to Rs. 14.88 million including default surcharge against the Company vide various orders issued relating to tax year 2011, 2012, and 2016 under section 161 of ITO 2001 on account of non-withholding of taxes while making certain payments. The Company filed appeals with the CIR(A), which were partially decided against the Company. Being aggrieved the Company filed appeals before the ATIR. The case is pending against ATIR and the Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.

- (iii) 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 and under protest 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. For further refund, 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. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.
- (iv) 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 which are still pending. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.
- (v) The AdCIR under section 122 of ITO 2001 vide order dated November 30, 2015 in respect of tax year 2014, raised a demand of Rs 27.27 million on account of proration of expenses and disallowance of certain expenditures under section 21 (c), 24 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 January 25, 2016 resulting in reduction of demand to Rs 0.698 million. Further the Company has approached the concerned taxation officer for availing the appeal effect order in light of the order of the CIR(A), in response to which the AdCIR passed the order under section 124 read with section 129 of ITO, 2001, dated June 24, 2017, which has resulted in refund of Rs. 997,512/-.
- Furthermore, the Company filed an appeal before ATIR being aggrieved with the order of the CIR(A) which was heard on February 21, 2023 and remanded back the both appeals to the CIR(A) through order dated April 26, 2023. The CIR(A) has not initiated the remand back proceedings and pending for adjudication. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.
- (vi) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated 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 Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.
- (vii) The Additional Commissioner Inland Revenue ('AdCIR') under section 122(9) of ITO 2001 vide order dated August 24, 2022 in respect of tax year 2017, issued a show cause notice through which the Company was required to furnish details of various revenue and capital nature expenditure along with the documentary evidence. The Company submitted reply on due date along with the requisite details and documents. The AdCIR in response to reply submitted passed an order dated December 07, 2022 creating alleged principal demand of Rs. 64.89 million. Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR-A). The appeal before CIR (A) has been heard and consequent to the appeal, CIR(A) has passed an order on May 23, 2023. The CIR(A) has mainly remanded back the case to the assessing officer. Being aggrieved with the order of the CIR (A), the Company preferred an appeal before the ATIR on legal grounds which is not fixed for hearing yet. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.

- (viii) The Company received the show cause notice under section 161 (1A) of the ITO, 2001 dated May 18, 2023 through which the Company was required to furnish detail of payments made under various heads along with documentary evidence. Preparation of the requisite detail is in process due to which the reply is not submitted yet. The legal advisor of the Company is of the view that any financial exposure cannot be commented at this stage. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.

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.

#### 24.1.2 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 to Rs 3.86m.

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. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.

- (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 which are still pending. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.

- (iii) 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 which are still pending. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.

- (iv) The Deputy Commissioner Inland Revenue ('DCIR') has issued a notice dated December 08, 2022 through which intention was shown to recover the penalty and default surcharge on account of late payment of sales tax liability. In response to order the Company submitted the requisities details and documents. However, the Deputy Commissioner Inland Revenue (DCIR) passed an order dated December 16, 2022, created an alleged demand of Rs. 0.76 million.

Being aggrieved the Company filed an appeal before the CIR(A). The CIR(A) has passed the order dated March 30, 2023, through which CIR(A) has confirmed the amount of Rs. 0.402 million pertaining to the penalty and refer the remaining amount of Rs. 0.365 million, pertaining to default surcharge, to FBR to recalculate the same at the time of recovery. Being aggrieved with the order of the CIR(A), Company has filed an appeal before ATIR which is pending for adjudication. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.

- (v) The Company received a show cause notice dated May 02, 2023 through which the DCIR has shown intention to recover penalty amounting to Rs. 12.64 million- under section 33(5) & 33(21) and default of Rs. 0.69 million under section 34(1)(a) of the Sales Tax Act, 1990. In response, the Company submitted the requisite details and documents whereas, the order of DCIR is still pending. However, as per the tax advisor of the Company any financial exposure in this respect cannot be commented at this stage. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case.

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.

#### 24.1.3 Others

- (i) The Dohler Pakistan (plaintiff) has filed a petition on January 02, 2023 before Senior Civil Court, Lahore against the 110 Traders ( Private) Limited (Defendants) and the Company that they have failed to manufacture / produce tomato pulp to the required demand and have been unable to hand over the produced tomato pulp to the plaintiff, therefore, the plaintiff should be compensated for their loss in the form of damages. The Company has submitted in the Court that Dohler Pakistan never executed any agreement or Contract with the Company, any contract between Dohler Pakistan and 110 Traders (Private) limited was a bilateral contract which doesn't bind or enforce any rights on the Company. The suit is pending for adjudication. The Company on the basis of opinion of the legal advisor is hopeful of favorable outcome of the case.
- (ii) Dr. Abdul Rauf s/o Muhammad Yaqoob (plaintiff), has filed a petition before Senior Civil Court on December 09, 2023 against the Company (defendant) that his grandfather had vast land properties that currently occupied by the defendant. The suit is pending for adjudication. The Company on the basis of opinion of the legal advisor is hopeful of favorable outcome of the case.
- (iii) During the year 2023, one of the ex employee filed suit before Sindh High Court, Karachi against the Company on his termination from services. He has claimed damages of Rs 25 million with 15% markup from the date of his termination. The suit is pending for adjudication. The Company on the basis of opinion of the legal advisor is hopeful of favorable outcome of the case.
- (iv) 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 ( 2022: Rs. 17.20 million).
- (v) The Company has issued postdated cheques amounting to Rs 126.14 million (2022: Rs 80.59 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.



## 24.2 Commitments

- (i) Letters of credit for purchase of raw and packing materials Rs 31.59 million (2022: 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 ijarah and the period in which these payments will become due are as follows:

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Not later than one year		3,54,251	2,708,050
Later than one year		-	310,000
Not later than five year			
		<u>3,54,251</u>	<u>3,018,050</u>

## 25. REVENUE

Local	3,189,920,803	3,026,972,834
Export	514,323,111	434,624,738
	<u>3,704,243,914</u>	<u>3,461,597,572</u>
Less: Sales tax - on local sales	431,594,892	416,508,554
Sales returns, trade discounts and incentives	547,718,132	555,798,007
	<u>(979,313,024)</u>	<u>(972,306,561)</u>
	<u>2,724,930,890</u>	<u>2,489,291,011</u>

25.1 All the revenue is recognized at a point in time.

25.2 The Company's revenue based on geographical location is given as under:

Pakistan	2,210,607,779	2,054,666,273
Canada	168,586,135	125,607,911
United Arab Emirates	102,181,718	122,668,041
United States of America	80,541,155	29,784,511
Kingdom of Saudi Arabia	72,528,555	44,126,621
Europe	66,243,688	80,613,234
Others	24,241,860	31,824,420
	<u>2,724,930,890</u>	<u>2,489,291,011</u>

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>26. COST OF SALES</b>			
Raw and packing materials consumed	26.1	1,656,181,975	1,848,621,733
Salaries, wages and other benefits	26.2	226,402,498	220,916,511
Ijarah rentals		812,456	1,092,365
Boiler expenses		30,663,235	50,691,465
Freight and octroi		1,224,588	2,215,962
Travelling and vehicle running		5,639,901	4,843,417
Repairs and maintenance		4,986,506	34,524,546
Power, water and gas		89,479,397	80,494,841
Insurance		2,670,862	3,507,512
Rent, rates and taxes		3,990,451	2,492,357
Dairy expenses		-	10,237,705
Finished goods written off		55,482,107	8,444,200
Provision for slow moving raw materials of goods		23,465,231	2,422,822
Depreciation on property, plant and equipment	4.1.1	45,465,538	41,714,312
Amortization of intangible assets	5.1.1	63,960	12,112
Other expenses		9,958,391	24,040,029
		<u>2,156,487,096</u>	<u>2,336,271,889</u>
Work in process			
Opening stock		92,569,218	52,978,614
Closing stock		(180,241,135)	(92,569,218)
		(87,671,917)	(39,590,604)
Cost of goods manufactured		2,068,815,179	2,296,681,285
Finished goods			
Opening stock		156,706,393	155,495,740
Closing stock		(148,706,888)	(156,706,393)
		7,999,505	(1,210,653)
		<u>2,076,814,684</u>	<u>2,295,470,632</u>

**26.1** This included certain stocks in trade that have been written down to their net realizable value by Rs. 79.34 million in year 2022

**26.2** This includes Rs. 18.71 million (2022: Rs. 16.69 million) in respect of staff retirement benefits.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees (Re-arranged)
<b>27. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	27.1	94,891,761	131,132,754
Ijarah rentals		759,535	864,831
Travelling and vehicle running		10,270,769	8,490,423
Entertainment		3,724,516	4,004,080
Repairs and maintenance		2,531,295	3,403,486
Insurance		7,900,656	7,268,857
Rent, rates and taxes		20,471,926	18,994,080
Power, water and gas		6,130,367	7,380,585
Printing and stationery		2,217,584	3,233,952
Postage and telephone expenses		2,343,164	1,771,262
Professional services		10,479,783	13,479,919
IT and related services		9,985,145	7,058,947
Auditors' remuneration	27.2	3,169,830	3,250,485
Depreciation on property, plant and equipment	4.1.1	8,700,263	12,487,212
Amortization of intangible assets	5.1.1	2,019,379	580,917
Other expenses		2,202,175	4,476,208
		<u>187,798,148</u>	<u>227,877,998</u>

**27.1** This includes Rs. 10.72 million (2022: Rs. 9.55 million) in respect of staff retirement benefits.

#### 27.2 Auditors' remuneration

Audit fee	1,903,330	1,903,330
Half yearly review fee	786,500	786,500
Out of pocket expenses	150,000	230,655
	<u>2,839,830</u>	<u>2,920,485</u>
Certification fee	330,000	330,000
	<u>3,169,830</u>	<u>3,250,485</u>

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees (Re-arranged)
<b>28. SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages and other benefits	28.1	101,722,986	107,228,260
Ijarah rentals		1,731,089	3,990,110
Travelling and vehicle running		31,247,299	25,078,909
Entertainment		1,491,323	7,257,781
Freight expenses			
- Local		28,286,701	48,130,445
- Export		41,157,238	36,754,807
Advertisement		33,416,934	180,996,804
Selling and related expenses		189,014,933	121,309,621
Professional services		3,438,316	3,822,888
IT and related services		4,181,534	3,928,108
Repairs and maintenance		284,715	194,320
Insurance		1,097,293	957,942
Rent, rates and taxes		3,523,348	2,475,223
Power, water and gas		545,693	715,483
Printing and stationery		230,199	717,906
Postage and telephone		2,035,512	1,907,539
Depreciation on property, plant and equipment	4.1.1	1,013,299	696,788
Amortization of intangible assets	5.1.1	460,238	87,154
		<u>444,878,650</u>	<u>546,250,088</u>

28.1 This includes Rs. 11.79 million (2022: Rs. 11.32 million) in respect of staff retirement benefits.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees (Re-arranged)
<b>29. OTHER OPERATING EXPENSES</b>			
Allowance for doubtful debts		28,814,501	13,455,178
Provision for doubtful advances		4,675,095	-
Receivable balances written off		25,061,668	3,398,828
Exchange loss		5,402,659	-
Donations		-	30,500
		<u>63,953,923</u>	<u>16,884,506</u>
<b>30. FINANCE COST</b>			
Mark-up on			
- Long term finances - secured		324,404	2,216,725
- Finances under mark up arrangements -secured		52,289,110	23,486,033
- Loan from related parties - unsecured		26,305,287	4,528,164
Interest on workers' (profit) participation fund		-	110,363
Bank and other charges		6,164,356	6,639,346
		<u>85,083,157</u>	<u>36,980,631</u>
		2,295,470,632	1,721,279,887
<b>31. OTHER INCOME</b>			
Scrap sales		13,292,470	12,668,474
Gain on disposal of fixed assets		7,390,884	3,352
Excess liabilities written back		80,853,444	-
Gain on disposal of biological assets		-	3,836,000
Exchange gain		-	21,994,428
Gain on revaluation of trees		894,402	50,000
Amortization of deferred income	18.2	358,679	398,532
Amortization of deferred grant	17	125,297	1,690,697
Income on saving account		1,309,191	567,365
Others		3,461,049	6,786,188
		<u>107,685,416</u>	<u>47,995,036</u>
<b>32. TAXATION</b>			
Current tax			
- Charge for the current year		33,091,451	32,217,422
- Adjustment for prior year		196,426	(1,117,254)
Deferred tax		(2,837)	4,699,063
		<u>33,285,040</u>	<u>35,799,231</u>

32.1 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.

**32.2** The Company has recognized minimum tax at 1.25% and in case of export at 1% of export proceeds therefor no tax reconciliation has been given.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>33. LOSS PER SHARE - BASIC AND DILUTED</b>			
Net loss for the year attributable to ordinary shareholders	Rupees	(59,197,296)	(621,977,039)
Weighted average number of ordinary shares outstanding during the year	Number	22,875,000	22,875,000
Loss per share - Basic	Rupees	(2.59)	(27.19)

**33.1** There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

#### **34. LOSS PER SHARE - BASIC AND DILUTED**

The Company's activities expose it to a variety of financial risks:

- Credit risk
- Liquidity risk
- Market risk ( including currency risk, interest rate risk and other price risk)

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

##### **34.1 Risk management framework**

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The audit committee is responsible for developing and monitoring the Company's risk management policies. The committee regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the audit committee to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

##### **34.2 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. The Company does not have significant exposure to any individual counterparty. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Trade debts	249,762,573	202,059,716
Less: Allowance for expected credit losses (ECL)	(57,908,180)	(29,093,679)
	191,854,393	172,966,037
Bank balances	21,312,106	21,624,400
	<u>405,020,892</u>	<u>367,556,474</u>

### Credit quality of financial assets

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical default rates and present ages.

The aging of trade debts as at the reporting date is as follows:

Not due	50,029,396	116,089,781
Past due 1 - 30 days	56,468,795	47,290,651
Past due 31 - 60 days	11,060,265	8,479,875
Past due 61 - 90 days	8,350,371	19,439,674
Past due 91 - 180 days	33,634,140	13,247,571
Past due 181 - 365 days	45,875,955	11,434,035
More than 366 days	44,343,651	15,171,808
	<u>249,762,573</u>	<u>231,153,395</u>

The Company's exposure relating to credit risk relating to trade debt is disclosed in relevant notes to the financial statement. There are no significant trade debts that are past due as at the reporting date.

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

	Credit ratings			2023	2022
	Short term	Long term	Agency	(Rupees)	(Rupees)
National Bank of Pakistan	A1+	AAA	PACRA	1,739,244	1,739,244
MCB Bank Limited	A1+	AAA	PACRA	1,859,352	787,333
Habib Bank Limited	A1+	AAA	JCR-VIS	17,694,685	17,146,143
Bank Al Habib	A1+	AAA	PACRA	18,825	779,659
Meezan Bank Limited	A1+	AAA	JCR-VIS	-	1,072,019
Faysal Bank Limited	A1+	AA	PACRA	-	100,002
				<u>21,312,106</u>	<u>21,624,400</u>

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

### 34.3 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. As at reporting date, the Company had Rs. 360 million (2022: Rs. 360 million) available borrowing limits from financial institutions [unutilized: Rs. 58 million (2022: Rs. 25.94 million)] and Rs. 21.31 million (2022 Rs. 21.62 million) cash and bank balances. Following are the contractual maturities of financial liabilities:

#### Contractual maturities of financial liabilities as at June 30, 2023:

	Carring Amount Rupees	Contractual Cash flows Rupees	Within 1 Year Rupees	1-2 Years Rupees	2-5 Years Rupees	More than 5 Rupees
Finances under markup arrangements - secured	302,002,267	302,002,267	302,002,267	-	-	-
Trade and other payables	587,276,466	587,276,466	587,276,466	-	-	-
Accrued finance cost	47,309,572	47,309,572	47,309,572	-	-	-
Loan from shareholders - unsecured	316,000,000	316,000,000	316,000,000	-	-	-
	<u>1,252,588,305</u>	<u>1,252,588,305</u>	<u>1,252,588,305</u>	-	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

#### Contractual maturities of financial liabilities as at June 30, 2022:

	Carring Amount Rupees	Contractual Cash flows Rupees	Within 1 Year Rupees	1-2 Years Rupees	2-5 Years Rupees	More than 5 Rupees
Long term finance - secured	14,949,499	15,000,000	15,000,000	-	-	-
Finances under markup arrangements - secured	341,059,804	341,059,804	341,059,804	-	-	-
Trade and other payables	668,083,500	668,083,500	668,083,500	-	-	-
Accrued finance cost	12,848,666	12,848,666	12,848,666	-	-	-
Loan from shareholders - unsecured	225,000,000	225,000,000	225,000,000	-	-	-
	<u>1,261,941,469</u>	<u>1,261,991,970</u>	<u>1,261,991,970</u>	-	-	-

### 34.4 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:

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Trade debts - unsecured		66,061,514	45,120,000
The following significant exchange rates were applied during the year Rupees per USD			
<b>Rupees per USD</b>			
Average rate		246.38	190.60
Reporting date rate		287.90	204.85

#### Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 0.661 million (2022: Rs. 0.451 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. This sensitivity analysis reflects exposure as at the reporting date and is unrepresentative of the exposure during the year

#### (ii) Price risk

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.

#### (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, 2023 Rupees	June 30, 2022 Rupees
<b>Fixed rate instruments - Financial liabilities</b>		
Loan from shareholders - interest bearing	-	(75,000,000)
<b>Floating rate instruments - Financial assets</b>		
Bank balances - savings account	16,563,311	11,409,980
<b>Floating rate instruments - Financial liabilities</b>		
Loan from shareholders - interest bearing	166,000,000	-
Long term finances - secured	-	14,949,499
Finances under markup arrangements	302,002,267	341,059,804

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

If interest rates on floating rate instruments, 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. 4.51 million (2022: Rs 3.45 million) lower / higher, mainly as a result of higher lower interest expense on floating rate borrowings.

### 34.5 Market risk

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

As at the reporting date, the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

The Company is not exposed to any significant fair value risk at reporting date.

### 34.6 Financial instruments by categories

#### Financial assets as at June 30, 2023

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	Rupees	Rupees	Rupees	Rupees
Trade debts - unsecured	-	191,854,393	-	191,854,393
Cash and bank balances	-	21,312,106	-	21,312,106
	-	213,166,499	-	213,166,499

#### Financial assets as at June 30, 2022

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	Rupees	Rupees	Rupees	Rupees
Trade debts - unsecured	-	202,059,716	-	202,059,716
Cash and bank balances	-	21,624,400	-	21,624,400
	-	223,684,116	-	223,684,116

#### Financial liabilities at amortized cost

	June 30, 2023 Rupees	June 30, 2022 Rupees
Long term finance - secured	-	14,949,499
Trade and other payables	484,751,002	592,425,352
Finances under markup arrangements	302,002,267	341,059,804
Loan from related parties - unsecured	316,000,000	225,000,000
Accrued finance cost	47,309,572	12,848,666
Unclaimed dividends	1,912,754	1,912,754
	1,151,975,595	1,188,196,075

### 34.6 Financial instruments by categories

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

## 35. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares or sell assets to reduce debt.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

In line with the norms of the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Company was worked out as under:

	June 30, 2023 Rupees	June 30, 2022 Rupees
Loan from related parties - unsecured	316,000,000	225,000,000
Long term finance	-	14,949,499
Finances under markup arrangements	302,002,267	341,059,804
Cash and bank balances	(21,312,106)	(21,624,400)
Net debt	596,690,161	559,384,903
Total equity	143,746,063	202,936,414
Total capital employed	740,436,224	762,321,317
Gearing ratio	81%	73%

## 36. OPERATING SEGMENTS

The financial information has been prepared on the basis of a single reportable segment.

### 36.1 The Company's revenue from external customers by geographical location is given as under:



	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Pakistan		81.13%	82.54%
Canada		6.19%	5.05%
United Arab Emirates		3.75%	4.93%
United States of America		2.96%	1.20%
Kingdom of Saudi Arabia		2.66%	1.77%
Europe		2.43%	3.24%
Others		0.89%	1.28%
		100%	100.0%

36.2 There is no individual customer to whom sales are more than 10% of total revenue

36.3 All non-current assets of the Company as at June 30, 2023 are located in Pakistan.

### 37. PLANT CAPACITY AND ACTUAL PRODUCTION

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

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Actual production: Groceries & Confectioneries		1,212,880	1,793,222

### 38. PROVIDENT FUND

The Company doesn't operate any provident fund for its permanent employees. However the Company operate gratuity scheme for its permanent employees.

### 39. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees							
Managerial remuneration	2,283,870	9,019,350	-	-	54,201,260	53,075,394	56,485,130	62,094,744
Retirement benefits	-	-	-	-	18,027,283	19,463,636	18,027,283	19,463,636
House rent allowance	1,027,740	4,058,702	-	-	24,390,555	23,883,931	25,418,295	27,942,633
Utilities	228,390	901,948	100,206	389,947	5,420,036	5,307,649	5,748,632	6,599,544
Car allowance	459,000	1,377,000	-	-	6,670,339	5,765,000	7,129,339	7,142,000
Meeting fee	-	-	850,000	175,000	-	-	850,000	175,000
	3,999,000	15,357,000	950,206	564,947	108,709,473	107,495,610	113,658,679	123,417,557
Number of persons	1	1	8	8	22	22	31	31

- 39.1 An Executive is defined as an employee, other than the Chief Executive and Directors, whose basic salary exceeds Rs. 1.2 million in a financial year.
- 39.2 The Chief Executive and employees are entitled to reimbursement of medical expenses as per the limits defined in the Company's policy.
- 39.3 The Company also provides certain employees with free use of Company maintained cars.

40. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	As at June 30,2022	Non-cash changes	Cash flows -net	As at June 30, 2023
Long term finances - secured	14,949,499	50,501	(15,000,000)	-
Loan from related parties - unsecured	225,000,000	-	91,000,000	316,000,000
Finances under markup arrangements	341,059,804	-	(39,057,537)	302,002,267
Total liabilities from financing activities	581,009,303	50,501	36,942,463	618,002,267

	As at June 30,2021	Non-cash changes	Cash flows -net	As at June 30, 2022
Long term finances - secured	43,408,390	1,541,109	(30,000,000)	14,949,499
Loan from related parties - unsecured	150,000,000	-	75,000,000	225,000,000
Finances under markup arrangements	134,393,274	-	206,666,530	341,059,804
Total liabilities from financing activities	327,801,664	1,541,109	251,666,530	581,009,303

#### 41. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated company due to common directorship, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

Related party	Basic of Relationship	Aggregate Shareholding		June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
Mr. Najam Aziz Sethi	Chief Executive	0.0063%	Obtained loan	31,000,000	50,000,000
			Loan repaid	15,000,000	-
			Finance cost	11,948,152	3,804,040
Mr. S.M. Mehdi Mohsin	Director	20.4150%	Purchase of goods	586,457	3,318,091
			Rent paid	3,847,809	3,498,014
			Expenses incurred on their behalf	1,233,990	1,565,627
Ms. Syeda Maimanat Mohsin	Spouse of Director	20.4200%	Purchase of goods	-	45,360
			Loan obtained	5,000,000	-
			Loan repaid	5,000,000	-
Ms. Syeda Matanat Ghaffar	Spouse of Director	20.2060%	Loan Obtained	40,000,000	25,000,000
			Finance cost	9,275,596	678,137
Ms.Mira Sethi	Close relative of Chief Executive	N/A	Loan Obtained	35,000,000	-
			Finance cost	5,081,539	-
M/s. Vanguard Books (Private) Limited	Associated Company due to common directorship	N/A	Rent expense	20,032,941	17,647,060
				20,032,941	17,647,060
			Rent paid cost	20,032,941	17,647,060

	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>Balances outstanding as at June 30,</b>		
Loans from directors / close relative - unsecured		
Mr. Najam Aziz Sethi	66,000,000	50,000,000
Ms. Mira Sethi	35,000,000	-
Ms. Syeda Matanat Ghaffar	140,000,000	100,000,000
Ms. Syeda Maimant Mohsin	75,000,000	75,000,000
<b>Accrued finance cost</b>		
Mr. Najam Aziz Sethi	15,752,192	3,804,040
Ms. Syeda Matanat Ghaffar	9,953,733	678,137
Ms. Mira Sethi	5,081,539	-
Other receivable - Mr. S.M. Mehdi Mohsin	347,101	110,452
Security deposit - M/s. Vanguard Books (Private) Limited	3,600,000	3,600,000

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

41.2 Sales and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>42. SHARIAH SCREENING DISCLOSURES</b>		
Loans / advances obtained as per Islamic mode	-	-
Shariah compliant bank deposits / bank balances	-	-
Profit earned from shariah compliant bank deposits / bank balances	-	-
Revenue earned from a shariah compliant business segment	-	-
Gain / loss or dividend earned from shariah compliant investments	-	-
Shariah compliant exchange gain earned	-	-
Mark up paid on Islamic mode of financing	-	-
Profits earned on any conventional loan or advance	-	-
Interest paid on any conventional loan or advance	50,571,750	24,846,239
<b>43. NUMBER OF EMPLOYEES</b>		
Number of employees as at June 30,	284	292
Average number of employees during the year	288	294

#### 44. CORRESPONDING FIGURES


Corresponding figures are rearranged / reclassified for better presentation and comparison. Following re-arrangements have been made in these financial statements that does not have any impact on the statement of financial position and profitability of the Company.


Nature	From	To	<u>2022</u> Rupees
<b>Statement of financial position</b>			
Withholding income tax	Income tax recoverable (Note 12)	Trade and other payables (Note 21)	2,111,904
Security deposit	Advances, deposits and prepayments - others (Note 11)	Advances, deposits and prepayments - Security deposit (Note 11)	5,524,000
Promotional expenses	Refund liabilities (Note 21)(Note 21)	Accrued liabilities	3,464,234
Trade and other Payables	Contract liabilities (Note 21)	Security deposit (Note 21)	7,908,486
<b>Statement of Profit or loss</b>			
Selling and Distribution Expenses	Selling and distribution expenses - others (Note 28)	Selling and distribution expenses - Selling and related expenses (Note 28)	1,494,050
Advertisement	Selling and distribution expenses - others (Note 28)	Selling and distribution expenses - Advertisement (Note 28)	1,480,887
Entertainment expenses	Administrative expenses - professional services (Note 27)	Administrative expenses - Entertainment (Note 27)	1,096,416
Repairs and maintenance	Administrative expenses - professional services (Note 27)	Administrative expenses - Repairs and maintenance (Note 27)	613,272
Auditor's remuneration	Administrative expenses - professional services (Note 27)	Administrative expenses - Auditor's remuneration (Note 27)	3,250,485
Advances written off	Net impairment loss on financial assets	Other operating expenses - Assets written off (Note 29)	3,398,828
Allowance for doubtful debts	Net impairment loss on financial assets	Other operating expenses - Allowance for doubtful debts (Note 29)	13,455,178
Professional expenses	Administrative expenses - professional Services (Note 27)	Administrative expenses - IT and related services (Note 27)	7,058,947
Professional expenses	Selling and distribution expenses - professional Services (Note 28)	Selling and distribution expenses - IT and related services (Note 28)	3,928,108

#### 45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized by the Board of Directors of the Company for issue on October 10, 2023

  
Badar M. Khan  
Chief Financial Officer

  
Najam Aziz Sethi  
Chief Executive Officer

  
Shazad Ghaffar  
Chairman

# Proxy Form

## Mitchell's Fruit Farms Limited 91<sup>th</sup> 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 91st Annual General Meeting of the Company to be held on \_\_\_\_\_ at \_\_\_\_\_ a.m. at the Registered Office of the Company located at 72-FCC, Gulberg IV, Lahore.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

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.

The logo for Farm Fresh since 1933 is centered in a circular frame. It features the text "Farm Fresh" in a serif font, "since" in a smaller font, and "1933" in a large, stylized font. The background of the logo is a circular arrangement of various fruits like apples, oranges, and lemons.

Farm  
Fresh  
since  
1933

**Head Office:**

72-FCC Gulberg IV, Lahore.

P: (+92) (42) 2622908, 35872393-96

F: (+92) (42) 35872398

E: [ho@mitchells.com.pk](mailto:ho@mitchells.com.pk)

**Factory & Farms:**

Mitchell's Fruit Farms Ltd.

Renala Khurd, District Okara, Pakistan

P: (+92) (44) 2622908, 2635907-8

F: (+92) (44) 2621416

E: [rnk@mitchells.com.pk](mailto:rnk@mitchells.com.pk)

Mitchell'sFruitFarms 

Mitchell'sChocolates&Sweets 

Mitchellsfruitjams 

Mitchellsfruitfarmsofficial 

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