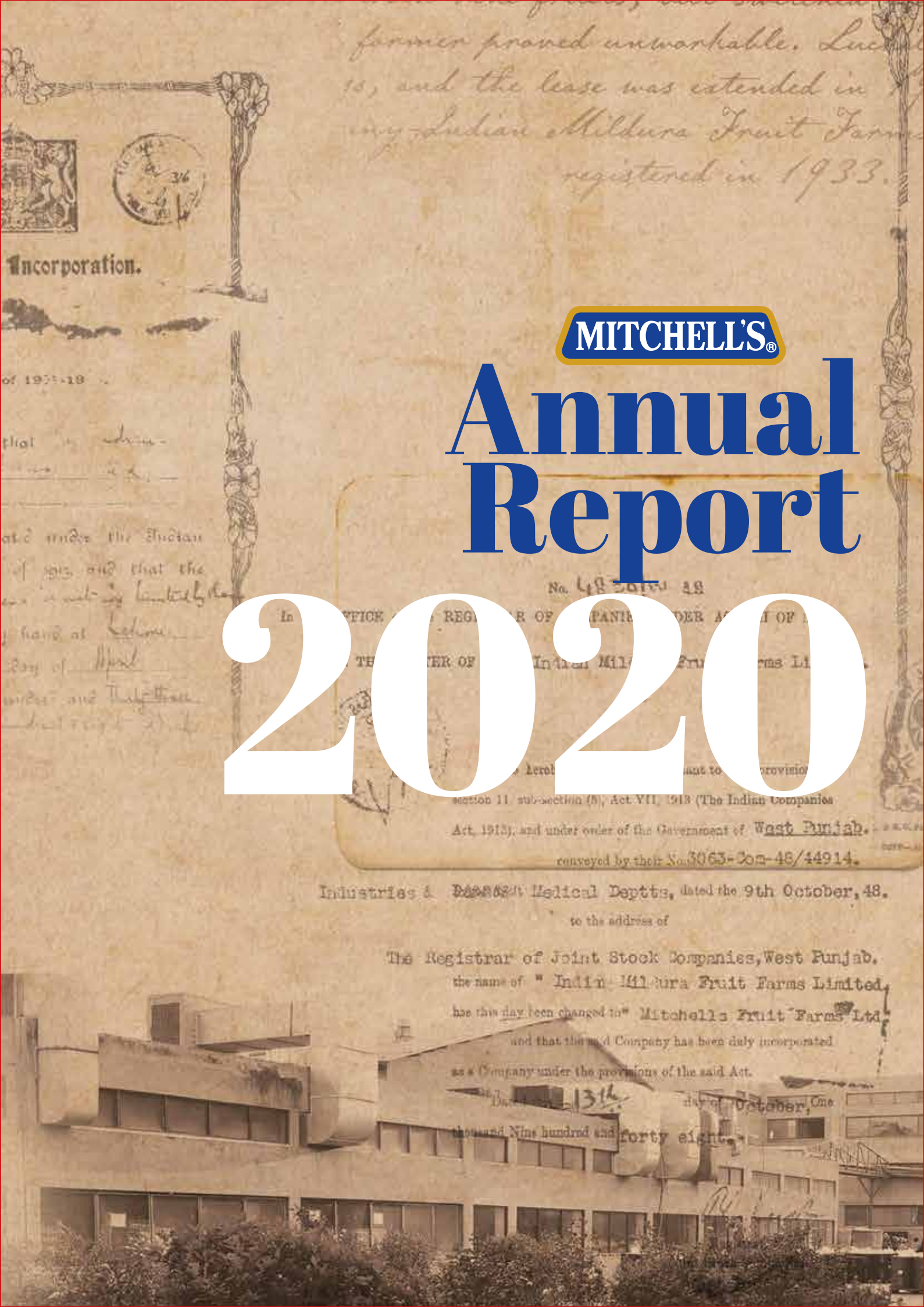




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MITCHELL'S®

Annual Report

2020

No. 48 dated 48

In OFFICE OF REGISTRAR OF JOINT STOCK COMPANIES, WEST PUNJAB.
THE REGISTRAR OF JOINT STOCK COMPANIES, WEST PUNJAB.

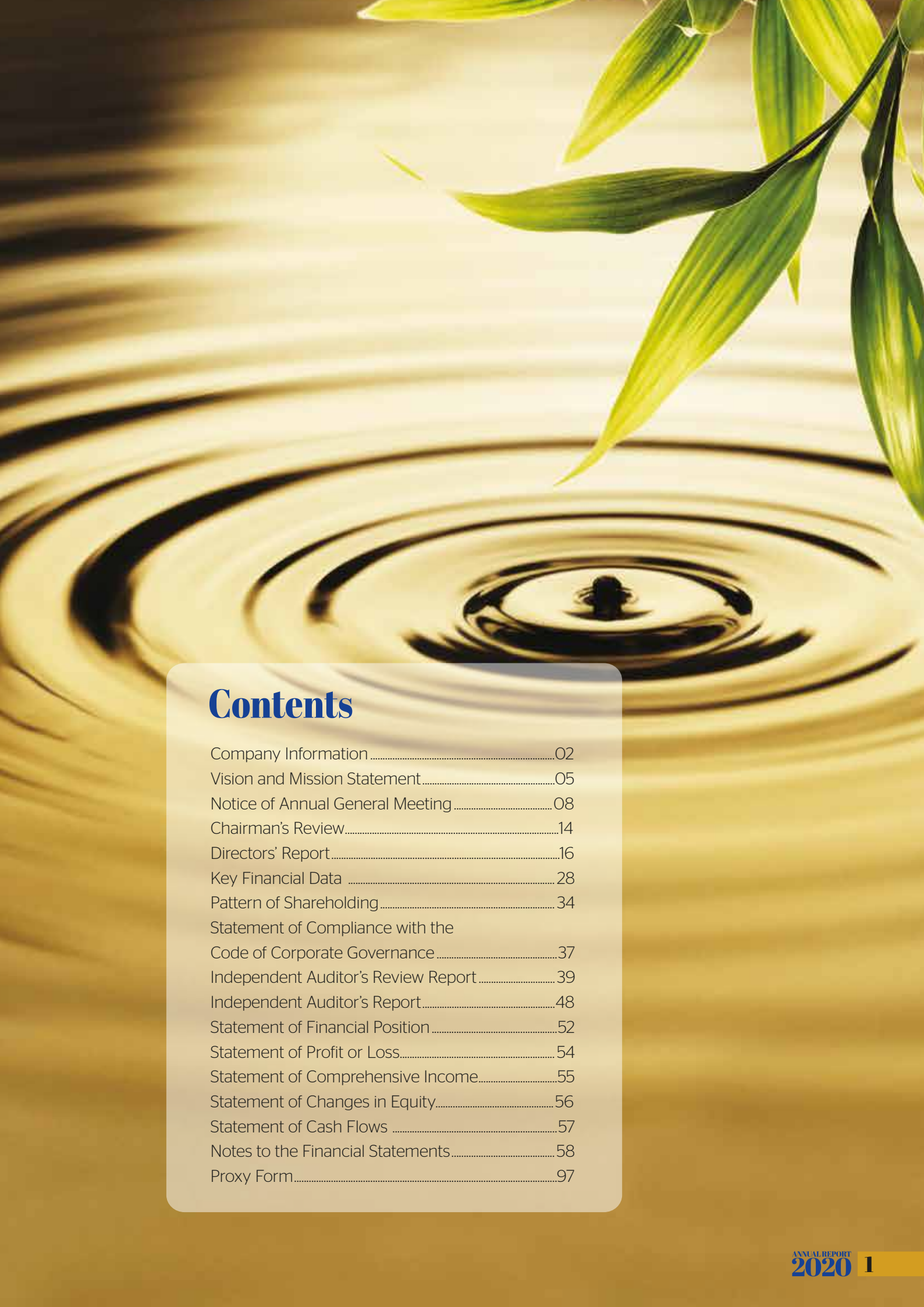
section 11, sub-section (5), Act VII, 1913 (The Indian Companies Act, 1913), and under order of the Government of West Punjab.

conveyed by their No. 3063-Com-48/44914.

Industries & Medical Deptts, dated the 9th October, 48.
to the address of

The Registrar of Joint Stock Companies, West Punjab.
the name of " Indian Mildura Fruit Farms Limited,
has this day been changed to " Mitchell's Fruit Farms Ltd.
and that the said Company has been duly incorporated
as a Company under the provisions of the said Act.

Dated the 13th day of October, One
thousand Nine hundred and forty eight.



Contents

Company Information	02
Vision and Mission Statement.....	05
Notice of Annual General Meeting	08
Chairman's Review	14
Directors' Report.....	16
Key Financial Data	28
Pattern of Shareholding	34
Statement of Compliance with the Code of Corporate Governance	37
Independent Auditor's Review Report	39
Independent Auditor's Report.....	48
Statement of Financial Position.....	52
Statement of Profit or Loss.....	54
Statement of Comprehensive Income.....	55
Statement of Changes in Equity.....	56
Statement of Cash Flows	57
Notes to the Financial Statements.....	58
Proxy Form.....	97

Company Information

Board of Directors

Mr. Najam Aziz Sethi	Chairman
Syed Mohammad Mohsin	Non Executive Director
Ms. Naila Bhatti	MD / Chief Executive Officer
Syeda Sitwat Mohsin	Non Executive Director
Syed Mohammad Mehdi Mohsin	Executive Director
Mr. Rizwan Bashir	Independent Director
Mr. Manzar Hassan	Non Executive Director
Syeda Umme Kulsum Imam	Non Executive Director
Mr. Shazad Ghaffar	Non Executive Director
Mr. Pervez Hayat Noon	Non Executive Director
Mr. Aamir Amin	Non Executive Director (NIT Nominee)

Audit Committee

Mr. Rizwan Bashir	Chairman
Syed Muhammad Mohsin	Member
Mr. Aamir Amin	Member

Chief Financial Officer

Mr. Nauman Munawar (FCA)

Company Secretary

Mr. Rashid Butt (ACMA)

Auditors

A.F. Ferguson & Company
Chartered Accountants

Legal Advisors

Lashari & Co.
Tariq Rahim Manzil,
7 - Turner Road, Lahore
Tel: 042-37324296

Bankers

Habib Bank Limited
Askari Bank Limited
Allied Bank Limited
Standard Chartered Bank (Pakistan) Limited
MCB Bank Limited
National Bank of Pakistan
Bank Al Habib Limited
JS Bank Limited
Meezan Bank Limited
Faysal Bank Limited

Share Registrar

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

Corporate Office Old Address:

40-A, Zafar Ali Road, Gulberg V, Lahore
Phones: (042) 35872392-96,
Fax: (042) 35872398
E-Mail: ho@mitchells.com.pk
Website: www.mitchells.com.pk
New Address: 72-FCC Gulberg IV, Lahore

FACTORY & FARMS

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

REGIONAL SALES OFFICES

Central

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

Islamabad

Plot # 102, 2nd Floor, Main China Road,
Street # 7, 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





Vision & Mission Statement

1. To be a leader in the markets we serve by providing quality products to our consumers while learning from their feedback to set even higher standards.
2. To be a company that continuously enhances its superior technological skills to remain internationally competitive in this day and age of increasing challenges.
3. To be a company that attracts and retains competent people by creating a culture that fosters innovation, promotes individual growth and rewards initiative and performance.
4. To be a company which optimally combines its people, technology, management systems, and market opportunities to achieve profitable growth while providing fair returns to its shareholders.
5. To be a company that endeavours to set the highest standards in corporate ethics.
6. To be a company that fulfills its social responsibility.

MITCHELL'S®

JAM, JELLIES & MARMALADES



The natural sweetness of fruits lends its flavours to Mitchell's Jams, Jellies and Marmalades, making them the perfect preserve for your meals. The Diet Jam range is available for diabetics and persons on a low-calorie diet, so that everyone can enjoy the deliciousness of Mitchell's preserves.



MITCHELL'S®

CHOCOLATES



Mitchell's Chocolate range is the perfect solution for all sweet-tooth cravings, offering something for everyone!





Notice of Annual General Meeting

Notice is hereby given that the 88th Annual General Meeting of Mitchell's Fruit Farms Limited will be held on February 25, 2021 on Thursday at 11:00 a.m. at the Registered Office of the Company at 72- FCC Gulberg IV, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Extra Ordinary General Meeting held on October 15, 2020.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2020 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending September 30, 2021 and to fix their remuneration as suggested by the audit

Lahore,
February 03, 2021

committee to the Board of Directors. The retiring auditors namely Messrs A. F. Ferguson & Co. Chartered Accountants, being eligible offer themselves for reappointment.

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

Rashid Butt
Company Secretary

NOTES

1. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Corplink (Private) Limited, Wings Arcade , 1-K (Commercial) , Model Town , Lahore. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.
2. The share transfer book of the Company will remain closed from February 18, 2021 to February 25, 2021 (both days inclusive). Transfers received in order (including deposit requests under CDS) at our Registrar's office Corplink (Private) Limited, Wings Arcade, 1-K (Commercial) Model Town, Lahore up to 01:00 p.m. on February 17, 2021 will be considered in time.
3. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the time meeting is scheduled for.
4. Duly completed instrument of proxy, and the other authority under which it is signed, or notarially a certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (72-FCC Gulberg IV, Lahore) at least 48 hours before the time of the meeting.
5. **Shareholders are requested to immediately notify the change in their address, if any.**

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

A. For Attending the Meeting:

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

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

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

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

Members who hold shares in CDC/ participant accounts should update their address and submit their declarations for non-deduction of zakat, if applicable, to the CDC or their respective participants / stock brokers.

7. Unclaimed Dividends and Share Certificates:

The Shareholders are hereby informed that in accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificate, Dividends, Others Instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and the shares to the Commission, which are unclaimed/un-collected for a period of three (3) years or more from the date it is due and payable.

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

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

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

In pursuance of SECP notification S.R.O. No.470(1)/2016 dated May 31, 2016 the companies have been allowed to circulate their annual reports including annual audited accounts, notice of annual general meetings and other information contained therein of the Company to the members for future years through CD or DVD or USB instead of 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.

10. Consent for Video Conference:

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

Consent Form for Video Conference Facility

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

Signature of member

Annual Accounts

Annual Accounts of the Company for the financial year ended September 30, 2020 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

مچلر فروٹ فارمز لمیٹڈ:

بذریعہ نوٹس ہذا اطلاع دی جاتی ہے کہ مچلر فروٹ فارمز لمیٹڈ کا 88 واں سالانہ اجلاس عام مورخہ 25 فروری 2021 بروز جمعرات 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- 15 اکتوبر 2020 کو منعقد ہونے والے غیر معمولی اجلاس عام میں طے پائے گئے امور کی منظوری۔
 - 2- 30 ستمبر 2020 کو ختم ہونے والے سال کے سالانہ پڑتال شدہ حسابات کی وصولی، غور و خوض اور اختیار کرنا۔ جن کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹس شامل ہیں۔
 - 3- 30 ستمبر 2021 کو اختتام پذیر ہونے والے سال کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کو طے کرنا جس کو آڈٹ کمیٹی نے بورڈ آف ڈائریکٹرز کو تجویز کیا۔
- ریٹائرڈ ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اہلیت کی بنا پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔

دیگر معاملات:

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

بجلم بورڈ

راشد بٹ

کمپنی سیکریٹری

لاہور: 3 فروری، 2021

نوٹس:

- 1- وہ ممبران جنہوں نے کمپیوٹرز اڈ شناختی کارڈ کمپنی ہذا یا شیئرز رجسٹر اکر جمع نہیں کروائے ان کو ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ وہ اپنے مذکورہ شناختی کارڈ کمپنی کے شیئرز رجسٹر ارمیسرز کارپلنک (پرائیویٹ) لمیٹڈ کمرشل ماڈل ٹاؤن لاہور کو برائے راست بھجوادیں۔ دیگر کمپنیاں اپنے NTN شیئرز رجسٹر اکر بھجوادیں۔ قومی شناختی کارڈ NTN کے ہمراہ فون نمبر بھی ارسال کریں۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفکیشن SRO 779 (I) مورخہ 18 اگست 2011 اور SRO 831 (I) مورخہ 5 جولائی 2012 کے مطابق ڈیوڈنڈ وارنٹ پر رجسٹرڈ ممبر کے قومی شناختی کارڈ کا درج ہونا ضروری ہے کم سن افراد اور کمپنیاں اس سے مستثنیٰ ہیں۔

- 2- کمپنی کے شیئرز ٹرانسفر بکس 18 فروری 2021 سے 25 فروری 2021 (بشمول دونوں دن) تک بند رہیں گی۔ انتقال دہندگان کے مذکورہ بالا استحقاق اور اجلاس میں شمولیت کی غرض سے کمپنی کے شیئرز رجسٹر ارمیسرز کارپلنک (پرائیویٹ) لمیٹڈ کمرشل ماڈل ٹاؤن لاہور کو مورخہ 17 فروری 2021 کو دوپہر 1 بجے تک موصول کی جائیں گی موصول ہونے والی ٹرانسفرز بروقت تصدیق کی جائیں گی۔

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

4- مکمل شدہ پراکسی کے فارم کمپنی سیکرٹری کو کمپنی کے رجسٹرڈ آفس FCC-72 گلبہرگ IV، لاہور کو مینٹگ سے کم از کم 48 گھنٹے قبل موصول ہو جانے چاہیے۔

5- شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اگر ان کے پتے میں کسی قسم کی تبدیلی ہوئی ہے تو وہ اس کی فوری اطلاع دیں۔ سی ڈی سی اکاؤنٹ ہولڈرز کو مزید سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مندرجہ ذیل ہدایات کی بھی پیروی کرنا ہوگی۔

A۔ اجلاس میں شمولیت کیلئے:

- I مینٹگ میں شرکت کی غرض سے ممبران اپنا قومی شناختی کارڈ یا اصل پاسپورٹ دکھائیں گے۔
- II کمپنیز کی صورت میں بورڈ آف ڈائریکٹرز کی طرف سے جاری کردہ منظوری یا ان کی پاور آف اٹارنی جس پر ان کے دستخط موجود ہوں مینٹگ میں شرکت کیلئے دکھائیں گے۔

B۔ پراکسی کا تقرر:

- I ممبران، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈرز زیادہ افراد جن کو سیکورٹیز گروپ کی صورت میں ہے وہ اپنے پراکسی فارم قوانین کے تحت جمع کرائیں گے۔
- II پراکسی پر دو گواہوں کے دستخط اور ان کے قومی شناختی کارڈز کے نمبر درج ہوں۔
- III پراکسی فارم کیساتھ ہینشیل اوز کے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی لف ہونا ضروری ہے۔
- IV پراکسی والے افراد اپنا اصل شناختی کارڈ دکھائیں گے۔
- V کمپنیز کی صورت میں بورڈ آف ڈائریکٹرز کی طرف سے جاری کردہ منظوری یا ان کی پاور آف اٹارنی جس پر ان کے دستخط موجود ہوں مینٹگ میں شرکت کیلئے دکھائیں گے۔

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

شیئرز سرٹیفکیٹس رکھنے والے ممبران اپنے رجسٹرڈ پتے میں تبدیلی کے بارے میں شیئر رجسٹر کارگاہ کریں اور اپنے زکوٰۃ سے استثنیٰ کے ڈکریشنز فراہم کریں۔ تمام سی ڈی سی شیئر ہولڈر ممبران سے گزارش ہے کہ وہ سی ڈی سی یا اپنے متعلقہ شرکاء / اشاک بروکر کیساتھ اپنا ایڈریس اپ ڈیٹ کریں۔ اپنے زکوٰۃ سے استثنیٰ کے ڈکریشنز فراہم کریں۔

7- غیر دعویٰ شدہ منافع اور شیئرز سرٹیفکیٹس:

شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 244 اور غیر دعویٰ شدہ شیئر، مضاربہ سرٹیفکیٹ، ڈیونڈز، دیگر انشرومنٹس اور ان ڈسٹری بیوٹڈ ایسٹس ریگولیشنز 2017 کے مطابق کمپنیز کے لئے ایسے کیش ڈیونڈ فیڈرل گورنمنٹ کے کریڈٹ میں اور شیئرز کو کمیشن میں جمع کروانا ضروری ہے۔ جو ادائیگی کی تاریخ سے لیکر تین سال یا زیادہ عرصہ سے غیر دعویٰ شدہ ہیں یا وصول نہیں کیے گئے۔

8- شیئر ہولڈرز کو سالانہ رپورٹس کی بذریعہ ای میل ترسیل:

مورخہ 8 ستمبر 2014 کو جاری ہونے والے نوٹیفکیشن ایس آر او نمبر 2014/787 (1) کے تحت کمپنیوں کو اجازت ہے کہ وہ شیئر ہولڈرز کو اینوکلفنا نیشنل سسٹم کے ساتھ ساتھ اینوک جزل مینٹگ (اے جی ایم) کا نوٹس بذریعہ ای میل ارسال کریں لہذا ممبرز سے درخواست ہے کہ وہ اس کے لئے ایک سٹینڈرڈ ریکوئسٹ فارم پر کریں جو کہ کمپنی کی ویب سائٹ www.mitchells.com.pk پر دستیاب ہے۔ بذریعہ ای میل اپنی رضامندی ظاہر کریں۔ علاوہ ازیں کمپنی کے شیئر رجسٹرار کو اپنے رجسٹری میٹل ایڈریس میں ہونے والی ممکنہ تبدیلی کے بارے میں بروقت مطلع کرنا بھی ممبرز کی ذمہ داری ہے۔

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 آنے والے برسوں میں ممبرز کو اپنی سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ اکاؤنٹس، سالانہ اجلاس عام کانٹنٹس اور کمپنی کی دیگر معلومات ہارڈ کاپیز کی بجائے سی ڈی یا ڈی وی ڈی یا یو ایس بی کے ذریعے ارسال کر سکتی ہے تاہم کمپنی شیئر ہولڈرز کے مطالبہ پر انہیں سالانہ آڈٹ شدہ اکاؤنٹس کی ہارڈ کاپی طلب کئے جانے کے ایک ہفتے کے اندر انکے رجسٹریڈریس پر بلا معاوضہ فراہم کرے گی۔

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 ساتھ ممبرز کی طرف سے اجلاس میں شرکت کے لئے اجلاس سے کم از کم دس دن قبل رضا مندی ملتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس کا انتظام کرے گی۔ بشرطیکہ اس شہر میں ایسی کوئی سہولت میسر ہو۔ اس کیلئے براہ کرم درج ذیل فارم پر کر کے سالانہ اجلاس عام کی تاریخ سے کم از کم دس دن پہلے کمپنی کے رجسٹرڈ ایڈریس پر جمع کروائیں۔

میں اہم۔۔۔۔۔ساکن۔۔۔۔۔مچلر فروٹ فارمز لمیٹیڈ کا ممبر ہوں اور۔۔۔۔۔شیرزکا حامل ہوں بمطابق رجسٹرڈ فوئیو نمبر اسے ڈی سی اکاؤنٹ نمبر۔۔۔۔۔اپنے شہر۔۔۔۔۔(جغرافیائی مقام) میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا ہوں۔

30 ستمبر 2020 کو ختم ہونے والے مالیاتی سال کیلئے سالانہ اکاؤنٹس اور پچھلے سالوں کے سالانہ اکاؤنٹس بمعہ سہ ماہی اکاؤنٹس کمپنی کی ویب سائٹ <http://www.mitchells.com.pk> پر موجود ہے۔

Chairman's Review

On Board's overall performance u/s 192 of Companies Act, 2017

1- Introduction

The company managed to continue its operations amidst extreme financial crisis suffered at the close of last financial year. It was crucial to meet business obligations in order to ensure continuity of supplies so as to fulfill customer orders and to avoid any severely adverse impact on revenue. The company under direction of Board of Directors and new Chairman is now set to achieve its overall objectives in the best interests of its shareholders

Plans of taking aboard a financially sound business partner were abandoned due to various factors that emerged after the outbreak of COVID-19. Since fresh equity was considered extremely essential for the survival of the company, the Board of Directors decided to opt for a Rights Issue of PKR 750m underwritten by the Three Sponsors, namely Syed Mohammad Mehdi Mohsin, Syeda Maimnat Mohsin and Syeda Matanat Ghaffar who between them held about 58 percent of company shares.

Following the election of a new Chairman of the Board, changes in the top management were carried out with the objective to vitalize the potentials of the brand. Besides revamping business operations, the new management immediately got down to the task of plugging systemic inefficiencies and optimizing output from available resources since the time lines of fresh equity was expected to materialize only in the first half of the next financial year.

Considering the extreme challenges on hand during the year that included higher inputs costs and burden of Federal Excise Duty levied on various products of the company, the Company managed to sustain its operations. Fixed costs were monitored closely. However, increased dependence on bank borrowings led to dilution of results and as a result loss was reported from operations.

2- Evaluation of Board's Performance

The Board is engaged in bringing valuable contributions to guide the management in carrying out business activities. It takes on the role of governance in ensuring effective decision making, assessment of risks and controls, regulatory compliance in order to safeguard the long term perspective of the Company. Annual evaluation process as required under the Code of Corporate Governance is in place to assess the performance of its members.

The board members of Mitchell's Fruit Farms Limited are highly qualified professionals with rich experience in their relevant fields. The Board has the

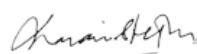
required diversity and necessary mix of skill and experience in different relevant fields of business, finance, legal, administration and management. The board members are familiar with the current vision, mission and values and support them. The Board revisits mission and vision statement from time to time. Furthermore, they are well conversant with their fiduciary duties and effectively perform their role of strategic direction and guidance to the Management in accordance with applicable rules and standards. Three directors have already acquired certification as required under Directors' Training Program and two directors are exempt from the Directors' Training Program based on experience and qualification.

The Board is alert to ensure that the operations of the company are carried out under the framework laid down by the Code of Corporate Governance. The Company is compliant with the requirement of having a female director on the Board of Directors since the Board has already three female directors. Active participation by all Board Members is encouraged and in decision making process the feedback from independent director(s) is duly considered. In year 2020, regular meetings of the board and its committees took place with due deliberations to give their consent on the matters placed before them.

Aided with the support of Audit Committee, the Board aims to ensure the fairness of the financial position and effective internal controls prevailing in the company. Human Resource Committee ensures the consistency, improvements and application of employees related policies within the company.

3- Future Outlook

With the injection of fresh equity, we are geared to revive the heritage of our brand and to make it once again the preferred choice of end consumers. We intend to bring efficiency from within the business processes. New investments are planned to ensure uninterrupted supply of high quality products to the market. While we continue to strive to serve our corporate purpose to provide shareholder value; we also recognize our responsibility to our 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.



Najam Aziz Sethi
Chairman
Lahore: January 27, 2021

چیرمین کا جائزہ

بورڈ کی عمومی کارکردگی u/s 192 کمپنی ایکٹ 2017

1- تعارف:

پچھلے سال کے اختتام پر شدید مالی مشکلات کے باوجود کمپنی نے کامیابی سے اپنے آپریشنز کو جاری رکھا کسی طرح کے سبز کے نقصان سے بچنے کیلئے صارفین تک اپنی مصنوعات مقررہ وقت پر پہنچانا ضروری تھا تاکہ کمپنی اپنی بے حد اہم کاروباری ذمہ داریاں پوری کر سکے۔ بورڈ آف ڈائریکٹرز اور سٹاک ہولڈرز نے چیرمین کی ہدایات پر چلنے والی کمپنی اب اپنے حصص یافتگان کے بہترین مفادات کو حاصل کرنے کیلئے تیار ہے۔ مالی طور پر مستحکم کاروباری شریک کو ہمراہ لے جانے کے تمام تر منصوبے COVID-19 کی وجہ سے پیدا ہونے والے حالات کے باعث ملتوی ہو گئے۔ نئی سرمایہ کاری کمپنی کی بقا کے لیے انتہائی ضروری تھی چنانچہ بورڈ آف ڈائریکٹرز نے 750 ملین روپے کے Right Shares جاری کرنے کا فیصلہ کیا جس کا بیشتر حصہ کمپنی کے تین معاون کنندہ سید محمد مہدی حسن، سیدہ میمنست حسن اور سیدہ متانت غفار جن کے مجموعی حصص تقریباً 58 فیصد ہیں نے دینے کا وعدہ کیا۔

بورڈ کا نئے چیرمین کے انتخاب کیساتھ اعلیٰ سطحی انتظامی تبدیلیاں کی گئیں جس کا مقصد برائے مضبوط پہلوں کا مضبوط تر کرنا تھا۔ کاروباری معاملات پر نظر ثانی کرنے کے علاوہ نئی انتظامیہ نے فوری طور پر سسٹم کے غیر موثر عناصر کی نشاندہی کی اور دستیاب ذرائع سے بہترین نتائج حاصل کرنے کی کوشش کی کاروبار میں نئے سرمایہ کی دستیابی اگلے سال کے پہلے حصے میں متوقع تھی۔ سخت ترین حالات، آزمائشوں، قیمتوں میں اضافے اور ہمارے کچھ منصوبات پر فیڈرل ایکسائز ڈیوٹی کے بوجھ کے باوجود کمپنی اپنے معاملات کو برقرار رکھنے میں کامیاب رہی۔ اخراجات پر کڑی نظر رکھی گئی تاہم بیٹیکوں کے قرضوں کے بوجھ کی وجہ سے کمپنی کو اس سال مالی خسارے کا سامان رہا۔

2- بورڈ کی کارکردگی کا جائزہ:

بورڈ انتظامیہ کاروباری سرگرمیوں میں اضافے اور بہترین نتائج حاصل کرنے کے حوالے سے اپنی سفارشات پیش کرتا رہا۔ بہترین فیصلہ سازی، خدشات سے نمٹنے کے اقدامات اور کمپنی کے استحکام کے لئے انضباطی معاملات کی باقاعدگی بورڈ کی ذمہ داری ہے۔ Code of Corporate Governance کے تحت ڈائریکٹرز کی کارکردگی کا طریقہ کار متعین ہے۔

مچلر فوٹ فارمر کے تمام ڈائریکٹرز اعلیٰ تعلیم یافتہ اور متعلقہ فیلڈ میں بہترین تجربہ کے حامل ہیں۔ بورڈ کے پاس کاروبار، مالیات، قانونی، انتظامیہ کے حوالے سے بہترین تجربہ موجود ہے۔ بورڈ کے ممبران موجودہ و پٹرن اور مین کی اقدار سے آگاہ ہیں اور ان کی ترویج کرتے ہیں۔ بورڈ کے ممبران وقتاً فوقتاً وٹرن اور مین کے بیانیہ کو دیکھتے رہتے ہیں۔ تاکہ متعلقہ قوانین کے اندر رہتے ہوئے بورڈ ممبران اپنے فرائض کی درست طریقے سے انجام دہی کر سکیں۔

تین ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت ٹریننگ حاصل کر رکھی ہے اور دو ڈائریکٹرز اپنے تجربہ اور قابلیت کی بنیاد پر اس ٹریننگ سے مستثنیٰ ہیں۔ Code of Corporate Governance کے تحت لائحہ عمل کے اندر رہتے ہوئے کام کرنے کی ضمانت دینے کیلئے بورڈ چونکار ہا کمپنی نے اپنے بورڈ پر تین خواتین کو ڈائریکٹر رکھا ہے جس سے ہم نے Code of Corporate Governance کی تعمیل کی ہے۔ تمام ڈائریکٹرز فیصلوں میں شرکت کو سراہا جاتا ہے اور انڈیپنڈنٹ ڈائریکٹر کے فیڈ بیک پر غور کیا جاتا ہے۔ سال 2020 میں بورڈ اور ذیلی کمیٹیوں کی باقاعدہ میٹنگز منعقد ہوئیں جن کی سفارشات پر بغور جائزہ لینے کے بعد اکتفا کیا گیا۔

آڈٹ کمیٹی کی معاونت سے بورڈ کمپنی کے مالی معاملات اور موثر اندرونی کنٹرولز کی شفافیت کو یقینی بناتا رہا ہے۔ ہیومن ریسورس کمیٹی ملازمین سے متعلقہ پالیسیز کے تسلسل، بہتری اور عمل کو یقینی بناتی رہی ہے۔

3- مستقبل کا احوال:

نئے سرمایہ کی معاونت سے ہم اپنی کمپنی کی بہترین برینڈ کی مصنوعات صارفین کی اولین ترجیح کیلئے انتہائی مددگار ہیں۔ ہم کاروباری معاملات میں بہتری کیلئے کوشاں ہیں۔ کمپنی کی معیاری مصنوعات کے بلا تعطل ترسیل کو بہتر بنانے کیلئے نئے سرمایہ کاری کے منصوبے زیر غور ہیں۔ مزید برآں ہم اپنی تجارتی ذمہ داریاں ادا کرتے ہوئے شیئرز ہولڈرز کے مقاصد پر گہری نظر رکھتے ہیں اور دیگر حصہ داروں کی بھی دل سے قدر کرتے ہیں۔ ہم سمجھتے ہیں کہ ہمارے ملازمین کی ترقی، ماحول کی حفاظت اور اپنے سپلائرز کے ساتھ شفاف تعلقات ہماری کمپنی، برادری اور ملک کے درخشاں مستقبل کیلئے نہایت اہم ہیں۔

Karim Khan

نجم عزیز سیٹھی

چیرمین

27 جنوری 2021



Directors' Report

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

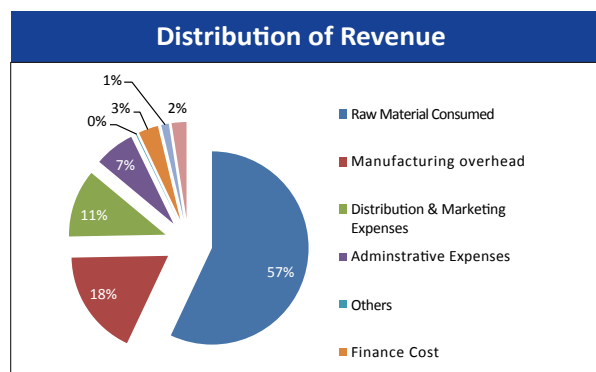
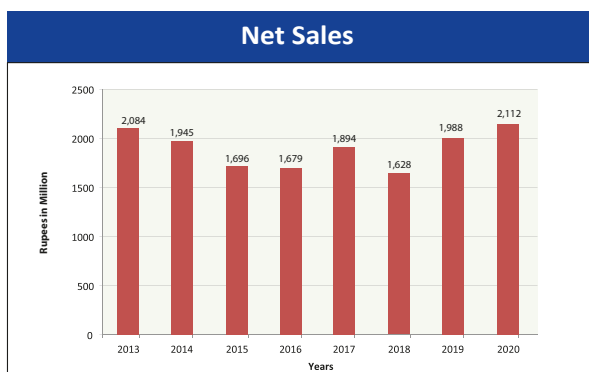
1. PRINCIPAL ACTIVITY

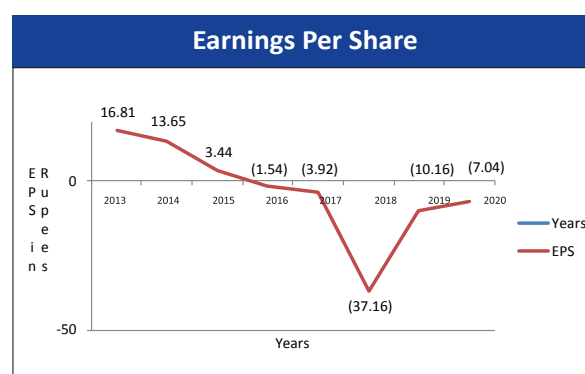
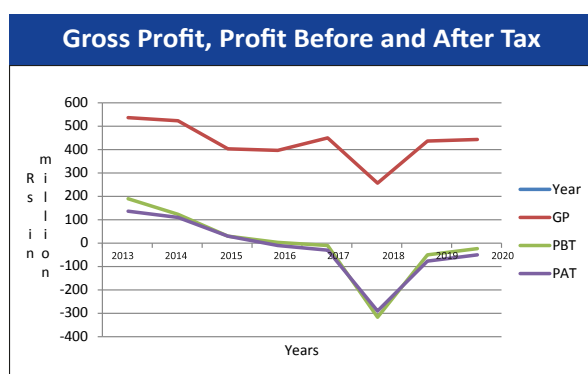
The Company is principally engaged in the manufacture and sale of various farm and confectionery products.

2. FINANCIAL POSITION AT A GLANCE

A brief financial analysis is presented as under:

Operating Results	2020	2019	Increase/Decrease
Turnover	2,112,492,576	1,987,552,095	6.29%
Gross Profit	442,422,812	434,413,096	1.84%
Gross Profit %	20.94 %	21.86 %	(92)bps
Distribution Costs	253,637,474	282,634,196	(10.26%)
Administrative Expenses	150,668,678	135,252,097	11.40%
Operating Profit	47,016,162	26,777,465	75.58 %
Loss After Tax	55,445,435	80,005,513	30.70%
Earnings Per Share-Rupees	(7.04)	(10.16)	30.70%





3. FINANCIAL RESULTS AND DEVELOPMENTS

The financial health of the company remained challenging during the year. Even though company's efforts to boost its sales resulted in reduction of losses to some extent, the overall liquidity crunch remained persistent to pose operational problems that prompted the board of directors of the company in their meeting held in October 2020 to decide to issue Right Shares in order to meet the future business requirements and to mainly pay off the liabilities.

Despite the adverse situation prevailing post outbreak of COVID, the Company managed to carry out its business activities uninterrupted and achieved net sales growth of 6% and taking it to Rs. 2,112 million. The gross profit was badly hit due to increase in major raw material prices and impact of Federal Excise Duty levied in 2019-20 budget on company's main products.

The increase in administrative expenses was due to the advisory costs incurred for executing an investment proposition while distribution and marketing expenses were reduced by 10% over previous years' expenses.

KIBOR rates remained high during the year. High financial cost for the Company contributed in a pre-tax loss of Rs.27.5 million compared to Rs.51.2 million last year.

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

4. PRINCIPAL RISK AND UNCERTAINTY

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

- The uncertainties arising from the continued spread of COVID;
- Significant competition in our product categories;

Adverse movement in commodity prices and foreign exchange rates; and

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

5. MANUFACTURING OPERATIONS

The Company carried out investments essentially required for the purposes of supporting B2B business activities.

6. HUMAN RESOURCE DEVELOPMENT

Despite severe economic situation prevailing in the country, no employee was laid-off during the year. Hiring was done to fill out vacancies. Functional teams were assigned additional responsibilities to contribute in an efficient manner.

7. CORPORATE SOCIAL RESPONSIBILITY

The management kept the employees of the company geared to deliver their best in the challenging situation encountered. The employees working in respective functional areas extended support in contributing extra where necessary for furtherance of business.

No incident of accident, causing physical injury or misconduct was reported during the year. Employees were issued proper guidelines to prevent spread of COVID.

The company contributed Rs.404.42 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 Rs.348 million was generated through our exports.

8. SUBSEQUENT EVENTS

In line with decision of board of directors of the company, the company issued right shares of PKR 750 Million to strengthen its capital structure, pay off the liabilities and boost further business opportunities. This process is scheduled to complete by February 2021.

9. FUTURE OUTLOOK

The company's new management is rigorously working on a strategy to enhance its operations in an efficient and robust manner. There is a lot of emphasis upon increasing product availability by revamping the national distribution network, boosting institutional sales and exports and bringing all over economies of production and underlying overheads by brining efficiencies and enhancing systems and procedures in a transparent and profitable manner. The Company expects reduction in its financial costs after injection of further equity in the form of right shares.

Some modernization of existing plant & machinery equipment is also planned that shall bring further production efficiencies.

The main challenges for the coming financial year shall definitely be to manage the economic uncertainty and lower buying power of the customers as a result of pandemic. The declining export market also poses challenges but company shall overcome these hurdles with the help of a better strategy, fresh management approach towards business enhancement and injection of further capital.

10. INTERNAL FINANCIAL CONTROLS

The Directors and management are responsible for the Company's system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The Directors have completed their annual review and assessment for the year ended September 30, 2020. The Board and Audit Committee regularly review reports of the internal audit function of the Company related to the Company's control framework in order 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.

11. 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.
- With reference to note no. 2.2 of annexed financial statements, the financial statements have been prepared on 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 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 disclosed in the financial statement.

12. ENVIRONMENTAL IMPACT

The Company is committed to avoid any adverse impact to the environment caused due to its operations. A significant portion of energy requirements are met from agricultural by products while it intends to install solar power system in the near future as well.



13. COMPOSITION OF THE BOARD

The Board consists of 8 male directors and 3 female directors with following composition

Independent Directors	3
Non-Executive Directors	6
Executive Directors	2

The Board held nine (9) meetings during the year. Attendance by each Director was as follows:

Name of Director	Designation	Meetings Attended
Mr. Najam Aziz Sethi	Chairman	9
Syed Mohammad Mohsin	Non-Executive Director	3
Syeda Sitwat Mohsin	Non-Executive Director	6
Syed Mohammad Mehdi Mohsin	Executive Director	9
Mr. Shazad Ghaffar	Non-Executive Director	8
Syeda Umme Kulsum Imam	Non-Executive Director	9
Ms. Naila Bhatti	Executive Director	1
Syed Manzar Hassan	Independent Director	9
Mr. Aamir Amin	Non-Executive Director	8
Mr. Rizwan Bashir	Independent Director	9
Mr. Pervez Hayat Noon	Independent Director	4

Resigned During the Year

Mr. Mujeeb Rashid	Executive Director	8
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Leave of absence was granted to the directors who could not attend the board meetings.

14. CHANGES IN DIRECTORS OFFICE

Ms. Naila Bhatti replaced Mr. Mujeeb Rashid as executive director on her appointment as new MD/CEO of the company on August 31, 2020.

15. AUDIT COMMITTEE

During the year, 5 meetings of the audit committee were held. Attendance by each Director was as follows: -

Name of Director	Designation	Meetings Attended
Mr. Rizwan Bashir	Independent Director/Chairman	4
Syed Mohammad Mohsin	Non-Executive Director	-
Mr. Aamir Amin	Non-Executive Director	5

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

16. HUMAN RESOURCE & REMUNERATION COMMITTEE

During the last business year one meeting of the HR and Remuneration committee was held. Attendance by each Director was as follows: -

Name of Director	Designation	Meetings Attended
Mr. Pervez Hayat Noon	Independent Director/Chairman	-
Syeda Sitwat Mohsin	Non-Executive Director	-
Syeda Umme Kulsum Imam	Non-Executive Director	1

Resigned During the Year	Designation	Meetings Attended
Mr. Mujeeb Rashid	Executive Director	1

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

17. REMUNERATION OF 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.

18. Compliance with Listed Companies (Code of Corporate Governance) Regulation 2019 (the Regulations):

The requirements of the Regulations relevant for the year ended September 30, 2020 have been adopted by the Company and have been fully complied with. The statement of compliance is annexed to the Report.

19. PATTERN OF SHARE HOLDING

The information under this head is annexed.

20. 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 30 to the annexed financial statements.

21. LOSS PER SHARE

Basic and diluted loss per share for the year under report is Rs. 7.04 as compared to the last year figure of Rs. 10.16.

22. DIVIDEND

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

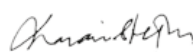
23. AUDITORS

The present Auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire and offer themselves for re-appointment. The Board of Directors, on recommendation of Audit Committee, proposes the re-appointment of Messrs. A.F. Ferguson & Co., Chartered Accountants, for the year ending September 30, 2021.

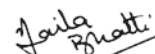
ACKNOWLEDGEMENTS

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
The Board of Directors



Najam Aziz Sethi
Chairman



Ms. Naila Bhatti
Managing Director /
Chief Executive Officer

Lahore,
Date: January 27, 2021

ڈائریکٹرز رپورٹ

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

1- بنیادی کاروبار:

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

2- مالی نتائج پر ایک نظر:

کمپنی کا مختصر مالیاتی تجزیہ زیر نظر ہے۔

مالیاتی نتائج	2020 روپے	2019 روپے	اضافہ/(کمی)
فروخت	2,112,492,576	1,987,552,095	6.29 فیصد
کل منافع	442,422,812	434,413,096	1.84 فیصد
کل منافع فیصد (%)	20.94 فیصد	21.86 فیصد	(92) بی پی ایس
اخراجات تقسیم کاری	253,637,474	282,634,196	(10.26) فیصد
اخراجات انتظامی امور	150,668,678	135,252,097	11.40 فیصد
ٹیکس اور مالی اخراجات سے پہلے منافع	47,016,162	26,777,465	75.58 فیصد
ٹیکس کے بعد خسارہ	55,445,435	80,005,513	30.70 فیصد
فی حصص روپے آمدن (خسارہ)	(7.04)	(10.16)	30.70 فیصد

3- مالی نتائج اور ترقی:

کمپنی کی مالی پوزیشن پورا سال غیر مستحکم رہی۔ اگرچہ سیلز بڑھانے کے حوالے سے کمپنی کی کاوشوں سے خسارے میں کچھ کمی آئی مگر رقم کی کمی کے باعث آپریشنل معاملات میں مشکلات برقرار رہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز کے اکتوبر 2020 کے منعقدہ اجلاس میں نئے حصص کو اجزاء کا فیصلہ کیا گیا تاکہ کمپنی کے مستقبل کے معاملات اور کمپنی کے واجبات کی ادائیگی ممکن ہو سکے۔

Covid-19 کی وجہ سے پیدا ہونے والی بدترین صورتحال کے باوجود کمپنی نے اپنے معاملات بالاتعطیل جاری رکھے اور سیلز 6 فیصد بڑھانے میں کامیاب رہی جو کہ 2,112 ملین روپے بنتے ہیں خام مال کی قیمتوں میں اضافہ اور ہماری کچھ مصنوعات پر 2019-20 کے بجٹ میں عائد فیڈرل ایکسائز ڈیوٹی (FED) کی وجہ سے کل منافع میں کمی حائل ہوئی۔

انتظامی اخراجات میں اضافہ نئی سرمایہ کاری کے حصول کی مد میں ہوا جبکہ مارکیٹنگ کے اخراجات گزشتہ برس سے 10 فیصد کم ہیں۔

مالی سال کے بیشتر حصے میں KIBOR ریٹ زیادہ رہا جس کی وجہ سے کمپنی کی مالی لاگت بھی زیادہ رہی۔ مالی اخراجات کے بوجھ کی وجہ سے کمپنی کا قبل از ٹیکس خسارہ 27.5 ملین روپے رہا جو گزشتہ سال 51.2 ملین روپے تھا۔

موجودہ ٹیکس اس سال کا سلاز پر کم سے کم ٹیکس ہے اور FTR (فائل ٹیکس رجیم) کو ظاہر کرتا ہے۔

4۔ بنیادی خدشات اور غیر یقینی صورتحال:

کمپنی کو چند خدشات اور غیر یقینی صورتحال کا سامنا ہے تاہم مندرجہ ذیل خدشات زیادہ توجہ کے لائق ہیں۔

- ☆ کرونا کے پھیلاؤ کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال۔
- ☆ ہماری مصنوعات کی اقسام میں بڑا مقابلہ۔
- ☆ اشیاء کی قیمتوں اور زر مبادلہ کی شرح میں منفی بدلاؤ۔
- ☆ شرح سود میں منفی اضافہ جس کی وجہ سے قرضوں کی لاگت میں اضافہ کا ہونا۔

5۔ مینوفیکچرنگ آپریشنز:

کمپنی نے B2B کاروبار سے منسلک سرگرمیوں کی خاطر فیکٹری میں اہم سرمایہ کاری کی۔

6۔ انسانی وسائل کی ترقی:

غیر مستحکم معاشی صورتحال کے باوجود بھی کسی ملازم کو برطرف نہیں کیا گیا۔ خالی جگہوں کو پُر کرنے کیلئے نئے لوگوں کو شامل کیا گیا فعال ٹیموں کو اضافی ذمہ داریاں دی گئیں تاکہ موثر انداز میں کام جاری رہے۔

7۔ کمپنی کی سماجی ذمہ داریاں:

انتظامیہ نے اپنے ملازمین کو ان مشکل حالات اور آزمائشوں سے نمٹنے کیلئے پُر عزم رکھا۔ مختلف شعبہ جات میں کام کرنے والے ملازمین نے اپنی بہترین کاوشوں کی فراہمی کو جاری رکھا۔ تاکہ کاروبار کی بڑھوتری میں مدد مل سکے۔ اس سال کوئی حادثہ اور غیر اخلاقی واقعہ رونما نہیں ہوا ملازمین کو کرونا سے بچاؤ کیلئے اہم ہدایات جاری کی گئیں کمپنی نے قومی خزانے میں کسٹمز ڈیوٹی، فیڈرل ایکسائز ڈیوٹی (FED)، سیلز ٹیکس، انکم اور دیگر محصولات کی مد میں 404.42 ملین روپے جمع کروائے۔ مزید برآں برآمدات کی مد میں 348 ملین روپے کا خطیر زر مبادلہ کمایا گیا۔

8۔ بعد از بیلنس شیٹ کے واقعات:

بورڈ آف ڈائریکٹرز کے فیصلے کی روشنی میں کمپنی نے 750 ملین روپے کے Right Shares جاری کیے تاکہ اپنے سرمائے کو مضبوط کیا جاسکے، قرض کا بوجھ کم کیا جاسکے اور مستقبل کے کاروباری معاملات کو بلا تعلق چلایا جاسکے۔ یہ عمل فروری 2021 میں مکمل ہوگا۔

9۔ مستقبل کا نقطہ نظر:

کمپنی کی نئی انتظامیہ کاروباری معاملات کو موثر انداز میں چلانے کی حکمت عمل پر تیزی سے کام کر رہی ہے۔ نیشنل ڈسٹری بیوشن نیٹ ورک کو بہتر بنا کر مصنوعات کی دستیابی کا عمل، ادارہ جاتی سیلز اور برآمدات میں اضافہ اور تمام تر معاشی سرگرمیوں کو بہتر نظام اور قابل عمل اقدامات کے ذریعے شفاف اور منافع بخش بنے جیسے معاملات پر زور دیا جا رہا ہے۔ کمپنی Right Shares کے اجراء کے بعد قرض کی مالی لاگت میں کمی کی توقع کر رہی ہے۔ موجودہ پلانٹ اور مشینری کو جدید طرز کے مطابق بنانے کا منصوبہ بھی زیر غور ہے۔ جس سے مصنوعات کے معاملات مزید بہتر ہونگے۔ آنے والے مالی سال کے چیلنجز میں یقینی طور پر معاشی غیر یقینی صورت حال اور اس وباء کے باعث صارفین کی قوت خرید میں کمی متوقع ہے۔ برآمدات کی تنزل بھی ایک بڑا چیلنج ہے مگر کمپنی نئی انتظامیہ، بہترین حکمت عملی اور سرمایہ شامل ہونے سے ان تمام چیلنجز کا بہتر مقابلہ کرے گی۔

10۔ اندرونی استحکام:

ڈائریکٹرز اور انتظامیہ کمپنی کے اندرونی کنٹرول کے سالانہ جائزہ کے ذمہ دار ہیں جس کی وجہ سے شیئرز ہولڈرز کو ان کی سرمایہ کاری کا بہترین بدل مل سکے۔ اس میں مالی، آپریشنل اور تعاملات کے کنٹرول ریک میجنمنٹ شامل ہیں۔ ڈائریکٹرز نے سال 30 ستمبر 2020 کا سالانہ جائزہ مکمل کر لیا ہے بورڈ آڈٹ کمیٹی باقاعدگی سے انٹرل آڈٹ کی

رپورٹ کا جائزہ لیتے ہیں تاکہ انٹرئل کنٹرول کی ضروریات کو پورا کیا جاسکے۔

11- کمپنی کی اقتصادی گذارشات کا ڈھانچہ:

- ☆ کمپنی کی انتظامیہ کی طرف سے مالی بیانیہ کمپنی کے سرمایہ میں تبدیلیوں اور نقد لین دین اور اس کے آپریشنز کے تمام معاملات بعینہ ظاہر کرتا ہے۔
- ☆ حسابات کے مناسب کھاتے تیار کیے گئے ہیں۔
- ☆ فنانشل سٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر اختیار کی گئی ہیں اور تمام اندازے دانشمندانہ فیصلوں کی بنیاد پر کئے گئے ہیں۔
- ☆ فنانشل سٹیٹمنٹ کی تیاری میں وہ تمام بین الاقوامی فنانشل رپورٹنگ سٹینڈرڈ اختیار کیے گئے ہیں جو پاکستان میں لاگو ہیں۔
- ☆ انٹرئل کنٹرول کا نظام مضبوط ہے اور اس کا نفاذ موثر طور پر کیا گیا ہے۔
- ☆ اس فنانشل سٹیٹمنٹ کے نوٹ نمبر 2.2 کی رو سے فنانشل سٹیٹمنٹ Going Concern کی بنیاد پر تیار کی گئی ہے۔
- ☆ پچھلے 6 سال کا فنانشل ریکارڈ بھی دیا گیا ہے۔
- ☆ ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری سے منسلک افراد اور چھوٹے بچوں کے نام کمپنی کے شیئرز کی لین دین کی تفصیلات رپورٹ میں فراہم کی گئی ہیں۔
- ☆ ٹیکسز اور ڈیوٹیز اور دیگر محصولات کی مد میں جہاں رقم واجب الادا ہے۔ اس مالی تفصیل میں رقم بمعہ وجوہات اور مختصر وضاحت ظاہر کر دی گئی ہے۔

12- ماحولیات پر اثر:

کمپنی نے اپنے آپریشنز کی وجہ سے ماحول پر پڑنے والے بُرے اثرات کو کم کرنے کا نتیجہ کر رکھا ہے۔ کمپنی غیر استعمال شدہ زریعی مادے اور اپنے آپریشنل ویسٹ سے کسی حد تک توانائی پیدا کرتی ہے۔ جبکہ مستقل میں سولر پاور سسٹم کی تنصیب بھی زیر غور ہے۔

13- بورڈ کی تشکیل:

بورڈ 8 مرد اور 3 خواتین ڈائریکٹرز پر مشتمل ہے۔

3	انڈیپنڈنٹ ڈائریکٹرز
6	نان ایگزیکٹو ڈائریکٹرز
2	ایگزیکٹو ڈائریکٹرز

اس سال بورڈ کے 19 اجلاس منعقد ہوئے جس میں حاضرین مندرجہ ذیل تھے۔

ڈائریکٹرز کے نام	عہدہ	حاضری
جناب نجم عزیز سیٹھی	چیئر مین	9
سید محمد محسن	نان ایگزیکٹو ڈائریکٹر	3
سیدہ سطوت محسن	نان ایگزیکٹو ڈائریکٹر	6
سید محمد مہدی محسن	ایگزیکٹو ڈائریکٹر	9
جناب شہزاد غفار	نان ایگزیکٹو ڈائریکٹر	8
سیدہ ام کلثوم امام	نان ایگزیکٹو ڈائریکٹر	9
محترمہ نائلہ بھٹی	ایگزیکٹو ڈائریکٹر	1
سید منظر حسن	انڈیپنڈنٹ ڈائریکٹر	9
جناب عامر امین	نان ایگزیکٹو ڈائریکٹر	8
جناب رضوان بشیر	انڈیپنڈنٹ ڈائریکٹر	9
جناب پرویز حیات لون	انڈیپنڈنٹ ڈائریکٹر	4

گزشتہ سال کے دوران ڈائریکٹرز کا استعفیٰ

8

ایگزیکٹو ڈائریکٹر

جناب مجیب رشید

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

14۔ ڈائریکٹر آفس میں تبدیلی:

محترمہ نانکہ بھٹی جناب مجیب رشید صاحب کے مسند پر بطور ایگزیکٹو ڈائریکٹر نامزد ہوئیں کمپنی میں ان کی تعیناتی بطور منیجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر 31 اگست 2020 کو عمل میں آئی۔

15۔ آڈٹ کمیٹی:

سال کے دوران آڈٹ کمیٹی کے 15 اجلاس منعقد ہوئے جن میں ڈائریکٹرز کی حاضری مندرجہ ذیل رہی۔

ڈائریکٹرز کے نام	عہدہ	حاضری
جناب رضوان بشیر	انڈیپنڈنٹ ڈائریکٹر / چیئر مین	4
سید محمد محسن	نان ایگزیکٹو ڈائریکٹر	-
جناب عامر امین	نان ایگزیکٹو ڈائریکٹر	5

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

16۔ کمیٹی برائے فراڈ و معاوضہ:

گزشتہ کاروباری سال میں کمیٹی کا ایک اجلاس منعقد ہوا جس میں ڈائریکٹرز کی شرکت مندرجہ ذیل ہے۔

ڈائریکٹرز کے نام	عہدہ	حاضری
جناب پرویز حیات نون	انڈیپنڈنٹ ڈائریکٹر / چیئر مین	-
سیدہ سطوت محسن	نان ایگزیکٹو ڈائریکٹر	-
سیدہ ام کلثوم امام	نان ایگزیکٹو ڈائریکٹر	1

گزشتہ سال کے دوران ڈائریکٹرز کا استعفیٰ

1

ایگزیکٹو ڈائریکٹر

جناب مجیب رشید

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

17۔ ڈائریکٹرز کے معاوضہ جات:

ایگزیکٹو ڈائریکٹر اور نان ایگزیکٹو ڈائریکٹرز کے الگ الگ معاوضہ جات بشمول / فیس، اجازت نامے، 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۔

18- کارپوریٹ گورننس:

کارپوریٹ گورننس کے قوانین کی بہتر انداز سے پیروی کیلئے تعین کا بیانیہ (اسٹیٹمنٹ) ساتھ منسلک ہے۔

19- شیئر ہولڈنگ کا پیٹرن:

اس سے متعلق معلومات ساتھ منسلک ہیں۔

20- متعلقہ پارٹی سے لین دین:

متعلقہ پارٹیز کے درمیان لین دین میں کسی تیسری پارٹی کی شمولیت نہیں تھی اور بغیر کنٹرول کے قیمت کے تعین کے طریقہ کار سے مطابقت رکھتی تھی اور اس کی تفصیل اکاؤنٹس کے نوٹ نمبر 30 میں دیکھی جاسکتی ہے۔

21- فی حصص نقصان:

اس سال فی حصص خسارہ گزشتہ سال کے (10.16) روپے کے مقابل (7.04) روپے ہے۔

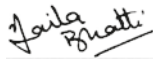
22- ڈیویڈنڈ:

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

23- آڈیٹرز:

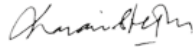
موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی طرف سے تجویز کے طور پر آئندہ سال کے لئے بطور آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



ناکملہ بھٹی

مینجنگ ڈائریکٹر/چیف ایگزیکٹو آفیسر



عجم عزیز سیٹھی

چیرمین

لاہور

27 جنوری 2021



MITCHELL'S®

SAUCES



Take up the spice level with rich and appetizing Mitchell's sauces and make your food irresistibly delicious. They are the perfect condiments when you want to tantalize your taste buds anytime and every time.



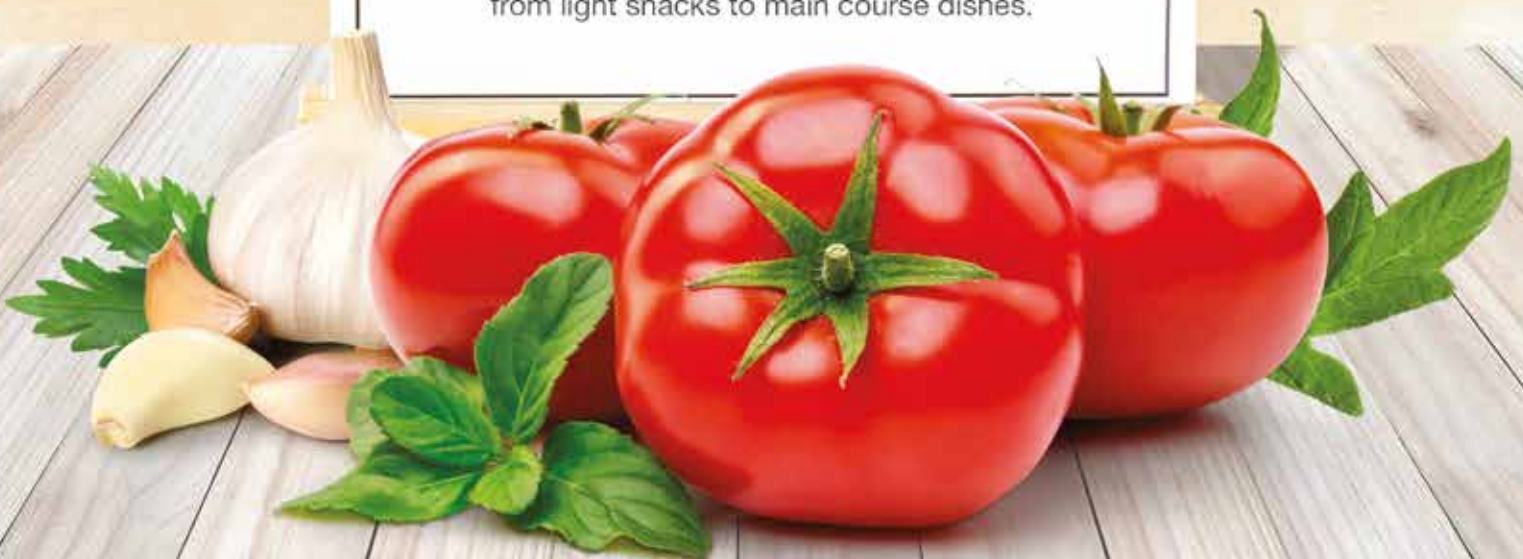


MITCHELL'S®

TOMATO KETCHUP



Made from fresh tomatoes, Mitchell's Tomato Ketchup & Chilli Garlic Sauce enhances the flavour of any and all of your favourite foods, from light snacks to main course dishes.



Vertical Analysis of Financial Statements

	2020		2019	
	Rs. In '000	%	Rs. In '000	%
Statement of Financial Position				
Non-current Assets	614,348	44.50	638,792	47.55
Current Assets	766,271	55.50	704,702	52.45
Total Assets	1,380,619	100.00	1,343,494	100.00
Equity	74,310	5.38	126,445	9.41
Non-current Liabilities	134,230	9.72	134,123	9.98
Current Liabilities	1,172,079	84.90	1,082,926	80.61
Total equity and Liabilities	1,380,619	100.00	1,343,494	100.00
Profit and Loss Account				
Net Sales	2,112,493	100.00	1,987,552	100.00
Cost of Sales	(1,670,070)	(79.06)	(1,553,139)	(78.14)
Gross Profit	442,423	20.94	434,413	21.86
Selling and Distribution expenses	(253,637)	(12.01)	(282,634)	(14.22)
Administrative expenses	(150,669)	(7.13)	(135,252)	(6.80)
Other operating expense	38,117	1.80	16,527	0.83
Other operating income	(3,263)	(0.15)	(5,341)	(0.27)
	12,162	0.58	15,592	0.78
Financial expenses	47,016	2.23	26,777	1.35
	(74,272)	(3.52)	(78,300)	(3.94)
(Loss)/Profit before tax	(27,256)	(1.29)	(51,523)	(2.59)
Taxation	(28,189)	(1.33)	(28,483)	(1.43)
(Loss)/Profit for the year	(55,445)	(2.62)	(80,006)	(4.03)

2018		2017		2016		2015	
Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
696,294	46.63	703,414	44.96	681,248	48.14	709,345	51.85
797,015	53.37	861,160	55.04	733,752	51.86	658,671	48.15
1,493,309	100.00	1,564,574	100.00	1,415,000	100.00	1,368,016	100.00
209,300	14.02	501,489	32.05	540,922	38.23	572,587	41.86
119,730	8.02	161,444	10.32	149,020	10.53	264,386	19.33
1,164,279	77.97	901,641	57.63	725,058	51.24	531,043	38.82
1,493,309	100.00	1,564,574	100.00	1,415,000	100.00	1,368,016	100.00
1,628,007	100.00	1,894,406	100.00	1,679,461	100.00	1,696,332	100.00
(1,375,119)	(84.47)	(1,445,303)	(76.29)	(1,286,380)	(76.59)	(1,292,628)	(76.20)
252,888	15.53	449,103	23.71	393,082	23.41	403,704	23.80
(407,886)	(25.05)	(317,444)	(16.76)	(261,060)	(15.54)	(240,215)	(14.16)
(136,106)	(8.36)	(112,698)	(5.95)	(103,908)	(6.19)	(103,015)	(6.07)
(291,104)	(17.88)	18,961	1.00	28,114	1.67	60,474	3.56
(2,550)	(0.16)	(1,350)	(0.07)	(2,167)	(0.13)	(2,998)	(0.18)
25,480	1.57	13,465	0.71	19,067	1.14	16,866	0.99
(268,174)	(16.47)	31,076	1.64	45,014	2.68	74,342	4.38
(49,244)	(3.02)	(42,187)	(2.23)	(42,920)	(2.56)	(48,485)	(2.86)
(317,418)	(19.50)	(11,111)	(0.59)	2,094	0.12	25,854	1.52
24,799	1.52	(19,772)	(1.04)	(14,202)	(0.85)	1,215	0.07
(292,619)	(17.97)	(30,883)	(1.63)	(12,108)	(0.72)	27,069	1.60

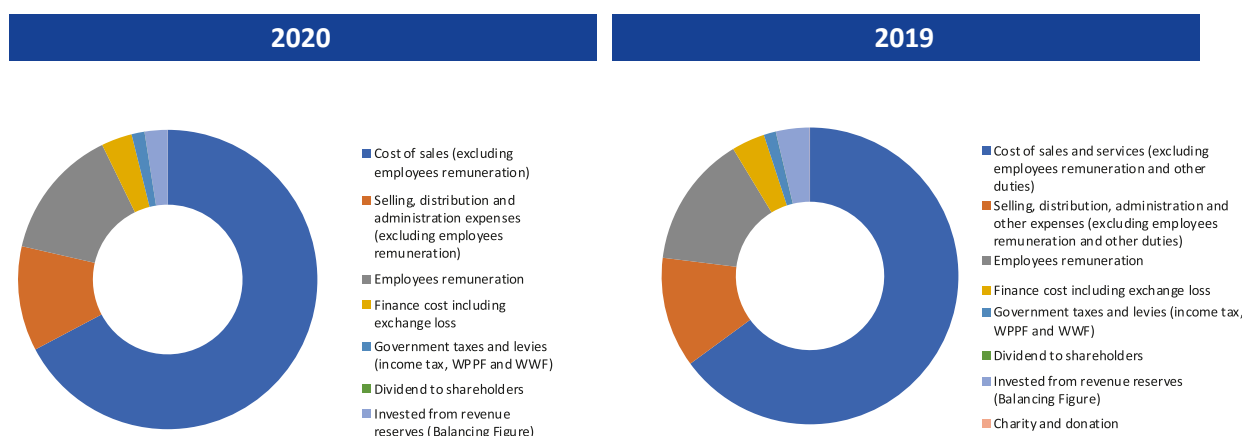
Horizontal Analysis of Financial Statements

	2020 Rs. In '000	2019 Rs. In '000	2018 Rs. In '000	2017 Rs. In '000	2016 Rs. In '000	2015 Rs. In '000
Balance Sheet						
Non-current Assets	614,348	638,792	696,294	703,414	681,248	709,345
Current Assets	766,271	704,702	797,015	861,160	733,752	658,671
Total Assets	1,380,619	1,343,494	1,493,309	1,564,574	1,415,000	1,368,016
Equity	74,310	126,445	209,299	501,489	540,922	572,587
Non-current Liabilities	134,230	134,123	119,730	161,444	149,020	264,386
Current Liabilities	1,172,079	1,082,926	1,164,280	901,641	725,058	531,043
Total equity and Liabilities	1,380,619	1,343,494	1,493,309	1,564,574	1,415,000	1,368,016
Profit and Loss Account						
Net Sales	2,112,493	1,987,552	1,628,008	1,894,406	1,679,462	1,696,332
Cost of Sales	(1,670,070)	(1,553,139)	(1,375,118)	(1,445,303)	(1,286,380)	(1,292,628)
Gross Profit	442,423	434,413	252,890	449,103	393,082	403,704
Administrative expenses	(150,669)	(135,252)	(136,106)	(112,698)	(103,908)	(103,015)
Selling and Distribution expenses	(253,637)	(282,634)	(407,887)	(317,444)	(261,060)	(240,215)
Other operating expenses	38,117	16,527	(291,103)	18,961	28,114	60,474
Other operating income	(3,263)	(5,341)	(2,551)	(1,350)	(2,167)	(2,998)
	12,162	15,592	25,480	13,465	19,067	16,866
Financial expenses	47,017	26,778	(268,174)	31,076	45,013	74,342
(Loss)/Profit before tax	(74,272)	(78,300)	(49,244)	(42,187)	(42,920)	(48,485)
Taxation	(27,256)	(51,523)	(317,418)	(11,112)	2,094	25,854
	(28,189)	(28,483)	24,799	(19,772)	(14,202)	1,215
(Loss)/Profit for the year	(55,445)	(80,006)	(292,619)	(30,884)	(12,108)	27,069
Summary of Cash Flows						
Net cash flows from operating activities	84,352	47,249	(147,501)	(14,974)	(4,732)	56,578
Net cash flows from investing activities	(23,031)	5,087	(32,397)	(70,773)	(36,132)	(71,489)
Net cash flows from financing activities	50,000	(21,333)	107,333	(42,820)	(62,126)	(50,855)
Net change in cash and cash equivalents	111,321	31,002	(72,565)	(128,567)	(102,990)	(65,766)

2020	2019	2018	% increase/ (decrease) over preceding year		
			2017	2016	2015
(3.83)	(8.26)	(1.01)	3.25	(3.96)	1.57
8.74	(11.58)	(7.45)	17.36	11.40	(6.33)
2.76	(10.03)	(4.55)	10.57	3.43	(2.39)
(41.23)	(39.59)	(58.26)	(7.29)	(5.53)	(1.09)
0.08	12.02	(25.84)	8.34	(43.64)	(13.70)
8.23	(6.99)	29.13	24.35	36.53	2.86
2.76	(10.03)	(4.55)	10.57	3.43	(2.39)
6.29	22.08	(14.06)	12.80	(0.99)	(12.79)
7.53	12.95	(4.86)	12.35	(0.48)	(9.21)
1.84	71.78	(43.69)	14.25	(2.63)	(22.57)
11.40	(0.63)	20.77	8.46	0.87	8.26
(10.26)	(30.71)	28.49	21.60	8.68	(12.91)
130.64	(105.68)	(1,635.27)	(32.56)	(53.51)	(59.78)
(38.92)	109.39	88.96	(37.72)	(27.70)	(68.10)
(22.00)	(38.81)	89.23	(29.38)	13.05	(1.40)
75.58	(109.99)	(962.96)	(30.96)	(39.45)	(52.97)
(5.14)	59.00	16.73	(1.71)	(11.48)	25.46
(47.10)	(83.77)	2,756.53	(630.78)	(91.90)	(78.36)
(1.03)	(214.85)	(225.42)	39.22	(1,268.88)	(110.11)
(30.70)	(72.66)	847.48	155.06	(144.73)	(74.81)
78.52	(132.03)	885.05	216.45	(108.36)	(359.97)
(552.76)	(115.70)	(54.22)	95.87	(49.46)	(78.30)
(334.38)	(119.88)	(350.66)	(31.08)	22.16	(145.08)
259.06	(142.72)	(43.56)	24.83	56.60	(72.41)

Value Addition and its Distribution

Wealth Generated	2020		2019	
	Rs. In '000	%	Rs. In '000	%
Net sales	2,112,493	99.43	1,987,552	99.22
Other operating income	12,162	0.57	15,592	0.78
	2,124,655	100.00	2,003,144	100.00
Distribution of Wealth				
Cost of sales (excluding employees remuneration)	1,503,626	70.77	1,404,550	70.12
Selling, distribution and administration expenses (excluding employees remuneration)	252,996	11.91	260,154	12.99
Employees remuneration	317,753	14.96	311,165	15.53
Finance cost including exchange loss	74,272	3.50	78,300	3.91
Government taxes and levies (income tax, WPPF and WWF)	31,300	1.47	28,483	1.42
Dividend to shareholders	-	-	-	-
Invested from revenue reserves (Balancing Figure)	(55,445)	(2.61)	(80,005)	(3.99)
Charity and donation	152	0.01	497	0.02
	2,124,655	100.00	2,003,144	100.00



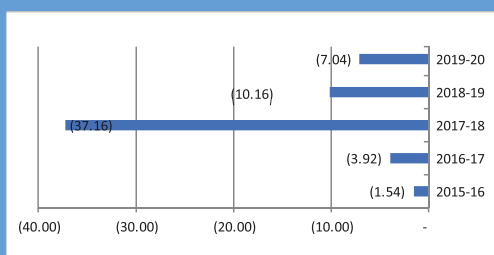
Stakeholder Information

Financial Ratios

	Unit	2020	2019	2018	2017	2016	2015
Rate of return							
Return on assets	%	(4.02)	(5.96)	(19.60)	(1.97)	(0.86)	1.98
Return on equity	%	(74.61)	(63.27)	(139.81)	6.16	(2.24)	4.73
Return on capital employed	%	22.55	10.28	(81.50)	4.69	6.52	8.88
Interest cover	Times	(63.30)	(34.20)	(5.45)	0.74	1.05	1.53
Gross profit Margin	%	20.94	21.86	15.53	23.71	23.41	23.80
Net profit to sales	%	(2.62)	(4.03)	(17.97)	(1.63)	(0.72)	1.60
EBITDA	Rs	90,321	74,859	(219,665)	82,604	109,995	136,309
EBITDA margin to sales	%	4.28	3.77	(13.49)	4.36	6.55	8.04
Liquidity							
Current ratio		0.65	0.65	0.68	0.96	1.01	1.24
Quick Ratio		0.37	0.39	0.29	0.50	0.49	0.65
Financial Gearing							
Debt-Equity Ratio	Times	0.91	0.86	0.80	0.57	0.51	0.47
Debt to Assets	%	94.62	90.59	85.98	67.95	61.77	58.14
Capital Efficiency							
Debtor turnover/No. of days in receivables	Days	24	24	14	40	26	24
Inventory turnover/ No. of days in inventory	Days	73	65	123	104	107	88
Creditor turnover/ No. of days in payables	Days	87	106	98	67	40	47
Operating Cycle	Days	10	(17)	38	77	93	65
Fixed assets turnover ratio	Times	3.69	3.34	2.34	2.69	2.47	2.44
Total assets turnover	Times	1.53	1.48	1.09	1.21	1.19	1.24

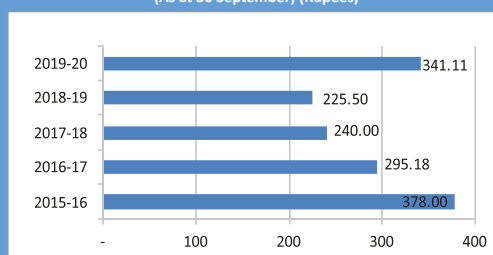
Shareholder Information

Earnings per share (Rupees)

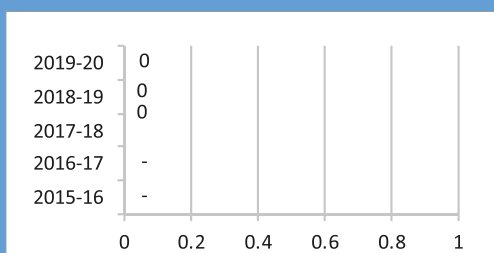


Year Closing Stock Price

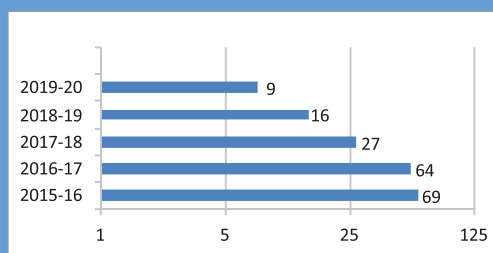
(As at 30 September) (Rupees)



Dividend History (%)



Break-up value of Shares (Rupees)



Pattern of Shareholding

As at September 30, 2020

1.1 Name of the Company

MITCHELL'S FRUIT FARMS LIMITED.

2.1. Pattern of holding of the shares held by the shareholders as at

30-09-2020

No of Shareholders	 Shareholding		Total Shares Held
	From	To	
342	1	100	12,301
323	101	500	87,949
72	501	1,000	56,303
124	1,001	5,000	214,218
10	5,001	10,000	73,103
2	10,001	15,000	25,362
4	15,001	20,000	64,053
1	25,001	30,000	27,675
2	30,001	35,000	67,550
2	35,001	40,000	72,081
2	60,001	65,000	126,523
1	75,001	80,000	76,116
1	85,001	90,000	86,983
1	105,001	110,000	109,659
1	110,001	115,000	111,431
1	165,001	170,000	169,581
1	170,001	175,000	171,820
1	290,001	295,000	292,738
1	730,001	735,000	735,000
1	765,001	770,000	767,666
2	900,001	905,000	1,800,587
1	2,725,001	2,730,000	2,726,301
896			7,875,000

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children	4,533,325	57.5660%
5.2 Associated Companies, undertakings and related parties.	-	0.0000%
5.3 NIT and ICP	814,516	10.3431%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	17,117	0.2174%
5.5 Insurance Companies	292,738	3.72%
5.6 Modarabas and Mutual Funds	0	0.0000%
5.7 Shareholders holding 10% or more	4,526,888	57.4843%
5.8 General Public		
a. Local	2,099,277	26.6575%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
- Joint Stock Companies	51,524	0.64%
- Pension Funds	64,248	0.8158%
- Others	2,255	0.0286%

Categories of Shareholders as required under C.C.G.

As at September 30, 2020

SR. NO.	NAME	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST(CDC)	767,666	9.7481%
2	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	32,550	0.4133%
3	CDC - TRUSTEE NIT EQUITY MARKET OPPERTUNITY FUND(CDC)	14,300	0.1816%
		814,516	10.3113%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	SYED MOHAMMAD MOHSIN	1,760	0.0223%
2	SYED MOHAMMAD MEHDI MOHSIN	2,726,301	34.6197%
3	MR. RIZWAN BASHIR	517	0.0066%
4	SYEDA UMME KULSUM IMAM	1,125	0.0143%
5	MR. NAJAM AZIZ SETHI	500	0.0063%
6	SYEDA SITWAT MOHSIN	675	0.0086%
7	MR. AAMIR AMIN (NIT NOMINEE)	--	--
8	MS. NAILA BHATTI	360	0.0046%
9	SYED MANZAR HASSAN (CDC)	500	0.0063%
10	MR. SHAHZAD GHAFAR	500	0.0063%
11	MR. PERVEZ HAYAT NOON	500	0.0063%
12	SYEDA MATANAT MOHSIN W/O MR. SHAHZAD GHAFAR (CDC)	900,542	11.4355%
13	SYEDA MAIMANAT MOHSIN W/O MR. NAJAM AZIZ SETHI	900,045	11.4291%
Executives:		450	0.0057%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		81,365	1.0332%

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

S. No.	Name	Holding	Percentage
1	SYED MOHAMMAD MEHDI MOHSIN	2,726,301	34.6197%
2	SYEDA MAIMNAT MOHSIN	900,045	11.4291%
3	SYEDA MATANAT MOHSIN (CDC)	900,542	11.4355%
4	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	767,666	9.7481%
5	MST. AMINA WADALAWALA	735,000	9.3333%

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:

S. No.	Name	Sale	Purchase
1	MS. NAILA BHATTI	-	360



Statement of Compliance

with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Mitchell's Fruit Farms Limited

For the Year Ended September 30, 2020

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

1. The total number of directors are 11 as per the following:
 - a. Male: 8
 - b. Female: 3
2. The composition of board is as follows:

Category	Names
*Independent Directors	Syed Manzar Hassan Mr. Rizwan Bashir Mr. Pervez Hayat Noon
Non-Executive Directors	Mr. Shazad Ghaffar Mr. Aamir Amin Mr. Najam Aziz Sethi Syed Mohammad Mohsin
Executive Director	Syed Mohammad Mehdi Mohsin
Female Directors	Ms. Naila Bhatti (Executive Director) Syeda Umme Kulsum Imam (Non-Executive Director) Mr. Sitwat Mohsin (Non-Executive Director)

* During the year ended September 30, 2020, the Company has not rounded up the fraction of independent directors as one since the Company will appoint additional independent director upon reconstitution of the Board.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The company has already met the criteria specified in the Regulations till September 30, 2019 pertaining to Directors' training program. Therefore, no such training program was conducted during the year;
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed Committees comprising of members given below:

a) **Audit Committee**

1. Mr. Rizwan Bashir (Independent Director) - Chairman
2. Syed Mohammad Mohsin (Non - Executive Director)
3. Mr. Aamir Amin (Non - Executive Director)

b) **Human Resource and Remuneration Committee**

1. Mr. Pervez Hayat Noon (Independent Director) - Chairman

2. Syeda Syeda Sitwat Mohsin (Non-Executive Director)
3. Syeda Umme Kulsum Imam (Non-Executive Director)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the Committees were as per following:

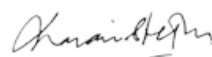
a) **Audit Committee:**

Five meetings were held during the financial year ended September 30, 2020.

b) **Human Resource and Remuneration Committee**

One meeting was held during the financial year ended September 30, 2020.

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Najam Aziz Sethi
Chairman

Lahore,
January 27, 2021

Independent Auditor's Review Report

To the members of Mitchell's Fruit Farms Limited Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mitchell's Fruit Farms Limited for the year ended September 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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



A. F. Ferguson & Co.
Chartered Accountants
Name of engagement partner: Amer Raza Mir

Lahore
Date: January 29, 2021

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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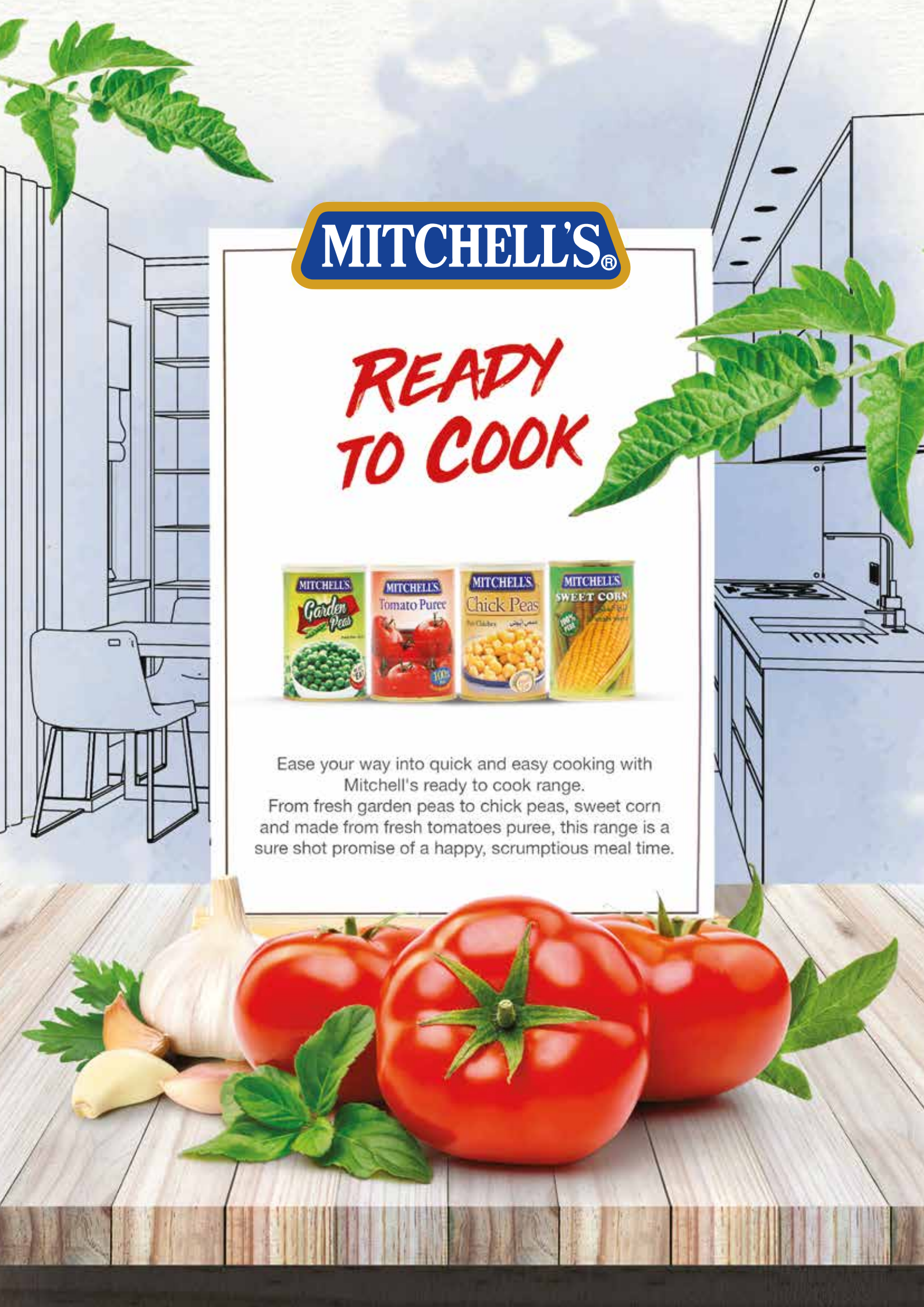
MITCHELL'S®

DELICACIES READY TO EAT



Mitchell's Ready-to-Eat range gives you the tantalizing flavours of the East! Brimming with an exotic taste, you only need to empty the contents into a pan, heat them, and enjoy a delicious meal that is impossible to resist!





MITCHELL'S®

READY TO COOK



Ease your way into quick and easy cooking with Mitchell's ready to cook range. From fresh garden peas to chick peas, sweet corn and made from fresh tomatoes puree, this range is a sure shot promise of a happy, scrumptious meal time.



MITCHELL'S®

COOKING ESSENTIALS



Mitchell's Pastes and Purees remove the hassle from cooking and let you add the delicious taste of garlic and ginger to your favourite dishes. Mitchell's Tomato Paste is made from the freshest tomatoes, and is essential for enhancing the flavour of your favourite cuisines.





MITCHELL'S®

CANDIES



A little sprinkling of sugar on happiness, Mitchell's candies are wrapped in unforgettable flavors of pure delight and glee.

Our candies assortment is meant for anyone and everyone who value quality, taste and good times.



MITCHELL'S®

SQUASHES



Bursting with the goodness of real fruits,
Mitchell's Squashes promise to quench your
thirst and leave you feeling refreshed.





MITCHELL'S®

PICKLES



An Eastern treat, Mitchell's premium quality pickles and chutneys possess an undeniably delicious taste. With a blend of exotic fruits and vegetables, they add flavour and excitement to all cuisines, whether traditional Pakistani or continental.



MITCHELL'S®

VINEGARS



Ideal for marinating or simply adding to your favourite dishes, Mitchell's Vinegars perfectly complement and enhance the flavour of main courses, fruits, vegetables and salads.





Audited Financial Statements

As at 30 September 2020

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 September 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

Sr. No	Key Audit Matters	How the matters were addressed in our audit
1.	Management Assessment of Going Concern Assumption (Refer note to 2.2 to the annexed financial statements) As per International Accounting Standard 1 "Presentation of Financial Statements", management is required to assess an entity's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management has to take into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.	Our audit procedures included the following: - Obtained the next year projection and discussed the business plans underlying the projection with the management of the Company; - Assessed the reasonableness of the projection by performing sensitivity analysis and challenging the key assumptions such as growth rate, future revenue, cost, and production patterns.

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Sr. No	Key Audit Matters	How the matter was addressed in our audit
	The ability of the Company to continue as a going concern is dependent on management's ability to maintain liquidity in order to pay its existing creditors and to generate sufficient funds from business operations. During the prior years, the Company incurred losses which led to depletion of reserves, discontinuation of dividends, substantial utilization of working capital lines, and additional borrowing from major shareholders of the Company. Subsequent to the year ended September 30, 2020, the Board of Directors of the Company decided to increase the paid-up capital of the Company through issuance of right shares. After the above injection of funds, the management believes that there will be sufficient liquidity in the foreseeable future to support the use of going concern assumption. We considered management assessment of going concern assumption as a key audit matter due to significant management judgement and significant risk involved on the matter.	- Checked approval of the projection by the board of directors of the Company; - Obtained written representations from the management regarding their business plans underlying the projection; - Inspected the minutes of the meetings of Board of Directors during and subsequent to the year ended September 30, 2020; - Traced the amount of right issue subscription money received by the Company in the designated bank account subsequent to the year ended September 30, 2020; and - Assessed the adequacy and appropriateness of the related going concern disclosures in the financial statements.
2.	Revenue recognition (Refer note to 22 to the annexed financial statements) Revenue is measured net of returns, trade promotions and incentives earned by the customers on Company's sales. There are multiple arrangements for sales returns, trade promotions and incentives given to the Company's customers which are required to be estimated at the time of revenue recognition. These estimates are made by management based on past historical trends adjusted on the basis of current observable data. This process involves the exercise of significant judgment which may materially affect the amount of revenue recognized in the financial statements. We considered revenue recognition as a key audit matter due to significant management judgment and estimation involved in determining the amount of revenue to be recognized.	Our audit procedures included the following: - Considered the appropriateness of the Company's revenue recognition policies, including those relating to returns, trade promotions and incentives in light of applicable accounting framework; - Checked the effectiveness of the Company's controls over proper recording of sales, trade promotions and incentives in the correct accounting period; - Selected a sample of sale return, trade promotions and incentive transactions and matched the amounts recorded in the general ledger with underlying supporting documents; - Assessed the adequacy of refund liabilities in respect of sales returns, trade promotions and incentives by considering credit notes issued after the year end; and - Assessed the adequacy of the related disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

[Report on Other Legal and Regulatory Requirements](#)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



A.F. Ferguson & Co.
Chartered Accountants
Name of engagement partner: Amer Raza Mir

Lahore
Date: January 29, 2021

Statement of Financial Position

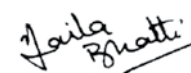
As at September 30, 2020

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 20,000,000 (2019: 20,000,000) ordinary shares of Rs 10 each	5	200,000,000	200,000,000
Issued, subscribed and paid up capital 7,875,000 (2019: 7,875,000) ordinary shares of Rs 10 each	5	78,750,000	78,750,000
Reserves	6	9,635,878	9,635,878
Revenue reserve: unappropriated profit		(14,076,101)	38,058,691
		74,309,777	126,444,569
NON-CURRENT LIABILITIES			
Deferred taxation	7	-	-
Deferred liabilities	8	134,230,460	134,123,077
		134,230,460	134,123,077
CURRENT LIABILITIES			
Finances under markup arrangements	9	560,615,531	655,331,857
Creditors, accrued and other liabilities	10	399,806,286	255,324,377
Loan from shareholders - unsecured	11	200,000,000	150,000,000
Accrued finance cost		9,653,040	20,265,694
Unclaimed dividends		2,004,183	2,004,183
		1,172,079,040	1,082,926,111
CONTINGENCIES AND COMMITMENTS			
	12	1,380,619,277	1,343,493,757

The annexed notes 1 to 41 form an integral part of these financial statements.


Najam Aziz Seethi
Chairman

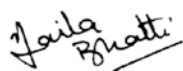

Nauman Munawar
Chief Financial Officer


Naila Bhatti
Chief Executive Officer

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	572,845,202	595,452,993
Intangible assets	14	3,843,833	4,263,957
Biological assets	15	31,954,123	32,385,667
Long term receivables	16	5,705,010	6,689,480
		614,348,168	638,792,097
CURRENT ASSETS			
Stores, spares and loose tools	17	37,342,809	53,481,584
Stock in trade	18	335,418,696	277,274,045
Trade debts	19	138,824,036	132,933,635
Advances, deposits, prepayments and other receivables	20	66,878,401	67,977,887
Income tax recoverable		152,414,931	154,247,173
Cash and bank balances	21	35,392,236	18,787,336
		766,271,109	704,701,660
		1,380,619,277	1,343,493,757


Najam Aziz Seethi
 Chairman


Nauman Munawar
 Chief Financial Officer


Naila Bhatti
 Chief Executive Officer

Statement of Profit or Loss

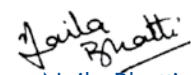
For the year ended September 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales	22	2,112,492,576	1,987,552,095
Cost of sales	23	(1,670,069,764)	(1,553,138,999)
Gross profit		442,422,812	434,413,096
Administrative expenses	24	(150,668,678)	(135,252,097)
Distribution and marketing expenses	25	(253,637,474)	(282,634,196)
Other operating expenses	26	(3,262,518)	(5,341,413)
Other income	27	12,162,020	15,592,075
Finance cost	28	(74,272,355)	(78,300,349)
Loss before tax		(27,256,193)	(51,522,884)
Taxation	29	(28,189,242)	(28,482,629)
Loss for the year		(55,445,435)	(80,005,513)
Loss per share - Basic and diluted	36	(7.04)	(10.16)

The annexed notes 1 to 41 form an integral part of these financial statements.


Najam Aziz Seethi
 Chairman


Nauman Munawar
 Chief Financial Officer


Naila Bhatti
 Chief Executive Officer

Statement of Comprehensive Income

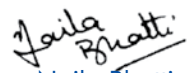
For the year ended September 30, 2020

	2020 Rupees	2019 Rupees
Loss for the year	(55,445,435)	(80,005,513)
Other comprehensive income / (loss) for the year - net of tax		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefit - net of tax	3,310,643	(359,628)
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive loss for the year	(52,134,792)	(80,365,141)

The annexed notes 1 to 41 form an integral part of these financial statements.


Najam Aziz Seethi
Chairman


Nauman Munawar
Chief Financial Officer


Naila Bhatti
Chief Executive Officer

Statement of Changes in Equity

For the year ended September 30, 2020

	Share capital Rupees	Reserve Share premium Rupees	General reserve Rupees	Revenue Reserve Unappropriated profit Rupees	Total Rupees
Balance as on October 01, 2018	78,750,000	9,335,878	300,000	118,423,832	206,809,710
Total comprehensive loss for the year					
- Loss for the year	-	-	-	(80,005,513)	(80,005,513)
- Other comprehensive loss for the year	-	-	-	(359,628)	(359,628)
	-	-	-	(80,365,141)	(80,365,141)
Balance as on September 30, 2019	78,750,000	9,335,878	300,000	38,058,691	126,444,569
Total comprehensive loss for the year					
- Loss for the year	-	-	-	(55,445,435)	(55,445,435)
- Other comprehensive income for the year	-	-	-	3,310,643	3,310,643
	-	-	-	(52,134,792)	(52,134,792)
Balance as on September 30, 2020	78,750,000	9,335,878	300,000	(14,076,101)	74,309,777

The annexed notes 1 to 41 form an integral part of these financial statements.


Najam Aziz Seethi
Chairman


Nauman Munawar
Chief Financial Officer


Naila Bhatti
Chief Executive Officer

Statement of Cash Flows

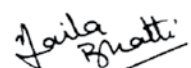
For the year ended September 30, 2020

	Note	2020 Rupees	2019 Rupees
Cash flows from operating activities			
Cash generated from operations	33	219,414,456	161,057,350
Finance cost paid		(84,885,009)	(70,198,517)
Taxes paid		(27,709,234)	(30,492,911)
Retirement benefits paid		(19,713,675)	(14,286,423)
Payment for accumulated compensated absences		(3,738,999)	(1,835,058)
Security deposit received on purchase of vehicles		984,470	3,004,450
Net cash generated from operating activities		84,352,009	47,248,891
Cash flows from investing activities			
Fixed capital expenditure		(25,653,886)	(5,578,113)
Purchase of intangible assets		-	(300,000)
Proceeds from sale biological assets		2,273,000	2,116,000
Proceeds from sale of property, plant and equipment		350,103	8,848,887
Net cash (used in) / generated from investing activities		(23,030,783)	5,086,774
Cash flows from financing activities			
Loan obtained from shareholder		50,000,000	-
Long term loans repaid		-	(21,333,333)
Net cash generated from / (used in) financing activities		50,000,000	(21,333,333)
Net increase in cash and cash equivalents		111,321,226	31,002,332
Cash and cash equivalents at the beginning of the year		(636,544,521)	(667,546,853)
Cash and cash equivalents at the end of the year	35	(525,223,295)	(636,544,521)

The annexed notes 1 to 41 form an integral part of these financial statements.


Najam Aziz Seethi
Chairman


Nauman Munawar
Chief Financial Officer


Naila Bhatti
Chief Executive Officer

Notes to the Financial Statements

For the year ended September 30, 2020

1. Legal status and nature of business

Mitchell's Fruit Farms Limited ("the Company") was incorporated in Pakistan and is listed on the Pakistan Stock Exchange. It is principally engaged in the manufacture and sale of various farm and confectionery products. The registered office of the Company was situated at 40-A Zafar Ali Road, Gulberg V, Lahore however subsequent to the year ended September 30, 2020 the Company shifted the registered office to 72 F.C.C. Gulberg IV, Lahore. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan. The Company also has one sales office in Islamabad and one in Karachi.

2. Basis of preparation

2.1 Statement of compliance

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

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

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

2.2 Going concern assumption

During the year, the Company incurred a total comprehensive loss of Rs 52.135 million and as per the reporting date, the current liabilities of the Company have exceeded its current assets by Rs 405.808 million. Due to the losses incurred during recent years, the reserves of the Company have depleted. The dividends have been discontinued. The existing working capital lines available to the Company have been substantially utilized. The financial results led to increased short-term borrowing from financial institutions and additional borrowing from the major shareholders of the Company. Subsequent to the year ended September 30, 2020 the Board approved the right issue scheme vide meeting held on October 26, 2020, whereby, 15.00 million shares will be issued at a price of Rs. 50 leading to an overall increase in paid up share capital of Rs. 750.00 million, which has already been received. The process of allotment of the shares against the right issue shall be completed by February 2021.

Furthermore, the management has taken the following operational improvement measures comprising of:

- improved pricing and discount structure;
- expanding new business avenues including toll manufacturing; and
- cost reductions.

Based on the above measures and future projections, the management believes that there will be sufficient liquidity in the foreseeable future to continue as a going concern. Therefore, the financial statements have been prepared on going concern basis.

2.3 Standards, interpretations and amendments to published approved accounting standards

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on October 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) IFRS 16, 'Leases'

This standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the previous guidance in International Accounting Standard (IAS) 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The International Accounting Standards Board (IASB) has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company has assessed that the application of this standard does not have any material impact on these financial statements.

(b) Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

(c) Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect.

Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from effective date. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

(d) **IFRIC 23, 'Uncertainty over Income Tax Treatments'**

This interpretation became effective for annual periods beginning on or after January 1, 2019. The IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. In particular, it explains that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information. The IFRIC further explains that the entity should reflect the effect of the uncertainty in its income tax accounting i.e. when it is not probable that the tax authorities will accept the treatment using either the most likely amount or the amount determined using the expected value method. The application of the interpretation does not have any material impact on the amounts recognized in the financial statements of the Company.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after October 01, 2020 or later periods, but the Company has not early adopted them:

Standards or interpretations	Effective date (accounting periods beginning on or after)
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2022
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	January 1, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	January 1, 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in previous years. Such improvements are generally effective for accounting periods beginning on or after January 01, 2020. The Company expects that such improvements to the standards will not have any significant impact on the Company's financial statements in the period of initial application.

3. Basis of measurement

- 3.1 These financial statements have been prepared under the historical cost convention except for recognition of certain employee retirement benefits at present value as referred to in note 4.2 and revaluation of biological assets and agricultural produce and financial instruments at fair values as referred to in note 4.5 and 4.10 respectively.

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) **Retirement benefits**

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

b) **Provision for taxation**

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

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

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

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

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

e) **Impairment of trade debts**

The Company applied IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all Trade debts. At each reporting date, the Company assesses on a forward-looking basis for computation of the expected credit losses associated with the Trade debts.

4. Significant accounting policies

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

4.1 Taxation

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

Current

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

Deferred

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

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

4.2 Employee retirement benefits

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

(a) Defined benefit plans

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at September 30, 2020. Projected Unit Credit Method, using the following significant assumptions is used for valuation of the scheme:

- Discount rate: 9.75 percent per annum (2019: 12.5 percent per annum)
- Expected rate of increase in salary level: 8.75 percent per annum (2019: 11.5 percent per annum)
- Average duration of the defined benefit obligation: 8 years (2019: 8 years)
- The Mortality rates assumed were based on SLIC 2001 - 2005 Setback 1 Year (2019: SLIC 2001 - 2005 Setback 1 Year)

(b) Accumulating compensated absences

The Company provides accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences. Under IAS 19, the accumulated compensated absences are treated as other long term employee benefits.

Provisions are made annually to cover the obligation for accumulating compensated absences for executives based on actuarial valuation and are charged to profit.

The latest actuarial valuation was carried out as at September 30, 2020. Projected Unit Credit Method, using the following significant assumptions is used for valuation of accumulating compensated absences.

- Discount rate: 9.75 percent per annum (2019: 12.5 percent per annum)
- Expected rate of increase in salary level: 8.75 percent per annum (2019: 11.5 percent per annum)
- Average duration of the plan: 11 years (2019: 12 years)
- The Mortality rates assumed were based on SLIC 2001 - 2005 Setback 1 Year (2019: SLIC 2001 - 2005 Setback 1 Year)

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

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing cost as referred to in note 4.17.

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

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

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if the impact on depreciation is significant. The Company's estimate of the residual value and useful life of its operating fixed assets as at September 30, 2020 has not required any adjustment.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as mentioned in note 4.6.

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

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

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.3.2 Capital work-in-progress

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

4.4 Intangible assets

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

Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged as mentioned in note 15.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as mentioned in note 4.6.

4.5 Biological assets and agriculture produce

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

4.6 Impairment of non-financial assets

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

4.7 Leases

4.7.1 Lessee accounting

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

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

To determine the incremental borrowing rate, the Company:

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

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

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

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

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

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

4.7.2 Lessor accounting

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

4.8 Stores, spares and loose tools

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

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

4.9 Stock in trade

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

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

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

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

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

4.10 Financial assets

In accordance with the requirements of IFRS 9, the Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) Financial assets at amortized cost

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in statement of profit or loss.

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognized in profit or loss. Dividends from such investments continue to be recognized in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis, the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The Company computes historical loss rates using the historical credit losses which are then adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. For trade debts, the Company applied the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company recognizes in statement of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

4.11 Financial liabilities

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

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

4.12 Offsetting of financial assets and financial liabilities

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

4.13 Trade debts and other receivables

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

4.14 Segment reporting

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

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the statement of financial position, finances under mark-up arrangements are included in current liabilities.

4.16 Share capital

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

4.17 Borrowings

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

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

4.18 Borrowing costs

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

4.19 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.20 Provisions

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

4.21 Revenue recognition

Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised good or service to a customer and the control transfers at a point in time. Revenue is measured at fair value of the consideration received of receivable excluding discounts, rebates and other considerations payable to customers. A contract liability is recorded for advances received from customers against which performance obligations have not been satisfied. Furthermore, refund liability is recognized for estimated sales returns, volume discounts and other incentives payable to customers.

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

4.22 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

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

4.23 Dividend

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

5. Share capital

5.1 Authorised share capital

2020 (Number of Shares)	2019 (Number of Shares)	Note	2020 Rupees	2019 Rupees
20,000,000	20,000,000	Ordinary shares of Rs 10 each 5.1.1	200,000,000	200,000,000
20,000,000	20,000,000		200,000,000	200,000,000

5.1.1 During the year ended September 30, 2020, the Board of Directors of the Company recommended an increase of Rs 200 million in authorized share capital, for the purpose of raising equity via right issue, in their meeting held on September 22, 2020. Subsequent to the year end, the shareholders of the Company approved the increase in authorized share capital in an Extra Ordinary General Meeting held on October 15, 2020.

5.2 Issued, subscribed and paid up capital

2020 (Number of Shares)	2019 (Number of Shares)	Note	2020 Rupees	2019 Rupees
1,417,990	1,417,990	Ordinary shares of Rs 10 each fully paid in cash	14,179,900	14,179,900
44,020	44,020	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	440,200	440,200
6,412,990	6,412,990	Ordinary shares of Rs 10 each issued as fully paid bonus shares	64,129,900	64,129,900
7,875,000	7,875,000		78,750,000	78,750,000

	Note	2020 Rupees	2019 Rupees
6. Reserves			
Composition of reserves is as follows:			
Capital Reserve			
- Share premium	6.1	9,335,878	9,335,878
Revenue			
- General reserve		300,000	300,000
		<u>9,635,878</u>	<u>9,635,878</u>

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

		2020 Rupees	2019 Rupees
7. Deferred taxation			
The liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation & amortization		83,655,370	84,452,541
Retirement benefits		(34,235,291)	(33,207,011)
Provisions		(19,728,860)	(15,529,766)
Deferred income		(1,089,363)	(1,215,163)
Unabsorbed depreciation		(28,601,856)	(34,500,601)
		<u>-</u>	<u>-</u>
The gross movement in net deferred tax liability during the year is as follows:			
Opening balance		-	3,144,530
Credited / (charged) to other comprehensive income		(1,352,234)	(146,890)
Credited to statement of profit or loss		1,352,234	(2,997,640)
		<u>-</u>	<u>-</u>
Closing balance		<u>-</u>	<u>-</u>

The Company has not recognized deferred tax asset amounting to Rs 121.14 million (2019: 93.55 million) in respect of minimum tax under section 113 of the Income Tax Ordinance, 2001 as sufficient taxable profits may not be available to set off these before these are set to expire in years 2021 to 2026. The Company has also not recognized deferred tax asset of Rs 135.49 million (2019: Rs 113.34 million) in respect of business losses of Rs 467.20 million (2019: Rs 390.83 million) as sufficient taxable profits may not be available to set off these losses. Included in these business losses is an amount of Rs 327.43 million (2019: Rs 308.88 million) which is set to expire in years 2023 to 2027.

	Note	2020 Rupees	2019 Rupees
8. Deferred liabilities			
Retirement and other benefits	8.1	129,922,003	129,335,903
Deferred income	8.2	4,308,457	4,787,174
		<u>134,230,460</u>	<u>134,123,077</u>

	Note	2020 Rupees	2019 Rupees
8.1 Retirement and other benefits			
Staff gratuity	8.1.1	114,561,553	114,858,662
Accumulating compensated absences	8.1.2	15,360,450	14,477,241
		<u>129,922,003</u>	<u>129,335,903</u>
8.1.1 Staff gratuity			
The movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at the start of the year		114,858,662	99,432,792
Charge to statement of profit or loss			
- Current service cost		14,861,489	13,645,736
- Past service cost		1,241,613	7,353,155
- Interest cost		12,968,424	9,178,946
		29,071,526	30,177,837
Benefits due but not paid		(4,992,083)	(972,062)
Benefits paid		(19,713,675)	(14,286,423)
Remeasurements recorded in other comprehensive income			
- Actuarial gains from changes in financial assumptions		(288,471)	243,327
- Experience adjustments		(4,374,406)	263,191
		(4,662,877)	506,518
Present value of defined benefit obligation at the end of the year		<u>114,561,553</u>	<u>114,858,662</u>
Year end sensitivity analysis on present value of defined benefit obligation:			
Discount rate + 100 bps		105,824,841	106,381,775
Discount rate - 100 bps		124,800,539	124,777,023
Increase in salary level + 100 bps		124,810,775	124,814,457
Increase in salary level - 100 bps		105,669,586	106,209,258

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

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

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

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

	Note	2020 Rupees	2019 Rupees
8.1.2 Accumulating compensated absences			
Opening liability		14,477,240	11,833,347
Transferred from current liability		-	1,745,755
Charged to profit and loss		5,109,578	5,312,640
Payments made during the year		(3,738,999)	(4,414,502)
		<u>15,847,819</u>	<u>14,477,240</u>
Current portion shown under current liability		(487,370)	-
		<u>15,360,449</u>	<u>14,477,240</u>

8.2 Deferred income

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

	Note	2020 Rupees	2019 Rupees
Opening balance		4,787,174	5,319,082
Amortization during the year		(478,717)	(531,908)
		<u>4,308,457</u>	<u>4,787,174</u>

9. Finances under mark up arrangements - secured

Finances under mark up arrangements - secured	9.1	560,615,531	655,331,857
		<u>560,615,531</u>	<u>655,331,857</u>

9.1 Short term running finances available from commercial banks under mark-up arrangements amount to Rs 717.296 million (2019: Rs 706.681 million), out of which the amount Rs 617.244 million (2019: Rs 655.33 million) has been availed at September 30, 2020. The rate of mark-up range from 3 month KIBOR plus 0.5% to 1.25% margin and 1 month KIBOR plus 1% to 2.5% margin and is payable quarterly. The effective rate charged during the year ranges from 7.32% to 13.81% per annum (2019: 8.82% to 16.30% per annum) on the balance outstanding.

9.1.1 Of the aggregate facility of Rs 140 million (2019: Rs 120 million) for opening letter of credits and Rs 32 million (2019: Rs 32 million) for guarantees, the amount utilized at September 30, 2020 was Rs 99.042 million (2019: Rs 77.82 million) and Rs 17.20 million (2019: Rs 17.20 million) respectively.

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

	Note	2020 Rupees	2019 Rupees
10. Creditors, accrued and other liabilities			
Trade creditors		224,476,427	134,626,691
Accrued liabilities		68,743,611	41,615,606
Contract liabilities	10.1	32,342,036	17,293,775
Interest free deposits repayable on demand		135,000	135,000
Workers' welfare fund		3,323,809	3,323,809
Provision for duties payables		15,955,313	15,955,313
Withholding tax payable		4,325,671	2,108,680
Refund liabilities	10.2	49,428,413	38,923,500
Others		1,076,006	1,342,003
		<u>399,806,286</u>	<u>255,324,377</u>

10.1 This represents amount received in advance from customers against sales made subsequent to year end. Revenue recognized during the year that was included in contract liabilities balance at the beginning of the year amounts to Rs 17.29 million (2019: Rs 25.53 million).

	Note	2020 Rupees	2019 Rupees
10.2 Refund liabilities			
Liability relating to sales returns	10.2.1	40,000,000	30,000,000
Liability relating to trade promotions and incentives	10.2.2	9,428,413	8,923,500
		<u>49,428,413</u>	<u>38,923,500</u>

10.2.1 Liability relating to sales returns

Opening balance		30,000,000	26,931,515
Add: Provision for sales returns	22	64,221,249	96,045,286
Less: Actual sales returns		(54,221,249)	(92,976,801)
Closing balance		<u>40,000,000</u>	<u>30,000,000</u>

10.2.2 Liability relating to trade promotions and incentives

Opening balance		8,923,500	25,321,793
Add: Provision for trade promotions and incentives	22	68,809,273	76,345,514
Less: Claim and incentives given		(68,304,360)	(92,743,807)
Closing balance		<u>9,428,413</u>	<u>8,923,500</u>

11. Loan from shareholders - unsecured

Loan from shareholders - Interest free	11.1	150,000,000	150,000,000
Loan from shareholders - Interest bearing	11.2	50,000,000	-
		<u>200,000,000</u>	<u>150,000,000</u>

- 11.1 This represents loan amounting to Rs 75.00 million borrowed from Mr. S.M. Mohsin and Mr. Mehdi Mohsin each to meet working capital needs of the Company. During the year, the loans were transferred in the name of Syeda Maimant Mohsin and Syeda Matanat Mohsin on August 14, 2020 and September 1, 2020 respectively. The loans are interest free and repayable on demand.
- 11.2 This represents loan received from Syeda Maimanat Mohsin, a shareholder of the Company (19.85%), for the purpose of meeting working capital requirements. The loan bears markup at 9 % per annum payable quarterly and is repayable on demand. The loan agreement was approved by the Board of the Company in their meeting held on September 22, 2020.

12. Contingencies and commitments

12.1 Contingencies

Letter of guarantee in favor of Sui Northern Gas Pipelines Limited on account of payment of dues against gas consumption amounting to Rs 17.2 million (2019: Rs 17.2 million).

The Company has issued post dated cheques amounting to Rs 182.30 million (2019: Rs 182.30 million) to Collector of Customs Lahore Dry Port on account of taxable duty which might become payable against Duty and Tax Remission on Export under SRO # 450 (I)/2001 dated June 30, 2001 under Customs Rules 2001.

Description of legal proceedings

- (i) The Deputy Commissioner Inland Revenue ('DCIR') has issued various orders relating to tax year 2007, 2008, 2010, 2011, 2012, 2013, 2014 and 2015 and raised demands, including default surcharge aggregating to Rs 38.61 million against the Company under sections 161 of Income Tax Ordinance 2001 ('ITO 2001') on account of non-withholding of taxes while making certain payments. Being aggrieved the Company filed appeals in the Appellate Tribunal Inland Revenue ('ATIR') which are pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.
- (ii) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated May 28, 2013 in respect of tax year 2011, raised a demand of Rs 27.62 million on account of disallowance of certain expenditures and adjustment of minimum tax of prior years. The Company paid the said demand under protest and preferred an appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in Company's favour resulting in a refund of Rs 18.93 million vide order dated September 5, 2013. The Company contested the decision of the Commissioner Inland Revenue (Appeals) and filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on September 09, 2013 which was decided against the Company vide order dated March 18, 2020. Being aggrieved, the Company filed an appeal in Lahore High Court which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.
- (iii) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated March 28, 2014 in respect of tax year 2013, raised a demand of Rs 39.47 million on account of disallowance of certain expenditures under section 21 (l) and 21 (m) of Income Tax Ordinance 2001. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated July 14, 2014 resulting in reduction of demand to Rs 8.57 million. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') on August 18, 2014 for the remaining grounds relating to proration of expenses in respect of export sales which is pending adjudication. Based on legal advisor's opinion, the Company's management

expects a favorable outcome due to which no provision has been recorded in these financial statements.

- (iv) The Deputy Commissioner Inland Revenue ('DCIR') raised a demand of Rs 8.03 million on account of short sales tax withheld as withholding agent, excess input claimed and short output tax declaration vide order dated June 30, 2014. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was partially decided in favour of the Company vide order dated September 11, 2015 resulting in reduction of demand by Rs 4.17 million. Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.
- (v) 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. Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

12.2 Commitments

- (i) Letters of credit for purchase of raw and packing materials Rs 85.45 million (2019: Rs 13.34 million).
- (ii) The Company has entered into operating lease agreements, including Ijara financing agreement with Bank Al Habib Limited in order to obtain vehicles for employees. The amount of future payments under this lease and the period in which these payments will become due are as follows:

	Note	2020 Rupees	2019 Rupees
Not later than one year		8,181,866	15,697,342
Later than one year and not later than five years		5,873,982	24,095,827
Later than five years		-	1,005,000
		<u>14,055,848</u>	<u>40,798,169</u>
13. Property, plant and equipment			
Operating fixed assets	13.1	572,288,167	595,452,993
Capital work-in-progress	13.2	557,035	-
		<u>572,845,202</u>	<u>595,452,993</u>

13.1 Reconciliation of the carrying amounts at the beginning and end of the year is as follows:

	Operating Fixed Assets								
	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery	Vehicles	Furniture and fittings	Electric installations	Computer hardware	Total
	(Rupees)								
Net carrying value basis									
At 30 September 2020									
Opening net book value	15,547	93,647,326	2,187,783	480,681,648	4,024,077	2,022,966	9,008,796	3,864,850	595,452,993
Additions	-	-	-	16,014,315	3,855,670	-	507,825	301,143	20,678,953
Disposals									
Cost	-	-	-	-	(209,755)	(28,500)	(829,040)	(476,245)	(1,543,540)
Accumulated depreciation	-	-	-	-	53,044	25,621	272,796	233,218	584,679
Depreciation charge	-	(9,364,732)	(437,557)	(29,048,530)	(991,729)	(2,879)	(556,244)	(243,027)	(958,861)
Closing net book value	15,547	84,282,594	1,750,226	467,647,433	6,731,307	1,615,938	7,089,344	3,155,778	572,288,167
Gross Carrying Value basis									
At 30 September 2020									
Cost	15,547	195,722,525	8,410,476	994,390,710	12,191,978	7,816,430	57,452,625	12,978,353	1,288,978,644
Accumulated depreciation	-	(111,439,931)	(6,660,250)	(526,743,277)	(5,460,671)	(6,200,492)	(50,363,281)	(9,822,575)	(716,690,477)
Net Book Value	15,547	84,282,594	1,750,226	467,647,433	6,731,307	1,615,938	7,089,344	3,155,778	572,288,167

	Operating Fixed Assets								
	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery	Vehicles	Furniture and fittings	Electric installations	Computer hardware	Total
	(Rupees)								
Net carrying value basis									
At 30 September 2019									
Opening net book value	15,547	104,052,584	2,734,729	504,966,224	12,135,473	2,769,177	11,475,750	4,704,316	642,853,800
Additions	-	-	-	7,289,477	664,375	-	508,932	140,530	8,603,314
Disposals									
Cost	-	-	-	(863,291)	(12,826,594)	(392,286)	(1,195,983)	(310,410)	(15,588,564)
Accumulated depreciation	-	-	-	275,335	5,798,743	157,095	627,635	290,796	7,149,604
Depreciation charge	-	-	-	(587,956)	(7,027,851)	(235,191)	(568,348)	(19,614)	(8,438,960)
	-	(10,405,258)	(546,946)	(30,986,097)	(1,747,920)	(511,020)	(2,407,538)	(960,382)	(47,565,161)
Closing net book value	15,547	93,647,326	2,187,783	480,681,648	4,024,077	2,022,966	9,008,796	3,864,850	595,452,993
Gross Carrying Value basis									
At 30 September 2019									
Cost	15,547	195,722,525	8,410,476	978,376,395	8,546,063	7,844,930	57,773,840	13,153,455	1,269,843,231
Accumulated depreciation	-	(102,075,199)	(6,222,693)	(497,694,747)	(4,521,986)	(5,821,964)	(48,765,044)	(9,288,605)	(674,390,238)
Net Book Value	15,547	93,647,326	2,187,783	480,681,648	4,024,077	2,022,966	9,008,796	3,864,850	595,452,993

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

13.1.2 The cost of fully depreciated assets which are still in use as at September 30, 2020 is Rs 23.217 million (2019: Rs 23.217 million).

13.1.3 The depreciation charge for the year has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Cost of sales	23	38,701,910	41,680,003
Administration expenses	24	2,910,482	3,718,136
Distribution and marketing expenses	25	1,272,527	2,167,022
		42,884,919	47,565,161

13.1.4 Disposal of operating fixed assets

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

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

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

		2019					
Particulars of assets	Sold to/Transferred to	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sale proceeds Rupees	Gain/ (Loss) on sale Rupees	Mode of disposals
Assets with book value greater than Rs 0.50 million							
Vehicles							
Mercedes Benz E 250	Mr. Rana Ahsan (third party)	9,958,644	4,455,158	5,503,486	5,095,000	(408,486)	Highest bidder
Toyota Corrolla 1.6 Altis	Third party	2,040,860	763,886	1,276,974	1,052,439	(224,535)	Highest bidder
Other assets with book value less than Rs 0.50 million	Various	3,589,060	1,930,560	1,658,500	2,701,448	1,042,948	Various
		<u>15,588,564</u>	<u>7,149,604</u>	<u>8,438,960</u>	<u>8,848,887</u>	<u>409,927</u>	

13.2 Capital work-in-progress

	2020 Rupees	2019 Rupees
Civil works	398,000	-
Plant and machinery	159,035	-
	<u>557,035</u>	<u>-</u>

	Note	2020 Rupees	2019 Rupees
14. Intangible Assets			
Opening net book value		4,263,957	2,379,947
Additions at cost		-	2,400,000
Amortization charge	14.1	(420,124)	(515,990)
Closing net book value		3,843,833	4,263,957
Gross carrying value basis			
Cost		11,614,750	11,614,750
Accumulated amortization		(7,770,917)	(7,350,793)
Net book value		3,843,833	4,263,957
Amortization rate % per annum		20	20
14.1 The amortization charge for the year has been allocated as follows:			
Cost of sales	23	17,812	22,265
Administration expenses	24	274,143	293,513
Distribution and marketing expenses	25	128,169	200,212
		420,124	515,990
15. Biological assets			
Livestock		30,129,999	29,894,000
Trees		1,824,124	2,491,667
		31,954,123	32,385,667

15.1 Reconciliation of carrying amounts of biological assets

	Livestock 2020 Rupees	Trees 2020 Rupees	Livestock 2019 Rupees	Trees 2019 Rupees
Carrying amount at the beginning of the year	29,894,000	2,491,667	36,290,000	2,641,667
Increase due to purchases	-	-	-	-
Changes in fair value (price change, exchange fluctuations and biological transformation)	4,343,616	(528,334)	414,000	(125,000)
Less: Decrease due to deaths & sale	(4,107,617)	(139,209)	(6,810,000)	(25,000)
Carrying amount at the end of the year which approximates the fair value	30,129,999	1,824,124	29,894,000	2,491,667

15.2 As on September 30, 2020 the Company held 142 animals (2019: 144 animals) including cows, calves and horses and estimates to beneficially own 828 (2019: 877 trees) of various kinds including jamboline, kachnar, ceruse, amla, spikenard, borh and sheesham etc.

15.3 The valuation of dairy livestock as at September 30, 2020 has been carried out by an independent valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the key assumptions and estimates and relied on the representations made by the Company as at September 30, 2020. Further, in the absence of an active market of the Company's dairy livestock in Pakistan, market and replacement values of similar live stock from active markets in Australia, have been used as basis of valuation model by the independent valuer. The cost of transportation to Pakistan is also considered. The milking animals have been classified according to their lactations. As the number of lactations increase, the fair value keeps on decreasing.

16. Long term receivables

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

	Note	2020 Rupees	2019 Rupees
17. Stores, spares and loose tools			
General stores	17.1	10,940,999	26,745,594
Engineering stores		26,401,810	26,735,990
		<u>37,342,809</u>	<u>53,481,584</u>

17.1 Included in general store is stock held by third parties amounting to Nil (2019:Rs 10.65 million).

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

	Note	2020 Rupees	2019 Rupees
18. Stock in trade			
Raw materials		21,175,742	24,600,416
Packing materials [including in transit : NIL (2019: Rs 13.34 million)]		111,007,278	112,385,661
Work in process		93,033,860	62,982,864
Finished goods		128,089,330	90,414,945
		<u>353,306,210</u>	<u>290,383,886</u>
Less: Provision for obsolete items - Raw material	18.1	(17,887,514)	(13,109,841)
		<u>335,418,696</u>	<u>277,274,045</u>

18.1 The movement in provision for obsolete items during the year is as follows:

	Note	2020 Rupees	2019 Rupees
Balance as at October 1		13,109,841	7,737,905
Provision for the year		4,777,673	5,371,936
Balance as at September 30		<u>17,887,514</u>	<u>13,109,841</u>

	Note	2020 Rupees	2019 Rupees
19. Trade debts			
Considered good		138,824,036	132,933,635
Considered doubtful		14,262,337	13,797,646
	19.1	153,086,373	146,731,281
Less: Loss allowance	19.2	(14,262,337)	(13,797,646)
		138,824,036	132,933,635

19.1 These include trade debts related to export sales of Rs 8.54 million (2019: Rs 30.53 million).

	Note	2020 Rupees	2019 Rupees
19.2 Loss allowance			
Balance as at beginning of the year		13,797,646	11,262,793
Impairment loss on financial asset		464,691	2,534,853
Balance as at end of the year		14,262,337	13,797,646
20. Advances, deposits, prepayments and other receivables			
Advances - considered good			
- To employees		2,444,571	2,236,424
- To suppliers		9,100,497	11,670,257
Prepayments		4,807,546	4,874,084
Letters of credit - margins, deposits, opening charges, etc.		6,634,320	-
Claims recoverable from the government			
- considered good			
- Sales tax		35,344,595	38,283,973
- Custom duty and surcharge		8,204,642	8,204,642
		43,549,237	46,488,615
Due from related parties - Considered good		-	-
Other receivables - Considered good		342,230	2,708,507
		66,878,401	67,977,887
21. Cash and bank balances			
Bank balances			
- Balances at banks on current accounts		33,388,053	16,783,153
- Special account related to dividend payable		2,004,183	2,004,183
		35,392,236	18,787,336
Cash in hand		-	-
		35,392,236	18,787,336

	Note	2020 Rupees	2019 Rupees
22. Sales			
Gross sales - Local	22.1 & 22.2	2,143,202,948	2,080,046,322
Less: Sales returns	10.2.1	64,221,249	96,045,286
Rebates		245,746,344	218,928,945
Trade promotion and incentives	10.2.2	68,809,273	76,345,514
		378,776,866	391,319,745
Net sales - Local		1,764,426,082	1,688,726,577
- Export sales		348,066,494	298,825,518
		2,112,492,576	1,987,552,095

22.1 These are exclusive of sales tax of Rs 361.81 million (2019: Rs 293.05 million).

22.2 These include milk sales of Rs 24.03 million (2019: Rs 26.46 million).

	Note	2020 Rupees	2019 Rupees
23. Cost of sales			
Raw and packing material consumed		1,342,060,516	1,059,841,617
Salaries, wages and other benefits	23.2	166,443,401	153,432,855
Furnace oil consumed		25,497,533	15,656,883
Freight and octroi		791,677	229,994
Travelling and vehicle running		4,319,148	5,175,491
Repairs and maintenance		29,838,969	26,561,507
Power, water and gas		55,773,495	43,852,252
Insurance		4,213,587	5,370,942
Rent, rates and taxes		3,045,068	2,920,653
Depreciation on property, plant and equipment	13.1.3	38,701,910	41,680,003
Dairy expenses		30,107,417	34,086,481
Amortization of intangible assets	14.1	17,812	22,265
Other expenses	23.1	36,984,612	16,200,301
		1,737,795,145	1,405,031,244
Opening work-in-process		62,982,864	101,006,250
Closing work-in-process		(93,033,860)	(62,982,864)
		(30,050,996)	38,023,386
Cost of goods manufactured		1,707,744,149	1,443,054,630
Opening finished goods		90,414,945	200,499,314
Closing finished goods		(128,089,330)	(90,414,945)
		(37,674,385)	110,084,369
		1,670,069,764	1,553,138,999

23.1 This includes Federal Excise Duty amounting to Rs 17.04 million (2019: Rs Nil).

	Note	2020 Rupees	2019 Rupees
23.2 Salaries, wages and other benefits include the following:			
Gratuity			
- Service cost		5,874,763	11,280,309
- Interest cost for the year		5,593,767	4,930,801
		11,468,530	16,211,110
Accumulated compensated absences		3,020,135	3,140,160
		14,488,665	19,351,270
24. Administrative expenses			
Salaries, wages and other benefits	24.2	87,356,540	83,293,703
Travelling and vehicle running		8,497,210	10,520,064
Entertainment		778,474	719,889
Repairs and maintenance		2,069,184	1,520,799
Insurance		433,325	519,974
Rent, rates and taxes		7,905,713	7,157,820
Power, water and gas		4,006,195	4,006,055
Printing and stationery		1,470,371	1,174,914
Postage and telephone expenses		2,523,990	2,543,622
Professional services	24.1 & 24.4	28,309,568	17,036,479
Depreciation on property, plant and equipment	13.1.3	2,910,482	3,718,136
Amortization of intangible assets	14.1	274,143	293,513
Other expenses		4,133,483	2,747,129
		150,668,678	135,252,097
24.1 These include fines and penalties amounting to Rs 0.151 million (2019: Rs 0.165 million) charged by Punjab Food Authority.			
24.2 Salaries, wages and other benefits include the following:			
	Note	2020 Rupees	2019 Rupees
Gratuity			
- Service cost		6,455,911	5,032,599
- Interest cost for the year		3,782,668	2,199,828
		10,238,579	7,232,427
Accumulated compensated absences		725,107	778,392
		10,963,686	8,010,819

24.3 Number of employees

	2020	2019
Total number of employees at the end of the year	253	279
Average number of employees during the year	266	296

24.4 Professional services

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

	Note	2020 Rupees	2019 Rupees
Statutory audit		1,573,000	1,430,000
Half yearly review		775,000	700,000
Certifications and sundry services		1,043,250	357,500
Out of pocket expenses		261,410	237,645
		3,652,660	2,725,145

25. Distribution and marketing expenses

Salaries, wages and other benefits	25.1	63,953,354	74,438,331
Travelling and vehicle running		19,890,062	25,758,762
Entertainment		606,844	937,725
Freight expenses			
- Local		63,769,282	63,162,688
- Export		15,114,151	13,200,039
		78,883,433	76,362,727
Advertisement		12,995,746	21,706,455
Distributors expenses		41,314,779	38,991,927
Trade promotion expenses		6,856,603	4,556,114
Repairs and maintenance		90,535	193,016
Insurance		429,821	356,343
Rent, rates and taxes		7,586,420	12,973,832
Power, water and gas		442,644	510,851
Printing and stationery		244,587	322,834
Postage and telephone		1,989,644	2,199,264
Depreciation on property, plant and equipment	13.1.3	1,272,527	2,167,022
Amortization of intangible assets	14.1	128,169	200,212
Loss allowance	19.2	464,691	2,534,853
Other expenses		16,487,615	18,423,928
		253,637,474	282,634,196

25.1 Salaries, wages and other benefits include the following:

	Note	2020 Rupees	2019 Rupees
Gratuity			
- Service cost		3,772,428	4,685,983
- Interest cost for the year		3,591,989	2,048,317
		7,364,417	6,734,300
Accumulated compensated absences		1,364,336	1,394,088
		8,728,753	8,128,388
26. Other operating expenses			
Loss on revaluation of trees		528,334	125,000
Loss on disposal of biological assets		1,973,826	4,719,000
Loss on sale of fixed assets		608,758	-
Donations:			
Related party - AKRA	26.1	-	250,000
Others		151,600	247,413
		151,600	497,413
		3,262,518	5,341,413

26.1 Mr. S.M.Mohsin, Director of the Company is a member of Anjuman Khudam e Rasool Allah (AKRA).

	2020 Rupees	2019 Rupees
27. Other income		
Income from financial assets		
Exchange gain	1,402,046	3,906,700
Income from non financial assets		
Profit on revaluation of live stock	3,023,616	414,000
Profit on sale of fixed assets	-	409,927
Scrap sales	3,949,540	4,827,946
Rental income	2,457,575	2,454,693
	9,430,731	8,106,566
Others		
Amortization of deferred income	478,717	531,908
Others	850,526	3,046,901
	1,329,243	3,578,809
	12,162,020	15,592,075

	Note	2020 Rupees	2019 Rupees
28. Finance cost			
Mark-up on			
- Finances under mark up arrangements -secured		68,966,699	72,562,896
- Loan from shareholders - unsecured		36,986	815,112
Bank and other charges		5,268,670	4,922,341
		<u>74,272,355</u>	<u>78,300,349</u>
29. Provision for taxation			
Current tax			
- Current		29,541,476	31,480,269
- Prior years		-	-
		<u>29,541,476</u>	<u>31,480,269</u>
Deferred tax		(1,352,234)	(2,997,640)
		<u>28,189,242</u>	<u>28,482,629</u>

29.1 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.

29.2 Tax charge reconciliation

	2020 %	2019 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate.		
Applicable tax rate	29.00	29.00
Unrecognized losses and tax credits	(125.50)	(70.82)
Tax effect under presumptive tax regime and others	(12.59)	(16.68)
Tax credits	6.06	1.51
Tax effects of amounts that are exempt / inadmissible	(0.39)	2.77
Change in tax rates	-	(1.06)
	<u>(132.42)</u>	<u>(84.28)</u>
Average effective tax rate charged to statement of profit or loss	<u>(103.42)</u>	<u>(55.28)</u>

30. Transactions with related parties

The related parties comprise of associated undertakings, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables in note 20, loan from shareholders in note 11 and payables in note 10 respectively. Remuneration of the key management personnel is disclosed in note 31. Other significant transactions with related parties are as follows:

Relationship with the company	Name and Percentage of Shareholding of Related Party	Transactions during the year	2020 Rupees	2019 Rupees
i. Director	Syed Mohammad Mehdi Mohsin (Shareholding: 60.14%)	Purchase of goods Rent paid Expenses incurred on their behalf	4,363,402 3,166,541 1,983,910	9,632,799 3,014,161 4,256,248
ii. Spouse of director	Syeda Maimanat Mohsin (Shareholding: 19.85%)	Purchase of goods Obtained loan	1,092,840 50,000,000	1,350,906 -
iii. Associated undertaking	AKRA	Donation paid	-	250,000

All transactions with related parties have been carried out on mutually agreed terms and conditions.

The related parties with whom the Company had entered into transactions or had arrangements/agreements in place during the year have been disclosed above along with their basis of relationship.

31. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Directors				Executive	
	2020	2019	2020	2019	2020	2019	2020	2019
			Non Executive Directors	Executive Directors	Non Executive Directors	Executive Directors		
			Rupees					
Managerial remuneration	10,108,064	8,833,587	-	-	-	-	28,348,214	33,819,121
Retirement benefits	1,583,333	2,617,764	-	-	-	-	5,034,058	8,947,530
House rent allowance	3,133,871	2,598,134	-	-	-	-	12,756,696	15,218,604
Utilities	103,226	308,793	376,282	62,982	343,135	143,833	2,834,829	3,381,912
Car allowance	-	-	-	-	-	-	537,209	330,000
Club expenses	23,731	38,960	60,014	-	65,210	12,265	-	-
Bonus	-	-	-	-	-	-	-	-
Meeting fee	-	-	980,116	-	500,000	-	-	-
	14,952,225	14,397,238	1,416,412	62,982	908,345	156,098	49,511,006	61,697,167
Number of persons	1	1	8	2	8	2	13	17

The Company also provides the Chief Executive, directors and certain employees with free use of Company maintained cars.

The Chief Executive and employees are entitled to reimbursement of medical expenses up to an amount equal to three basic salaries.

32. Capacity and production

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

	2020	2019
Actual production:		
Groceries - in cartons	1,328,394	1,319,196
Confectioneries - in cartons	241,246	258,166
Milk - in liters	413,307	415,589

	Note	2020 Rupees	2019 Rupees
33. Cash generated from operations			
Loss before tax		(27,256,193)	(51,522,884)
Adjustments for:			
Provision for retirement benefits	8.1.1	29,071,526	30,177,837
Provision for leave absences	8.1.2	5,109,578	4,966,321
Amortization of deferred income	8.2	(478,717)	(531,908)
Depreciation on operating fixed assets	13.1	42,884,918	47,565,161
Amortization on intangibles	14	420,124	515,990
Provision for obsolete stocks	18.2	4,777,673	5,371,936
Provision for sale returns	22	64,221,249	96,045,286
Provision for trade promotions and incentives	22	68,809,273	76,345,514
Loss allowance	25	464,691	2,534,853
(Profit) / loss on revaluation and sale of biological assets	26 & 27	(1,841,456)	4,430,000
Loss/ (profit) on sale of property, plant and equipment	27	608,758	(409,927)
Exchange gain	27	(1,402,046)	(3,906,700)
Finance cost	28	74,272,355	78,300,349
Profit before working capital changes		259,661,733	289,881,828
Effect on cash flow due to working capital changes			
- Decrease / (increase) in stores, spares and loose tools		20,556,673	(20,107,412)
- Increase in stock in trade		(62,922,324)	178,970,881
- Increase in trade debts		(4,953,046)	(18,077,805)
- Decrease / (increase) in advances, deposits, prepayments and other receivables		1,099,486	(710,618)
- Increase in creditors, accrued and other liabilities		5,971,934	(268,899,524)
		(40,247,277)	(128,824,478)
Cash generated from operations		219,414,456	161,057,350

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

	Loan from shareholders (Interest free)	Loan from shareholders (Interest bearing)	Total
	Rupees	Rupees	Rupees
Balance as at October 01, 2019	150,000,000	-	150,000,000
Financing obtained	-	50,000,000	50,000,000
Repayments during the year	-	-	-
Balance as at September 30, 2020	150,000,000	50,000,000	200,000,000

	Note	2020 Rupees	2019 Rupees
35. Cash and cash equivalents			
Cash and bank balances	21	35,392,236	18,787,336
Short term running finances-secured	9	(560,615,531)	(655,331,857)
		(525,223,295)	(636,544,521)
36. Loss per share			
36.1 Basic loss per share			
Net loss for the year	Rupees	(55,445,435)	(80,005,513)
Weighted average number of ordinary shares	Number	7,875,000	7,875,000
Basic loss per share	Rupees	(7.04)	(10.16)

36.2 Diluted loss per share

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

37. Financial risk management

37.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

	2020	2019
Trade debts - USD	51,500	195,509

The following significant exchange rates were applied during the year:

Rupees per USD

Average rate	160.96	140.15
Reporting date rate	165.71	156.20

If the functional currency, at reporting date, had fluctuated by 5% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs 0.43 million (2019: Rs 1.53 million) higher/lower, mainly as a result of exchange gains/losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

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

(iii) Interest rate risk

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

The Company has no significant long term interest bearing assets. 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:

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial liabilities		
Loan from shareholders - interest bearing	(50,000,000)	-
Net exposure	(50,000,000)	-
Floating rate instruments		
Financial liabilities		
Short term running finances	(560,615,531)	(655,331,857)
Net exposure	(560,615,531)	(655,331,857)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long term finances, at the reporting date, fluctuate by 1% higher/lower with all other variables held constant, profit before taxation for the year would have been Rs 5.61 million (2019: Rs 6.55 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

(i) Exposure to Credit risk

The management has a credit policy in place and exposure to credit risk is monitored on a continuous basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets. Out of total financial assets of Rs 246.80 million (2019: Rs 226.39 million) following are subject to credit risk:

	2020 Rupees	2019 Rupees
Financial Assets		
Trade debts	153,086,373	146,731,281
Loans, advances, deposits and other receivables	11,887,298	16,615,188
Bank balances	35,392,236	18,787,336
	<u>200,365,907</u>	<u>182,133,805</u>

Impairment of financial Assets

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

Trade Debts

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before September 30, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the

receivables. The Company has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at September 30, 2020 and September 30, 2019 was determined as follows:

September 30, 2020	Expected Credit Loss Rate	Trade Debts	Loss Allowance
0 - 30 days	1.85%	128,305,525	2,369,032
31 - 60 days	2.29%	5,842,546	133,970
61 - 90 days	11.25%	1,624,401	182,810
91 - 120 days	29.00%	798,451	231,527
121 - 150 days	42.28%	753,390	318,518
151 - 180 days	51.65%	567,961	293,369
181 - 210 days	60.00%	528,044	316,800
211 - 240 days	69.29%	164,165	113,745
241 - 270 days	78.17%	182,952	143,010
271 - 300 days	85.28%	223,288	190,431
301 - 330 days	89.91%	345,589	310,712
331 - 360 days	95.13%	110,011	104,656
Above 360 days	100.00%	9,553,757	9,553,757
Total		149,000,080	14,262,337

September 30, 2019	Expected Credit Loss Rate	Trade Debts	Loss Allowance
0 - 30 days	0.73%	75,837,620	554,594
31 - 60 days	1.72%	4,612,028	79,138
61 - 90 days	8.60%	651,128	55,987
91 - 120 days	17.89%	1,935,127	346,227
121 - 150 days	24.20%	924,567	223,767
151 - 180 days	27.01%	395,988	106,937
181 - 210 days	27.61%	3,148,051	869,324
211 - 240 days	51.57%	212,866	109,767
241 - 270 days	58.59%	240,754	141,054
271 - 300 days	59.19%	74,654	44,188
301 - 330 days	73.43%	210,849	154,832
331 - 360 days	80.44%	1,421,058	1,143,103
Above 360 days	100.00%	9,968,728	9,968,728
Total		99,633,418	13,797,646

(ii) Credit quality of major financial assets

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

	Rating Short term	Long term	Rating Agency	2020 (Rupees)	2019 (Rupees)
National Bank of Pakistan	A-1 +	AAA	PACRA	2,124,000	685,773
MCB Bank Limited	A1 +	AAA	PACRA	787,333	787,333
Habib Bank Limited	A-1 +	AAA	JCR-VIS	10,217,029	16,907,895
Bank Al Habib	A-1 +	AA+	PACRA	884,611	406,335
Meezan Bank Limited	A-1 +	AA+	JCR-VIS	21,279,262	-
Faysal Bank Limited	A-1 +	AA	PACRA	100,001	-
				<u>35,392,236</u>	<u>18,787,336</u>

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

(c) **Liquidity risk**

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At September 30, 2020, the Company had Rs 777.29 million (2019: Rs 706.68 million) available borrowing limits from financial institutions [unutilized: Rs 216.68 million (2019: Rs 51.35 million)] and Rs 35.39 million (2019: Rs 18.79 million) cash and bank balances.

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

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

The following are the contractual maturities of financial liabilities as at September 30, 2019:

	Carrying amount	Less than one year	One to five years Rupees	More than five years
Long term finance - secured	-	-	-	-
Finances under markup arrangements - secured	655,331,857	655,331,857	-	-
Trade and other payables	238,030,602	238,030,602	-	-
Accrued finance cost	20,265,694	20,265,694	-	-
Loan from shareholders - unsecured	150,000,000	150,000,000	-	-
Unclaimed dividend	2,004,183	2,004,183	-	-
	<u>1,065,632,336</u>	<u>1,065,632,336</u>	<u>-</u>	<u>-</u>

37.2 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The different levels for fair value estimation used by the Company have been explained as follows:

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

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

	Level 1	Level 2	Level 3	Total
Assets		Rupees		
Recurring fair value measurements of biological assets				
Livestock	-	30,129,999	-	30,129,999
	-	30,129,999	-	30,129,999

The following table presents the Company's non financial asset that are measured at fair value at September 30, 2019:

	Level 1	Level 2	Level 3	Total
Assets		Rupees		
Recurring fair value measurements of biological assets				
Livestock	-	29,894,000	-	29,894,000
	-	29,894,000	-	29,894,000

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

Valuation techniques used to measure level 2 assets

The fair value of these assets is determined by an independent professionally qualified valuer. Latest valuation of these assets was carried out on September 30, 2020. Level 2 fair value of biological assets has been determined using a replacement cost approach, whereby, current cost of similar livestock in the international market has been adjusted for transportation costs to arrive at fair value.

37.3 Fair values of financial assets and liabilities

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

		At amortized cost	
		2020 Rupees	2019 Rupees
37.4 Financial instruments by categories			
Financial Assets			
Trade debts		153,086,373	146,731,281
Loans, advances, deposits and other receivables		55,436,535	63,103,803
Cash and bank balances		35,392,236	18,787,336
		<u>243,915,144</u>	<u>228,622,420</u>
Financial liabilities			
Finances under markup arrangements		560,615,531	655,331,857
Trade and other payables		396,482,477	252,000,568
Accrued finance cost		9,653,040	20,265,694
Loan from shareholders - unsecured		200,000,000	150,000,000
Unclaimed dividends		2,004,183	2,004,183
		<u>1,168,755,231</u>	<u>1,079,602,302</u>

37.5 Capital risk management

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

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 9. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratio as at September 30, 2020 and September 30, 2019 is as follows:

	Note	2020 Rupees	2019 Rupees
Loan from shareholders	11	200,000,000	150,000,000
Short term borrowings net of cash at bank and in hand	35	525,223,295	636,544,521
Net debt		<u>725,223,295</u>	<u>786,544,521</u>
Total equity		<u>74,309,777</u>	<u>126,444,569</u>
Total capital		<u>799,533,072</u>	<u>912,989,090</u>
Gearing ratio	Percentage	91%	86%

38. Date of authorization

These financial statements were authorized for issue on January 27, 2021 by the Board of Directors of the Company.

39. Summary of significant events and transactions in the current reporting period

The pandemic COVID-19 that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab, announced measures; temporary lockdown, temporary closure of businesses, curtailment of intercity movements and cancellation of major events. These measures were followed by other provinces as well. These measures have resulted in an overall economic slowdown and disruptions to various businesses. The Government of Pakistan and State Bank of Pakistan also announced several monetary and fiscal policy measures to mitigate the adverse economic impacts of the COVID-19.

The lockdown caused disruptions in supply and distribution chain affecting the sales of the products of the Company. In order to mitigate the effects of COVID-19, the management has adopted several measures comprising of increase in prices of certain products and reduction in expenses. The management has also assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of nonfinancial assets';
- the net realisable value of inventory under IAS 2, 'Inventories';
- Provision for taxation in accordance with IAS 12, 'Income taxes'
- provisions and contingent liabilities under IAS 37
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

40. Events after the date of statement of financial position

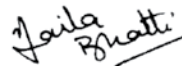
No significant events have occurred subsequent to September 30, 2020, other than those mentioned elsewhere in these financial statements.

41. Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary. However, no significant reclassifications have been made.


Najam Aziz Seethi
Chairman


Nauman Munawar
Chief Financial Officer


Naila Bhatti
Chief Executive Officer

Proxy Form

Mitchell's Fruit Farms Limited 88th 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 88th Annual General Meeting of the Company to be held on February 25, 2021 on Thursday at 11:00 a.m at the Registered Office of the Company located at 72-FFC, Gulberg IV, Lahore.

Signed this _____ day of _____ 2021

Please affix
revenue
stamp

Please quote folio number

Signature of Member

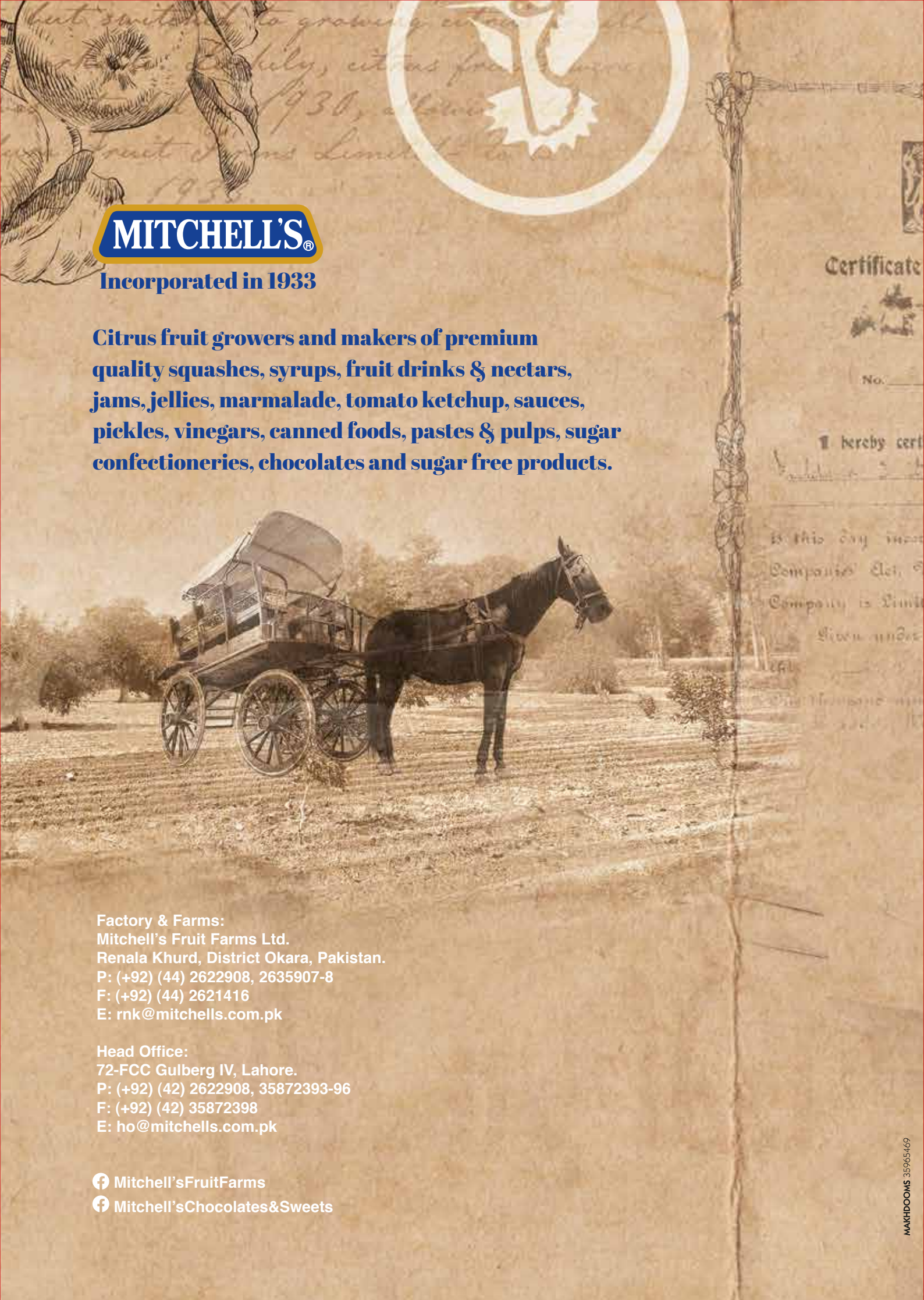
IMPORTANT:

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

AFFIX
CORRECT
POSTAGE

The Company Secretary

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



MITCHELL'S®

Incorporated in 1933

Citrus fruit growers and makers of premium quality squashes, syrups, fruit drinks & nectars, jams, jellies, marmalade, tomato ketchup, sauces, pickles, vinegars, canned foods, pastes & pulps, sugar confectioneries, chocolates and sugar free products.

Factory & Farms:
Mitchell's Fruit Farms Ltd.
Renala Khurd, District Okara, Pakistan.
P: (+92) (44) 2622908, 2635907-8
F: (+92) (44) 2621416
E: rnk@mittchells.com.pk

Head Office:
72-FCC Gulberg IV, Lahore.
P: (+92) (42) 2622908, 35872393-96
F: (+92) (42) 35872398
E: ho@mittchells.com.pk

 Mitchell'sFruitFarms

 Mitchell'sChocolates&Sweets