



**MITCHELL'S®**

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Fresh  
since  
**1933**  
®

# Quarter 1 RESULTS

**JUL-SEP 2021**

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# Company Information

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

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

## CHIEF FINANCIAL OFFICER

Badar M. Khan, FCA

## COMPANY SECRETARY

Mehboob Ellahi Khan

## AUDITORS

A.F. Ferguson & Company  
Chartered Accountants

## LEGAL ADVISORS

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

## BANKERS

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

## SHARE REGISTRAR

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

## CORPORATE OFFICE

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

## FACTORY & FARMS

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

## REGIONAL SALES OFFICES

### Islamabad

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

### Karachi

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

## Directors' Report

The Directors of the company are pleased to present their report on the condensed interim financial statement of the Company for the first quarter (Q-1) ended September 30, 2021. After last year's change of financial year end to June from September, this is the first time that Q-1 results are prepared for the period ended 30 September otherwise our Q-1 used to close at 31st December. The company is also exposed to seasonal fluctuations in supply of agricultural produce and variation in demand of its products.

Key financial highlights for the subject period are as under:

	September 30 2021	September 30 2020
	Rupees in Million	
Sales Revenue	536.97	482.82
Gross Profit	55.75	91.76
Net Loss before tax	90.67	19.75
Net Loss after tax	96.04	24.45
Loss per Share	4.20	3.11

The previous three months were very tough for the company due to a phenomenal increase in the cost of inputs like raw material, packing material, cost of labor and power which caused a steep decline in profitability since the company did not raise prices of its products in line with market conditions. During this quarter, due to machinery break downs, loss of production was faced for about 15 days while some machinery required for increased production was delayed due to global shortages of containers. Also due to untimely rains, the current crop of Saag was badly affected which adversely hit our exports in addition to the global supply chain issues. All these factors, resulted in a substantial loss of sales during this quarter which adversely affected our profitability as well. Hike in fuel prices and FX parity rate also adversely impacted us since the company is dependent upon numerous imported supplies for its products. Due to unavailability of export refinance from banks, the finance cost remained higher than anticipated.

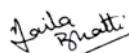
Despite all adversities, the company managed to register sales growth of 11% when compared with last year's similar period, which could have been higher had we not been badly impacted due to loss of sales as explained above

Going forward, with the arrival of fresh crop of saag and winter seasonal impact, the sales of the company are likely to grow in the forthcoming months and we are positive to register substantial sales growth and enhance our profitability as well. With the targeted increase of sales in the upcoming months, our procurement has shown an upwards trend, but since buying is done well in advance the positive impact of this will be seen in the coming months.

We have also planned capacity enhancements, modernization of plant facilities and upgrading our facilities in a phased manner to ensure the quality and availability of products and to increase shareholder's value. We are also working upon different marketing campaigns to bring back brand recall. All these investments shall bear fruits in the months to come.

During the period under review, adequate internal financial controls existed within the organization while there has been no adverse impact of the company's business on the environment.

For and on behalf of  
the Board of Directors



Naila Bhatti

Chief Executive Officer

Lahore: October 29, 2021

## ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹران، 30 ستمبر 2021ء کو شتم ہونے والی پہلی سہ ماہی کی عبوری مختصر رپورٹ پیش کرتے ہیں۔ پچھلے سال کمپنی کے مالی سال کا دورانیہ اکتوبر تا ستمبر کے بجائے جولائی تا جون کر دیا گیا تھا جس کے بعد یہ پہلا موقع ہے کہ پہلی سہ ماہی کی رپورٹ جولائی 2021 تا ستمبر 2021 پیش کی جا رہی ہے وگرنہ پہلی سہ ماہی اکتوبر تا دسمبر ہوا کرتی تھی۔ کمپنی اپنے کاروبار کی نوعیت کی وجہ سے موسمیاتی تغیرات کا بھی سامنا کرتی ہے جیسا کہ زرعی اشیاء کی فراہمی اور مصنوعات کی طلب وغیرہ۔ کمپنی کا مختصر مالیاتی تجزیہ درج ذیل ہے:

(روپے ملین میں)

30 ستمبر 2020	30 ستمبر 2021	
482.82	536.97	کمپنی مصنوعات کی فروخت
91.76	55.75	گراس پرافٹ
19.75	90.67	نگلےس سے پہلے کا خسارہ
24.45	96.04	نگلےس کے بعد کا خسارہ
3.11	4.20	فی شیئر خسارہ

پچھلے تین ماہ کمپنی کے لیے خاصے سخت تھے کیونکہ اس دوران میں خام مال اور پیکنگ میٹریل، مزدوروں کی اجرت، بجلی اور ڈیزل کی قیمتوں میں بہت زیادہ اضافہ ہوا جس کی وجہ سے کمپنی کے منافع میں خاطر خواہ کمی ہو گئی جبکہ کمپنی نے اس عرصہ میں اپنی مصنوعات کی قیمتوں میں کوئی اضافہ نہیں کیا۔ اس سہ ماہی کے دوران مشینوں میں خرابیوں کی وجہ سے بڑے ڈاؤن بھی ہوا جس کی وجہ سے تقریباً پندرہ یوم پیداواری نقصان کا سامنا رہا۔ اس کے علاوہ پیداواری صلاحیت میں اضافے کے لیے جو درآ مدی مشینیں منگوائی گئی تھیں انکی آمد میں کنٹینروں کی بین الاقوامی قلت کی وجہ سے تاخیر ہوئی۔ بے موسمی بارشوں کی وجہ سے ساگ کی فصل پر مضر اثرات مرتب ہوئے جسکی وجہ سے کمپنی کی برآمدات متاثر ہوئیں۔ ان تمام عوامل کی وجہ سے اس سہ ماہی کے دوران کمپنی کی مصنوعات کی فروخت بری طرح متاثر ہوئی اور اس میں کمپنی کے منافع پر بھی برا اثر ڈالا۔ اس کے علاوہ پٹرول کی قیمتوں میں اضافے اور ڈالر کے مقابلے میں روپے کی گرتی ہوئی قدر نے بھی ہمارے اوپر برا اثر ڈالا کیونکہ کمپنی کی مصنوعات اور پیکنگ میں بہت سارے درآمد شدہ مال استعمال کیا جاتا ہے۔ مزید برآں اس مدت کے دوران بینکوں نے ایکسپورٹ ری فننس بھی کم دیا جس کی وجہ سے کمپنی کے مالیاتی خرچے اس قدر کم نہ ہو سکے جس قدر کی توقع تھی۔

تمام نامساعد حالات کے باوجود کمپنی نے اپنی مصنوعات کی فروخت میں، پچھلے سال کی اسی مدت کے مقابلے میں، 11 فیصد اضافہ کیا۔ یہ اضافہ مزید زیادہ بھی ہو سکتا تھا اگر ہماری مصنوعات کی فروخت پر برے اثرات مرتب نہ ہوتے ان عوامل کی وجہ سے جن کا ذکر اوپر کیا گیا ہے۔

اگلے مہینوں میں جاتے ہوئے ہمیں امید ہے کہ کمپنی کی مصنوعات کی فروخت میں اضافہ ممکن ہوگا جس کی بڑی وجہ ساگ کی فصل کی آمد اور برآمد اور سردیوں کے موسم کا مثبت اثر ہے۔ فروخت میں اضافے کے ساتھ ہی منافع میں اضافہ کی بھی امید ہے۔ آنے والے مہینوں کے بڑھے ہوئے فروخت کے ہدف کی تیاری کے لیے ہمارے خام مال کی خرید میں اضافہ ہوا ہے کیونکہ ہم اکثر مال پیشگی طور پر لے لیتے ہیں اور اس کا مثبت اثر آنے والے چند ماہ میں دیکھا جاسکے گا۔

ہم نے اپنے پلانٹ کی مرحلہ وار بہتری، سہولیات اور پیداواری صلاحیت میں اضافہ کرنے کی منصوبہ سازی کی ہے تاکہ اپنی مصنوعات کی پیداوار اور کوالٹی میں خاطر خواہ اضافہ کیا جاسکے۔ اس عمل کی وجہ سے کمپنی کے حصہ داران کے شیئرز کی قدر و قیمت میں اضافہ ممکن ہو سکے گا۔ ہم مختلف تشہیری سرگرمیوں پر بھی کام کر رہے ہیں تاکہ صارفین کے ذہن میں چھلورے برانڈ کو تازہ رکھا جاسکے۔ ہماری ان تمام کاوشوں کے مثبت اثرات آئندہ آنے والے چند مہینوں میں دیکھے جاسکیں گے۔

اس سہ ماہی کے دوران کمپنی کے اندر تمام مالیاتی و اندرونی کنٹرول کے نظام اچھی طرح کام کرتے رہے۔ مزید برآں کمپنی کے کاروبار کی وجہ سے ماحولیات پر کوئی بُرے اثرات نہیں پڑے۔

بورڈ آف ڈائریکٹرز کی جانب سے

حلیف  
مختصر ممالکہ جی  
چیف ایگزیکٹو آفیسر

# Condensed Interim Statement of Financial Position

As at September 30, 2021

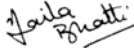
	Note	Un-audited September 30 2021 Rupees	Audited June 30 2021 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized capital (40,000,000 ordinary shares of Rs 10 each)		400,000,000	400,000,000
<b>Issued, subscribed and paid up capital</b>			
22,875,000 ordinary shares of Rs 10 each		228,750,000	228,750,000
Reserves	6	511,623,190	607,668,057
		740,373,190	836,418,057
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities		114,630,495	112,510,688
Long term finance - secured		10,134,861	12,732,774
Deferred grant		1,369,838	1,140,378
		126,135,194	126,383,840
<b>CURRENT LIABILITIES</b>			
Current portion of long term finance		25,773,529	30,675,616
Current portion of deferred grant		446,156	675,616
Finances under markup arrangements		350,806,413	134,393,274
Creditors, accrued and other liabilities		274,906,693	425,850,584
Loan from shareholders - unsecured		150,000,000	150,000,000
Accrued finance cost		-	2,255,383
Unclaimed dividends		2,004,183	2,004,183
		803,936,973	745,854,656
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		1,670,445,357	1,708,656,553

The annexed notes 1 to 15 form a integral part of this condensed interim financial statements.

	Note	Un-audited September 30 2021 Rupees	Audited June 30 2021 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	634,435,785	636,098,672
Intangible assets		11,772,479	12,262,568
Biological assets		37,669,000	37,790,000
Long term receivables		4,911,693	8,511,693
		688,788,957	694,662,933
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		38,607,117	35,291,224
Stock in trade		411,258,636	407,053,602
Trade debts - unsecured		289,102,706	329,306,341
Advances, deposits, prepayments and other receivables		96,628,038	98,654,403
Income tax recoverable		132,164,920	131,061,071
Bank balances		13,894,984	12,626,979
		981,656,400	1,013,993,620
		1,670,445,357	1,708,656,553

The annexed notes 1 to 15 form a integral part of this condensed interim financial statement.

  
Badar M. Khan  
Chief Financial Officer

  
Naila Bhatti  
Chief Executive Officer

  
Najam Aziz Seethi  
Chairman



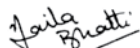
# Condensed Interim Statement of Profit or Loss

For the First Quarter Ended September 30, 2021 (Un-audited)

		September 30 2021 Rupees	September 30 2020 Rupees
Sales	9	536,974,622	482,828,326
Cost of sales		(481,222,108)	(391,058,969)
<b>Gross profit</b>		55,752,513	91,769,357
Administration expenses		(67,128,120)	(39,629,312)
Distribution and marketing expenses		(79,943,544)	(62,702,581)
Other operating expenses		-	(3,137,318)
Other operating income		5,915,367	6,920,649
<b>Loss from operations</b>		(85,403,783)	(6,779,205)
Finance cost		(5,271,434)	(12,977,396)
<b>Loss before tax</b>		(90,675,217)	(19,756,601)
Taxation		(5,369,746)	(4,699,626)
<b>Loss after tax</b>		(96,044,963)	(24,456,227)
<b>Loss per share</b>			
- Basic and diluted		(4.20)	(3.11)

The annexed notes 1 to 15 form an integral part of this condensed interim financial statements.

  
Badar M. Khan  
Chief Financial Officer

  
Naila Bhatti  
Chief Executive Officer

  
Najam Aziz Seethi  
Chairman

# Condensed Interim Statement of Comprehensive Income

For the First Quarter Ended September 30, 2021 (Un-audited)

	September 30 2021 Rupees	September 30 2020 Rupees
Loss for the period	(96,044,963)	(24,456,227)
Other Comprehensive Income:		
-Items that will not be reclassified to profit or (loss)		
Re-measurement of retirement benefit - net of tax	-	3,310,643
-Items that may be reclassified subsequently to profit or (loss)	-	-
<b>Total comprehensive loss for the period</b>	<b>(96,044,963)</b>	<b>(21,145,584)</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial statements.

  
Badar M. Khan  
Chief Financial Officer

  
Naila Bhatti  
Chief Executive Officer


  
Najam Aziz Seethi  
Chairman

# Condensed Interim Statement of Changes in Equity


For the First Quarter Ended September 30, 2021

	Share capital	Share premium	General reserve Rupees	Accumulated profit	Total
Balance as on September 30, 2020	78,750,000	9,335,878	300,000	(14,076,101)	74,309,777
Total comprehensive income for the period					
October 01, 2020 to June 30, 2021					
- Profit for the period from October 01, 2020 to June 30, 2021	-	-	-	10,466,180	10,466,180
- Other comprehensive income for the period from October 01, 2020 to June 30, 2021	-	-	-	1,642,100	1,642,100
Transactions with owners					
- Right issue of ordinary shares	150,000,000	600,000,000			750,000,000
<b>Balance as on June 30, 2021</b>	<b>228,750,000</b>	<b>609,335,878</b>	<b>300,000.00</b>	<b>(1,967,821)</b>	<b>836,418,057</b>
<b>Balance as at July 1, 2021</b>	<b>228,750,000</b>	<b>609,335,878</b>	<b>300,000</b>	<b>(1,967,821)</b>	<b>836,418,057</b>
Total comprehensive income for the period					
July 1, 2021 to September 30, 2021					
- Loss for the period from July 1, 2021 to September 30, 2021	-	-	-	(96,044,963)	(96,044,963)
- Other comprehensive income for the period from July 1, 2021 to September 30, 2021					
<b>Balance as at September 30, 2021 - un-audited</b>	<b>228,750,000</b>	<b>609,335,878</b>	<b>300,000</b>	<b>(98,012,784)</b>	<b>740,373,094</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial statements.

  
Badar M. Khan  
Chief Financial Officer

  
Naila Bhatti  
Chief Executive Officer

  
Najam Aziz Seethi  
Chairman

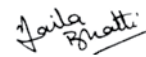
# Condensed Interim Statement of Cash Flows

## For the First Quarter Ended September 30, 2021 (Un-audited)

	September 30 2021 Rupees	September 30 2020 Rupees
<b>Cash flows from operating activities</b>		
Cash (used in) / generated from operations	(179,718,386)	71,010,927
Finance cost paid	(5,271,434)	(19,155,706)
Taxes paid	(6,473,595)	(23,611,483)
Retirement benefits paid	(3,640,690)	(2,485,113)
Payment of accumulated compensated absences	(1,107,865)	(3,738,999)
Security deposit - net	3,600,000	483,150
<b>Net cash (used in) / generated from operating activities</b>	<b>(192,611,971)</b>	<b>22,502,776</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(15,638,621)	(4,905,504)
Purchase of intangible assets	-	(191,850)
Transfer to CWIP	484,458	-
Proceeds from sale biological assets	121,000	1,991,000
Proceeds from sale of property, plant and equipment	-	491,033
<b>Net cash used in investing activities</b>	<b>(15,033,163)</b>	<b>(2,615,321)</b>
<b>Cash flows from financing activities</b>		
Loan/Advance obtained from shareholder	-	50,000,000
Repayment of long term finances-secured	(7,500,000)	(44,755,415)
<b>Net cash generated from financing activities</b>	<b>(7,500,000)</b>	<b>5,244,585</b>
<b>Net increase/(Decrease) in cash and cash equivalents</b>	<b>(215,145,134)</b>	<b>25,132,040</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(121,766,295)</b>	<b>(44,755,415)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(336,911,429)</b>	<b>(19,623,375)</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial statements.

  
Badar M. Khan  
Chief Financial Officer

  
Naila Bhatti  
Chief Executive Officer

  
Najam Aziz Seethi  
Chairman

# Notes to and Forming Part of the Condensed Interim Financial Information

## For the Quarter Ended September 30, 2021 (Un-audited)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Mitchell's Fruit Farms Limited ("the Company") is a public limited Company incorporated in Pakistan and the shares of the Company are listed on Pakistan Stock Exchange Limited. It is principally engaged in the manufacture and sale of various farm and confectionery products. The registered office of the Company is situated at House No. 72-FCC, Gulberg IV, Lahore. The manufacturing facility and the farms are situated in Renala Khurd, Okara, Pakistan. The Company also has one Regional 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:

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

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

#### 2.2 Change of financial year of the Company

During the period ended June 30, 2021, the Taxation Authority granted approval for change in the financial year end from September to June on February 11, 2021. Hence, the Company has changed its financial year end to align it with the normal tax year. Consequently, Quarter-1 covers the period from July 1, 2021 to September 30, 2021.

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

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

- 2.3.1 Standards, amendments to published standards and interpretations that are effective in current period and are relevant to the Company's operations. Certain standard amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after October 1, 2020 but are considered not to be relevant or to have any significant effect on the Company operations and are, therefore, not detailed in these financial statements.
- 2.3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company. The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements:

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

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

### 3. SEASONAL NATURE OF OPERATIONS

The quarterly results of the Company are subject to seasonal fluctuations due to variation in demand of the many products of the company, e.g. Squashes, Syrups & Confectionery.

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, ASSUMPTIONS & POLICIES

The significant accounting judgments, estimates, assumptions and accounting policies adopted and applied by the Company for the preparation of these condensed interim financial statements are the same as were adopted and applied in the preparation of the preceding annual audited financial statements for the year ended 30 June 2021.

#### 5. TAXATION

Provision in respect of Taxation is estimated and is subject to final adjustment in the annual audited financial statements.

	Note	Un-audited September 30 2021 Rupees	Audited June 30 2021 Rupees
<b>6. RESERVES</b>			
Composition of reserves is as follows:			
Capital Reserve			
Share premium	6.1	609,335,878	609,335,878
Revenue Reserves			
General reserve		300,000	300,000
Unappropriated loss		(98,012,784)	(1,967,821)
		<u>511,623,094</u>	<u>607,668,057</u>

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

#### 7. CONTINGENCIES AND COMMITMENTS

##### 7.1 Contingencies

##### 7.1.1 Income Tax

Following are the various contingencies relating to Income Tax matters:

- (i) The Deputy Commissioner Inland Revenue ('DCIR') raised demands amounting to Rs. Rs 28.42 million including default surcharge against the Company vide various orders issued relating to tax year 2007, 2008, 2011, 2012, 2014, 2015 and 2016 under section 161 of Income Tax Ordinance 2001 ('ITO 2001') on account of non-withholding of taxes while making certain payments. The Company filed appeals with the Commissioner Inland Revenue (Appeals) (CIR-A), which were partially decided against the Company except for tax year 2014 and 2015, which were remanded back to DCIR. Being aggrieved the Company filed appeals before the Appellate Tribunal Inland Revenue ('ATIR') which are pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

- (ii) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated May 28, 2013 in respect of tax year 2011, raised a demand of Rs 27.62 million on account of disallowance of certain expenditures and adjustment of minimum tax of prior years. The Company paid the said demand under protest and preferred an appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in Company's favor resulting in a refund of Rs 18.93 million vide order dated October 23, 2013. Being aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') which was decided against the Company vide order dated March 18, 2020. Being aggrieved, the Company filed an appeal in Honorable Lahore High Court, which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.
- (iii) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated March 28, 2014 in respect of tax year 2013, raised a demand of Rs 39.47 million on account of disallowance of certain expenditures under section 21 (l) and 21 (m) of Income Tax Ordinance 2001. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) which was partially decided in favor of the Company vide order dated July 14, 2014 resulting in reduction of demand to Rs 8.57 million. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue ('ATIR') on August 18, 2014 for the remaining grounds relating to proration of expenses in respect of export sales which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.
- (iv) The Additional Commissioner Inland Revenue ('AdCIR') under section 122 of ITO 2001 vide order dated June 30, 2021 in respect of tax year 2015, raised a demand of Rs 36.44 million on account of disallowance of certain expenditures under section 20 and section 21 of the Income Tax Ordinance 2001. Being aggrieved, the Company filed appeal before the Commissioner Inland Revenue (Appeals), which is pending for hearing. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.

### 7.1.2 Sales Tax

Following are the various contingencies relating to Sales Tax matters:

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

Furthermore, the CIR(A) remanded back the case to DCIR with directions to pass fresh order after providing an opportunity to the taxpayer. However, the Tax department has not initiated the remand back proceeding, therefore, Company's management is of the view point that the remand back proceeding has become barred by time thereby the demand of Rs 1.1 million also become decided in favor of Company.

Being aggrieved the Company has filed an appeal before Appellate Tribunal Inland Revenue ('ATIR'), against the demand of Rs. 2.7 million as confirmed by CIR(A), which is pending adjudication. Based on legal advisor's opinion, the Company's management expects a favorable outcome due to which no provision has been recorded in these financial statements.



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

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

### 7.1.3 Others

- (i) Letter of guarantee in favor of Sui Northern Gas Pipelines Limited on account of payment of dues against gas consumption amounting to Rs 17.2 million (June 30, 2021: Rs 17.2 million).
- (ii) The Company has issued post dated cheques amounting to Rs 193.71 million (June 30, 2021: Rs 182.30 million) to Collector of Customs, Lahore 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 and SRO # 492(1/2009) dated 13 June 2009 under the Customs Rules 2001.

### 7.2 Commitments

- (i) Letters of credit for purchase of raw and packing materials Rs 31.66 million (June 30, 2021: Rs 36.32 million).
- (ii) The Company has entered into operating lease agreements, including Ijara financing agreement with Bank Al Habib Limited in order to obtain vehicles for employees. The amount of future payments under this lease and the period in which these payments will become due are as follows:

	Un-audited September 30 2021 Rupees	Audited June 30 2021 Rupees
Not later than one year	5,899,480	5,899,480
Later than one year and not later than five years	3,448,391	3,448,391
	9,347,871	9,347,871

	Note	Un-audited September 30 2021 Rupees	Audited June 30 2021 Rupees
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	622,892,048	627,417,134
Capital work-in-progress		11,543,737	8,681,538
		<u>634,435,785</u>	<u>636,098,672</u>
<b>8.1 Operating fixed assets - At net book value</b>			
Opening book value		627,417,134	572,288,167
Add: Additions during the period / year at cost	8.1.1	12,006,430	92,049,570
		<u>639,423,564</u>	<u>664,337,737</u>
Less: Disposals during the period / year at book value		-	(3,371,524)
Depreciation charged during the period / year		(17,021,606)	(33,549,079)
Closing book value		<u>622,401,958</u>	<u>627,417,134</u>
<b>8.1.1 Detail of additions during the period / year</b>			
Leasehold improvements		-	19,676,818
Plant and machinery		8,509,745	44,684,500
Vehicles		-	374,859
Furniture and fittings		226,230	5,703,298
Electric installations		977,600	15,271,237
Computer hardware		2,292,855	6,338,858
		<u>12,006,430</u>	<u>92,049,570</u>

## 9. SALES

		Quarter ended September 30	
		2021	2020
		Un-audited Rupees	Un-audited Rupees
Gross sales - local		599,814,561	521,963,744
Less:	Sales returns	7,994,809	19,072,377
	Rebates	71,106,477	60,143,489
	Trade promotion and incentives	37,658,225	17,025,956
		116,759,511	96,241,822
Net sales - Local		483,055,051	425,721,922
	- Export sales	53,919,571	57,106,404
		536,974,622	482,828,326

## 10. TRANSACTIONS WITH RELATED PARTIES

			Quarter ended September 30	
			2021	2020
			Un-audited Rupees	Un-audited Rupees
Relationship with the Company	Nature of transactions	Transactions during the year		
i. Director	Mr. Mehdi Mohsin (Shareholding: 19.65%)	Purchase of goods Rent expense Payment made on behalf of related party	149,802 813,494 648,904	70,087 1,253,997 228,799
ii. Spouse of Director	Syeda Maimanat Mohsin (Shareholding: 19.85%)	Purchase of goods Loan obtained	45,360 -	- 50,000,000
iii. Related Party	M/s Vanguard Books (Pvt) Ltd (Common Shareholding)	Rent expense Key Management personnel	4,235,295 -	- 13,854,170
			5,892,855	65,407,053

	Quarter ended September 30	
	2021 Un-audited Rupees	2020 Un-audited Rupees
<b>11. CASH GENERATED FROM OPERATIONS</b>		
Profit / (loss) before tax	(90,675,217)	(19,756,601)
Adjustment for:		
- Depreciation on property, plant and equipment	17,301,508	9,634,341
- Amortization of intangibles	5,631	328,901
- Profit/(Loss) on disposal of property, plant and equipment	-	(141,974)
- Provision for gratuity	5,540,202	3,966,440
- Provision for accumulated leaves	1,328,160	5,109,578
- Exchange gain	(1,171,037)	(410,231)
- Provision for trade promotions and incentives	37,658,225	17,025,956
- Finance cost	5,271,434	12,977,396
<b>Profit/(Loss) before working capital changes</b>	<b>(24,741,094)</b>	<b>28,733,806</b>
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(3,315,893)	(1,075,800)
- Decrease in stock-in-trade	(4,205,034)	(62,804,767)
- (Increase)/Decrease in trade debts	39,032,598	(9,402,878)
- (Increase)/Decrease in advances, deposits prepayments and other receivables	2,026,365	(9,815,937)
- (Decrease) / increase in creditors, accrued and other liabilities	(188,515,328)	(25,847,469)
	(154,977,292)	(108,946,851)
<b>Cash utilized in operations</b>	<b>(179,718,386)</b>	<b>(80,213,045)</b>
<b>12. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	13,894,984	25,132,040
Finances under markup arrangements - secured	(350,806,413)	(44,755,415)
	<b>(336,911,429)</b>	<b>(19,623,375)</b>

### 13. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. Specific valuation techniques used to value financial instruments include:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (b) 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).
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).
- (d) Company's Biological Assets are measured at Fair Values.

### 14. DATE OF AUTHORIZATION

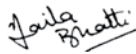
These condensed interim financial information were authorized for issue on October 29, 2021 by the board of directors of the company.

### 15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



**Badar M. Khan**  
Chief Financial Officer



**Naila Bhatti**  
Chief Executive Officer



**Najam Aziz Seethi**  
Chairman

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