CORPORATE GOVERNANCE

Our ability to deliver our vision and create long-term value and benefit for our shareholders and stakeholders emanates from our governance structure operated by the Board across the Company.

COMPLIANCE WITH THE BEST CORPORATE PRACTICES

The Company is fully compliant to the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Report issued by the auditors confirming the Listed Companies (Code of Corporate Governance) Regulations, 2019 is contained in this report.

The Directors of the Company confirm compliance with the below:

a. Financial statements accurately represent the current standing of the Company, its operations, cash flows and changes in equity
b. Books of accounts of the Company have been properly maintained
c. Internal control has been implemented and monitored by the Internal Audit function led by the Head of Internal Audit supported by EY Ford Rhodes
d. The Company has followed the International Financial Reporting Standards (IFRS) in preparation of financial statements
e. Departures from the IFRS, if any, have been adequately disclosed and explained throughout this Annual Report. There is no material departure from the best practices of corporate governance as per regulations

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

Our Board is well versed with the new requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and has taken relevant steps to ensure compliance with the same.

EXCEEDING LEGAL REQUIREMENTS

The Company strives to operate transparently, consistently, and timely comply with all prevailing laws and regulations of Pakistan. We take pride in proactively complying with many additional legal requirements which were not mandatory.

In addition to all the mandatory requirements of the laws and regulations of Pakistan, some examples are given below:

a. The Code of Corporate Governance encourages that atleast half of the directors on the Board of a Company must have completed the Directors' Training Program by 30 June 2020. Currently, as of 30 June 2020 all Directors are either trained or exempted from the program
b. The Company has defined standards and guidance to the best of its ability that act as security measures to protect employees, operations, property and information against the threat of attacks, intrusions, loss, injury, damage or abuse including unauthorized disclosure or access to information. Further as per OHSAS 18000, the Company committed to prevent injury, ill health and continual improvement in Occupational Health & Safety (OH&S) management and Occupational Health & Safety performance
c. The Board of Directors of the Company comprises of two female Directors.

REPORTING AND INVESTIGATING CONCERNS

We encourage people to speak up if they have any concerns relating to illegal or unethical conduct or behavior that is inconsistent with our values. Anyone within the Company can raise concerns or speak to the Whistleblowing Officer confidentially. We take every reported concern seriously and review each one to understand whether a formal investigation is warranted. If our investigations show that an employee has breached our policies, we take appropriate disciplinary action.

INSIDE INFORMATION REGISTER

In compliance with the regulatory requirements, the Company ensures that it maintains Insider Information Register, which is updated on a regular basis.

CONFLICT OF INTEREST AMONG BOARD MEMBERS

As per Code of Corporate Governance, every Director is required to bring to the attention of the Board complete details regarding any material transaction which has a conflict of interest for prior approval of the Board. The interested Directors neither participate in discussions nor vote on such matters. Further, complete details of all transactions with related parties are submitted to the Audit Committee which recommends them to the Board for approval in each quarter. These transactions are also fully disclosed in the annual financial statements of the company.

Our Directors are reminded of insider trading and avoid in the dealing of shares during the closed period. The Company's Board has been constituted in compliance with the provisions of the Companies Act, 2017. The members of the Board, including Non-Executive and Independent Directors exercise full independence and highlight and recuse themselves in case of any possible conflict of interest as is expected from their role. All observations / suggestions of Board members during their proceedings are accordingly recorded.

RELATED PARTY TRANSACTIONS

Details of related party transactions are disclosed by the Company in note of the financial statements. All related party transactions are carried out on an arm's length basis and subject to review and recommendation by the Audit Committee for approval of the Board.

POLICY FOR SAFEGUARDING OF RECORDS

The Company effectively ensures the safety of its records which are retained as required to meet legal, administrative, operational and other requirements of the Company.

WHISTLE BLOWING POLICY

The Company is committed to conducting the business with honesty and integrity. All members of staff are expected to maintain high standards in accordance with applicable laws, regulations and the Company Code of Conduct and are encouraged to promptly raise concerns of possible misconduct, potential conflicts, or known breaches with the Company's Code of Conduct, and other company policies and procedures. In such instances, employees are encouraged to report any nonconformity through their respective HRBPs or Line Managers. In some cases, the transgression is also reported directly to the Whistleblowing Officer or Chairman Audit Committee. Action is then taken by the Company accordingly.

PROTECTION FOR WHISTLEBLOWER

The Company does not tolerate retaliation against whistle blowers in any way and concerns can be reported without fear of detrimental treatment. If the whistle blower raises concerns in good faith, he or she will not be subject to any detrimental treatment including dismissal, disciplinary action, threats or other unfavorable treatment.

The Company treats all questions and issues confidentially, where possible, while investigating fairly, cooperating with governments, and complying with legal obligations.

CORPORATE BRIEFING SESSION

On October 15, 2019, the Company held its first successful Corporate Briefing session at Avari Hotel Karachi. Syed Farhan Ali Rizvi (CFO) presented and briefed investors on the Company's financial performance and operational overview of the year.

Investors attending the event displayed great interest in the affairs of the Company. The presentation was followed by a Q&A session which was well addressed to the satisfaction of the audience.

Presentation from the Corporate Briefing Session can be viewed on the Company's website under "Investors" section.

REDRESSAL OF INVESTORS' COMPLAINTS

The Company aims to provide its shareholders, potential shareholders and other stakeholders with all relevant financial and similar information as effectively and as timely as possible, in order to provide more insight into the Company and the sector. Further, the Company is committed to ensure that grievances notified by the shareholders are handled and resolved efficiently at an appropriate level.

Any complaints / reservations received from the investors are considered, discussed, resolved and communicated in due course by appropriate level of authority in the Company.

Shareholders can submit a complaint through email i.e. (company.secretary@nfoods.com) which is also available on the Company's website in line with directives of SECP. The grievances can also be notified through phone call or post to the Company.

The Company adheres to the practice of responding to shareholders' complaints within prescribed time from the receipt thereof. A letter/email in this regard is sent to the shareholders with intimation to the Shares Registrar/SECP/Stock Exchange duly signed by the Company Secretary.

INVESTORS' SECTION ON WEBSITE

In order to provide ease of access to our shareholders and stakeholders, the Company's latest information for investors is available on our website, under the "Investor Relations" (http://nfoods.com/). This page is updated regularly in order to provide transparent, adequate and up to date information.

PERFORMANCE EVALUATION OF THE BOARD

The Board of Directors' performance was evaluated by providing all members of the Board with an Evaluation Questionnaire to assess the performance of Board. The members of the Board were required to fill an online questionnaire. The evaluation was done on the basis of the effectiveness of the Board's performance.

CEO PERFORMANCE REVIEW

The CEO provides an overview of the Company's performance to the Board and addresses any specific questions of the Board members. The performance of the CEO is assessed through the evaluation system set by National Foods Limited. The principle factors of evaluation include financial performance, business processes, compliance, business excellence and people management.

ROLE OF CHAIRMAN

The Chairman provides leadership and governance to the Board. The Chairman has the responsibility to monitor and ensure the effective functioning of the Board. The Chairman ensures that the Board as a whole plays a full and constructive part in the development and determination of the organization's strategies and policies. Furthermore, the Chairman also ensures that the organization's strategies are being fully implemented effectively. The Chairman conducts the Board meetings and ensures that all Directors fully participate in the decision-making procedure of the Board.

ROLE OF CHIEF EXECUTIVE OFFICER

The CEO leads the management in the day-to-day running of the organization's business in accordance with the business plans and within the budgets approved by the Board. The CEO is also responsible for oversight of the directions of the Board, in accordance with the Companies Act. It is the responsibility of the CEO to ensure that the organization's resources are allocated efficiently.

MANAGEMENT COMMITEE

MR. ABRAR HASAN
Chief Executive Officer

MR. AEJAZ ABBAS BASRAI
Director Strategy & Marketing & Chief Operating Officer NF DMCC

DR. FAYYAZ ASHRAF
Head of Innovations, Research & Development

MR. HASAN SARWAT
Director Sales

MS. SAIRA A. KHAN
Director of Human Resources & Industrial Relations

MR. SHAKAIB ARIF
Director Integrated Supply Chain

MR. SYED FARHAN ALI RIZVI
Director Corporate Finance

MR. SYED ZEESHAN ALI
Head of Information Technology

CSR & SUSTAINABILITY

DAYCARE REMODELING

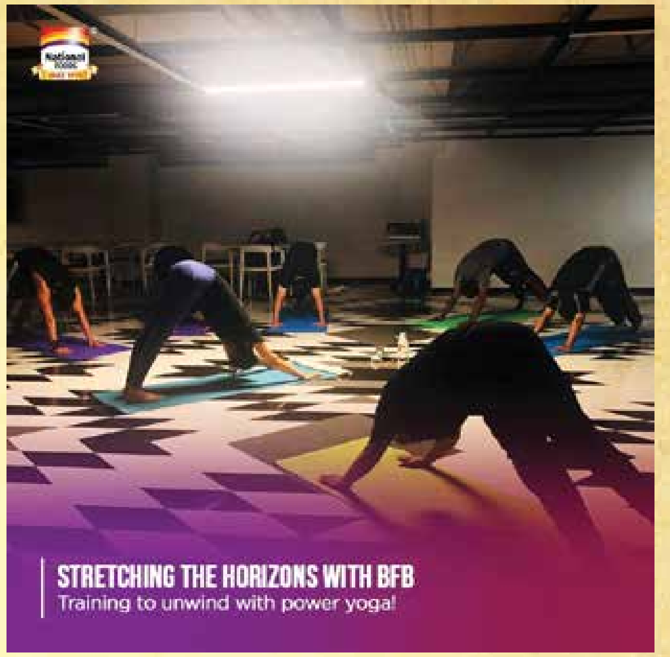
Keeping in consideration the UN SDG # 5 – Gender Equality, we moved a step closer to heightened sustainability by remodeling our in-house Daycare. In order to do so, we joined hands with Ubuntu Care, expert in daycare services centered on the Finnish Model of Early Childhood Development (ECD).

National Foods worked hand in hand with Ubuntu Care to formulate a holistic approach to recognize children's developmental milestones. This helped us understand the interconnectedness of Emotional, Physical, Mental, Cognitive and Psychosocial elements that shape a child's personality and make certain that the Daycare had requisites which catered to such needs. The Daycare went through an intense overhaul which encompassed, but was not limited to, an outdoor play area to cater to child growth.

As National Foods believes in interconnectedness in the corporate sector, it was decided that the Daycare would not be limited to our employees but would also be accessible to the employees working in different corporations. Through this remodeling, National Foods advanced towards its aim to be one of the best places to work at!

BALANCE FOR BETTER

In an effort to improve the health and wellness of the workforce, National Foods found it vital to introduce Balance for Better (BFB), a wellness program designed to foster good health and fitness. The program not only helped the employees increase their productivity at work, but also positively affected their emotional and mental well-being which made them feel good about all aspects of life, including work. The comprehensive program revolved around a multi-faceted approach to fitness under the supervision of a professional trainer who emphasized on age-appropriate balance and flexibility sessions combining cardiovascular and strength building. Besides this, a Yoga class was also incorporated. It was an Employee Wellness Program that National Foods explored as the health of the employees has always been of importance to the company.



HUMQADAM

In line with our agenda of Gender Equality and Women Empowerment centered on UN SDG 5, the second session of Humqadam – our female mentorship program was successfully conducted with the aim to provide women with a platform where they could raise their voice and exterminate any obstacle that hinders their advance through the corporate ladder. The women were given an opportunity to interact with highly motivating and encouraging female speakers who shared their stories on how they reached the top of the corporate pyramid while inspiring and motivating females to overcome any impediment that comes. The mentors were from different walks of life and encouraged females to break the glass ceiling. The session shed light on healthy work-life balance while raising awareness of women's need for support and encouragement. An engagement activity was also conducted where inspiring female role models were highlighted to drive commitment and dedication. Humqadam sessions are conducted periodically to encourage every female that works at NFL to reach for the stars!

BLOOD DONATION DRIVE

In alignment with our adherence to UN SDG 3 of Good Health and Well-being, National Foods fulfills its social duty by hosting a Blood Donation Drive in collaboration with Indus Hospital at the Corporate Office. Donating blood is a lifesaving act as it has a profound impact on those going through life-threatening situations and medical procedures. Moreover, it is as beneficial for the donor as well as it is for the recipient as it lowers risks of a range of diseases and improves overall health. Therefore, active involvement and engagement was demonstrated by the employees as they voluntarily contributed for this charitable event. More than 35 bottles of blood were collected that day from the Corporate Office.

PARTNERSHIP WITH MARIE ADELAIDE LEPROSY CENTRE (MALC)

In an attempt to fulfill its National responsibility and uphold the CSR strategy of Good Health and Nutrition, National Foods joined hands with Marie Adelaide Leprosy Center (MALC) by donating premium quality food products for patients and their families. In the COVID – 19 pandemic, the most susceptible were those with pre-existing illness and weak immune system. Therefore, National Foods aimed to ensure that minimum cases of malnutrition emerge which may further weaken their immune system and put them at high risk of contracting the disease, by making worthy contributions of healthy and nutritious food products.

COVID – 19 RATION DRIVE

National Foods has pledged to support afflicted populace during the pandemic by ensuring sufficient provision of food and nutrition to underprivileged households across Pakistan. The Company collaborated with **Edhi Foundation** to distribute ration to needy families in Gujranwala in the month of May. The ration packs consisted of flour, daals, salt, spices, rice and ghee. 250 families living in the surrounding areas of Kamoke and Eminabad benefited greatly from the Drive, which was carried out by our employees along with Edhi and local Government officials and students from neighboring colleges.

Moreover, it partnered with **Akhuwat Foundation** to distribute ration through Corona Ration Imdad in Karachi and Lahore. The company donated hygienic food products to ensure that everyone has access to high-quality food.

Moreover, National Foods is also providing donation-in-kind by providing **Saylani Amanghar** and **Karachi Relief Trust** with our high quality and hygienic products to be distributed in the community. These products comprise of everyday items to be used in the kitchen as well as on the meal tables.

PROVISION OF RAPID TESTING KITS

As health, safety, and optimal well-being of the workforce during the pandemic held utmost priority, NFL took an initiative to provide its employees and customers with Rapid Testing Kits as screening measures for early detection of COVID-19. As an added Customer Centric course of action, employees were randomly selected from Salesforce and Plants to be tested, cost incurred to the company. It was ensured that whoever tested positive was catered through additional Corona Tests.

As an additional conscientious measure, the employees were also given access to these testing kits for personal use.

DONATIONS TO COMBAT COVID – 19

For the Provision of PPEs to the healthcare workers, National Foods partnered with the **Government of Sindh** to provide assistance to Healthcare teams deputed at **Indus Hospital** so that these frontline warriors could continue their fight against the deadly pandemic. So far, assistance has been provided for **700 PPEs**.

Moreover, Karachi Relief Trust is collaborating with Indus Hospital for the design and manufacturing of a High-Dependency Unit (HDU) for COVID-19 patients. ATC Holdings and NFL contributed an amount slightly above **Rs 5 Million** to Karachi Relief Trust, enabling them to add more beds to the modular unit at Indus Hospital.

BREAST CANCER AWARENESS CAMPAIGN

In honor of Breast Cancer Awareness Month, National Foods took a step to educate women on self-assessment for early diagnosis and better prognosis of Breast Cancer. Advancing towards the pillar of UN SGD # 3 of "Good Health and Well-being", we joined hands with one of the prominent cancer hospitals in the nation; Shaukat Khanum Memorial Cancer Hospital and Research Centre in an attempt to increase breast cancer awareness.

In order to be successful in our efforts to support women, our breast cancer program was structured and tailored to fit individual needs. Healthcare practitioners provided comprehensive guidance and helped deliver the importance of early detection of breast cancer.

INTERNATIONAL RECOGNITION BY UNICEF

National Foods Limited was endowed with international recognition by UNICEF (United Nations International Children's Emergency Fund) at a National Dialogue on Early Childhood Development – ECD which is a subcategory of the UN SDG # 4 i.e. Quality Education.

The conference had representatives from Professors at Harvard; New York University; Uskudar University of Istanbul; Department of Planning, Development and Reforms – MPDR, Economists from World Bank; Ministry of Education; Members of National Assembly and Ministry of Human Rights.

National Foods Limited's Family Friendly Policies were presented at the Forum and were highly valued by UNICEF's representatives as a significant accomplishment in providing a safe, healthy, and sustainable work environment for our employees. This notable feat resulted in UNICEF to join hands with National Foods Limited to construct a Framework for a Provincial ECD Policy for the future.

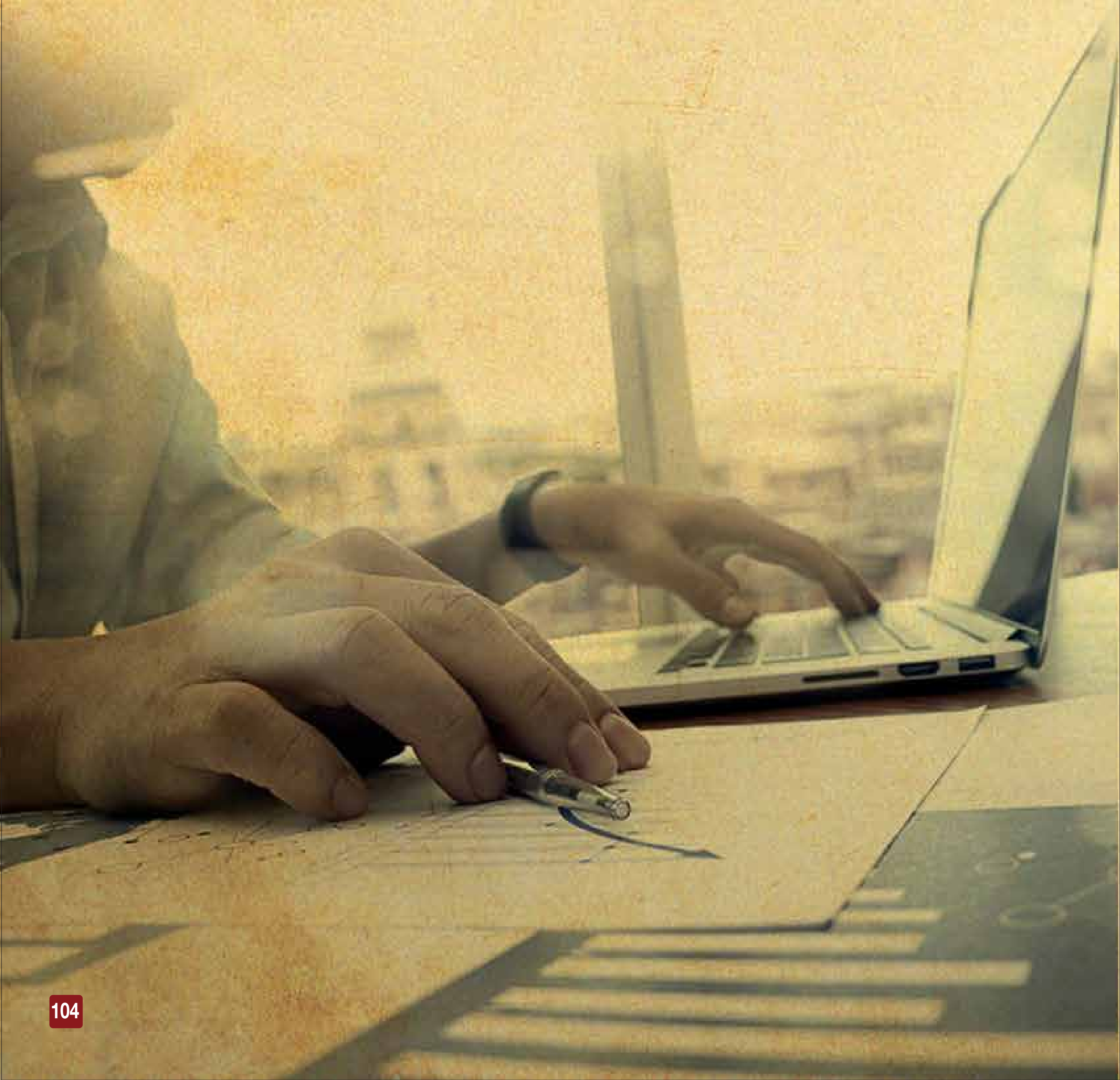
UNITED NATIONS WOMEN EMPOWERMENT PRINCIPLES (WEPS)

National Foods Limited joined hands with UN Women by signing up for Women Empowerment Principles (WEPs) in its effort to establish an inclusive environment that fosters gender equality and women empowerment. Post rigorous screening by their Head Office in New York, we were warmly welcomed and added to their global list of signatories that comprises of more than 2000 corporate giants worldwide.

We have always been actively engaged in multiple initiatives rooted in the UN Sustainable Development Goals (SDGs). We have developed Family Friendly Policies which encompass flexible work timings, telecommuting, health and awareness programs, maternal and paternal leaves, along with an in-house Daycare Facility. Partnering with UN Women and the UN Global Compact Office resulted in NFL to build on WEP # 2 which inspired the organization to promote gender equality, respect human rights and support nondiscrimination.

Hence, the company will now be progressing to further fulfill its commitment to recruit diverse talent and provide equal opportunities whilst receiving guidance from the UN Women itself.

BUSINESS REVIEW



CHAIRMAN's REVIEW

FINANCIAL HIGHLIGHTS OF THE COMPANY

On behalf of the Board of Directors, I am pleased to present a review on Annual Report of National Foods Limited (the "Company") for the year ended June 30, 2020. The Financial Year 2019-20 has been another year of relatively high performance and growth for the Company, despite the COVID-19 pandemic. On consolidated basis, the company achieved a revenue of Rs. 39 billion and Rs. 1.65 billion profit after tax.

PAKISTAN'S ECONOMY LANDSCAPE & THE COMPANY'S PERFORMANCE

On the economic front, there has been uncertainty due to frequent fiscal and monetary policy changes during the year. Fortunately, our company was falling under the category of essential services and it was allowed to operate its production and supply facilities during the lockdown period, with standard operating procedures (SOPs).

Consumer Price Index indicate increasing inflationary environment due to increase in price of fuel, raw materials, packaging materials and financing cost, thus impacting the overall cost of doing business of the company.

Due to devaluation in the Pakistani currency, Company's international business NFDMCC and A-1 through exchange gain has positively impacted profit before tax. Despite economic challenges, the Company has fared well in the competitive landscape and has increased 14% profit after tax (excluding non-controlling interest), which can be read from the Director's Report.

We continued our commitment of investing back in the society and community we operate in, which is evident from the CSR activities mentioned in the report.

BOARD'S OVERVIEW & PERFORMANCE

The Board comprises of an appropriate mix of Directors in terms of relevant experience, with the primary objectives providing strategic direction to the Company and supervising the management. The Board has performed its duties and responsibilities diligently and has contributed effectively in steering the Company in its strategic matters.

The Company is dedicated in enhancing shareholders value while continuing to manufacture products of the highest quality with constant innovation, efficiency, and effective cost optimizing initiatives. We all believe that every new challenge brings along new opportunities.

ACKNOWLEDGEMENTS

The Board acknowledges the outstanding work and ongoing dedication of the Company's management and staff throughout the outgoing year, despite a global pandemic.

In the end, I would like to personally thank all our stakeholders who have remained along our side throughout the year and hope that the bonds we share continues to flourish.

A. Majeed

A. MAJEED
Chairman

DIRECTORS' REPORT

FELLOW SHAREHOLDERS,

The Directors of National Foods Limited are pleased to present the Annual Report along with the financial results of the Company, which include both stand-alone and consolidated audited financial statements, for the year ended June 30, 2020.

Business Performance Overview

Operating and financial performance

THE GROUP

The Group remained agile in the uncertain global circumstances and managed to maintain a healthy mix of topline and bottom line growths. Top line posted a decent 18% growth over last year – which was supplemented by cost and revenue transformation measures enabling steady gross margins and 14% growth at the PAT levels.

CORE BUSINESS

Overall the fiscal year remained pretty testing. Fiscal measures at the start of the year, with economic turnaround in process, followed by pandemic towards the end of quarter 2 – remained the highlights for the year. Whilst the government has introduced relaxation measures against the Covid, the extent and duration of the economic impact remains uncertain. This demanded a very ingenious response to ensure that the interests of all stakeholders are safeguarded.

Net sales of the core business posted a healthy growth of 16%. This has been mainly a result of brand and consumer led initiatives carried forward with increased momentum in the current year in the Pakistan operations and partly due to the currency devaluation, which has positively impacted the results of International Division. Gross profit improved slightly of 30bps owing to cost pressures and partial pass on to consumers. The operating profitability grew by 21% fueled by the cost transformation measures in the indirect costs.

The Company continued to invest in the new categories it entered in FY17 being Mayonnaise and Savory Snacks – building momentum and base for further expansion – both territorial and product portfolio. New categories will create growth opportunities for NFL product portfolio.

A1 BAGS & SUPPLIES INC.

The business venture has benefited from the Group's established policies and best practices. Efficiencies are pouring into the business whilst investment in ERP, optimization of product mix and pricing, rationalization of lines of business, effective working capital management and close review of the investments continue to be the priority of the board. The net profitability numbers clearly reflect the impact of all the above measures.

Key financial numbers of the Group for the fiscal year are summarized below:

Amounts in PKR Million

Financial numbers without IFRS-15 reclassification	Group			Core Business			A1 Bags & Suppliers Inc.	
	FY20	FY19	Change	FY20	FY19	Change	FY20	FY19
Net Sales	29,627	25,191	4,436	20,419	17,763	2,656	9,208	7,429
Gross profit	9,322	7,980	1,342	7,309	6,536	773	2,013	1,443
% of net sales	31%	32%	1%	36%	37%	-1%	22%	19%

	Group			Core Business			A1 Bags & Suppliers Inc.		
	FY20	FY19	Change	FY20	FY19	Change	FY20	FY19	Change
Net Sales	28,713	24,254	18%	19,506	16,825	16%	9,208	7,429	24%
Gross profit	8,367	6,984	20%	6,354	5,541	15%	2,013	1,444	39%
Operating profit	2,552	1,872	36%	1,810	1,493	21%	742	379	96%
Net profit after tax*	1,473	1,295	14%	1,258	1,185	6%	458	199	130%
Earnings per share (Rupees)	9.9	8.7		8.4	7.9				
Gross profit	29.1%	28.8%	0.3%	32.6%	32.9%	-0.4%	21.9%	19.4%	2.5%
Operating profit	8.9%	7.7%	1.2%	9.3%	8.9%	0.4%	8.1%	5.1%	3.0%
Profit after tax	5.1%	5.3%	-0.2%	6.4%	7.0%	-0.6%	5.0%	2.7%	2.3%

* This includes amortization of Rs. 13 million (2020: RS. 10 million) on intangible recognized on consolidation of A1 Bags & Suppliers Inc.

MARKETING AND PROMOTION

To maintain market share in the face of tough competition and meet its sales targets, NFL remaining highly active with innovative marketing campaigns. Below were the key highlights:

A new communication for Recipe Mixes under the tag line "Nayi Soch ke Naye Zaiqe" was launched in first half encouraging males to create an enabling environment for the women of the house by sharing the domestic responsibilities. The TVC achieved the milestone of reaching YouTube Asia Pacific Ads Leaderboard and became the most watched Ad on YouTube in Pakistan in July with 18 Million Views.

After a comprehensive set of researches, usage of recipe mixes in everyday meals were identified as a consumption gap uncaptured by the branded market, hence the Rozaana Range, with variants for Daal, Sabzi and Sabzi Gosht, was launched to address this gap with a holistic ATL + BTL marketing campaign, featuring 'Real Lady Testimonials' from actual consumers across Pakistan endorsing the product.

Backed with the Launch of Karachi Khas Bombay Biryani, Karachi Attack Plan was launched with 450K consumer contacts with 63% trial generation and almost 10,000 Trade interactions achieved – leading to NFL volume share in Karachi growing from 3.8% to 10.4%. The Trade was also engaged with sampling of the Karachi Khas Bombay Biryani at more than 9,000 shops in Karachi .

The Recipe Princess program was revamped and activated in Karachi in 12 colleges with professional chefs from COTHM. The program saw fantastic turnouts and helped the brand build brand love & equity.

Trade Jirga events were held in 5 key KPK towns in order to expand the Rozana Range Market as well as Bombay Biryani Karachi Khaas – 750+ trade interactions were achieved.

In the Pickle category, a new thematic was launched on digital under the tag line 'Chatkharon Ki Chakachak', establishing various consumption occasions as well as projecting the diverse range of SKUs and variants in our Pickle portfolio. In addition, Pickle documentary was aired on Digital during July and August, which helped strengthen National's brand image by showcasing safety and hygiene standards followed during the pickle preparation process.

New Pickle PET Jars availability/ visibility drives across MT along with deployment of creative jar shaped displays (OCDs) and POSM execution. Availability of new flavours; Carrot & Garlic Pickle along with POSM drives.

Limited Edition Ramadan packaging for core variants (Mixed & Mango) was launched nationally, supported by POSM and visibility drives.

In line with the brand's objective of establishing flavor range versatility, functional copies focusing on Mixed, Mango, Garlic and Chilli variants were aired on Digital in June '20.

In Ketchup category, CP was executed during Eid ul Adha buying cycle "Free Biryani & Tikka Masala with 950g Ketchup pouch" along with seasonal media airing burst and adaptation of jingle in regional Sindhi language to capture consumer of interior Sindh.

To induce trials, a strategic collaboration was done with Food Panda where 40g Tomato Ketchup, Chilli Garlic Sauce and Classic Mayo sachets were sampled in Karachi, Lahore and Islamabad with the orders of fast food restaurants. This was seen as an excellent opportunity to generate trials among competition brand users. The activity was backed by digital media promotions on Food Panda and National Foods social media pages.

Sukkur region (Hyderabad, Sukkur, Larkana and Rahim Yar Khan) was activated using float and cluster activation to create excitement in the market, generate trial and reward customers through participation in lucky draws (40 mobile phones and 8 motor bikes).

To retain current consumers during Ramadan, a price-off consumer promotion (Rs. 20 off on 950g TK / CG, Rs. 10 off on 475 TK / CG and Rs. 5 off on 235g TK / CG) was launched with Limited Edition Packs, featuring Ramadan elements and price-off flashers.

"National Ketchup – D.I.Y. Iftaar Kit" was launched in Ramadan by taking a third-party vendor on-board. The idea was to leverage upon vendor's frozen food delivery network to generate trials and enhance brand relevance of National Ketchup.

Being the Pioneers and Category drivers of Branded Salt, new packaging and new variant, Pink Salt is launched and made available on top Modern Trade outlets throughout Pakistan.

In UAE, a 4-week instore promotion was carried out in November and December across 76 Carrefour & Lulu stores helping increase brand awareness, pull & visibility. Social media Ad recall uplift over the promotion period achieved an over delivery of 122% along with LULUs sell out data registering a 69% increase in tertiary sales over the promotion period vs the same period LY.

In North America, launched a digital campaign by the name of #100DaysOfNational aimed at equity building by utilizing influencers, bloggers & key opinion leaders and allowing them to create authentic, engaging, selling stories making fusion recipes via the Made Easy platform using everyday National products for a period of 100 days.

OTHER KEY ACCOMPLISHMENTS

National Foods Limited's Port Qasim, Gujranwala and SITE plants became successfully certified with the globally renowned International Management System Standard on Occupational Health and Safety i.e. ISO 45001: 2018. This made NFL the first amongst the top-tier food companies in Pakistan to achieve this feat!

Seeking technology-driven growth, NFL entered a Joint Business Partnership with Google, to work in areas of Digital Innovation, Building Brand Love and above all, excelling in Consumer Insights! It also makes us the first local company in Pakistan to take such an initiative.

This year has been an extremely exciting year in terms of our product range as multiple initiatives were taken to expand our reach via diversity in both the product ranges. Scene On expanded its availability and reach from just Karachi to 21 key towns and cities across Pakistan! Scene On also launched two new flavours and to further fuel innovation, the brand launched a new range "XOXO" in three delicious flavours.

The Rozana Range was launched to be a game-changer in the category by extending the Recipe Mixes category into everyday meals. It is launched with three variants that tap into the everyday meals of our consumers and drive category consumption to make Rozana ka khaana Khaas!

Bombay Biryani Karachi Khaas was launched along with the 360-degree Karachi Attack plan. With complete belief in the product that will turn the tables for us in Karachi, we launched the door-to-door sales program with wet sampling of the new product that tapped into 450,000 households! With an overwhelming trial rate and a healthy repeat purchase, the Karachi attack plan along with the new product helped triple our share in Karachi.

Keeping in mind the expansion and more opportunities to target the international market, another feather in the cap was added through the availability of our products at Walmart in the USA. We have started with San Jose, California with an aim to cover 180 locations across USA.

OUR PEOPLE

In pursuit of keeping abreast with emerging trends in learning & development industry, National's House Of Learning & Development (NHOLD) launched an in-house Learning Management System (LMS). Employees can learn & accelerate their functional and leadership development needs through an online library of 30+ courses and counting. In the first six months of launching an in-house learning management system, learners at NFL constituted a sum of 2,500+ E-learning hours and counting. In order to strengthen the current capability of our Order Bookers, NHOLD has invested a sum of 2,200 learning hours for improving the core competency in terms of a Sales Call.

In the spirit of continuous improvement, our Trailblazer Program 2020 has been revamped for developing the leaders of tomorrow. Being an equal opportunity employer, National Foods Limited has opened this program for all students across & beyond borders, receiving over 5000+ applicants from over 92 different universities. The testing of these students has been done through AI driven gamified assessments in collaboration with The Talent Games.

CORPORATE SUSTAINABILITY:

Working upon UN SDG# 5 of Gender Equality, National Foods is working hand in hand with Ubuntu Care to remodel the Daycare at the Corporate Office. With a professional approach to the project, the Daycare will open its doors to not just children of NFL employees but will also be utilized by other companies.

Family-Friendly policies of NFL were also recognized by UNICEF in November 2019 as we work to identify partners to further our cause. As we introduced the policy of Medical Insurance for Parents, and Paternity Leaves for our employees, we have got a step closer to our goal of Family Friendly Policies and better work-life balance. NFL has signed up for the United Nation's Women Empowerment Principles (WEPs), in December 2019, joining the league of member companies to improve our processes.

As health, safety, and optimal well-being of the workforce during the pandemic held utmost priority, NFL took an initiative to provide its employees and customers with Rapid Testing Kits as screening measures for early detection of COVID-19. As an additional conscientious measure, the employees were also given access to these testing kits for use at homes for their family and friends.

NFL is also contributing generously to support the government and reputed humanitarian initiatives in distributing food, essential supplies, and PPEs to the most vulnerable segments, including hospitals. A Corona Ration Fund has been established whereby the contributions by employees are being matched by the company. Distribution of ration has been done in Gujranwala with the help of Edhi Foundation and support is provided to Karachi Relief Trust with over Rs. 5 Million for the development of HDUs at Indus Hospital.

BUSINESS ETHICS

From the inception of the Company it has been and continues to be a policy that the Company and all its employees maintain the highest ethical standards in the conduct of the Company's business. Our Code of Conduct constitutes a set of standards and rules which form an integral part of our corporate culture and is a statement of who we are and how we work. They highlight business principles, the Company's responsibilities towards its employees, and employee responsibilities towards your Company. Along with good corporate governance, ethical behavior is a fundamental part of everything that NFL does.

PRINCIPAL RISKS AND UNCERTAINTIES

The local business and political landscape has been generally uncertain over the course of the year, especially with the uncertainty of tax reforms and revenue collection target gaps impacting consumer and investor confidence. Volatile monetary policies have also dampened the economic environment with increase in cost of funding. The Company has strategized well to ensure competitive sustainable growth in the environment.

Based in the convenience food segment, NFL gross margins are dependent on key local and imported inputs. There is uncertainty over prices due to adverse climatic changes. Low local output results in additional imports hurting raw material pricing amid restricted price pass-on opportunities in a highly competitive environment.

Sharp devaluation of exchange rates during the fiscal year is expected to dent company gross margins due to impact on prices of key inputs such as tomato paste and Aloo Bukhara. However, with a fine balance of exports and imports, the company gets a natural hedging of the foreign currency fluctuation.

Business continuity and disaster recovery plans (DRPs) are in place to ensure that the Company's production and sales operations are not disrupted. The DRPs cover all business aspects with special focus on information technology and the ERP environment which spans multiple functions. Detailed responsibilities of DRP lead, steering committee and key team members are defined to ensure rapid response in the event of a business disruption.

The company's financing incorporates an appropriate mix of debt and equity to ensure optimum financial leverage and reduced cost. The Company is however susceptible to adverse changes in interests rates due to increased borrowings exposure. The Company mitigates this through a combination of financing options, such as running finance, money market loans and long-term loans, through a variety of institutions. The Company is also availing discounted LTFF and ERF against export performance.

The company has an in-house legal and reporting team, to ensure simultaneous compliance with corporate legal framework and the financial reporting framework applicable to the company. External legal and tax counsels are onboard and consulted wherever expert advice is required.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

During the year, the contribution to the National Exchequer has further increased and the Company paid over Rs 4,813 million (2019: Rs 4,105 million) to the government and its various agencies on account of different government levies, including custom duty, sales tax and income tax. Moreover, foreign exchange of Rs 1,613 million (2019: Rs 1,290 million) was also generated through export of products which further reflects our participation in the national economy.

DIVIDEND:

The Board of Directors has recommended final cash dividend of Rs 5 per share and bonus dividend of 1 share for every 4 shares held on the date of determination of entitlement to receive dividend. Total standalone profit distributed by way of dividend amounts to 84% (2019: 57%)

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

The managerial objective of NFL is good corporate governance and compliance with best practices. As required under Listed Companies (Code of Corporate Governance) Regulations, 2017 (the 'Code'), the Company has adopted the Code in letter and spirit as follows.

- The financial statements, present fairly the state of affairs of the Company, the results of its operations, cash flows and changes in equity.

- Proper books of account of the Company have been maintained.
- Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting standards have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The Board has constituted an Audit Committee consisting of four members, including Chairman of the Committee. The chairman of Audit Committee is an independent director and the Committee regularly meets as per requirements of the Code.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.
- A statement regarding key financial data for the last six years is annexed to this report.
- The value of investments of Provident Fund based on Unaudited accounts was Rs 535 Million as on June 30, 2020.

-Attendance to the Board of Directors, Human Resource & Remuneration Committee and Audit Committee is annexed to the report.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company is annexed to the report.

INTERNAL AUDITORS FUNCTION

Company's internal Audit function is being looked after by the Head of Internal Audit, who is assisted by the internal auditors M/s Ernst Young Ford Rhodes & Co. The Head of Internal Audit reports directly to the Chairman of the Board Audit Committee.

EXTERNAL AUDITORS

The present auditors Messrs. KPMG Taseer Hadi & Co., Chartered Accountants are retiring which makes them eligible for reappointment. On the recommendation of the Audit Committee, the Board of Directors proposes the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants as the auditors until the next Annual General Meeting.

FORWARD LOOKING STATEMENT AND FUTURE OUTLOOK

The challenges for the coming financial year would mainly be to tackle the economic uncertainty and lower purchasing power as a result of pandemic and currency devaluation risks due to pressure on forex reserves. While the company will pursue a sustained strategy of managed consolidation but at the same time find avenues of growth through opportunities that we can invest in.

The company will continue to drive economies of scale which can be passed on to the consumer in this much needed time of inflation. The company is increasing its efforts to enhance its revenue-based channels and further sustained investments in Rural and Food Services which will bring fantastic growth opportunities for next year. NFL has several effective strategies in place to turn challenges into opportunities, which can be realigned to cope with a rapidly evolving economic climate. We hope to create further value for our shareholders through these effective strategies in the future.

ACKNOWLEDGEMENT

The Board would like to convey its earnest gratitude to all the people involved with NFL for enabling it to flourish and deliver a constant performance over the last five years. Our people are steadfast to the welfare of the Company and have showed their potential by overcoming the numerous difficulties posed by the operating environment. We treasure their dedication and feel highly obliged.

On behalf of Board of Directors

Chief Executive Officer

Director

BOARD MEETINGS

BOARD MEETINGS:

S.No.	Name	Designation	Meetings Attended
1	Mr. A. Majeed	Chairman	5
2	Mr. Abrar Hasan	Chief Executive Officer	5
3	Mrs. Noreen Hasan	Director	5
4	Mr. Zahid Majeed	Director	4
5	Mrs. Saadia Naveed	Director	3
6	Mr. Ehsan Ali Malik	Director	5
7	Mr. Towfiq H. Chinoy	Director	5

AUDIT COMMITTEE MEETINGS:

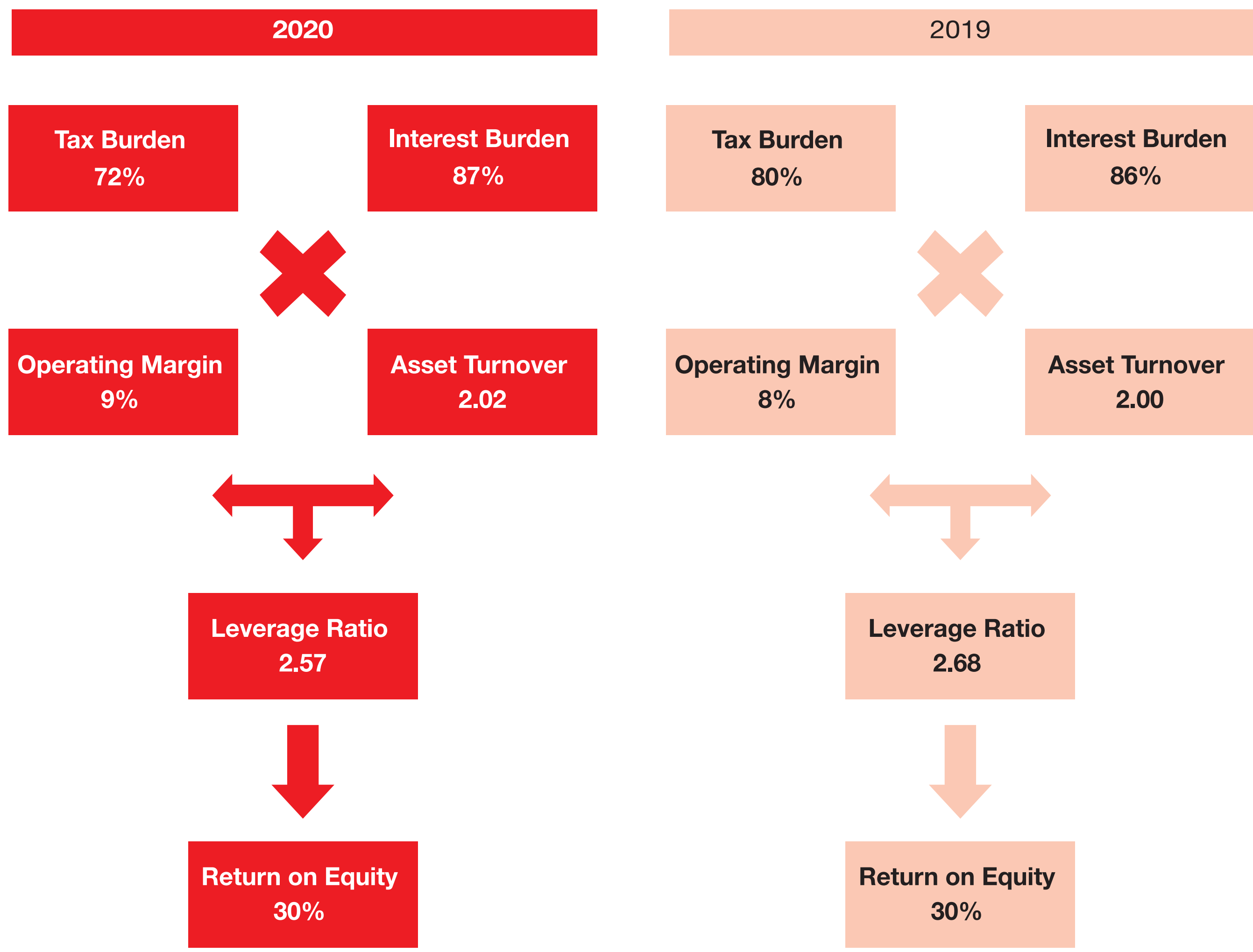
S.No.	Name	Designation	Meetings Attended
1	Mr. Ehsan Ali Malik	Chairman	4
2	Mr. Zahid Majeed	Director	4
3	Mrs. Saadia Naveed	Director	1
4	Mrs. Noreen Hasan	Director	4

HUMAN RESOURCE & REMUNERATION COMMITTEE MEETINGS:

S.No.	Name	Designation	Meetings Attended
1	Mr. Towfiq H. Chinoy	Chairman	1
2	Mr. Zahid Majeed	Member	1
3	Mr. Abrar Hasan	Member	1
4	Mr. Ehsan Ali Malik	Member	1

FINANCIAL REVIEW

DuPont Analysis

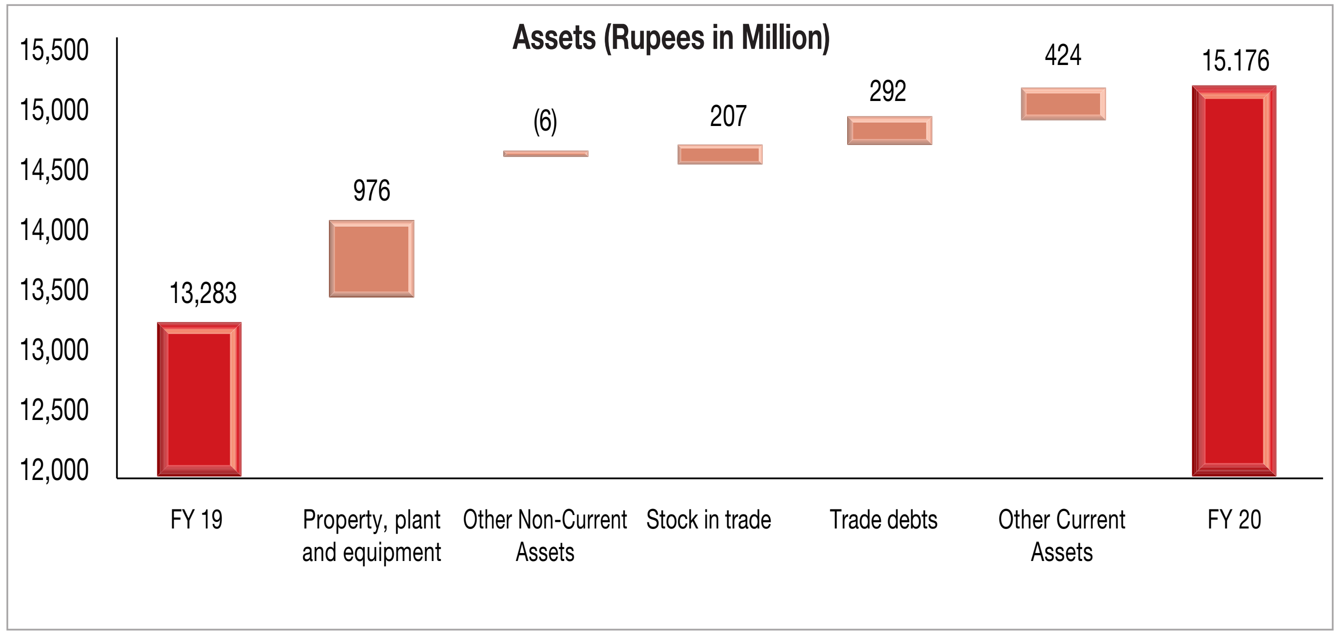


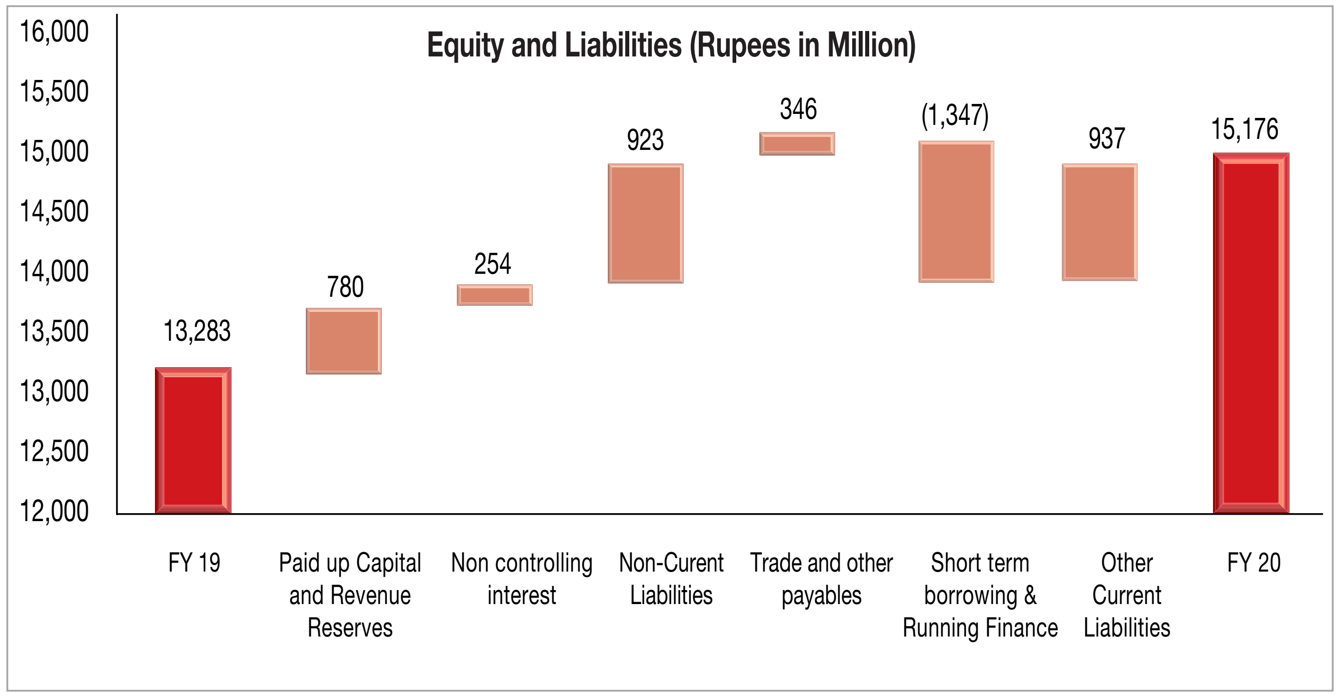
	Unit	Without adjustment of IFRS-15 2020	With adjustment of IFRS-15 2020	Without adjustment of IFRS-15 2019	With adjustment of IFRS-15 2019
Profitability Ratios					
Gross Profit Ratio	%	32	29	32	29
Operating Profit to Sale	%	8.9	9.2	8.0	8.3
Net Profit before Tax to Sales	%	7.7	8.0	6.8	7.1
Net Profit after Tax to Sales	%	5.5	5.7	5.4	5.7
EBITDA Margin to Sales	%	12	12	10	11
Operating Leverage Ratio	%	175	175	260	377
Return on Equity	%	30	30	30	30
Return on Capital Employed	%	36	36	37	37
Return on Assets	%	12	12	10	11
Liquidity Ratios					
Current Ratio	Times	1.2	1.2	1.1	1.1
Quick / Acid Test Ratio	Times	0.5	0.5	0.3	0.3
Cash to Current Liabilities	Times	0.2	0.2	(0.03)	(0.03)
Cash Flow from Operations to Sales	%	10	10	8	8
Working Capital Turnover	Times	32	31	(136)	(131)

Financial Ratios

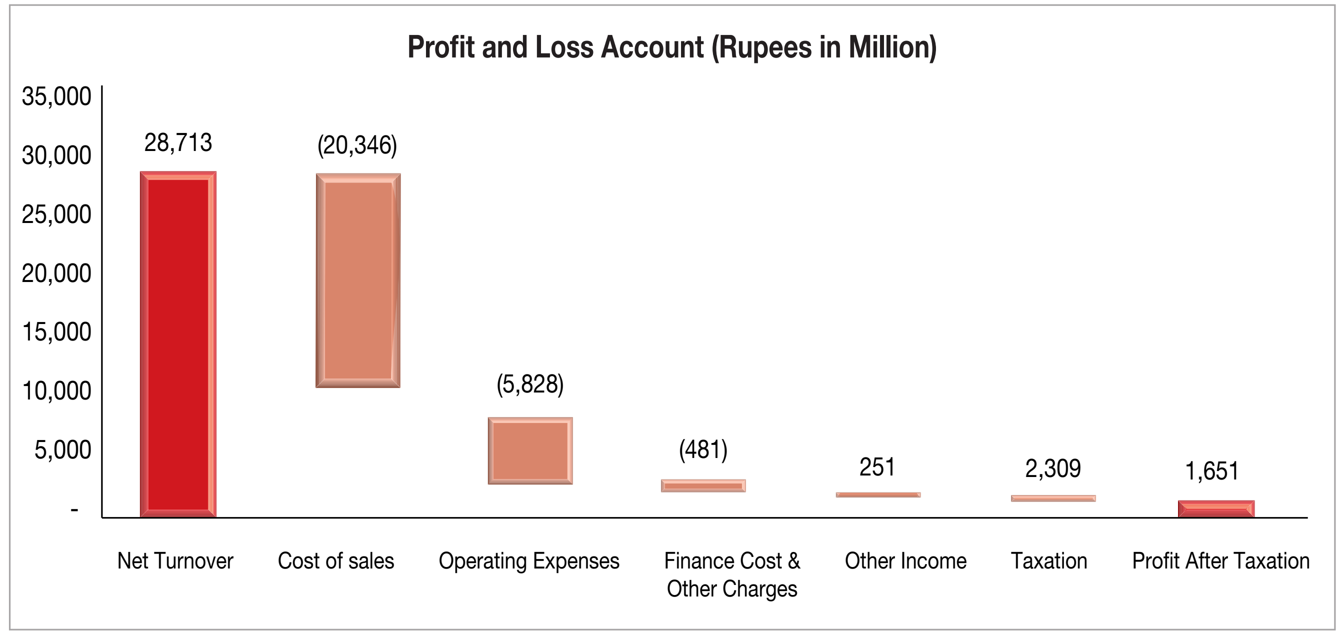
	Unit	2020	2019	2018	2017	2016	2015
Profitability Ratios							
Gross Profit Ratio	%	**29**	29	31	32	33	35
Operating Profit to Sale	%	**9.2**	8.3	6.3	8.5	9.0	12.6
Net Profit before Tax to Sales	%	**8.0**	7.1	5.4	7.9	8.4	12.3
Net Profit after Tax to Sales	%	**5.7**	5.7	4.8	5.8	5.9	8.5
EBITDA Margin to Sales	%	**12**	11	8	10	11	14
Operating Leverage Ratio	%	**175**	377	(13)	72	(110)	143
Return on Equity	%	**30**	30	28	33	30	40
Return on Capital Employed	%	**36**	37	32	42	44	56
Return on Assets	%	**12**	11	10	12	13	19
Liquidity Ratios							
Current Ratio	Times	**1.2**	1.1	0.9	1.0	1.1	1.5
Quick / Acid Test Ratio	Times	**0.5**	0.3	0.3	0.4	0.3	0.6
Cash to Current Liabilities	Times	**0.2**	(0.0)	(0.2)	(0.1)	(0.2)	(0.0)
Cash Flow from Operations to Sales	%	**10**	8	6	8	4	12
Working Capital Turnover	Times	**31**	(131)	(79)	65	25	9
Efficiency Ratios							
No. of Days in Inventory	Days	**90**	91	87	107	112	109
No. of Days in Receivables	Days	**16**	17	21	25	27	29
No. of Days in Payables	Days	**24**	26	21	14	13	17
Operating Cycle	Days	**82**	82	88	118	125	121
Asset Turnover	Times	**2.0**	2.0	2.1	2.1	2.2	2.2
Inverntory Turnover	Times	**4.0**	4.0	4.2	3.4	3.3	3.4
Receivables Turnover	Times	**23**	21	17	15	14	12
Payables Turnover	Times	**15**	14	18	26	28	21
Revenue / Employee in million	Rs.	**54**	44	41	34	29	24
Net Income / Employee	Rs.	**2,286**	1,820	1,480	1,442	1,188	1,459
Investment / Market Ratios							
Earnings Per Share	Rs.	**9.9**	8.7	6.8	6.4	5.3	6.7
No. of Ordinary Shares (in millions)	EA	**149**	149	149	149	149	149
Price Earning Ratio	Times	**25**	21	47	42	53	51
Dividend Yield Ratio	%	**2.0**	2.2	1.2	1.6	1.0	2.9
Dividend Payout Ratio (recalc)	%	**45**	44	54	65	51	150
Dividend Cover Ratio (recalc)	Times	**2.2**	2.3	1.8	1.5	1.9	0.7
Cash Dividend Per Share	Rs.	**5.0**	4.0	3.8	4.3	2.8	10.0
Cash Dividend	%	**100**	80	75	85	55	200
Stock Dividend Per Share	Rs.	**1.3**	1.0	1.0	-	-	-
Stock Dividend	%	**25**	20	20	-	-	-
Market Value Per Share at the end of the year	Rs.	**250**	184	319	271	281	340
Low during the year	Rs.	**133**	147	295	260	277	318
High during the year	Rs.	**268**	310	352	414	367	434
Breakup Value Per Share without Surplus on Revaluation of Fixed Assets	Rs.	**41**	34	27	23	17	19
Market Capitalisation (in millions)	Rs.	**37,366**	27,476	47,591	40,432	41,923	50,686
Capital Structure Ratios							
Financial Leverage Ratio	%	**50**	63	74	57	52	14
Weighted Average Cost of Debt	%	**11**	9	8	6	10	7
Debt to Equity Ratio	%	**20**	18	5	11	-	-
Interest Coverage Ratio	Times	**7.7**	7.1	7.0	13.6	15.0	33.1
No. of Ordinary Shares (in millions)	EA	**149**	149	149	149	149	149

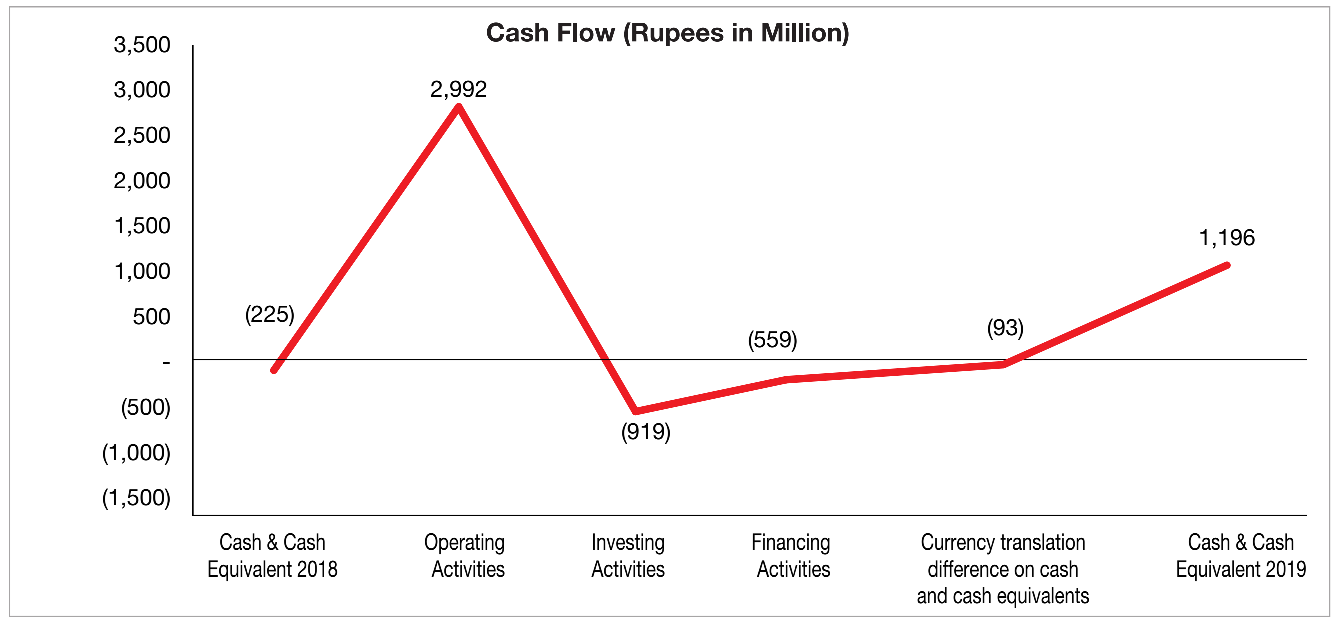
Financial Statements at a Glance





Financial Statements at a Glance

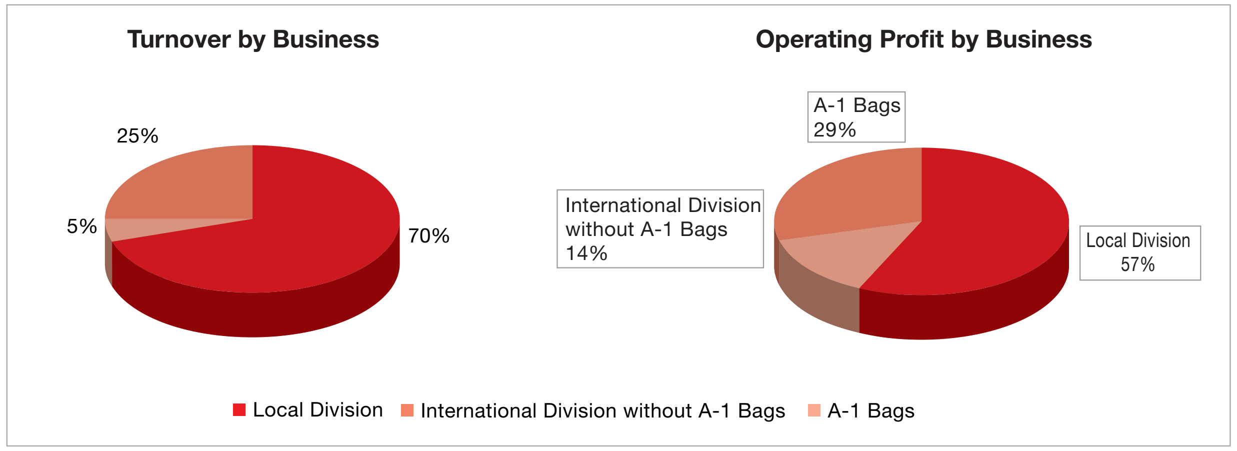


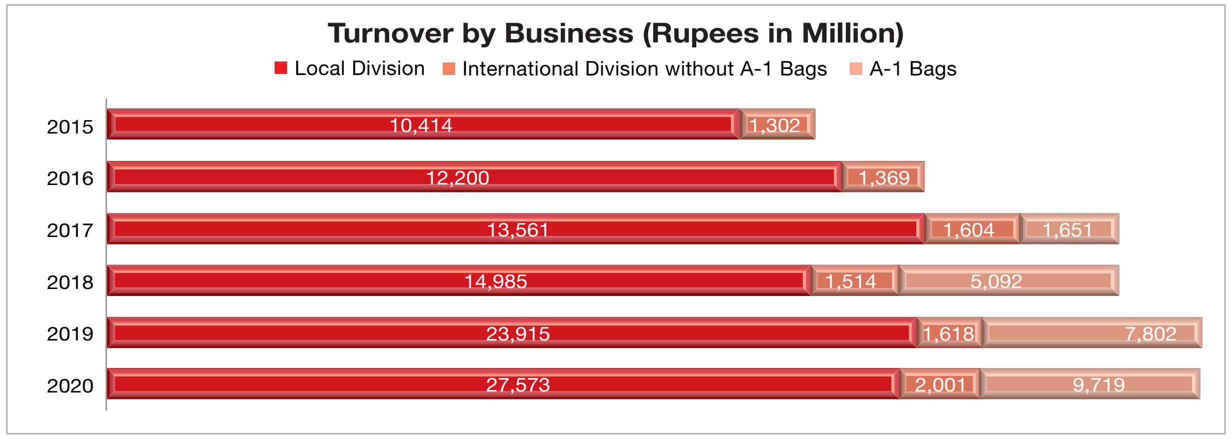


Financial Highlights

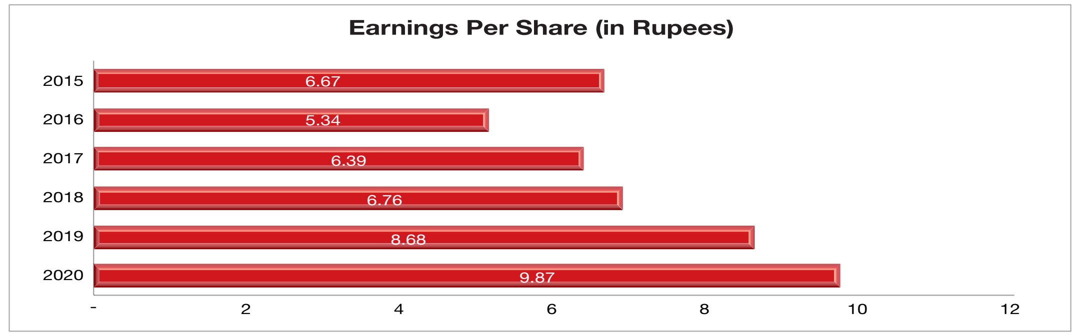
Our results compared to same period Last year at a Glance

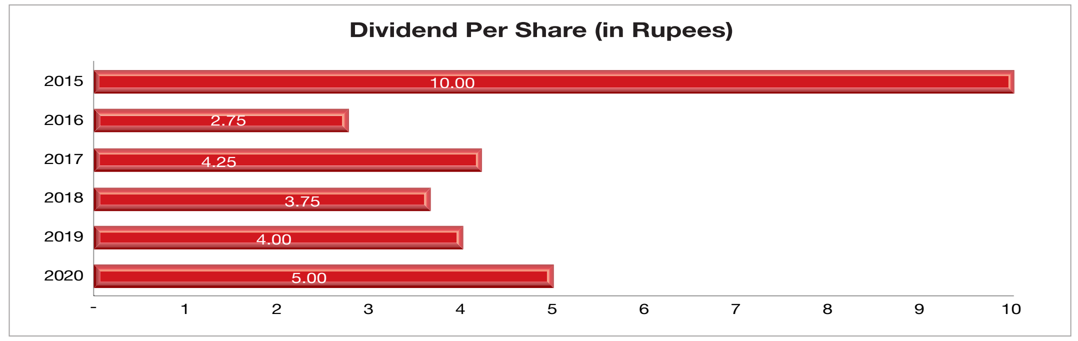
FY-20
- Turnover up by 18 %
- Gross profit up by 20 %
- Profit after Taxation (excluding non-controlling interest) up by 14 %
- Earning per Share PKR 9.87 (Jun 30 2019 PKR 8.68)

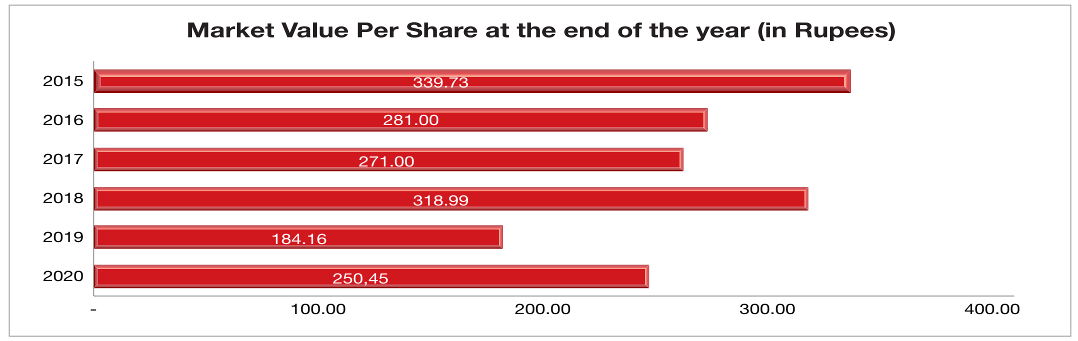


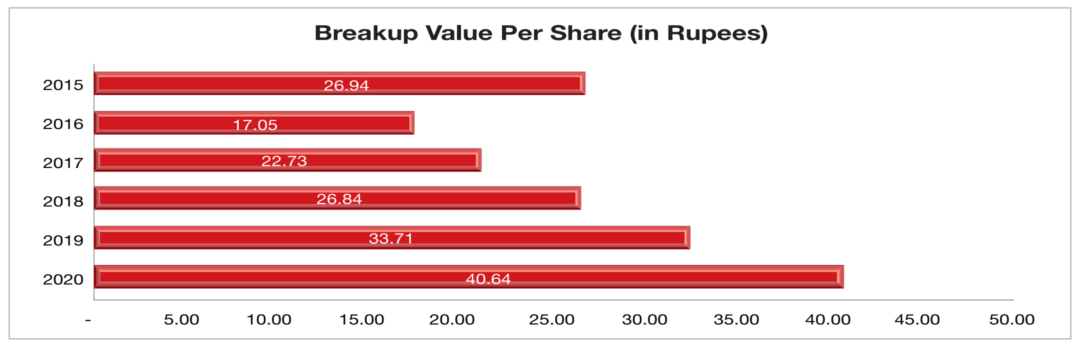


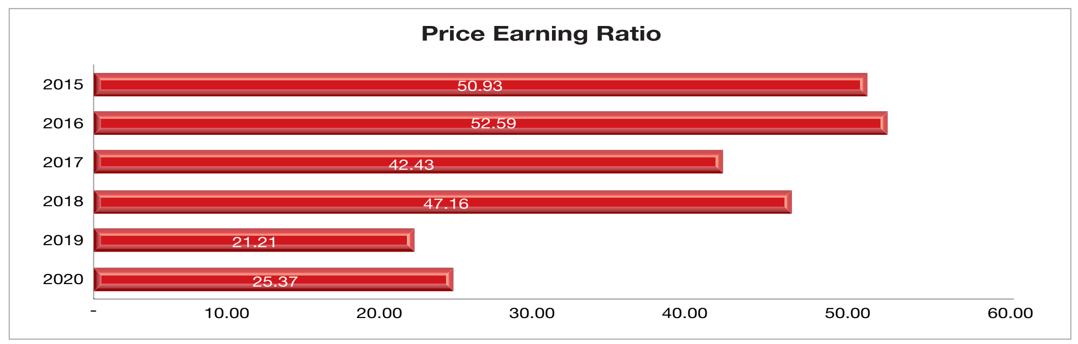
Financial Highlights





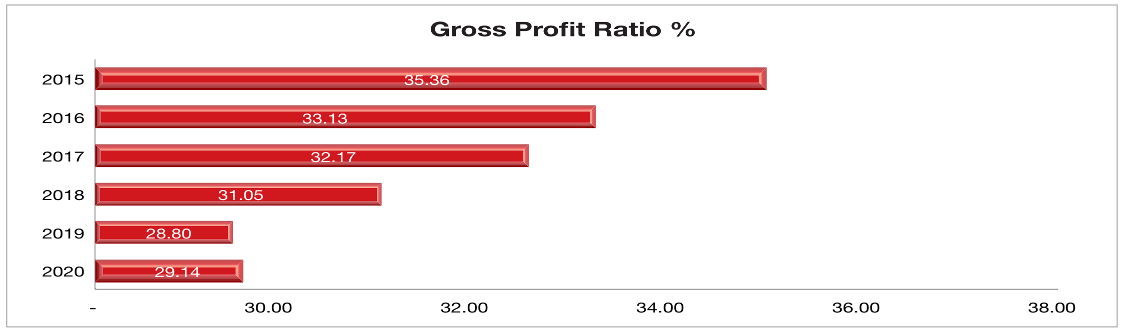


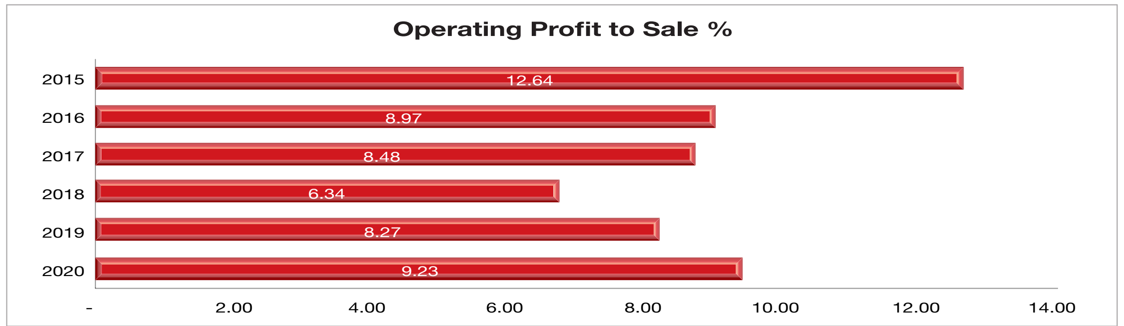


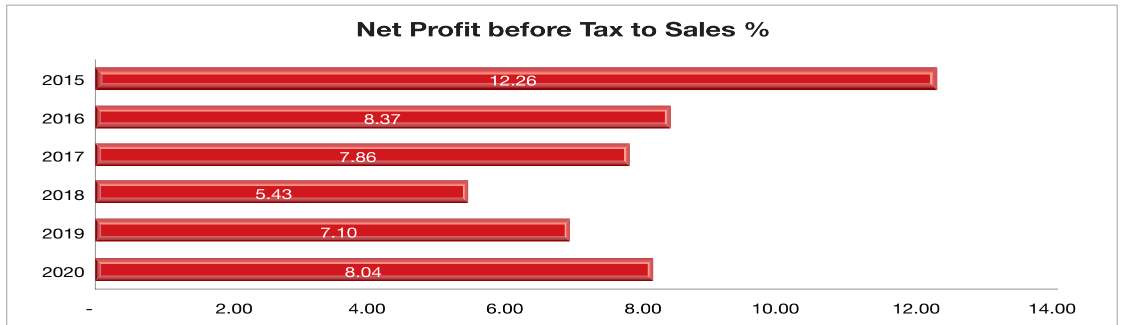


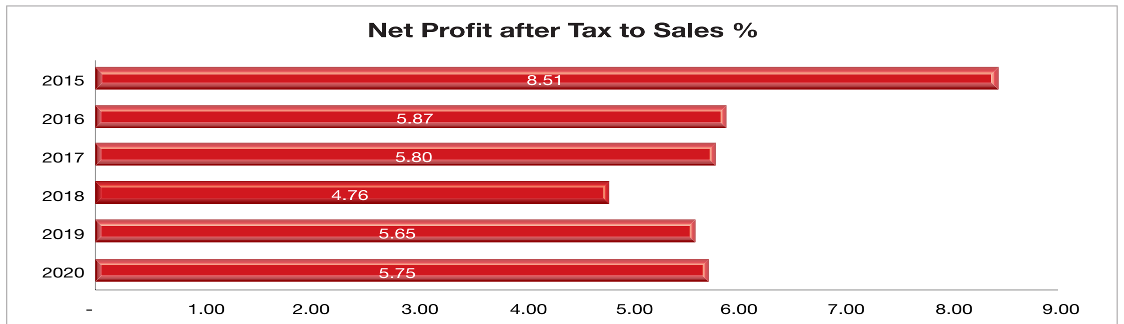
Financial Highlights

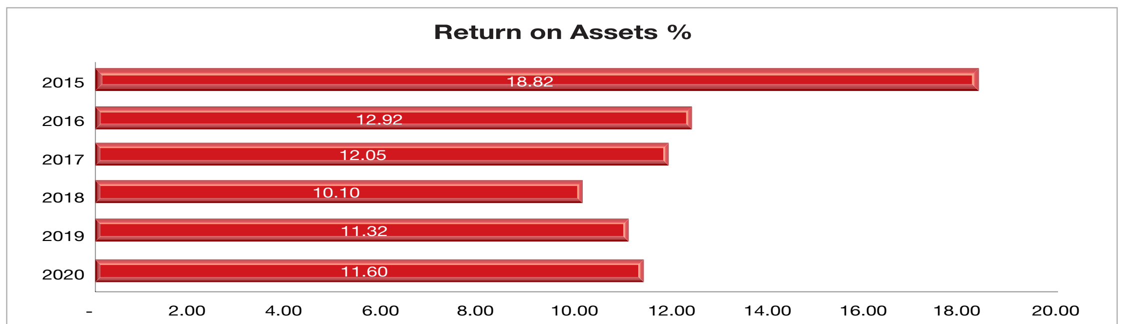
A. Profitability Ratios



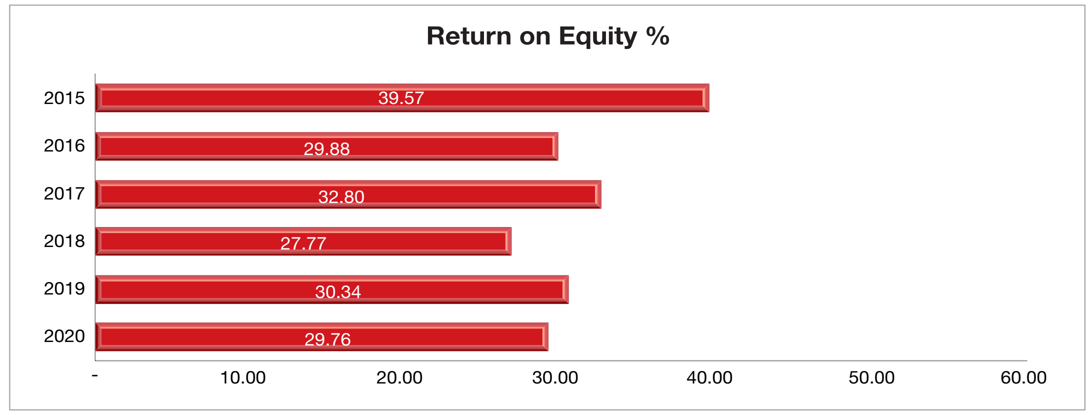


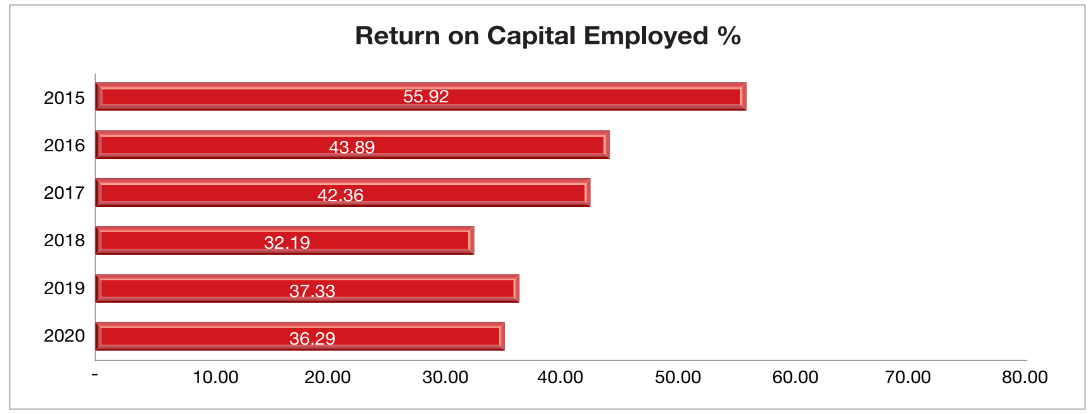


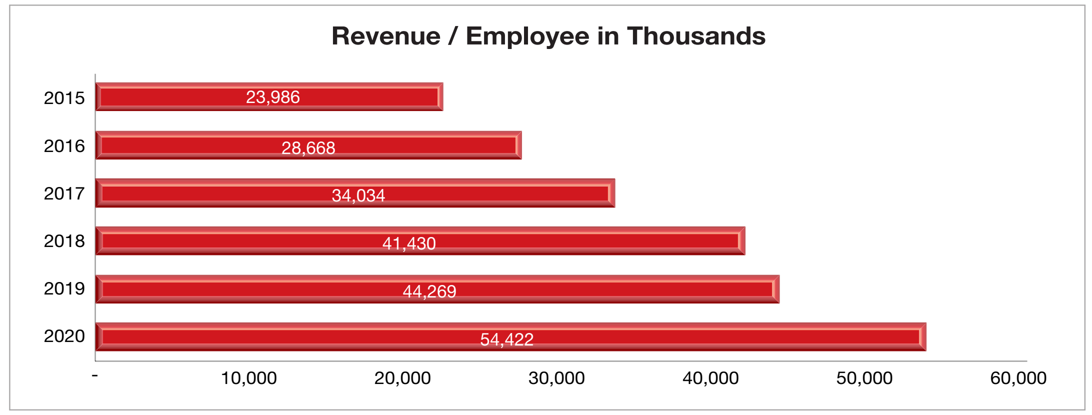


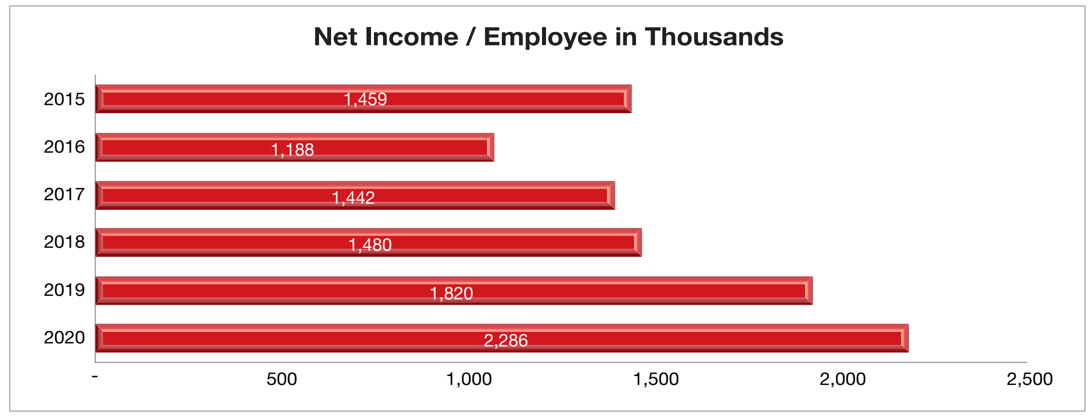


Financial Highlights



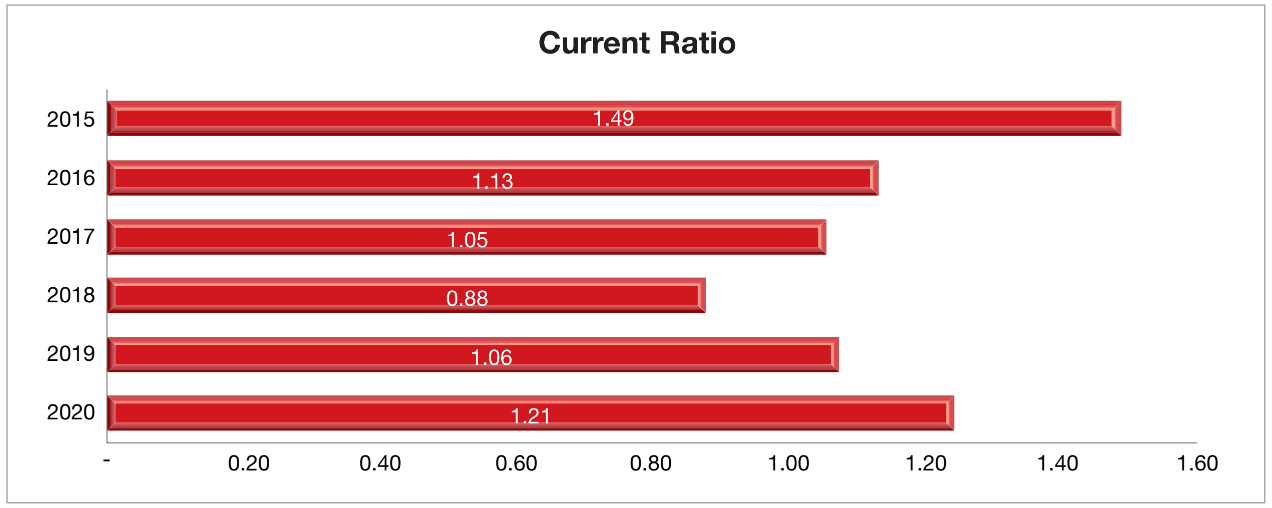




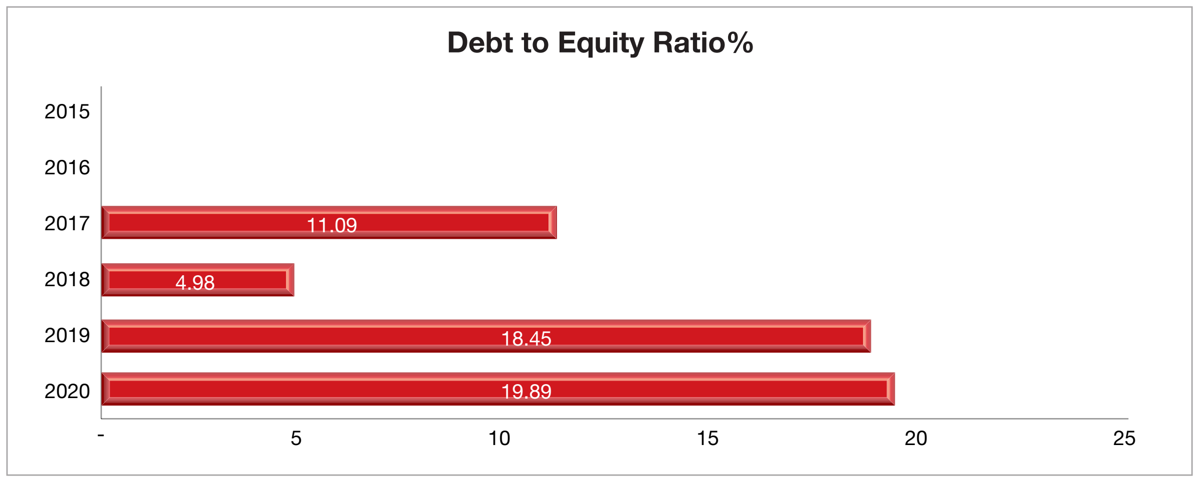


Financial Highlights

B. Liquidity Ratios

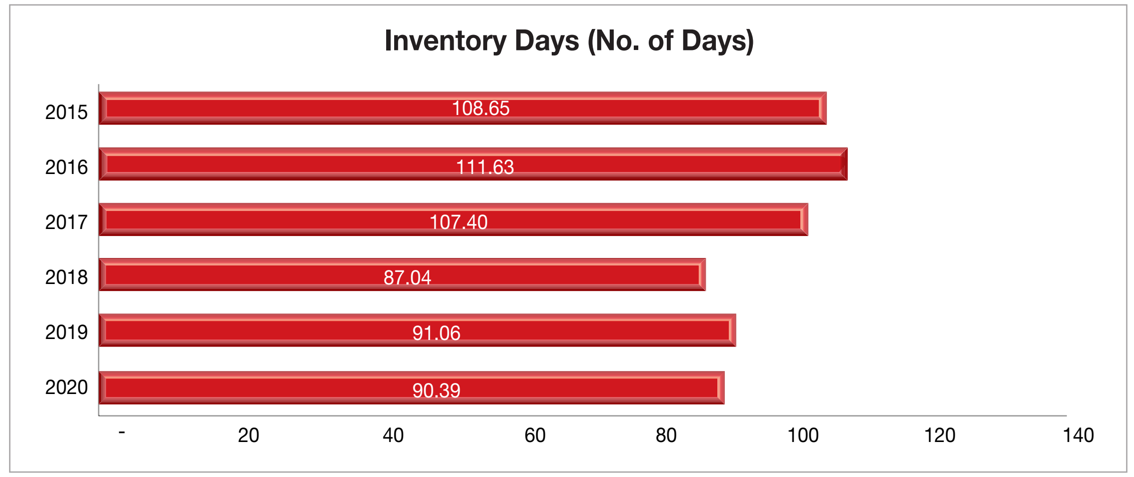


C. Gearing Ratios

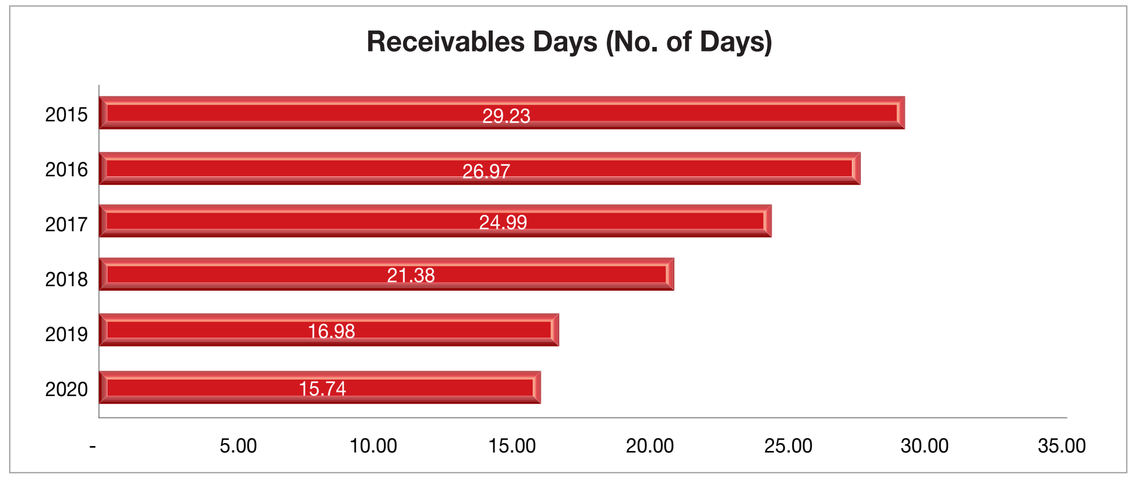


Financial Highlights

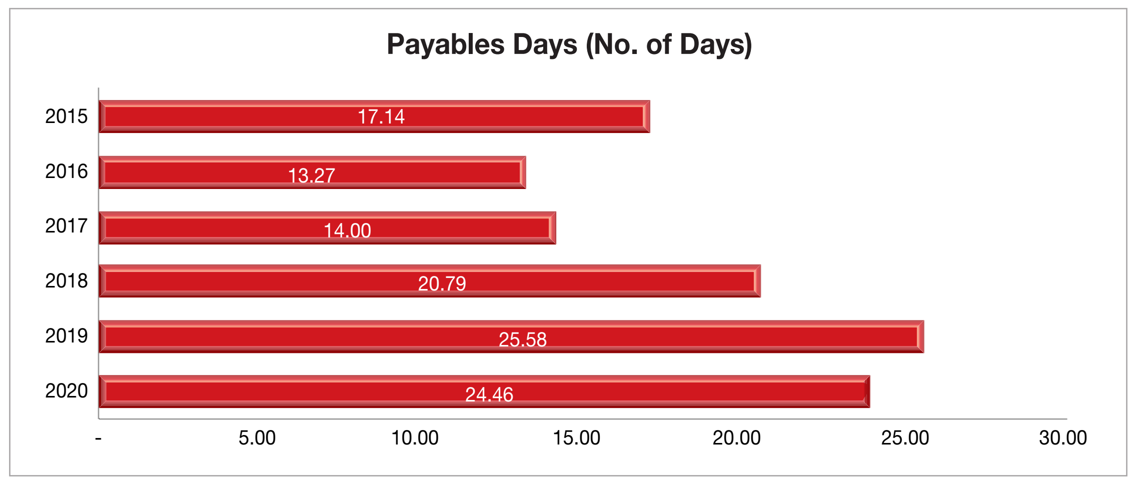
D. Efficiency Ratios



Ignoring IFRS-15 recalssification, inventory days would have been 90.5



Ignoring IFRS-15 recalssification, receivable days would have been 15.2

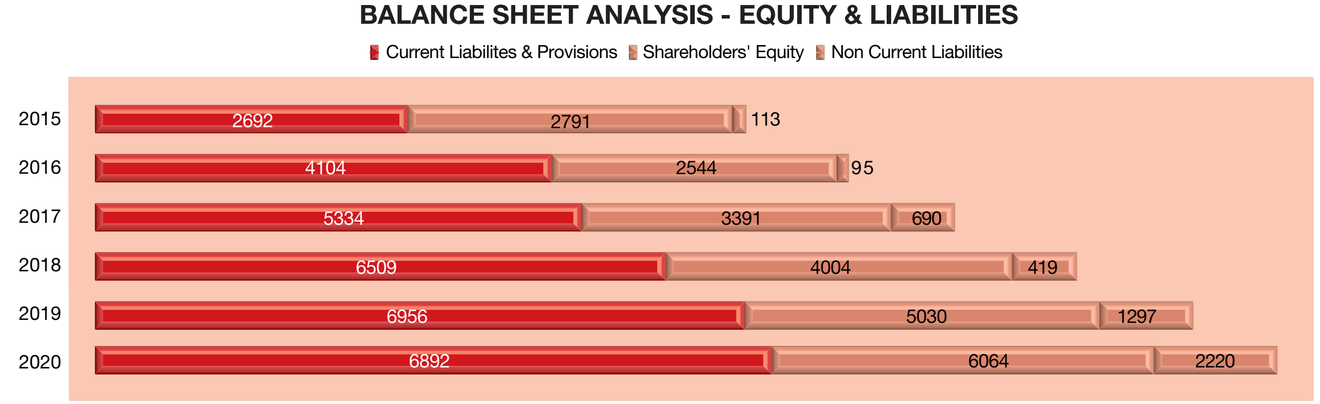


Ignoring IFRS-15 recalssification, payable days would have been 24.5

Horizontal Analysis

	2020	2019	2018	2017	2016	2015
	%	%	%	%	%	%
INCOME STATEMENT						
Sales	**18.39%**	12.33%	28.66%	23.67%	16.05%	20.18%
Cost of Sales	**17.81%**	16.00%	30.79%	25.45%	20.04%	19.63%
Gross Profit	**19.80%**	4.19%	23.39%	20.09%	8.75%	21.21%
Administrative cost	**8.83%**	24.92%	75.46%	(0.26%)	10.55%	24.93%
Impairment loss on trade debts	**-2.77%**	-72.75%	100.00%	0.00%	0.00%	0.00%
Distribution cost	**16.15%**	-5.26%	20.15%	28.39%	24.16%	15.48%
Other Operating Expense	**5.84%**	-43.04%	110.64%	10.15%	(18.88%)	45.23%
Administration, Distribution & Other Opertating Exp and impairment	**14.18%**	-3.00%	32.25%	23.32%	19.92%	18.09%
Financial Charges	**20.88%**	44.85%	86.73%	17.58%	99.56%	(50.08%)
Other Income	**0.93%**	364.36%	(45.99%)	202.80%	(67.14%)	41.35%
Profit before Tax	**33.97%**	46.83%	(11.04%)	16.16%	(20.81%)	35.47%
Taxation	**86.62%**	140.74%	(57.65%)	2.18%	(22.89%)	35.47%
Profit after taxation	**20.43%**	33.44%	5.52%	22.09%	(19.89%)	35.47%
BALANCE SHEET						
Issued, subscribed and paid up capital	**20.00%**	20.00%	0.00%	0.00%	0.00%	0.00%
Unappropriated Profit	**21.29%**	23.50%	20.35%	32.83%	(10.98%)	31.97%
Non controlling interest	**93.46%**	38.36%	9.54%	100.00%		
Exchange revaluation reserve	**-135.96%**	154.94%	671.33%	155.63%	203.41%	183.17%
Total Equity	**20.55%**	25.62%	18.07%	33.32%	(8.87%)	24.68%
Long Term Obligations	**71.12%**	209.70%	(39.28%)	629.64%	(16.23%)	(21.96%)
Total Long-term Liabilities and shareholder equities	**30.92%**	43.05%	8.37%	54.70%	(9.16%)	21.85%
Fixed Assets, CWIP & Intangibles	**15.95%**	12.64%	37.04%	84.03%	32.16%	22.04%
Other Non current assets	**90.10%**	-1.36%	21.02%	10.45%	(10.90%)	57.14%
Current Assets	**12.48%**	29.75%	1.91%	20.19%	16.22%	8.77%
Total Assets	**14.25%**	21.51%	16.11%	39.64%	20.49%	12.39%
Current Liabilites & Provisions	**-0.92%**	6.87%	22.04%	29.96%	52.48%	3.70%
Net Assets	**30.92%**	43.05%	8.37%	54.70%	(9.16%)	21.85%

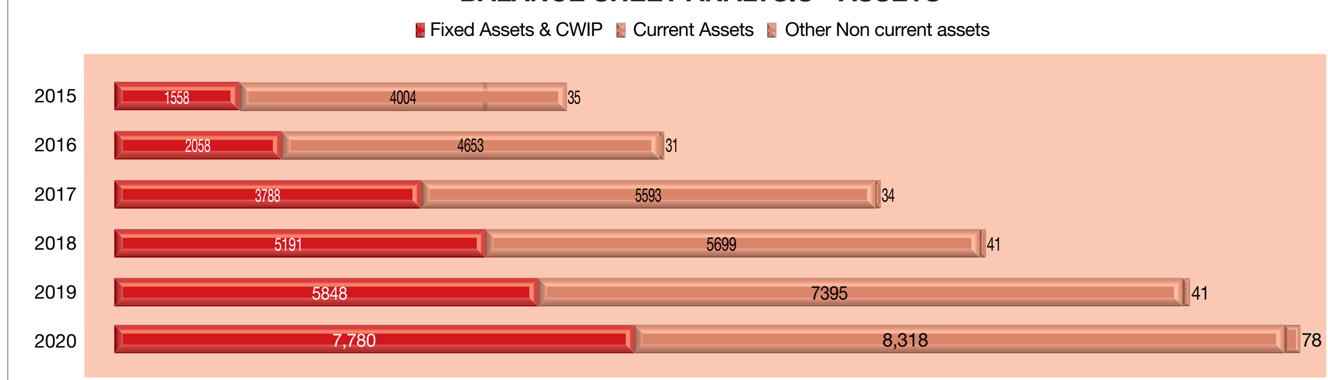
BALANCE SHEET ANALYSIS - EQUITY & LIABILITIES



Vertical Analysis

	2020	2019	2018	2017	2016	2015
	%	%	%	%	%	%
INCOME STATEMENT						
Sales	**100.00%**	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	**70.86%**	71.20%	68.95%	67.83%	66.87%	64.64%
Gross Profit	**29.14%**	28.80%	31.05%	32.17%	33.13%	35.36%
Administration	**4.32%**	4.70%	4.23%	3.10%	3.85%	4.04%
Distribution cost	**15.86%**	16.17%	19.17%	20.51%	19.77%	18.48%
Other operating cost	**0.48%**	0.54%	1.07%	0.65%	0.73%	1.05%
Financial Charges	**1.19%**	1.17%	0.91%	0.62%	0.66%	0.38%
Other Income	**0.87%**	1.02%	0.25%	0.59%	0.24%	0.85%
Profit before Tax	**8.04%**	7.10%	5.43%	7.87%	8.36%	12.26%
Taxation	**2.29%**	1.45%	0.68%	2.06%	2.49%	3.75%
Profit after taxation	**5.75%**	5.65%	4.76%	5.80%	5.87%	8.51%
BALANCE SHEET						
Issued, subscribed and paid up capital	**5.20%**	5.47%	11.71%	12.69%	19.63%	17.84%
Unappropriated Profit	**33.76%**	35.16%	73.11%	65.83%	76.67%	78.24%
Non Controling Interest	**3.66%**	2.39%	4.44%	4.39%		
Exchange revaluation reserve	**-0.36%**	1.26%	1.27%	0.18%	0.11%	0.03%
Total Equity	**42.26%**	44.29%	90.53%	83.09%	96.42%	96.11%
Long Term Obligations	**15.48%**	11.42%	9.47%	16.91%	3.58%	3.89%
Total Long-term Liabilities and shareholder equities	**100.00%**	100.00%	100.00%	100.00%	100.00%	100.00%
Fixed Assets, CWIP & Intangibles	**81.85%**	92.42%	117.36%	92.81%	78.00%	53.63%
Other Non current assets	**0.94%**	0.65%	0.94%	0.83%	1.17%	1.20%
Current Assets	**100.41%**	116.87%	128.86%	137.03%	176.38%	137.85%
Total Assets	**183.20%**	209.93%	247.15%	230.90%	255.57%	192.67%
Current Liabilites & Provisions	**83.20%**	-109.93%	147.15%	130.90%	155.56%	92.67%
Net Assets	**100.00%**	100.00%	100.00%	100.00%	100.00%	100.00%

BALANCE SHEET ANALYSIS - ASSETS



Summary of Cash Flow Statement

(Rupees in Millions)	2020	2019	2018	2017	2016	2015
Cash flows from operating activities	**2,992**	1,923	1,311	1,425	490	1,414
Cash flows (used in) investing activities	**(919)**	(1,107)	(1,676)	(1,556)	(312)	(354)
Cash flows from / (used in) financing activities	**(559)**	(110)	(1)	167	(732)	(713)
Net increase / (decrease) in cash and cash equivalents	**1,514**	706	(367)	37	(554)	347
Cash and cash equivalents at the beginning of the year	**(225)**	(978)	(624)	(662)	(110)	(456)
Currency translation difference on cash and cash equivalents	**(93)**	46	12	1	2	-
Cash and cash equivalents at the end of the year	**1,196**	(225)	(978)	(624)	(662)	(109)

Operating activities

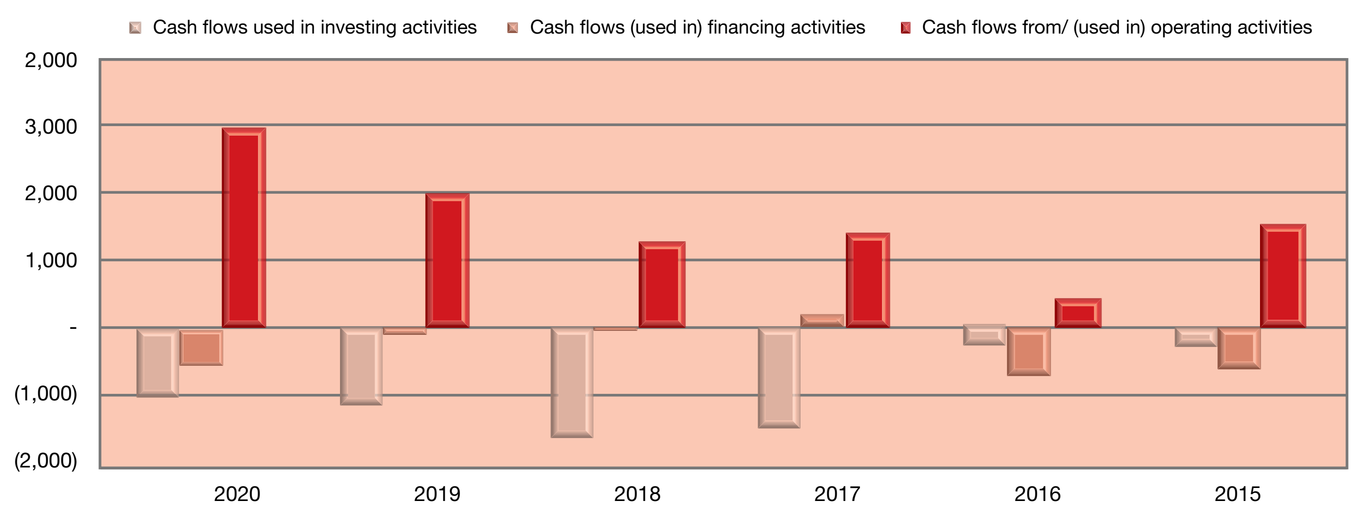
The Company's operating cash flow has increased at a CAGR of 33% over the past 6 years due to improved business performance.

Investing activities

Cash used in investing activities has increased at a CAGR of 12% over the past 6 years and mainly comprises investment in capital expenditure including Recipe packing machine, Salt plant, A1 expansion & land and building extension at manufacturing sites of the Company.

Financing activities

Financing activities mainly comprise long-term loans obtained for Investment in A-1 Bags & Supplies Inc and LTFF for new Salt plant. The Company has financed its expansion needs by obtaining long-term loans which were partially offset by dividend payments.

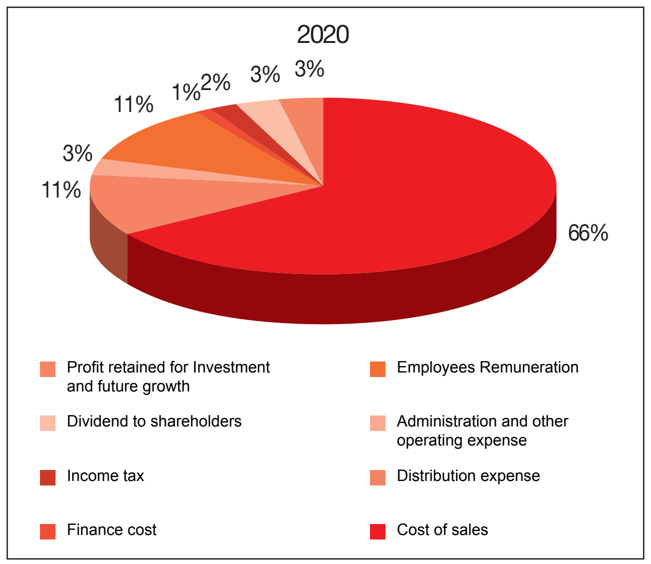


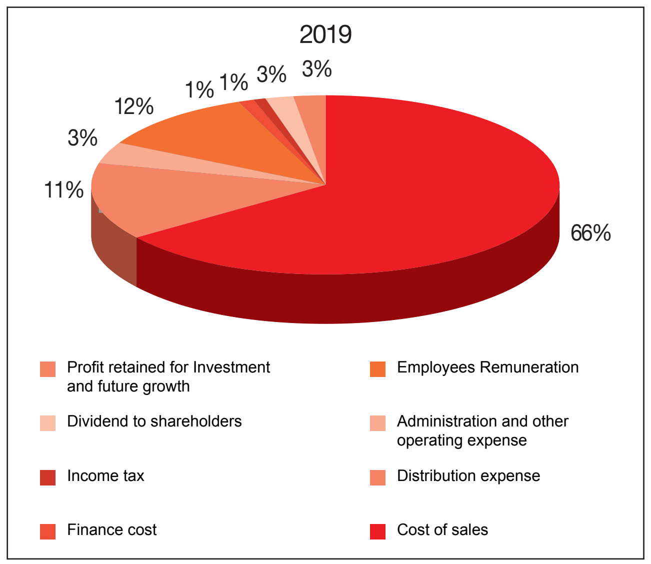
Six Year Cash Flows Using Direct Method

		2020	2019	2018	2017	2016	2015
		(Rupees in thousand)					
Cash received from customers		28,392,384	24,293,352	21,685,050	16,382,637	13,709,694	11,416,540
Cash paid for goods & services		(24,729,935)	(21,946,283)	(19,808,411)	(14,463,131)	(12,908,168)	(9,742,647)
Cash generated from operations		**3,662,449**	**2,347,069**	**1,876,639**	**1,919,506**	**801,526**	**1,673,893**
Financial cost paid	CF	(356,062)	(269,647)	(181,164)	(102,522)	(82,689)	(53,490)
Net increase in long term deposits	CF	(6,767)	862	(6,716)	(3,209)	3,789	(12,643)
Deferred rent	CF	(34,980)	2,455	17,596	1,898	-	-
Retirement benefit obligation	CF	(34,912)	(42,366)	(6,023)	(17,881)	(23,876)	(61,382)
Income tax refund / (paid)	CF	(238,190)	(115,528)	(389,804)	(372,357)	(208,625)	(132,640)
Net cash flow from operating activities		**2,991,538**	**1,922,845**	**1,310,528**	**1,425,435**	**490,125**	**1,413,738**
Purchase of property, plant & equipment	CF	(900,450)	(952,272)	(1,657,468)	(1,299,100)	(684,088)	(467,793)
Purchase of intangible assets	CF	(8,240)	(42,370)	(42,031)	(96,948)	(46,958)	(22,740)
Sale proceeds from disposal of property, plant and equipment	CF	20,146	95,021	23,176	22,402	21,767	29,988
Purchase of equity investment	CF	(30,000)	-	-	-	-	-
Sale proceeds of open ended mutual fund units	CF	-	-	-	-	546,048	884,555
Purchased of open ended mutual fund units	CF	-	-	-	-	(150,000)	(777,988)
Deferred consideration paid	CF	-	(207,017)	-	-	-	-
Investment in National Foods DMCC, Dubai UAE		-	-	-	-	-	-
Acquisition of subsidiary	CF	-		-	(182,429)	-	-
Purchase of treasury bills	CF	-	-	-	-	(147,810)	-
Proceeds from sale of treasury bills	CF	-	-	-	-	148,731	-
Net cash flow from investing activities		**(918,544)**	**(1,106,638)**	**(1,676,323)**	**(1,556,075)**	**(312,310)**	**(353,978)**
Proceeds from short term borrowings	CF	-	-	288,000	1,262,000	1,000,000	508,696
Proceeds from long term finance	CF	582,348	504,387	325,290	289,613	-	-
Repayment of short term borrowings	CF	(459,690)	(50,000)	-	(1,100,000)	(700,000)	(808,722)
Decrease in long term financing - net		-	(177,354)	(55,416)	-	-	-
Deferred consideration paid		-	-	(126,531)	-	-	-
Repayment of lease obligations	CF	(150,693)	-	-	0	-	-
Dividend paid	CF	(530,852)	(386,925)	(432,477)	(284,158)	(1,031,839)	(412,814)
Net cash flow from financing activities		**(558,887)**	**(109,892)**	**(1,134)**	**167,455**	**(731,839)**	**(712,840)**
Net cash flows		**1,514,107**	**706,315**	**(366,929)**	**36,815**	**(554,024)**	**346,920**

Statement of Value Added and its Distribution

	2020		2019	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Value Addition				
Revenue	28,713,148		24,253,797	
Other Income	250,586		248,281	
	28,963,734		24,502,078	
Value Distribution				
Cost of Sales	19,145,166	66%	16,152,890	66%
Distributon Expense	3,173,923	11%	2,646,428	11%
Administration and Other Operating Expense	878,761	3%	849,025	3%
Employees Renumeration	3,115,041	11%	2,847,333	12%
Finance Cost	342,689	1%	283,506	1%
Income Tax	657,625	2%	352,381	1%
Dividend to shareholders	932,462	3%	621,642	3%
Profit retained for Investment & Future Growth	718,066	2%	748,874	3%
	28,963,732	100%	24,502,079	100%





Pattern of Shareholding

As of June 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
ALIYA AFZAL	2	1,702,695	1.14
ABDUL MAJEED	1	5,702,361	3.82
LAIQA HASAN	1	1,755,000	1.18
ABRAR HASAN	1	14,731,843	9.87
JAMILA WAQAR	1	17,547	0.01
DR. JAVED MAJEED	1	2,552,604	1.71
ZAHID MAJEED	1	8,786,392	5.89
TOWFIQ H. CHINOY	1	1,200	0.00
KHAWAR M. BUTT	1	18,330,412	12.29
MARGARET ELIZABETH MAJEED	1	589,219	0.39
NOREEN HASAN	1	33,120	0.02
ZEELAF MUNIR	1	993,028	0.67
RABIA SHAIKH	1	969,624	0.65
ISHA BUTT ABDULLAH	1	969,624	0.65
EHSAN ALI MALIK	1	720	0.00
SAADIA NAVEED	1	969,624	0.65
Associated Companies, undertakings and related parties			
ATC HOLDINGS (PRIVATE) LIMITED (FORMERLY: ASSOCIATED TEXTILE CONSULTANTS (PVT) LTD)	2	49,979,561	33.50
Executives	-	-	-
Public Sector Companies and Corporations	1	969	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	14	5885545	3.94 6
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	495,500	0.33
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	2,640	0.00
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	132,880	0.09
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	72,200	0.05
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	11,146	0.01
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	28,060	0.02
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	96,480	0.06
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	4,920	0.00
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	203,320	0.14
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	87,580	0.06
General Public			
a. Local	1689	11107115	7.44
b. Foreign	4	15640	0.01
Foreign Companies	3	22853917	15.32
Others	26	111386	0.07
Totals	**1766**	**149,193,872**	**100.00**

Shareholders holding 5% or more	Shares Held	Percentage
ATC Holdings (Private) Limited (Formerly: Associated Textile Consultants (Pvt) Ltd)	49,979,561	33.50
ARISAIG INDIA FUND LIMITED	22,367,793	14.99
KHAWAR M. BUTT	18,330,412	12.29
ABRAR HASAN	14,731,843	9.87
ZAHID MAJEED	8,786,392	5.89

Pattern of Shareholding

As of June 30, 2020

Number of Share Holders	Shareholdings' Slab			Total Shares Held
588	1	to	100	18,781
493	101	to	500	133,670
179	501	to	1000	132,822
280	1001	to	5000	680,769
66	5001	to	10000	486,125
43	10001	to	15000	546,682
21	15001	to	20000	356,055
7	20001	to	25000	156,010
10	25001	to	30000	275,152
4	30001	to	35000	129,904
2	35001	to	40000	73,888
5	40001	to	45000	213,752
5	45001	to	50000	233,119
4	50001	to	55000	211,798
3	55001	to	60000	174,604
3	65001	to	70000	203,031
10	70001	to	75000	736,168
1	75001	to	80000	75,460
1	80001	to	85000	80,640
1	85001	to	90000	87,580
1	90001	to	95000	94,608
2	95001	to	100000	192,480
1	100001	to	105000	104,589
2	105001	to	110000	211,909
1	130001	to	135000	132,880
1	155001	to	160000	157,400
1	175001	to	180000	180,000
1	200001	to	205000	203,320
1	235001	to	240000	237,600
1	285001	to	290000	285,696
1	330001	to	335000	331,200
1	400001	to	405000	402,500
1	475001	to	480000	478,224
2	485001	to	490000	975,302
1	495001	to	500000	495,500
1	500001	to	505000	504,440
1	540001	to	545000	542,271
1	585001	to	590000	589,219
1	615001	to	620000	617,258
1	740001	to	745000	742,968
1	925001	to	930000	929,534
3	965001	to	970000	2,908,872
1	990001	to	995000	993,028
1	1055001	to	1060000	1,057,100
1	1605001	to	1610000	1,608,087
1	1750001	to	1755000	1,755,000
1	1825001	to	1830000	1,829,251
1	2550001	to	2555000	2,552,604
1	3680001	to	3685000	3,681,100
1	5700001	to	5705000	5,702,361
1	8785001	to	8790000	8,786,392
1	14730001	to	14735000	14,731,843
1	18330001	to	18335000	18,330,412
1	22365001	to	22370000	22,367,793
1	49475001	to	49480000	49,475,121
1766				149,193,872

Statement of Compliance with the Code of Corporate Governance

FOR THE YEAR ENDED JUNE 30, 2020

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

1. The total number of directors are seven (07) as per the following:
   a. Five (5) Males b. Two (02) Female

2. The composition of board is as follows:

   Independent Director

   Mr. Ehsan A Malik
   Mr. Towfiq H Chinoy

   Non-Executive Directors

   Mr. Abdul Majeed
   Mrs. Noreen Hasan
   Mrs. Saadia Naveed
   Mr. Zahid Majeed

   Executive Director

   Mr. Abrar Hasan

   Female directors

   Mrs. Noreen Hasan
   Mrs. Saadia Naveed

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 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 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. Following directors have attended Directors' Training:
   Mr. Abrar Hasan
   Mr. Ehsan A. Malik
   Mr. Towfiq H. Chinoy
   Mrs. Noreen Hasan
   Mrs. Saadia Naveed
   Mr. Zahid Majeed

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.

Statement of Compliance with the Code of Corporate Governance

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

Mr. Ehsan A. Malik	Chairman
Mrs. Noreen Hasan	Member
Mrs. Saadia Naveed	Member
Mr. Zahid Majeed	Member

    b) HR and Remuneration Committee

Mr. Towfiq H Chinoy	Chairman
Mr. Abrar Hasan	Member
Mr. Ehsan A Malik	Member
Mr. Zahid Majeed	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

    a) Audit Committee – Four (04)
    b) HR and Remuneration Committee – One (01)

15. The board has outsourced the internal audit function to Messrs. Ernst & Young Ford Rhodes & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other 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.

Chief Executive Officer

Director

Review Report to the Members on the Compliance with the Code of Corporate Governance

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 **National Foods Limited** ("the Company") for the year ended 30 June 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 30 June 2020.

Date: 16 September 2020
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Name of the Engagement Partner: Moneeza Usman Butt

Standalone Financial Statements 2020

Independent Auditors' Report to the Members of National Foods Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **National Foods Limited** (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2020, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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, statement of profit or loss and 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 30 June 2020 and of the profit 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:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue recognition** Refer notes 4.15, 22 and to 34 the Company's financial statements. Revenue is recognized from sale of goods in accordance with applicable accounting standards and measured at net of discounts, rebates, allowances and sales return. We identified revenue recognition as key audit matter because of risk of incorrect measurement of revenue due to adjustments for discounts and rebates offered to customers and allowance for sales return. Further, revenue is one of the key performance indicators and there is a potential risk of non-recognition of revenue transactions in the appropriate period.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • obtaining an understanding of the Company's sale of goods process and related controls, including assessing the design and testing of the implementation and operating effectiveness of the relevant key controls over revenue recognition, the calculation of discounts and rebates and allowance for sales return including timing of revenue recognition; • considering the appropriateness of the Company's accounting policies for revenue recognition including those relating to discounts, rebates and allowance for sales return and assessing compliance of those policies with applicable accounting standards; • obtaining and inspecting a sample of contracts with customers to understand the conditions required for discounts, rebates and allowance for sales return; • testing, on a sample basis, the accuracy of the amounts of discounts, rebates and allowance for sales return recognized by agreeing to individual customer agreements and performing recalculations; • testing, on a sample basis, invoices and inspecting credit notes issued subsequent to year end for completeness and accuracy of revenue and accruals for discounts, rebates and allowances to the customers; and • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period.
2.	**Valuation of Trade debtors** Refer notes 4.6.2.1, 4.11.1 and 9 to the Company's unconsolidated financial statements. The Company has a significant balance of trade debts. Provision against doubtful debts is based on loss allowance for Expected Credit Loss (ECL). We identified valuation of trade debts as a key audit matter as it involves significant judgment in determining the recoverable amount of trade debts.	Our audit procedures to assess the valuation of debtors, among others involved the following: • obtaining an understanding of and assessing the design and testing the implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review); • obtaining an understanding of management's basis for the determination of provision required at the year end and the receivables collection process; • assessing the method used by the company for recognition of the allowance for ECL in accordance with the applicable standard and assessing the reasonableness of assumptions used; and • testing the accuracy of the data on a sample basis

S. No.	Key audit matters	How the matters were addressed in our audit
		extracted from the Company's accounting system which has been used to calculate the provision required including subsequent recoveries.
3.	**Valuation of Stock-in-trade** Refer notes 4.10 and 8 to the Company's financial statements. Stock-in-trade forms a significant part of the Company's total assets. Stock-in-trade comprise of raw material, work in process and finished good which are stated at lower of cost and estimated net realizable value (NRV). We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost and provisions for expired and obsolete inventories involves significant management judgment and estimation.	Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following: • obtaining an understanding of and assessing the design and testing the implementation of management's controls designed to identify expired, obsolete as well as slow moving and stocks close to expiry; • obtaining an understanding of and testing, on a sample basis, management's determination of NRV and the key estimates adopted, including future selling prices, future costs to complete work-in-process and costs necessary to make the sales, their basis of calculation, justification for the amount of the write-downs and provisions; and • checking on a sample basis specific provision for expired, obsolete as well as slow moving and stocks close to expiry.
4.	**Capitalization of Property, Plant and Equipment** Refer notes 4.2 and 5 to the Company's financial statements. The Company has made significant capital expenditure on building on leasehold land and plant and machinery. We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.	Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following: • obtaining an understanding of the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred for capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced, and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.

Independent Auditors' Report to the Members of National Foods Limited

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt**.

Date: 16 September 2020

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Unconsolidated Statement of Financial Position

AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**4,837,771**	4,576,755
Intangibles	6	**45,162**	80,218
Long-term Investments	7	**61,719**	31,719
Long-term deposits		**46,799**	39,611
		4,991,451	4,728,303
Current assets			
Stores, spare parts and loose tools		**139,284**	86,725
Stock-in-trade	8	**4,043,708**	3,955,698
Trade debts	9	**1,702,404**	901,348
Advances	10	**140,502**	108,256
Trade deposits and prepayments	11	**60,439**	42,290
Other receivables	12	**8,099**	1,909
Sales tax refundable		**-**	133,789
Cash and bank balances	13	**586,827**	400,298
		6,681,263	5,630,313
TOTAL ASSETS		**11,672,714**	10,358,616
EQUITY AND LIABILITIES			
Share Capital and reserves			
Authorised share capital			
1,000,000,000 (30 June 2019: 100,000,000) ordinary shares of Rs. 5 each		**5,000,000**	5,000,000
Share Capital			
Issued, subscribed and paid-up capital	14	**745,969**	621,641
Revenue Reserve			
Unappropriated profit		**4,177,688**	3,695,688
		4,923,657	4,317,329
Non - current liabilities			
Long-term finance	15	**849,235**	417,972
Deferred taxation - net	16	**290,518**	226,873
Deferred liabilities	17	**80,523**	70,346
		1,220,276	715,191
Current liabilities			
Trade and other payables	18	**3,657,293**	2,570,217
Contract liability	19	**358,203**	344,232
Short term borrowings	20	**554,404**	1,901,632
Unclaimed dividend		**21,791**	19,920
Long-term finance classified as current - secured	15	**220,323**	69,144
Mark-up accrued		**13,442**	28,624
Sales tax payable		**11,586**	-
Taxation - net		**691,739**	392,327
		5,528,781	5,326,096
Commitments	21		
TOTAL EQUITY AND LIABILITIES		**11,672,714**	10,358,616

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

Chief Executive Officer | Chief Financial Officer | Director

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
Sales - Net	22	**19,258,717**	16,602,206
Cost of sales	23	**(13,150,298)**	(11,283,038)
Gross profit		**6,108,419**	5,319,168
Distribution costs	24	**(3,381,529)**	(2,922,212)
Impairment loss on trade debts	9.1	**16,694**	(17,283)
Administrative expenses	25	**(1,086,890)**	(1,005,904)
Other expenses	26	**(123,110)**	(108,753)
Other income	27	**218,427**	254,662
Operating profit		**1,752,011**	1,519,678
Finance costs	28	**(163,887)**	(157,070)
Profit before taxation		**1,588,124**	1,362,608
Taxation - net	29	**(483,622)**	(271,746)
Profit after taxation		**1,104,502**	1,090,862
Other comprehensive income			
Items that will not be reclassified to profit or loss account			
Remeasurements of retirement benefit liability		**(1,212)**	(60,986)
Related deferred tax thereon		**351**	17,686
		(861)	(43,300)
Total comprehensive income for the period		**1,103,641**	1,047,562
		(Rupees)	
Earnings per share - basic and diluted	30	**7.40**	7.31

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

Chief Executive Officer | Chief Financial Officer | Director

Unconsolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Revenue reserve - unappropriated profit	Total
	(Rupees in thousand)		
Balance as at 30 June 2018	518,034	3,140,259	3,658,293
Transaction with owners in the capacity as owners directly recorded in equity - distribution			
1 Ordinary share for each 5 Ordinary shares held - alloted as bonus shares for the year ended 30 June 2018	103,607	(103,607)	-
Final cash dividend for the year ended 30 June 2018 @ Rs. 3.75 per Ordinary share	-	(388,526)	(388,526)
Total comprehensive income for the year ended 30 June 2019			
Profit for the year	-	1,090,862	1,090,862
Other comprehensive income	-	(43,300)	(43,300)
	-	1,047,562	1,047,562
Balance as at 30 June 2019	**621,641**	**3,695,688**	**4,317,329**
Transaction with owners in the capacity as owners directly recorded in equity - distribution			
1 Ordinary share for each 5 Ordinary shares held - alloted as bonus shares for the year ended 30 June 2019	**124,328**	**(124,328)**	-
Final cash dividend for the year ended 30 June 2019 @ Rs. 4 per Ordinary share	-	**(497,313)**	**(497,313)**
Total comprehensive income for the year ended 30 June 2020			
Profit for the year	-	**1,104,502**	**1,104,502**
Other comprehensive income	-	**(861)**	**(861)**
	-	**1,103,641**	**1,103,641**
Balance as at 30 June 2020	**745,969**	**4,177,688**	**4,923,657**

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

Chief Executive Officer

Chief Financial Officer

Director

Unconsolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	31	**2,603,598**	1,576,603
Finance costs paid		**(179,069)**	(143,212)
Income taxes paid		**(120,565)**	(36,383)
Retirement benefits		**(33,233)**	(42,367)
Long term deposits - net		**(7,188)**	862
Net cash generated from operating activities		**2,263,543**	1,355,503
CASH FLOWS FROM INVESTING ACTIVITES			
Capital expenditure		**(798,598)**	(897,534)
Intangible assets		**(8,240)**	(42,370)
Proceeds from disposal of operating fixed assets		**20,146**	95,021
Purchase of equity investment		**(30,000)**	-
Net cash (used in) investing activities		**(816,692)**	(844,883)
CASH FLOWS FROM FINANCING ACTIVITES			
Proceeds from long term finance		**582,348**	293,964
Repayment of short-term borrowings-net		**(300,000)**	(50,000)
Dividends paid		**(495,442)**	(386,925)
Net cash used in financing activities		**(213,094)**	(142,961)
Net increase in cash and cash equivalents		**1,233,757**	367,659
Cash and cash equivalents at beginning of the year		**(701,334)**	(1,068,993)
Cash and cash equivalents at end of the year	32	**532,423**	(701,334)

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

Chief Executive Officer

Chief Financial Officer

Director

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on 19 February 1970 as a private limited company under the Companies Act, 1913 and subsequently converted into a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) by special resolution passed in the extra ordinary general meeting held on 30 March 1988. The Company is principally engaged in the manufacture and sale of convenience based food products. The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

The parent entity of the Company is ATC Holdings (Private) Limited based on control model as provided under IFRS 10 - 'Consolidated Financial Statements'.

These financial statements are separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements are prepared separately. Detail of Company's investment in subsidiary company is given in note 8 to these unconsolidated financial statements.

The manufacturing facilities and sales offices of the Company are situated at the following locations:

Factories:
- Unit F-160/ C, F- 133, S.I.T.E., Karachi;
- Office A-13, North Western Industrial Zone, Bin Qasim, Karachi;
- 53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala; and
- A-393, Nooriabad Industrial Estate, Nooriabad

Sales offices:
- Office No.107, 1st Floor Parsa Tower, Sharah-e-Faisal, Karachi;
- Banglow No. 225, Shahrah-e-Abbasi Akhuwat Nagar Society, Sukkur;
- 2nd Floor, Mall 2 Plaza Main Boulevard Kohinoor City, Jaranwala Road, Faisalabad;
- 18-CCA (Commercial Area), Phase VIII, DHA Lahore, Cantt;
- Plot No. 25, Din Plaza, Canal Road, Main Gate Canal View Housing Society, Gujranwala; and
- 1st Floor, Bilal Complex, Main PWD Road, Sector O-9, Islamabad.

1.1 A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers.

During the year, the company has earned profit after tax amounting to Rs. 1,105 million (2019 : 1,091 million). As at 30 June 2020, the company has accumulated profits amounting to Rs. 4,178 million (2019: Rs. 3,696 million). The current assets of the company exceed its current liabilities by Rs. 1,152 million (2019 : Rs. 304 million). Management plans for generating sufficient cashflows have been made by considering future sales volume, pricing decisions, cost reduction strategies, exchange rate impact, availability of funds through committed credit lines among other things.

The company falls under the category of essential services and was allowed to operate its production and supply facilities during the lockdown period while following all necessary standard operating procedures (SOPs). COVID-19 does not have a significant impact on the Company. The Company remained up to date in all its financial commitments. The management believes the going concern assumption of the Company remains valid.

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 as applicable in Pakistan comprise of:

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investment in equity instruments of Naimat Collateral Management Company Limited (NCMCL) which is carried at fair value and obligation in respect of the company's Pension Plan and Pensioners' Medical Plan which are measured at present value of the defined benefit obligations less fair value of plan assets.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless stated otherwise.

2.4 Use of significant Estimates and Judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about judgments made by the management in the application of accounting policies, that have the most significant effects on the amount recognized in the financial statements and information about assumptions and estimation uncertainties with significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next year are described in the following:

Property, plant and equipment / intangible assets

The Company reviews the rate of depreciation / amortization, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment / intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

Stock in trade / stores, spares and loose tools

The management continuously reviews its inventory for existence of any items which may have become obsolete. These estimates are based on historical experience and are continuously reviewed and the cost of such stocks is fully provided for.

Trade debts - expected credit loss

These financial assets are adjusted for loss allowances that are measured at amount equal to lifetime expected credit loss that result from all possible default events over expected life of the financial asset.

Provision for refund liability

Refund liability provisions are recognized as deduction from revenue based on terms of the arrangements with the customer and are included in trade and other payables. No asset is recognized for refunds as they are not anticipated to be resold. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Retirement benefits obligations

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under this scheme in those years.

Taxation

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain matters in the past.

3. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:

- There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2019 (other than those which have been disclosed in note 4 to these financial statements). However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020 and are not likely to have an impact on the financial statements of the Company:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications.This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

Notes to the Financial Statements
FOR THE YEAR ENDED JUNE 30, 2020

  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

  - there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below are consistently applied for all periods presented in these financial statements except as disclosed in note 4.1.1.

4.1 Change in significant accounting policies

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IFRS 16 'Leases'

The Company has adopted IFRS 16 "Leases" from 1 January 2019 as notified by the Securities and Exchange Commission of Pakistan vide its SRO 434 (I)/2018 dated 09 April 2018. The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. It requires lessee to recognise right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

As per IFRS 16, the Company is required to recognise a right-of-use asset (RoU asset) and a lease liability at the lease commencement date. The right-of-use asset has to be initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability.

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

In determining whether a contract is, or contains, a lease the management assesses whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, management shall assess whether both the below conditions are met:

a) it has the right to obtain substantially all of the economic benefits from use of the identified asset; and

b) it has the right to direct the use of the identified asset.

An asset is typically identified by being explicitly specified in a contract. However, an asset can also be identified by being implicitly specified at the time that the asset is made available for use by the customer.

The Company is required to apply judgments to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Generally, Right of Use asset (RoU) asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

The company is required to determine the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Short Term Lease is a lease that, at the commencement date, has a lease term of twelve months or less. A lease that contains a purchase option is not a short-term lease.

In determining the lease term and assessing the length of the non-cancellable period of a lease, the company applies the definition of a contract and determines the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

Impact on transition

The Company has adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application has to be recognised in retained earnings as at 1 July 2019. No adjustment to retained earnings has been taken on application of IFRS 16 at 1 July 2019. The Company has elected not to recognise right-of-use asset and lease liabilities of lease contracts which do not convey the right to direct the use of an identified asset and those having lease term equal to or less than 12 months. The lease payments associated with these leases are recognised as expense on a straight-line basis over the lease term. Accordingly, the adoption of IFRS 16 did not have any significant impact on financial position and / or financial performance of the Company.

4.2 Property, plant and equipment

Operating assets and depreciation

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits

associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the items is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates;

(b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management; and

(c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure (including normal repairs and maintenance)

Expenditures incurred to replace a significant component of an item of property, plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditures (including normal repairs and maintenance) is recognised in the profit or loss as an expense when it is incurred.

Depreciation

Depreciation on all items is charged on straight line method. The useful lives for depreciation are indicated in note 5.1.

Depreciation on additions to property, plant and equipment is charged from the month the asset is available for use upto the month of disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in the profit or loss.

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

4.3 Intangibles

These are stated at cost less accumulated amortisation and impairment, if any. Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefit exceeding one year are recognised as intangible assets. Direct costs include the purchase cost of software and related overhead cost.

Amortisation charge is based on the straight-line method whereby the cost of an intangible is written off over its estimated useful life of three years.

4.4 Leases

Policy applicable after 1 July 2019

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use asset and lease liability are recognised at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life . The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognise right-of-use asset and lease liabilities of lease contracts which do not convey the right to direct the use of an identified asset and those having lease term equal to or less than 12 months. The leases payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Policy applicable before 1 July 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in statement of profit or loss, unless they are directly attributable to qualifying assets.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in profit or loss over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in statement of profit or loss.

4.5 Long term investment - subsidiary

Investment in subsidiary is stated at cost less impairment losses, if any.

4.6 Financial Instruments

4.6.1 Classification, recognition and measurement - Financial Assets

Classification

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

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at FVOCI. However the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive.

On initial recognition, the Company may, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Initial measurement - Financial Assets

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. However, at initial recognition, the Company measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component.

Subsequent measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

4.6.2 Non-derivative Financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.6.2.1 Trade debts, deposits, advances and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Further, these assets are adjusted for loss allowances that are measured at amount equal to lifetime expected credit loss that result from all possible default events over expected life of the financial asset.

4.6.2.2 Cash and cash equivalents

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

4.6.3 Financial Liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value throug or loss are initially measured at fair value less any directly attributable transaction cost initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.6.3.1 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset.

4.6.3.2 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

4.6.3.3 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 the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

4.7 Taxation

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

i) Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year; calculated using tax rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustments to income tax payable or recoverable in respect of previous years.

ii) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised 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 utilised. Deferred tax is charged or credited in the profit or loss. Deferred tax liability is restricted to 92.34% (2019: 92.99%) of the total deferred tax liability based on the assumptions thatexport sales will continue under Final Tax Regime and historical trend of export and local sales ratio will continue to be approximately the same in foreseeable future.

4.8 Employee retirement benefits

Defined benefit plans

The Company operates a funded pension scheme and post retirement medical benefit for chief executive, one non-executive

director and one former director. The liability recognised in the balance sheet in respect of the defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is ca annually by independent actuary using the projected unit credit method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income. The latest actuarial valuation of the defined benefit plans was conducted at 30 June 2020.

The current and past-service costs are recognized immediately in statement of profit or loss account. Further,the amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Defined contribution plan

The Company operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum of the basic salary.

4.9 Stores, spare parts and loose tools

These are valued at weighted average cost less provision for slow moving and obsolete stores, spare parts and loose tools, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.10 Stock in trade

All stocks are stated at the lower of cost and estimated net realisable value. Cost is determined by weighted average method except for those in transit where it represents invoice value and other charges incurred thereon. Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale. Cost of work in process and finished goods includes direct cost of materials, direct cost of labour and production overheads.

4.11 Impairment losses

4.11.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occuring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and quanlitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

4.11.2 Non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indications exist, the assets' recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.12 Ijarah

In ijarah transactions' significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard 2 – 'Ijarah', issued by the Institute of Chartered ccountants of Pakistan, requires the recognition of 'ujrah payments' (lease rentals) against ijarah financing as an expense in the profit or loss on a straight-line basis over the ijarah term.

4.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, 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.

4.14 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupee using the exchange rates approximating those prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange approximating those prevailing at the balance sheet date. Exchange gains / losses on translation are included in income currently.

4.15 Revenue recognition

Revenue is recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer. Revenue from sale of goods is recognised at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognised on delivery of goods. Delivery occurs when the products have been shipped to / or and delivered to the customer's destination / specific location, the risks of loss have been transferred to the customer and the customer has accepted the product.

The consideration which the Company receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. Revenue is measured based on the consideration specified in a contract with a customer, net of returns, amounts collected on behalf of third parties (sales taxes etc), pricing allowances, other trade discounts, volume rebates and couponing, price promotions to consumers / customers and any other consideration payable to customers. The level of discounts, allowances and promotional rebates are recognized, on estimated basis using historical experience and the specific terms of the arrangement, as a deduction from revenue at the time that the related sales are recognized or when such incentives are offered to the customer or consumer. Sales return provisions are recognized as deduction from revenue based on terms of the arrangements with the customer and are included in trade and other payables. No asset is recognized for returns as they are not anticipated to be resold. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company provides retrospective discounts to its customers on all products purchased by the customer once the quantity of products purchased during the period exceeds a threshold specified in the contract. A contract liability is recognised for expected discount payable to customers in relation to sales made until the end of the reporting period. Further, a contract liablity is also recognised for short term advances that the Company receives from its customers.

4.16 Miscellaneous income

Miscellaneous income including export rebate is recognised on receipt basis.

4.17 Interest / Mark up income / late payment by trade debtors

Income on late payment by trade debtors is recognised on accrual basis.

4.18 Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

4.19 Income from debt securities

Income on bank deposit and debt securities is recognised on a time proportion basis using effective interest rate method.

4.20 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

4.21 Research and development

Research and development expenditure is charged to profit and loss account in the period in which it is incurred.

4.22 Dividends

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognised in the period in which these are approved.

4.23 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

		2020	2019
		(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**4,478,220**	4,078,212
Capital work-in-progress	5.4	**359,551**	498,543
		4,837,771	4,576,755

5.1 Operating fixed assets:

	Leasehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Office and other equipments	Computers	Laboratory equipments	Vehicles	Total
2020									
(Rupees in thousand)									
At 1 July 2019									
Cost	**232,549**	**2,381,611**	**2,594,700**	**139,257**	**210,631**	**183,525**	**40,418**	**57,135**	**5,839,826**
Accumulated depreciation	**(36,859)**	**(338,666)**	**(1,057,873)**	**(69,392)**	**(86,088)**	**(133,902)**	**(17,074)**	**(21,760)**	**(1,761,614)**
Net book value	**195,690**	**2,042,945**	**1,536,827**	**69,865**	**124,543**	**49,623**	**23,344**	**35,375**	**4,078,212**
Additions / transfer - note 5.4.1	**-**	**299,295**	**503,073**	**12,429**	**17,900**	**36,910**	**10,162**	**19,676**	**899,445**
Disposals									
Cost	**-**	**-**	**(3,284)**	**(203)**	**(1,507)**	**(3,492)**	**-**	**(23,644)**	**(32,130)**
Accumulated depreciation	**-**	**-**	**3,284**	**146**	**1,489**	**3,408**	**-**	**7,016**	**15,343**
	-	**-**	**-**	**(57)**	**(18)**	**(84)**	**-**	**(16,628)**	**(16,787)**
Depreciation charge for the year	**(4,198)**	**(80,327)**	**(289,027)**	**(23,723)**	**(35,451)**	**(31,734)**	**(5,135)**	**(13,055)**	**(482,650)**
Closing net book value	**191,492**	**2,261,913**	**1,750,873**	**58,514**	**106,974**	**54,715**	**28,371**	**25,368**	**4,478,220**
At 30 June 2020									
Cost	**232,549**	**2,680,906**	**3,094,489**	**151,483**	**227,024**	**216,943**	**50,580**	**53,167**	**6,707,141**
Accumulated depreciation	**(41,057)**	**(418,993)**	**(1,343,616)**	**(92,969)**	**(120,050)**	**(162,228)**	**(22,209)**	**(27,799)**	**(2,228,921)**
Net book value	**191,492**	**2,261,913**	**1,750,873**	**58,514**	**106,974**	**54,715**	**28,371**	**25,368**	**4,478,220**
Useful life (years)	**38 - 99**	**5 - 60**	**5 - 10**	**5**	**5 - 10**	**3**	**5 - 10**	**5**	
2019									
At 1 July 2018									
Cost	232,549	1,957,832	2,050,344	151,332	218,534	183,724	40,968	80,454	4,915,737
Accumulated depreciation	(32,664)	(285,244)	(884,124)	(68,103)	(75,237)	(152,671)	(19,187)	(42,767)	(1,559,997)
Net book value	199,885	1,672,588	1,166,220	83,229	143,297	31,053	21,781	37,687	3,355,740
Additions / transfer - note 5.4.1	-	432,233	619,090	9,623	18,690	45,241	5,435	31,136	1,161,448
Disposals									
Cost	-	(8,454)	(74,734)	(21,698)	(26,593)	(45,440)	(5,985)	(54,455)	(237,359)
Accumulated depreciation	-	6,189	72,623	21,511	23,677	44,997	5,682	32,394	207,073
	-	(2,265)	(2,111)	(187)	(2,916)	(443)	(303)	(22,061)	(30,286)
Depreciation charge for the year	(4,195)	(59,611)	(246,372)	(22,800)	(34,528)	(26,228)	(3,569)	(11,387)	(408,690)
Closing net book value	195,690	2,042,945	1,536,827	69,865	124,543	49,623	23,344	35,375	4,078,212
At 30 June 2019									
Cost	232,549	2,381,611	2,594,700	139,257	210,631	183,525	40,418	57,135	5,839,826
Accumulated depreciation	(36,859)	(338,666)	(1,057,873)	(69,392)	(86,088)	(133,902)	(17,074)	(21,760)	(1,761,614)
Net book value	195,690	2,042,945	1,536,827	69,865	124,543	49,623	23,344	35,375	4,078,212
Useful life (years)	38 - 99	5 - 60	5 - 10	5	5 - 10	3	5 - 10	5	

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

		2020	2019
		(Rupees in thousand)	
Cost of sales	23	**374,441**	305,912
Distribution costs	24	**16,752**	16,966
Administrative expenses	25	**91,457**	85,812
		482,650	408,690

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5.3 The details of property, plant and equipment having net book value of Rs. 500,000 and above sold / disposed of during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser and relationship
	(Rupees in thousand)						
Vehicles	1,143	487	656	603	(53)	Company Policy	Asadullah Khan Company's Executive
Vehicles	1,967	201	1,767	2,184	417	Company Policy	Wajahat Ijaz Company's Executive
Vehicles	1,215	228	987	1,159	172	Company Policy	Saeed Ahmed Company's Executive
Vehicles	1,012	101	911	1,013	102	Company Policy	Muhammad Fawad Khan Company's Executive
Vehicles	1,275	133	1,142	1,300	158	Company Policy	Sameeullah Company's Executive
Vehicles	1,784	112	1,673	1,684	11	Company Policy	Farhan Parekh Company's Executive
Vehicles	873	29	844	867	23	Company Policy	Nouman Nadeem Company's Executive
Vehicles	1,697	283	1,414	1,608	194	Company Policy	M. Azam Company's Executive
Vehicles	975	75	900	1,150	250	Company Policy	Syed Zia ul Husain Company's Executive
Vehicles	980	57	923	1,242	319	Company Policy	Abdul Kaleem Company's Executive
Vehicles	532	30	502	688	186	Company Policy	Aneeque Khan Khakwani Company's Executive
Vehicles	1,013	92	921	1,053	132	Company Policy	Syed Anas Ali Tirmizi Company's Executive
Total	14,466	1,827	12,640	14,551	1,911		

5.4 Capital work-in-progress (CWIP)

	2020	2019
	(Rupees in thousand)	
Civil work	**53,395**	173,484
Plant and machinery	**80,066**	107,473
Office equipment	**152**	7,092
Advance against acquisition of land	**224,936**	210,494
Advance against computer	**1,002**	-
	359,551	498,543

5.4.1 During the year the additions to CWIP and transfer of respective assets amounted to Rs. 428.07 million (2019: Rs. 548.296 million) and Rs. 574.76 million (2019: Rs. 850.59 million) respectively.

5.5 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of immovable property	Total Area (In Sq. Ft.)	Covered Area (In Sq. Ft.)
Corporate office	Office Building	45,099	40,589
S.I.T.E.	Manufacturing plant	76,491	62,029
Port Qasim	Manufacturing plant	435,600	265,556
Nooriabad	Manufacturing plant	602,951	120,112
Gujranwala	Manufacturing plant	130,000	36,000
Multan	Warehouse	43,560	43,560

			2020	2019
			(Rupees in thousand)	
6.	**INTANGIBLES**			
	Computer software and ERP System	6.1	**37,301**	77,083
	Systems under development	6.3	**7,861**	3,135
			45,162	80,218
6.1	**Computer software and ERP System**			
	Net carrying value basis			
	Opening net book value		**77,083**	70,196
	Additions (at cost) / transfer		**3,514**	54,691
	Amortisation for the year		**(43,296)**	(47,804)
	Closing net book value		**37,301**	77,083
	Gross carrying value basis			
	Cost		**276,434**	272,920
	Accumulated amortisation		**(239,133)**	(195,837)
	Net book value		**37,301**	77,083
	Useful life (years)		**3**	3

6.2 The amortization charge for the year has been allocated as follows:

		2020	2019
		(Rupees in thousand)	
Cost of sales	23	**6**	-
Distribution costs	24	**-**	591
Administrative expenses	25	**43,290**	47,213
		43,296	47,804

6.3 This represent amount given to vendor for the development of software which is expected to be capitalised next year.

			2020	2019
			(Rupees in thousand)	
7.	**LONG TERM INVESTMENT**			
	Investment at fair value through profit or loss (FVTPL)	7.1	**30,000**	-
	Investment in subsidiary - at cost	7.2	**31,719**	31,719
			61,719	31,719

7.1 On 25 February 2020, the Company subscribed 2,999,500 ordinary shares of Rs.10 each in Naimat Collateral Management Company Limited (NCMCL) for Rs. 30,000,000. The Company's shareholding gives it ownership interest and voting power of 10% in NCMCL. NCMCL is an unlisted public company that was incorporated under Companies Act, 2017 on 21 January 2020 and has its registered office at C-25/B, Block 4, Clifton, Karachi Saddar Town, Sindh, Pakistan. It is engaged in the business of providing storage and preservation services for a range of agricultural commodities as well as issuing credible warehouse receipts for agricultural commodity financing.

7.2 National Foods DMCC (NF DMCC)

National Foods DMCC (NF DMCC) was registered on 7 November 2012 in Dubai Multi Commodities Centre ("DMCC") pursuant to Dubai (DMCC) Law No. 4 of 2001 and operates in the United Arab Emirates ("UAE") under a trade license issued by DMCC.

The primary objective of NF DMCC is to boost export sales of its parent company through trading in food stuff and other services. NF DMCC also has following two wholly owned direct subsidiaries and one indirect subsidiary as follows:

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National Foods Pakistan (UK) Limited

National Foods Pakistan (UK) Limited was incorporated in United Kingdom on 29 May 2013 as a private company under the UK Companies Act, 2006. The company is a wholly owned subsidiary of National Foods DMCC and is principally engaged in the trading of food products.

National Epicure Inc.

National Epicure Inc. ("NEI") was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. NEI is a wholly owned subsidiary of National Foods DMCC. NEI is principally engaged in the trading of food products.

A-1 Bags & Supplies Inc.

A 1 Bags & Supplies Inc. (the "Company") was incorporated under the Business Corporations Act of Ontario on March 14, 2001. National Epicure Inc. acquired 60% holding in A-1 Bags and Supplies in the year 2017 and is principally engaged in distribution and wholesale of food products, disposables, janitorial and sanitation products.

			2020	2019
			(Rupees in thousand)	
8.	**STOCK-IN-TRADE**			
	Raw materials	8.1	**1,236,970**	924,038
	Provision for obsolescence		**(15,140)**	(19,652)
			1,221,830	904,386
	Packing materials	8.1	**499,818**	463,356
	Provision for obsolescence		**(42,774)**	(42,867)
			457,044	420,489
	Work in process		**1,369,242**	1,671,610
	Provision for obsolescence		**(24,829)**	(31,133)
			1,344,413	1,640,477
	Finished goods	9.1 & 9.2	**1,041,286**	1,047,006
	Provision for obsolescence		**(20,865)**	(56,660)
			1,020,421	990,346
			4,043,708	3,955,698

8.1 Stock in trade includes Rs. 1.98 billion (2019: Rs. 2.04 billion) held with third parties for the purpose of further distribution to end customers and packaging purposes.

8.2 The above balances include items costing Rs. 35.13 million (2019: Rs. 65.17 million) valued at net realisable value of Rs. 28.84 million (2019: Rs. 47.29 million).

8.3 During the year, the Company has made reversal / (2019: charge) in provision for obsolescence of Rs. 35.11 million (2019: Rs. 59.2 million) and has written off stocks against the provision amounting to Rs. 68.88 million (2019: Rs. 53.9 million).

	Note	2020	2019
		(Rupees in thousand)	
9. TRADE DEBTS			
Considered good - unsecured			
- Related parties	9.2	**824,480**	597,371
- Others		**877,924**	303,977
		1,702,404	901,348
Considered doubtful		**20,222**	69,564
		1,722,626	970,912
Allowance for impairment	9.1	**(20,222)**	(69,564)
		1,702,404	901,348

9.1 The movement in the allowance for impairment for trade debts is as follows:

	2020	2019
	(Rupees in thousand)	
Opening allowance for impairment	**69,564**	113,774
Charge / (reversal) for the year - net*	**(16,694)**	17,283
Write-off during the period	**(32,648)**	(61,493)
Closing allowance for impairment	**20,222**	69,564

*During the year the Company has recovered Rs. NIL (2019: 7 million) which had been written off in the prior year.

9.1.1 During the year the Company has written-off trade debts amounting to Rs. 5.99 million (2019: Nil).

9.2 Receivable from related parties

	2020	2019
National Foods DMCC	**824,480**	597,371

9.2.1 The maximum aggregate amount due from the related party at the end of any month during the year are as follows:

	2020	2019
	(Rupees in thousand)	
National Foods DMCC	**828,798**	615,200

As at 30 June 2020, the gross amount of trade debts due from related parties is Rs. 824.5 million (2019: Rs. 597.4 million) out of which Rs. 340.02 million (2019: Rs.207.67 million) were past due. The ageing of these trade debts is up to 3 months.

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9.2.2 The Company has made export sales amounting to Rs. 1,476 million. Exports sales represents sales made to NF DMCC - a wholly owned subsidiary of the Company and that to another customer, in United Arab Emirates and Afghanistan respectively.

	Note	2020	2019
		(Rupees in thousand)	
10. ADVANCES			
Considered good			
Employees - against expenses	10.1	**15,207**	942
Suppliers		**125,295**	107,314
		140,502	108,256
Considered doubtful			
Suppliers		**27,684**	27,684
		168,186	135,940
Provision for doubtful advances to suppliers		**(27,684)**	(27,684)
		140,502	108,256

10.1 These advances do not carry any mark up arrangement.

	Note	2020	2019
11. TRADE DEPOSITS AND PREPAYMENTS			
Considered good			
Deposits	11.1	**9,000**	9,000
Prepayments		**51,439**	33,290
		60,439	42,290

11.1 These trade deposits and prepayments are mainly against rent, insurance and utilities and are not considered doubtful. These do not carry any mark up arrangement.

	Note	2020	2019
		(Rupees in thousand)	
12. OTHER RECEIVABLES			
Due from related parties			
- ATC Holdings (Private) Limited (formerly Associated Textile Consultants (Private) Limited)	12.1	**5,894**	1,511
- Director	12.1	**5**	-
		5,899	1,511
Others		**2,200**	398
		8,099	1,909

12.1 The balances due from related parties are past due by more than six months but not considered impaired.

	Note	2020	2019
		(Rupees in thousand)	
13. CASH AND BANK BALANCES			
Cash in hand		**2,024**	984
Cash at bank - current account			
- local currency	13.1	**246,438**	149,872
- foreign currency		**338,365**	249,442
		584,803	399,314
		586,827	400,298

13.1 The current accounts are placed with banks under conventional banking arrangements.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
Number of Shares			(Rupees in thousand)	
2,511,980	2,511,980	Ordinary shares of Rs. 5 (2019: Rs. 5) each issued for consideration paid in cash	**12,560**	12,560
146,681,892	121,816,247	Ordinary shares of Rs. 5 (2019: Rs. 5) each as fully paid bonus shares	**733,409**	609,081
149,193,872	124,328,227		**745,969**	621,641

14.1 As at 30 June 2020, ATC Holdings (Private) Limited (formerly Associated Textile Consultants (Private) Limited) (ultimate parent company) held 49,979,562 (2019: 41,229,268) ordinary shares of the Company.

	Note	2020	2019
		(Rupees in thousand)	
15. LONG TERM FINANCE			
Secured long-term finances utilised under mark-up arrangements	15.1	**1,034,485**	487,116
Classified under current liability		**(197,454)**	(69,144)
		837,031	417,972
Deferred income - government grant	15.2	**35,073**	-
Current portion of deferred income - government grant		**(22,869)**	-
		12,204	-
		849,235	417,972

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15.1 This represents long term finance facility of Rs. 250 million for ten years, Long term loan of Rs. 300 million for six years, Long term loan of Rs. 300 million for ten years & salary refinance loan of Rs. 351.5 million obtained from commercial bank having mark-up at the rate of State Bank of Pakistan (SBP) base rate + 0.3% (effective rate: 3.3%), 3 months Kibor + 0.1%, 3 months Kibor + 0.4% & SBP base rate + 2% of (effective rate: 2%) respectively. The loans are secured by way of hypothecation of the Company's present and future fixed assets and hypothecation of the Company's present and future stocks and receivables.

15.2 Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The company has obtained the said borrowing from Habib Bank Limited ("HBL") at subsidized rate on 25 June 2020 at 2% concessional interest rate which is repayable by October 2022 in 8 quarterly installments to HBL under the SBP scheme.

Government grant amounting to Rs. 35 million has been recorded during the year ended 30 June 2020 and Rs. 0.343 million has been amortised during the year. In accordance with the terms of the grant, the company is prohibited to lay-off its employees for three months from the disbursement of the loan.

	2020	2019
	(Rupees in thousand)	
16. DEFERRED TAXATION - net		
Credit / (debit) balance arising in respect of:		
Accelerated tax depreciation / amortisation	**394,373**	371,105
Provision for stock obsolescence	**(27,744)**	(40,536)
Provision for doubtful trade debts	**(5,415)**	(18,760)
Long-term finance	**(9)**	-
Provision for retirement benefits obligations and other provisions	**(70,687)**	(84,936)
	290,518	226,873
17. DEFERRED LIABILITIES		
Pension Plan	**50,165**	34,276
Pensioners' Medical Plan	**30,358**	31,939
	80,523	66,215

17.1 The Company operates a funded pension scheme and post retirement medical benefit for chief executive, one non-executive and one former director. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at 30 June 2020.

17.2 Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882, the Companies Act, 2017, the Income Tax Rules, 2002 and Rules under the Trust Deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the Trustees and all Trustees are employees of the Company.

17.3 The latest actuarial valuation of the Fund as at 30 June 2020 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

17.4 Balance sheet reconciliation

	Pension Plan		Pensioners' Medical Plan	
	2020	2019	2020	2019
	(Rupees in thousand)		(Rupees in thousand)	
Present value of defined benefit obligations	180,215	156,293	84,866	81,984
Fair value of plan assets	(130,050)	(122,017)	(54,508)	(50,045)
	50,165	34,276	30,358	31,939

17.5 Movement in the net liability recognised in the balance sheet

	Pension Plan 2020	Pension Plan 2019	Pensioners' Medical Plan 2020	Pensioners' Medical Plan 2019
Opening balance	34,276	11,715	31,939	30,651
Remeasurements recognised in other comprehensive income	5,339	28,914	(4,127)	32,071
Charge / (income) for the year	10,550	5,362	6,168	3,999
Contribution made	-	(11,715)	-	(30,651)
Payments made to members (beneficiaries) by Company	-	-	(3,622)	(4,131)
Closing balance	50,165	34,276	30,358	31,939

17.6 Remeasurements recognised in other comprehensive income

	Pension Plan 2020	Pension Plan 2019	Pensioners' Medical Plan 2020	Pensioners' Medical Plan 2019
Re-measurements: Actuarial (gain) / loss on obligation				
- (Gain) / Loss due to change in financial assumptions	(2,700)	1,904	1,044	(852)
- (Gain) / Loss due to change in experience adjustments	1,186	16,044	(8,046)	31,017
Actuarial (gain) / loss on defined benefit obligation	(1,514)	17,948	(7,002)	30,165
Re-measurements: Return on plan assets				
- Actual return on plan assets	10,881	472	4,463	80
- Interest income on plan assets	17,734	11,438	7,338	1,986
Net re-measurement recognised in other comprehensive income	6,853	10,966	2,875	1,906
Total defined benefit cost recognised in other comprehensive income	5,339	28,914	(4,127)	32,071

17.7 Expense recognised in profit and loss account

	Pension Plan 2020	Pension Plan 2019	Pensioners' Medical Plan 2020	Pensioners' Medical Plan 2019
Component of defined benefit costs recognized in profit and loss account				
Current service cost	5,551	4,185	1,840	1,076
Net interest cost				
- Interest cost on defined benefit obligation	22,733	12,615	11,666	4,909
- Interest income on plan assets	(17,734)	(11,438)	(7,338)	(1,986)
	4,999	1,177	4,328	2,923
	10,550	5,362	6,168	3,999

17.8 Movement in the present value of defined benefit obligations

	Pension Plan 2020	Pension Plan 2019	Pensioners' Medical Plan 2020	Pensioners' Medical Plan 2019
Obligation as at July 1	156,293	126,254	81,984	49,965
Current service cost	5,551	4,185	1,840	1,076
Interest cost	22,733	12,615	11,666	4,909
Benefits paid	(2,848)	(4,709)	(3,622)	(4,131)
Actuarial loss / (gain)	(1,514)	17,948	(7,002)	30,165
Obligation as at June 30	180,215	156,293	84,866	81,984

17.9 Movement in the fair value of plan assets

	Pension Plan 2020	Pension Plan 2019	Pensioners' Medical Plan 2020	Pensioners' Medical Plan 2019
As at July 1	122,017	114,539	50,045	19,314
Expected return on plan assets	17,734	11,438	7,338	1,986
Contribution made	-	11,715	-	30,651
Benefits paid	(2,848)	(4,709)	-	-
Return on plan assets excluding interest	(6,853)	(10,966)	(2,875	(1,906)
As at June 30	130,050	122,017	54,508	50,045

17.10 Plan assets comprise of the following:

	Pension Plan 2020	Pension Plan 2019	Pensioners' Medical Plan 2020	Pensioners' Medical Plan 2019
Special Savings Certificates	-	5,880	-	2,412
Cash at bank	47,244	105,808	19,801	4,237
Investment in mutual fund	82,806	10,330	34,707	43,396
	130,050	122,018	54,508	50,045

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17.11 Principal actuarial assumptions

	2020	2019
Expected rate of increase in salaries	9.25%	14.50%
Expected rate of increase in pension	4.25%	9.50%
Expected rate of increase in medical benefits	9.25%	14.50%
Discount factor used	9.25%	14.50%
Mortality rate	SLIC (2001-05)	SLIC 2001 - 2005
Rates of employee turnover	Moderate	Moderate

17.12 Components of defined benefit cost for the next year

	2020	
	Pension Plan	Pensioners' Medical Plan
	(Rupees in thousand)	
Current service cost	6,511	1,809
Interest cost on defined benefit obligation	16,770	7,742
Interest income on plan assets	(12,119)	(5,056)
Net interest cost	4,651	2,686
Cost for the next year to be recognized in statement of profit or loss	11,162	4,495

17.13 In case of the funded plans, the Company ensures that the investment positions are managed within an Asset-Liability Matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

17.14 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation - Increase / decrease in liability	
	(Rupees in thousand)		
	2020		
Discount rate at June 30	1.00%	305,338	232,141
Future salary increases	1.00%	189,640	171,237
Future pension increases	1.00%	198,657	164,324
Medical cost increases	1.00%	96,252	75,428
	2019		
Discount rate at June 30	1.00%	210,078	272,585
Future salary increases	1.00%	164,462	148,562
Future pension increases	1.00%	170,879	143,602
Medical cost increases	1.00%	92,648	73,114

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

17.15 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of the related obligation.

17.16 The weighted average duration of defined benefit obligation of pension plan and pensioners' medical plan is 12.99 years and 11.23 years respectively.

17.17 During the year, the Company contributed Rs. 26.69 million (2019: Rs. 80.98 million) to the provident fund.

			2020	2019
			(Rupees in thousand)	
18.	**TRADE AND OTHER PAYABLES**			
	Creditors		**730,085**	293,092
	Accrued liabilities	18.1	**2,323,933**	1,829,759
	Workers' Profit Participation Fund	18.2	**70,765**	67,623
	Workers' Welfare Fund		**128,702**	99,364
	Payable to Provident Fund	18.3	**41,939**	4,218
	Refund Liabilities	18.4	**53,152**	38,752
	Tax deducted at source		**157,957**	137,668
	Advances from employees against sale of vehicles		**92,672**	85,426
	Other liabilities		**58,088**	14,284
	Due to related party			
	- Director	18.5	**-**	31
			3,657,293	2,570,217

18.1 This includes liability against Gas Infrastructure Development Cess of Rs. 73.49 million (2019: Rs. 63.54 million).

18.1 Workers' Profit Participation Fund

	2020	2019
Payable / (receivable) as at July 1	**67,623**	58,111
Allocation for the year	**73,343**	64,887
	140,966	122,998
Amount paid during the year	**(70,201)**	(55,375)
Payable as at June 30	**70,765**	67,623

18.3 All investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act 2017 and the conditions specified thereunder.

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18.4 This relates to consideration received from the customers for goods sold which the Company expects to fully or partially refund to the customers in accordance with the requirements of IFRS 15 for goods to be returned.

18.5 This relates to remuneration payable to director.

			2020	2019
			(Rupees in thousand)	
19.	**CONTRACT LIABILITY**			
	Sales discount payable		**276,172**	269,270
	Advances from customers		**82,031**	74,962
			358,203	344,232
20.	**SHORT-TERM BORROWINGS**			
	Secured			
	Conventional			
	Running finance under mark up arrangements	20.1	**54,078**	805,047
	Export re-finance	20.2	**500,000**	500,000
	Money market loan		**-**	300,000
	Islamic			
	Running finance under Musharakah	20.3	**326**	296,585
			554,404	1,901,632

20.1 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The effective rates of mark-up on these finances range from 8.33% to 14.31% (2019: 7.00% to 13.90%) per annum. The facilities are expiring on various dates upto 31 January 2021 and are renewable.

20.2 The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The effective rate of mark-up on this facility is 3.0% (2019: 3.0%) per annum.

20.3 The Company has obtained facilities for short term finance under Running Musharakah. The effective rate of profit is 8.63% to 15.71% (2019: 7.00% to 13.9%) per annum. This facility matures within twelve months and is renewable.

20.4 The facilities available from various banks amount to Rs. 2.9 billion (2019: Rs. 2.74 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's current and future movable assets having aggregate charge amounting to Rs. 4.7 billion.

20.5 As at 30 June 2020, the unavailed facilities from the above borrowings amounted to Rs. 2.35 billion (2019: Rs. 0.84 billion).

21. COMMITMENTS

21.1 The facilities for opening letters of credit amount to Rs. 3.16 billion (2019: Rs. 1.79 billion) and for letters of guarantee amount to Rs. 141 million (2019: Rs. 141 million) as at 30 June 2020 of which the amount remaining unutilised at year end were Rs. 3.11 billion (2019: Rs. 1.34 billion) and Rs. 46 million (2019: Rs. 104.26 million) respectively.

21.2 Aggregate commitments for capital expenditure as at 30 June 2020 amount to Rs. 514.66 million (2019: Rs. 411.96 million).

21.3 Aggregate commitments in respect of ujrah payments for ijarah financing of motor vehicles bearing a mark up ranging from six months KIBOR + 0.75% to six months KIBOR + 2% (2019: six months KIBOR + 0.6% to six months KIBOR + 0.9%) per annum for rentals payable monthly as at 30 June 020 amount to:

	2020	2019
	(Rupees in thousand)	
Not later than one year	131,085	86,338
Later than one year but not later than five years	213,543	140,617
	344,628	226,955

22. SALES

	Note	2020	2019
		(Rupees in thousand)	
- Local sales		27,572,751	23,915,209
- Export sales	22.1	1,475,896	1,223,300
Gross sales		29,048,647	25,138,509
Less: Sales tax		(3,845,288)	(3,344,034)
		25,203,359	21,794,475
Less:			
- Discount, rebates and allowances		(5,412,983)	(4,787,473)
- Sales return		(531,659)	(404,796)
		(5,944,642)	(5,192,269)
		19,258,717	16,602,206

22.1 Exports sales represents sales made to NF DMCC - a wholly owned subsidiary of the Company and that to another customer, in United Arab Emirates and Afghanistan respectively.

22.2 DISAGGREGATION OF REVENUE

As required for the unconsolidated financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

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	2020	2019
	(Rupees in thousand)	
Primary geographical markets:		
Local	27,572,751	23,915,210
United Arab Emirates	1,471,018	1,170,480
Afghanistan	4,878	52,820
	29,048,647	25,138,509
Major Product Lines:		
Food Products	11,464,321	9,471,689
Kitchen Products	17,584,327	15,666,820
	29,048,647	25,138,509

23. COST OF SALES

	Note	2020	2019
		(Rupees in thousand)	
Raw material consumed		6,837,152	6,287,378
Packing material consumed		3,204,156	3,025,852
Stores and spares consumed		234,922	242,001
Brine and cutting charges		49,963	39,829
Salaries, wages and other benefits		1,178,551	1,098,637
Contribution to provident fund		22,127	17,949
Depreciation	5.2	374,441	305,912
Amortisation	6.2	6	-
Ujrah payments		31,629	24,944
Fuel and power		397,860	344,335
Insurance		20,456	20,391
Laboratory, research and development		9,076	12,296
Postage and communications		7,451	5,276
Printing and stationery		611	870
Rent, rates and taxes		195,952	186,017
Travelling		152,993	154,423
Repairs and maintenance		76,537	71,714
Security charges		29,248	23,090
Inventory destruction charges		39,634	23,303
Others		21,544	25,403
		12,884,309	11,909,620
Opening work in process		1,640,477	1,368,021
Closing work in process		(1,344,413)	(1,640,477)
Cost of goods manufactured		13,180,373	11,637,164
Opening stock of finished goods		990,346	636,220
Closing stock of finished goods		(1,020,421)	(990,346)
		13,150,298	11,283,038

	Note	2020	2019
		(Rupees in thousand)	
24. DISTRIBUTION COSTS			
Salaries, wages and other benefits		**721,092**	761,530
Advertising and sales promotion		**1,124,242**	896,967
Outward freight and handling charges		**905,123**	709,108
Contribution to provident fund		**25,915**	20,987
Depreciation	5.2	**16,752**	16,966
Amortisation	6.2	**-**	591
Ujrah payments		**56,292**	37,187
Fuel and power		**5,786**	3,451
Forwarding charges		**62,129**	91,984
Insurance		**24,125**	15,161
Laboratory, research and development		**90**	868
Professional charges		**503**	733
Printing and stationery		**3,725**	3,448
Rent, rates and taxes		**221,355**	172,647
Travelling		**182,691**	164,855
Repairs and maintenance		**19,335**	23,725
Security charges		**-**	3
Postage and communications		**6,745**	-
Others		**5,629**	2,001
		3,381,529	2,922,212

	Note	2020	2019
		(Rupees in thousand)	
25. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	25.1	**480,252**	408,550
Contribution to provident fund		**16,372**	14,311
Depreciation	5.25.2	**91,457**	85,812
Amortisation	6.2	**43,290**	47,213
Ujrah payments		**33,124**	27,501
Fuel and power		**12,491**	30,781
Insurance		**9,437**	11,639
Legal and professional charges		**103,880**	52,062
Postage and communications		**5,145**	22,745
Printing and stationery		**2,180**	5,520
Rent, rates and taxes		**8,298**	6,365
Travelling		**54,857**	65,339
Repairs and maintenance		**165,019**	126,570
Security charges		**5,965**	10,692
Others		**48,856**	88,127
Laboratory, Research & Development		**60**	-
Advertising and sales promotion		**6,207**	2,677
		1,086,890	1,005,904

25.1 Salaries, wages and other benefits include Rs. 16.72 million (2019: Rs. 9.36 million) in respect of charge for retirement benefit plans.

	Note	2020	2019
		(Rupees in thousand)	
26. OTHER EXPENSES			
Workers' Profits Participation Fund		**73,343**	64,887
Workers' Welfare Fund		**32,221**	22,317
Auditors' remuneration	26.1	**3,843**	3,462
Donations	26.2	**13,703**	18,087
		123,110	108,753
26.1 Auditors' remuneration			
Audit fee		**2,054**	1,850
Limited review, special reports and other certifications		**1,478**	1,332
Out of pocket expenses		**311**	280
		3,843	3,462
26.2 Donations to following Organizations and Trusts exceed 10% of the company's total amount of donation orRs. 1 million, whichever is higher:			
The Citizens Foundation		**2,800**	10,400

Donations did not include any amount paid to any person or organization or institution in which a director or his/her spouse had any interest.

	Note	2020	2019
		(Rupees in thousand)	
27. OTHER INCOME			
Exchange gain	27.1	**151,157**	204,949
Return on savings account and term deposits - conventional		**9,179**	4,776
Profit on disposal of property, plant and equipment		**19,598**	32,324
Export rebate		**479**	1,915
Rental income		**5,360**	8,687
Amortisation of government grant		**343**	-
Others		**32,311**	2,011
		218,427	254,662

27.1 Income earned from exchange gain is actual currency and not from derivative financial instrument.

	Note	2020	2019
		(Rupees in thousand)	
28. FINANCE COSTS			
Mark-up on:			
- Short-term running finances	28.1	**47,204**	69,002
- Export refinance facility		**11,511**	9,521
- Short-term loans from Islamic bank	28.2	**3,341**	19,269
- Long-term loans	28.3	**74,746**	31,558
Bank charges and other costs		**27,085**	27,720
		163,887	157,070

28.1 This represents markup on running finance balance obtained from commercial banks.

28.2 This represents markup on short term loans obtained from Islamic banks.

28.3 This represents markup on long term loan obtained from commercial banks.

	2020	2019
	(Rupees in thousand)	
29. TAXATION - net		
Current		
- for the year	**419,627**	236,999
- prior year	**-**	(92,800)
Deferred	**63,995**	127,547
	483,622	271,746

29.1 Income tax assessments of the Company are deemed to be finalised upto and including tax year 2019 on the basis of tax return filed under section 120 of Income Tax Ordinance 2001. However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in audit.

	2020	2019
	(Rupees in thousand)	
29.2 Relationship between income tax expense and accounting profit		
Profit before taxation	**1,588,124**	1,362,608
Tax at applicable rate of 29% (2019: 29%)	**460,556**	395,274
Tax effect of permanent differences	**80,530**	445
Tax effect of final tax regime	**(19,207)**	(12,233)
Effect of prior year tax	**-**	(92,800)
Effect of change in tax rate	**-**	(3,900)
Effect of super tax	**-**	-
Effect of tax credits	**-**	(32,158)
Others	**(38,257)**	17,118
	483,622	271,746

29.3 The excess provisions mainly pertains to super tax and expenses allocation ratio difference, booked in the respective years for which the Company has filed petitions in the High Court of Sindh.

	2020	2019
	(Rupees in thousand)	
30. EARNINGS PER SHARE		
30.1 Basic		
Profit after taxation attributable to ordinary shareholders	**1,104,502**	1,090,862
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year*	**149,193,872**	149,193,872
	(Rupees)	
Earnings per share	**7.40**	7.31

* weighted average number of ordinary shares outstanding during the comparative year has been adjusted for issuance of bonus shares.

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30.2 A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at balance sheet date which would have any effect on the earnings per share if the option to convert is exercised.

	2020	2019
	(Rupees in thousand)	
31. CASH GENERATED FROM OPERATIONS		
Profit before taxation	**1,588,124**	1,362,608
Adjustments for non-cash charges and other items		
Depreciation	**482,650**	408,690
Amortisation	**43,296**	47,804
Profit on disposal of property, plant and equipment	**(19,598)**	(32,324)
Amortisation of government grant	**(343**	-
Provision for slow moving stock	**(46,704)**	(52,964)
Impairment loss on trade debts	**(16,694)**	17,283
Finance costs	**163,887**	157,070
Retirement benefits expense	**81,131**	9,361
	687,625	554,920
Profit before working capital changes	**2,275,749**	1,917,528
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	**(52,559)**	(44,845)
Stock in trade	**(41,306)**	(830,443)
Trade debts	**(784,362)**	(29,246)
Advances	**(32,246)**	(6,112)
Trade deposits and prepayments	**(18,149)**	(5,427)
Other receivables	**(6,190)**	3,855
Sales tax refundable	**133,789**	(12,365)
	(801,023)	(924,583)
Increase / (decrease) in current liabilities		
Trade and other payables	**1,103,315**	445,376
Sales tax payable	**11,586**	-
Contract Liability	**13,971**	138,282
	1,128,872	583,658
	2,603,598	1,576,603

		2020	2019
		(Rupees in thousand)	
32. CASH AND CASH EQUIVALENTS			
Cash and bank balances		**586,827**	400,298
Running finance	20.1 & 20.4	**(54,404)**	(1,101,632)
		532,423	(701,334)

33. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

33.1 The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to chief executive, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
Managerial remuneration and allowances	28,752	23,135	-	-	338,002	267,361
Technical advisory fee	-	-	-	-	-	-
Utilities	2,875	2,314	10	4	33,800	26,736
Bonus / variable pay	16,291	3,856	-	-	137,916	71,907
Housing	12,938	10,411	-	-	152,101	120,313
Retirement benefits	2,875	2,314	-	-	33,256	24,264
Other expenses	2,139	1,267	4,195	5,194	131,204	120,397
	65,870	43,297	4,205	5,198	826,279	630,978
Number of persons	1	1	2	2	101	86

33.2 In addition to the above, fee paid to 6 (2019: 6) non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 2.70 million (2019: Rs. 1.45 million).

33.3 The Chief Executive, two non-executive directors and certain executives of the Company are also provided with Company maintained cars, residence and mobile telephones. The approximate value of this benefit is Rs. 39.39 million (2019: 35.81 million).

34. RELATED PARTY DISCLOSURES

Related parties comprise the Holding Company, subsidiaries (direct and indirect), entities with common directors, key management personnel, staff retirement funds, directors, major shareholders and key management personnel. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rates agreed under a contract/arrangement/agreement.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and Departmental Heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Disclosure of transactions between the Company and related parties:

Relationship with the Company	Nature of transaction	2020	2019
		(Rupees in thousand)	
Parent Company	Rental income	5,360	8,687
	Dividend paid	165,982	128,841
		No. of Shares	
	Bonus Shares issued (No. of shares)	8,299,094	6,871,545
		(Rupees in thousand)	
Subsidiary Company	Sale of goods	1,471,018	1,170,480
Associates	Purchases of good or services	-	2,291
	Payable balance	-	305
	Dividend paid	100,692	78,665
	Annual subscription	2,000	-
		No. of Shares	
	Bonus Shares issued (No. of shares)	5,034,619	4,195,466
Staff retirement funds	Expense charged for the year	64,414	53,247
	Payments to retirement contribution plan	26,693	80,983
	Contribution to defined benefit plans	-	42,367
Key management personnel compensation:			
Salaries and other short-term employee benefits		588,087	655,736
Contribution to Provident Fund		31,858	25,306
Retirement benefits		16,717	9,361

34.1 Outstanding balances related parties as at year end have been included in trade debts, other receivables and trade and other payables respectively. These are settled in ordinary course of business.

34.2 The following are the related parties with whom the Company had entered into transaction or have arrangement / agreement in place:

Name of the Related Party	Basis of association	Aggregate % of Shareholding
ATC Holdings (Private) Limited (formerly Associated Textile Consultants (Private) Limited)	Holding Company*	33.5%
National Foods Dubai Multi Commodities Centre	Subsidiary Company	100%
Pakistan Business Council	Associated Company due to common directorship	N/A
Naimat Collateral Company	Associated Company due to common directorship	10%

*It is the ultimate parent company based on control model as provided under IFRS 10.

35. PLANT CAPACITY AND PRODUCTION

	2020	2019
	Metric Tons	
Actual production of plants	100,414	94,743

35.1 The capacity and production of the Company's plants are indeterminable as these are multi-product and involve varying processes of manufacture.

36. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2020	2019
Total employees of the Company at the year end	722	753
Average employees of the Company during the year	738	744

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

37.1 Financial risk factors

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's activities expose it to variety of financial risks namely credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The Company's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility and provide maximum return to shareholders.

Financial assets and liabilities by category and their respective maturities:

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	(Rupees in thousand)						
Financial Assets							
Trade debts	-	-	-	1,702,404	-	1,702,404	1,702,404
Trade deposits	-	-	-	9,000	46,799	55,799	55,799
Advances to employees	-	-	-	15,207	-	15,207	15,207
Other receivables	-	-	-	8,099	-	8,099	8,099
Cash and bank balances	-	-	-	586,827	-	586,827	586,827
30 June 2020	-	-	-	2,321,537	46,799	2,368,336	2,368,336
30 June 2019	-	-	-	1,313,497	39,611	1,353,108	1,353,108
Financial liabilities							
Trade and other payables	-	-	-	3,299,869	-	3,299,869	3,299,869
Accrued interest/mark up	-	-	-	13,442	-	13,442	13,442
Long term finance	(197,454)	837,031	639,577	-	-	-	639,577
Short term borrowings	554,404	-	554,404	-	-	-	554,404
30 June 2020	356,950	837,031	1,193,981	3,313,311	-	3,313,311	4,507,292
30 June 2019	1,970,776	487,116	2,457,892	2,500,136	-	2,500,136	4,958,028
On balance sheet gap							
30 June 2020	(356,950)	(837,031)	(1,193,981)	(991,774)	46,799	(944,975)	(2,138,956)
30 June 2019	(1,970,776)	(487,116)	(2,457,892)	(1,187,581)	39,611	(1,147,970)	(3,605,862)
Off balance sheet items							
Letters of credit							
30 June 2020							49,604
30 June 2019							450,000
Letters of guarantees							
30 June 2020							95,113
30 June 2019							36,740

The financial instruments of the Company are designated as equity instruments and loans and receivables that are measured at amortised cost. The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37.2.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The financial assets exposed to the credit risk amount to Rs. 2.4 billion (2019: Rs. 1.4 billion).

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management.

The Company's maximum exposure to credit risk as at the reporting date is as follows:

	2020	2019
	(Rupees in thousand)	
Financial assets:		
Long-term deposits	46,799	39,611
Trade debts	1,702,404	901,348
Advances to employees	15,207	942
Trade deposits	9,000	9,000
Other receivables	8,099	1,909
Cash and bank balances	586,827	400,298
	2,368,336	1,353,108

Trade debts are shown net of allowance for impairment for expected credit loss. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. 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 following table provides information about the exposure to credit risk for trade debts from individual customers as at June 30, 2020:

	Gross carrying amount	Expected credit loss	Net carrying amount
	(Rupees in thousand)		
June 30. 2020			
Current (not past due)	829,765	1,886	827,879
1–30 days past due	639,661	2,769	636,892
31–60 days past due	214,102	2,786	211,316
61–90 days past due	8,453	331	8,122
90–120 days past due	2,601	214	2,387
120-180 days past due	16,240	2,251	13,989
180-360 days past due	2,444	625	1,819
More than 360 days past due	9,360	9,360	-
	1,722,626	20,222	1,702,404

	Gross carrying amount	Expected credit loss	Net carrying amount
	(Rupees in thousand)		
June 30. 2019			
Current (not past due)	561,116	122	560,994
1–30 days past due	242,779	33,897	208,882
31–60 days past due	100,146	110	100,036
61–90 days past due	7,435	178	7,257
90–120 days past due	2,734	133	2,601
120-180 days past due	19,728	1,447	18,281
180-360 days past due	3,892	595	3,297
More than 360 days past due	33,082	33,082	-
	970,912	69,564	901,348

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of A1+ or above as assigned by PACRA or JCR-VIS.

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk. The management does not expect any losses from non-performance by these counterparties.

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date.

37.1.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. Management monitors rolling forecasts of the Company's liquidity reserve which comprises of undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flows. The maturity of the Company's financial assets and liabilities are provided in these financial statements.

37.1.3 Market risks

Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at 30 June 2020 net financial assets of Rs. 1,162.85 million (2019: Rs. 846.81 million) were denominated in foreign currency which were exposed to foreign currency risk.

As at 30 June 2020 if the Pak Rupee had weakened by 5% (2019: 4%) against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 58.14 million (2019: Rs. 33.87 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated trade debts.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentage per annum.

Interest rate risk

The Company's only interest rate risk arises from borrowings as the Company has no interest-bearing assets. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

At 30 June 2020 the Company had variable interest bearing financial liabilities of Rs. 771.51 million (2019: Rs. 2,388.75 million), had the interest rates varied by 100 basis points (2019: 100 basis points) with all the other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs. 7.72 million (2019: Rs. 37.8 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

The sensitivity of 100 basis points (2019: 100 basis points) movement in interest rates has been used as historically (five years) floating interest rates have moved by an average of 100 basis points (2019: 100 basis points) per annum.

37.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2020				
	Short term borrowings used for cash management purpose	Other short term borrowings including related accrued markup	Long term borrowings classified as current [including related accrued markup] (refer note 16.2)	Retained earnings	Total
	(Rupees in thousand)				
Balance as at 1 July 2019	**1,122,032**	**802,696**	**492,644**	**3,695,688**	**6,113,060**
Changes from financing cash flows					
Repayment of loan	-	-	(69,144)	-	(69,144)
Proceeds from long term loan	-	-	651,492	-	651,492
Amortisation of government grant	-	-	(343)	-	(343)
Payments and repayments	-	(300,000)	-	-	(300,000)
Dividend paid	-	-	-	(497,313)	(497,313)
Total changes from financing activities	**-**	**(300,000)**	**582,005**	**(497,313)**	**(215,308)**
Other changes - interest cost					
Interest expense	47,204	14,852	74,746	-	136,802
Interest paid	(42,322)	(14,329)	(74,981)	-	(131,632)
Changes in running finance	(1,067,143)	-	-	-	(1,067,143)
Total loan related other changes	**(1,062,261)**	**523**	**(235)**	**-**	**(1,061,973)**
Total equity related other changes	**-**	**-**	**-**	**979,313**	**979,313**
Balance as at 30 June 2020	**59,771**	**503,219**	**1,074,414**	**4,177,688**	**5,815,092**

37.3 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 benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratio as at 30 June 2020 was as follows:

	2020	2019
	(Rupees in thousand)	
Total borrowings	**1,637,404**	2,163,486
Cash and bank balances	**(586,827)**	(400,298)
Net debt	**1,050,577**	1,763,188
Total Equity	**4,923,657**	4,317,329
Total capital	**5,974,234**	6,080,517
Gearing ratio	**18%**	29%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

37.4 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. Management considers fair value of financial assets approximate its fair value owing to their short term maturities and credit quality of counter parties.

38. OPERATING SEGMENT

38.1 These financial statements have been prepared on the basis of a single reportable segment.

38.2 All non current assets of the Company as detailed in note 6 to these financial statements as of reporting date are located in Pakistan.

38.3 The Company's customer base is diverse with no single customer accounting for more than 10% of net sales. Sales to domestic customers in Pakistan are 94.9% (2019: 95.1%) and to customer outside Pakistan are 5.1% (2019: 4.9%) of the revenue.

38.4 Management consider that revenue from its ordinary activities are shariah compliant.

Notes to the Financial Statements
FOR THE YEAR ENDED JUNE 30, 2020

39. CORRESPONDING FIGURES

Corresponding figures have been re-classified during the year for better and more appropriate presentation as below:

	Re-classified from	Re-classified to	2019 (Rupees in '000)
Contract Liability	Trade and other payables	Contract Liability	205,950

40. EVENTS OCCURRING AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on September 07, 2020 has proposed a final dividend of Rs. 5 per share amounting to Rs. 746 million and bonus issue of 1 share for each 4 shares held amounting to book value of Rs. 186 million for the year ended 30 June 2020. The approval of the shareholders of the Company for the dividend and bonus issue shall be obtained at the upcoming Annual General Meeting for the year ended 30 June 2020. The financial statements for the year ended 30 June 2020, do not include the effect of the proposed final cash dividend and bonus issue which will be accounted for in the year ending 30 June 2021.

41. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company on September 07, 2020.

Chief Executive Officer	Chief Financial Officer	Director

Consolidated Financial Statements 2020

Independent Auditors' Report to the Members of National Foods Limited

Opinion

We have audited the annexed consolidated financial statements of **National Foods Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **30 June 2020**, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report to the Members of National Foods Limited

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	**Revenue recognition** Refer notes 4.15 and 25 to the Group's consolidated financial statements. Revenue is recognized from sale of goods in accordance with applicable accounting standards and measured at net of discounts, rebates, allowances and sales return. We identified revenue recognition as key audit matter because of risk of incorrect measurement of revenue due to adjustments for discounts and rebates offered to customers and allowance for sales return. Further, revenue is one of the key performance indicators and there is a potential risk of non-recognition of revenue transactions in the appropriate period and risk of misapplication of IFRS 15 "Revenue from Contracts with Customers".	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • obtaining an understanding of the Group's sale of goods process and related controls, including assessing the design and testing of the implementation and operating effectiveness of the relevant key controls over revenue recognition, the calculation of discounts and rebates and allowance for sales return including timing of revenue recognition; • considering the appropriateness of the Group's accounting policies for revenue recognition including those relating to discounts, rebates and allowance for sales return and assessing compliance of those policies with applicable accounting standards; • obtaining and inspecting a sample of contracts with customers to understand the conditions required for discounts, rebates and allowance for sales return; • testing, on a sample basis, the accuracy of the amounts of discounts, rebates and allowance for sales return recognized by agreeing to individual customer agreements and perform recalculations; • testing, on a sample basis, invoices and inspecting credit notes issued subsequent to year end for completeness and accuracy of revenue and accruals for discounts, rebates and allowances to the customers; • comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; • assessing the adequacy of disclosures in respect of accounting and disclosures in accordance with the requirements of the applicable standards.
2.	**Valuation of Trade debtors** Refer notes 4.11.1 and 10 to the Group's consolidated financial statements. The Group has a significant balance of trade debts. Provision against doubtful debts is based on loss allowance for Expected Credit Loss (ECL). We identified valuation of trade debts as a key audit matter as it involves significant judgment in determining the recoverable amount of trade debts.	Our audit procedures to assess the valuation of debtors, among others involved the following: • obtaining an understanding of and assessing the design and testing implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review); • obtaining an understanding of management's basis for the determination of provision required at the year end and the receivables collection process; • assessing the method used by the Group for recognition of the allowance for ECL in accordance with the applicable standard and assessing the reasonableness of assumptions used; • testing the accuracy of the data on a sample basis extracted from the Group's accounting system which has been used to calculate the provision required including subsequent recoveries; and • reviewing the adequacy of the Group's disclosure included in the Group's unconsolidated financial statements.
3.	**Valuation of Stock-in-trade** Refer notes 4.10 and 9 to the consolidated financial statements. Stock-in-trade forms a significant part of the Group's total assets. Stock-in-trade comprise of raw material, work in process and finished good which are stated at lower of cost and estimated net realizable value (NRV). We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost and provisions for expired and obsolete inventories involves significant management judgment and estimation.	Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following: • obtaining an understanding of and assessing the design and testing implementation of management's controls designed to identify expired, obsolete as well as slow moving stocks close to expiry; • obtaining an understanding of and testing, on a sample basis, management's determination of NRV and the key estimates adopted, including future selling prices, future costs to complete work-in-process and costs necessary to make the sales, their basis of calculation, justification for the amount of the write-downs and provisions; and • checking on a sample basis specific provision for expired, obsolete as well as slow moving stocks close to expiry.
4.	**Capitalization of Property, Plant and Equipment** Refer notes 4.3 and 5 to the consolidated financial statements. The Group has made significant capital expenditure on building on leasehold land and plant and machinery. We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.	Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following: • obtaining an understanding of the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred for capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by

S. No.	Key audit matters	How the matters were addressed in our audit
		management including testing the calculation of related depreciation.
5.	**Impairment assessment of goodwill and other indefinite life intangible assets** Refer notes 4.4 and 7.1 to the consolidated financial statements. The Group has recognized goodwill and other indefinite life intangible assets from past acquisition. The Group is required to, at least annually, perform impairment assessments of goodwill and intangible assets that have an indefinite useful life. We identified annual impairment testing of goodwill and intangible assets that have an indefinite useful life as a key audit matter because of the inherent uncertainty and significant judgment involved in determining the assumptions to be used in forecasting and discounting future cash flows.	Our audit procedures to assess the impairment of goodwill and other indefinite life intangible assets, amongst others, included the following: • obtaining management's future cash flow forecasts and testing the mathematical accuracy of the underlying value-in-use calculations, comparision of historical budgets against actual result to assess the quality of management's forecast and agreeing them to approved budgets and business plans; • using our own valuation specialist to assist us in evaluating the assumptions and methodologies used by the group, in particular relating to the forecast revenue growth, profit margins, discount rate as well as assessing the integrity of the models used, including the accuracy of the underlying calculation of formulas and also assessing the sensitivity of key assumptions and inputs; and • assessing the appropriateness of the disclosures in the consolidated financial statements in accordance with the applicable accounting standards.

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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt**.

Date: 16 September 2020
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Consolidated Statement of Financial Position

AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
ASSETS			
Non - current assets			
Property, plant and equipment	5	5,252,873	5,037,451
Right-of-use assets	6	760,105	-
Intangibles and goodwill	7	767,259	810,134
Long-term investment	8	30,000	-
Long-term deposits		47,650	40,846
		6,857,887	5,888,431
Current assets			
Stores, spare parts and loose tools		139,284	86,725
Stock-in-trade	9	5,142,062	4,934,693
Trade debts	10	1,383,679	1,091,974
Advances	11	141,861	117,463
Trade deposits and prepayments	12	224,582	133,962
Other receivables	13	35,862	20,166
Sales tax refundable		-	133,789
Cash and bank balances	14	1,250,547	876,244
		8,317,877	7,395,016
TOTAL ASSETS		15,175,764	13,283,447
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital and reserves			
Authorised share capital			
1,000,000,000 (30 June 2019: 1000,000,000) ordinary shares of Rs. 5 each		5,000,000	5,000,000
Share Capital			
Issued, subscribed and paid-up capital	15	745,969	621,641
Revenue Reserves			
Unappropriated profit		4,843,618	3,993,506
Foreign exchange translation reserve		(51,502)	143,217
Equity attributable to owners of the Company		5,538,085	4,758,364
Non-controlling interest	16	525,431	271,598
Total equity		6,063,516	5,029,962
Non - current liabilities			
Long-term finance	17	1,206,165	928,142
Lease liabilities	18	628,958	38,619
Long-term deposits		4,221	4,190
Deferred taxation - net	19	294,088	215,508
Deferred liabilities	20	86,814	75,760
Deferred rent		-	35,266
		2,220,246	1,297,485
Current liabilities			
Trade and other payables	21	4,438,574	4,092,714
Contract liabilities	22	432,827	146,650
Short-term borrowings	23	554,404	1,901,632
Current maturity of long term finance	17	489,085	315,881
Current portion of lease liabilities	18	149,059	9,598
Mark-up accrued		15,928	32,832
Unclaimed Dividend		21,791	19,921
Sales tax payable		11,586	-
Taxation - net		778,748	436,772
		6,892,002	6,956,000
		9,112,248	8,253,485
Commitments	24		
TOTAL EQUITY AND LIABILITIES		15,175,764	13,283,447

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
Sales - Net	25	28,713,146	24,253,797
Cost of sales	26	(20,345,845)	(17,269,476)
Gross profit		8,367,301	6,984,321
Distribution costs	27	(4,554,322)	(3,920,912)
Impairment loss on trade debts	10.2	(32,478)	(33,402)
Administrative expenses	28	(1,241,483)	(1,140,774)
Other expenses	29	(138,766)	(131,112)
Other income	30	250,585	248,281
Operating profit		2,650,837	2,006,402
Finance costs	31	(342,688)	(283,506)
Profit before taxation		2,308,149	1,722,896
Taxation - net	32	(657,625)	(352,381)
Profit after tax		1,650,524	1,370,515
Other comprehensive income			
Items that will not be reclassified to profit or loss account:			
Remeasurements of retirement benefit liability		(1,212)	(60,986)
Related deferred tax thereon		351	17,686
		(861)	(43,300)
Items that are or may be reclassified subsequently to profit or loss account:			
Foreign operations - foreign currency transalation differences		(83,386)	87,041
		(84,247)	43,741
Total comprehensive income for the year		1,566,277	1,414,256
Profit attributable to:			
Owners of the Parent Company		1,472,614	1,295,210
Non-controlling interest		177,910	75,305
		1,650,524	1,370,515
Total comprehensive income attributable to:			
Owners of the Parent Company		1,277,034	1,341,865
Non-controlling interest		289,243	72,391
		1,566,277	1,414,256
		(Rupees)	
Earnings per share - basic and diluted	33	9.87	8.68

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2020

	Attributable to shareholders of the Parent Company					
	Share capital	Revenue Reserve: Retained earnings	Revenue Reserve: Foreign exhcange translation reserve	Sub-total	Non controlling interest	Total Equity
	(Rupees in thousand)					
Balance as at 1 July 2018	518,034	3,233,729	56,176	3,807,939	196,293	4,004,232
Total comprehensive income for the year ended 30 June 2018						
Profit for the year	-	1,295,210	-	1,295,210	75,305	1,370,515
Other comprehensive income	-	(43,300)	87,041	43,741	-	43,741
	-	1,251,910	87,041	1,338,951	75,305	1,414,256
Transaction with owners of the Company - distribution						
Final dividend for the year ended 30 June 2018 @ Rs. 4.25 per share	-	(388,526)	-	(388,526)	-	(388,526)
1 Ordinary shares for each 5 shares held alloted as bonus shares	103,607	(103,607)				
Balance as at 30 June 2019	621,641	3,993,506	143,217	4,758,364	271,598	5,029,962
Balance as at 1 July 2019	**621,641**	**3,993,506**	**143,217**	**4,758,364**	**271,598**	**5,029,962**
Total comprehensive income for the year ended 30 June 2019						
Profit for the year	**-**	**1,472,614**	**-**	**1,472,614**	**177,910**	**1,650,524**
Other comprehensive income	**-**	**(861)**	**(194,719)**	**(195,580)**	**111,333**	**(84,247)**
	-	**1,471,753**	**(194,719)**	**1,277,034**	**289,243**	**1,566,277**
Transaction with owners in their capacity as owners directly recorded in equity						
Final cash dividend for the year ended 30 June 2019 @ Rs. 4 per Ordinary share	**-**	**(497,313)**	**-**	**(497,313)**	**-**	**(497,313)**
Dividend paid to NCI	**-**	**-**	**-**	**-**	**(35,410)**	**(35,410)**
1 Ordinary shares for each 5 shares held alloted as bonus shares for the year ended 30 June 2019	**124,328**	**(124,328)**	**-**	**-**	**-**	**-**
Balance as at 30 June 2020	**745,969**	**4,843,618**	**(51,502)**	**5,538,085**	**525,431**	**6,063,516**

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	**3,662,446**	2,347,069
Finance cost paid		**(356,062)**	(269,647)
Income tax paid		**(238,190)**	(115,528)
Deferred rent		**(34,980)**	2,455
Retirement benefits obligations paid		**(34,912)**	(42,366)
Long term deposits		**(6,767)**	862
Net cash generated from operating activities		**2,991,535**	1,922,845
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(900,450)**	(952,272)
Proceeds from disposal of property, plant and equipment		**20,146**	95,021
Purchase of intangible assets		**(8,240)**	(42,370)
Purchase of equity investment		**(30,000)**	-
Deferred consideration paid		**-**	(207,017)
Net cash used in investing activities		**(918,544)**	(1,106,638)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term finance		**582,348**	504,387
Repayment of long term finance		**-**	(177,354)
Repayment of short term borrowings		**(459,690)**	(50,000)
Repayment of lease obligations		**(150,693)**	-
Dividend paid		**(530,852)**	(386,925)
Net cash used in financing activities		**(558,887)**	(109,892)
Net increase in cash and cash equivalents		**1,514,104**	706,315
Cash and cash equivalents at beginning of the year		**(225,388)**	(978,075)
Currency translation difference on cash and cash equivalents		**(92,573)**	46,372
Cash and cash equivalents at end of the year	35	**1,196,143**	(225,388)

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

Chief Executive Officer

Chief Financial Officer

Director

1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

i) Parent Company - National Foods Limited
ii) Subsidiary Company - National Foods DMCC, Dubai

National Foods Limited

National Foods Limited ("Parent Company") was incorporated in Pakistan on February 19, 1970 as a private limited company under the Companies Act, 1913 and subsequently converted into a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) by special resolution passed in the extra ordinary general meeting held on 30 March 1988. The Parent Company is principally engaged in the manufacture and sale of convenience based food products. It is listed on Pakistan Stock Exchange. The registered office of the Parent Company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

The ultimate parent entity of the National Foods Limited is ATC Holdings (Private) Limited based on control model as provided under IFRS10 - 'Consolidated Financial Statements'.

National Foods DMCC

National Foods DMCC ("NF DMCC") was registered on 7 November 2012 in Dubai Multi Commodities Centre (“DMCC”) pursuant to Dubai (DMCC) Law No. 4 of 2001 and operates in the United Arab Emirates (“UAE”) under a trade license issued by DMCC. The NF DMCC is a wholly owned subsidiary of National Foods Limited.

Primary objective of NF DMCC is to boost export sales of Parent Company through trading in food stuff and other services. NF DMCC also has following two wholly owned direct subsidiaries and one indirect subsidiary as follows:

National Foods Pakistan (UK) Limited

National Foods Pakistan (UK) Limited was incorporated in United Kingdom on 29 May 2013 as a private company under the UK Companies Act, 2006. The company is a wholly owned subsidiary of National Foods DMCC. The company is principally engaged in the trading of food products.

National Epicure Inc.

National Epicure Inc. ("NEI") was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. NEI is a wholly owned subsidiary of National Foods DMCC. NEI is principally engaged in the trading of food products.

A-1 Bags & Supplies Inc.

A 1 Bags & Supplies Inc. was incorporated under the Business Corporations Act of Ontario on March 14, 2001. National Epicure Inc. acquired 60% holding in A-1 Bags and Supplies in the year 2017 and is principally engaged in distribution and wholesale of food products, disposables, janitorial and sanitation products.

1.2 The manufacturing facilities and sales offices of the Group companies are situated at the following locations:

Factories:
- Unit F-160/ C, F- 133, S.I.T.E., Karachi.
- Office A-13, North Western Industrial Zone, Bin Qasim, Karachi.
- 53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala.
- A 393 Nooriabad industrial estate, Nooriabad, Karachi.

Sales offices:
- Office No.107, 1st Floor Parsa Tower Sharah-e-Faisal, Karachi.
- Banglow No. 225, Shahrah-e-Abbasi Akhuwat Nagar Society, Sukkur.
- 2nd Floor Mall 2 Plaza Main Boulevard Kohinoor City Jaranwala Road, Faisalabad.
- 18-CCA (Commercial Area) Phase V111 DHA Lahore, Cantt.
- Plot # 25 Din Plaza Canal Road Main Gate Canal View Housing Society, Gujranwala.
- 1st Floor Bilal Complex Main PWD Road sector O-9, Islamabad.
- Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. 01 Jumeirah Lakes Towers Dubai, United Arab Emirates.

- 193 Maxome Avenue, Toronto, Ontario, Canada.
- 27 Second Floor, Gloucester Place, London, United Kingdom.
- 6400 Kennedy Road, Mississauga, Ontario
- 1110 Dearness Dr, Toronto, Ontario

1.3 A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers.

During the year, the Group has earned profit after tax amounting to Rs. 1,694 million (2019 : Rs. 1,371 million). As at 30 June 2020, the Group has accumulated profits amounting to Rs. 4,868 million (2019 : Rs. 3,994 million). The current assets of the Group exceed its current liabilities by Rs. 1,426 million (2019 : Rs. 439 million). Management plans for generating sufficient cashflows have been made by considering future sales volume, pricing decisions, cost reduction strategies, exchange rate impact, availability of funds through committed credit lines among other things.

The Group falls under the category of essential services and was allowed to operate its production and supply facilities during the lockdown period while following all necessary standard operating procedures (SOPs). COVID-19 does not have a significant impact on the Group. The Group remained up to date in all its financial commitments. Management believes that the going concern assumption of the Group remains valid.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for investment in equity instruments of Naimat Collateral Management Company Limited (NCMCL) which is carried at fair value and obligation in respect of the Parent Company's Pension Plan and Pensioners' Medical Plan which are measured at present value of the defined benefit obligations less fair value of plan assets.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is Group's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless stated otherwise.

2.4 Use of significant estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the consolidated financial statements and estimates with significant risk of material adjustment in the next year are described in the following:

Property, plant and equipment / intangible assets

The Group reviews the rate of depreciation / amortization, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment / intangible assets with a corresponding effect on the depreciation / amortization charge and impairment.

Stock in trade / stores, spares and loose tools

The Group's continuously reviews its inventory for existence of any items which may have become obsolete. These estimates are based on historical experience and are continuously reviewed and the cost of such stocks is fully provided for.

Trade debts and other receivables

These financial assets are adjusted for loss allowances that are measured at amount equal to lifetime expected credit loss that result from all possible default events over expected life of the financial asset.

Provision for refund liability

Refund liability provisions are recognized as deduction from revenue based on terms of the arrangements with the customer and are included in trade and other payables. No asset is recognized for refunds as they are not anticipated to be resold. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Retirement benefits obligations

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligations and fair value of plan assets. Changes in these assumptions in future years may affect the liability under this scheme in those years.

Taxation

In making the estimates for income taxes currently payable by the Group, the management looks at the current income tax law and the decisions of appellate authorities on certain matters in the past.

Goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are tested for impairment on an annual basis and also when there is an indication of impairment. Impairment loss on goodwill is not reversed. On disposal of subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill arising from is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises 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 to the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of fixed assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted to certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

3. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:

- There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2019 (other than those which have been disclosed in note 4 to these financial statements). However, these do not have any significant impact on the Group's financial reporting and therefore have not been detailed in these consolidated financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020 and are not likely to have an impact on the financial statements of the Group:

- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020,

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability ofsome interest rate benchmarks. In these amendments, the term interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED JUNE 30, 2020

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set out below are consistently applied for all periods presented in these consolidated financial statements except for as disclosed in note 4.1.1.

4.1 Changes in accounting policies

The details of new significant accounting policy adopted and the nature and effect of the change to previous accounting policy is set out below:

4.1.1 IFRS 16 'Leases'

The Group adopted IFRS 16 with a date of initial application on 1 July 2019. IFRS 16 replaced International Accounting Standard 17, Leases and related interpretations ("IAS 17"). The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and remains as previously reported under IAS 17 and related interpretations. The comparative information reports rent expense through statement of income and comprehensive income. Under IFRS 16, present value of future payments is reported as a liability and is subsequently reduced based on payments made during each reporting period.

Previously, the Group classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right of use assets and lease liabilities for most leases previously classified as "operating leases" except for leases with lease term equal to or less than 12 months or low value leases. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term. In addition, the Group applied a single discount rate to a portfolio of leases with similar characteristics; and elected not to recognize right-of-use assets and lease liabilities for lease contracts which do not convey the right to direct the use of an identified asset and those having lease term equal to or less than 12 months or those of low value.

For leases previously classified as operating leases, the Group measured right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

For leases previously classified as finance leases, the Group recognized the carrying amount of the lease asset and lease liability immediately before transition at the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which contracts are leases. The Group applied the new lease definition to contracts entered or changed on or after 1 July 2019.

The following table summarizes the impact of adopting IFRS 16 on the Group's financial statements.

	(Rupees in thousand)
Lease liabilities:	
Operating lease commitments disclosed at 30 June 2019	**1,036,961**
Previously classified as operating leases discounted using the incremental borrowing rate at 1 July 2019	**849,369**
Previously classified as finance leases at carrying value of liability	**48,217**
Lease obligations recognized at 1 July 2019	**897,586**
Right-of-use assets:	
Previously classified as operating leases equal to lease liability	**849,369**
Previously classified as finance lease equal to carrying value of assets	**44,728**
Prepaid rent and security deposits from prior years	**16,684**
Right-of-use assets recognized at 1 July 2019	**910,781**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease when available, and the Group's incremental borrowing rate of 5.48% when the interest rate implicit in the lease could not be readily determined.

4.2. Basis of consolidation

The consolidated financial statements consists of financial statements of the Parent Company and its subsidiary companies as disclosed in note 1.1 to these consolidated financial statements (here in after referred as Group).

The financial statements of the Parent Company and its subsidiary companies are prepared up to the same reporting date and are combined on a line-by-line basis.

Business Combination

The Group accounts for business combination using the acquisition method when control is transferred to the Group. The consideration transferred (including contingent consideration) in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill acquired is not amortized but tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities. When the initial accounting for a business combination is incomplete at the end of a reporting period, provisional amounts are used. During the measurement period, the provisional amounts are retrospectively adjusted and additional assets and liabilities may be recognized, to reflect new information obtained about the facts and circumstances that existed at the acquisition date which would have affected the measurement of the amounts recognized at that date, had they been known the measurement period does not exceed twelve months from the date of acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity generally accompanying a shareholding of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and up to the date when the control ceases.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interests are presented as a separate item in the consolidated financial statements.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in the equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Changes in the Group interest in a subsidiary that do not result in a loss of control are accounted for as equity as transactions.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in consolidated profit and loss account. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated.

4.3 Property, plant and equipment

Initial recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the items

is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates;

(b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management; and;

(c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure (including normal repairs and maintenance)

Expenditures incurred to replace a significant component of an item of property, plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditures (including normal repairs and maintenance) is recognised in the profit or loss account as an expense when it is incurred.

Depreciation

Depreciation is charged on straight line method at the rates specified in respective notes in these consolidated financial statements.

Depreciation on additions to property, plant and equipment is charged from the month the asset is available for use upto the month of disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in the profit or loss account.

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

4.4 Intangible assets and Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets, including customer relationships that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Trademark and other intangible assets have indefinite useful life and is not amortised, therefore, measured at cost less any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.5 Leases

Policy applicable after 1 July 2019

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use asset and lease liability are recognised at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life . The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Policy applicable before 1 July 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Assets held under finance leases along with corresponding lease liabilities are initially recognized at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in statement of profit or loss, unless they are directly attributable to qualifying assets.

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

In the context of sale and leaseback transactions, where a sale and leaseback transaction is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognized in profit or loss over the lease term. Any loss representing the excess of the carrying values over the sale proceeds is recognized immediately in statement of profit or loss.

4.6 Financial Instruments

4.6.1 Classification, recognition and measurement - Financial Assets

Classification

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

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at FVOCI. However the Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive.

On initial recognition, the Group may, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Initial measurement - Financial Assets

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. However, at initial recognition, the Group measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component.

Subsequent measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

4.6.2 Non-derivative Financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Group becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Group derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.6.2.1 Trade debts, deposits, advances and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Further, these assets are adjusted for loss allowances that are measured at amount equal to lifetime expected credit loss that result from all possible default events over expected life of the financial asset.

4.6.2.2 Cash and cash equivalents

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and short term borrowings availed by the Group, which are repayable on demand and form an integral part of the Group's cash management.

4.6.3 Financial Liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Group becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Group derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.6.3.1 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset.

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

4.6.4 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 the Group has currently legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Group or the counter parties.

4.7 Taxation

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

i) Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year; calculated using tax rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustments to income tax payable or recoverable in respect of previous years.

ii) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised 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 utilised. Deferred tax is charged or credited in the profit and loss account. Deferred tax liability of the Parent Group is restricted to 92.34% (2019: 92.99%) of the total deferred tax liability based on the assumptions that export sales will continue under Final Tax Regime and historical trend of export and local sales ratio will continue to be approximately the same in foreseeable future.

4.8 Employee retirement benefits

Defined benefit plans

The Parent Group operates a funded pension scheme and post retirement medical benefit for chief executive, one non-executive director and one former director. The liability recognised in the consolidated balance sheet in respect of the defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income. The latest actuarial valuation of the defined benefit plans was conducted at 30 June 2020.

The current and past-service costs are recognized immediately in statement of profit or loss account. Further,the amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Defined contribution plan

The Group operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 10% per annum of the basic salary.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

4.9 Stores, spare parts and loose tools

These are valued at weighted average cost less provision for slow moving and obsolete stores, spare parts and loose tools, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.10 Stock in trade

All stocks are stated at the lower of cost and estimated net realisable value. Cost is determined by weighted average method except for those in transit where it represents invoice value and other charges incurred thereon. Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale. Cost of work in process and finished goods includes direct cost of materials, direct cost of labour and production overheads.

4.11 Impairment losses

4.11.1 Financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balance for which credit risk (i.e. the risk of default occuring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and quanlitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

4.11.2 Non-financial assets

The carrying amount of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indications exist, the assets' recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.12 Ijarah

In ijarah transactions' significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard 2 – 'Ijarah' requires the recognition of 'ujrah payments' (lease rentals) against ijarah financing as an expense in the consolidated profit or loss account on a straight-line basis over the ijarah term.

4.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, 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.

4.14 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupee using the exchange rates approximating those prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange approximating those prevailing at the balance sheet date. Exchange gains / losses on translation are included in income currently. The results and financial position of foreign operation are translated into the presentation currency as follows:

- assets and liabilities including goodwill and fair value adjustment arising on acquisition are translated into Pak Rupees at the exchange rate at the reporting date;
- income and expenses for income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in these translation reserve, except to the extent that the translation difference is allocated to NCI.

4.15 Revenue recognition

Revenue is recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer. It also specifies the accounting for the costs directly related to fulfilling a contract. Revenue from sale of goods is recognised at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognised on delivery of goods. Delivery occurs when the products have been shipped to / or and delivered to the customer's destination / specific location, the risks of loss have been transferred to

the customer and the customer has accepted the product.

The consideration which the Group receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. Revenue is measured based on the consideration specified in a contract with a customer, net of returns, amounts collected on behalf of third parties (sales taxes etc), pricing allowances, other trade discounts, volume rebates and couponing, price promotions to consumers / customers and any other consideration payable to customers. The level of discounts, allowances and promotional rebates are recognized, on estimated basis using historical experience and the specific terms of the arrangement, as a deduction from revenue at the time that the related sales are recognized or when such incentives are offered to the customer or consumer. Sales return provisions are recognized as deduction from revenue based on terms of the arrangements with the customer and are included in trade and other payables. No asset is recognized for returns as they are not anticipated to be resold. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group provides retrospective discounts to its customers on all products purchased by the customer once the quantity of products purchased during the period exceeds a threshold specified in the contract. A contract liability is recognised for expected discount payable to customers in relation to sales made until the end of the reporting period. Further, a contract liablity is also recognised for short term advances that the Group receives from its customers.

4.16 Miscellaneous income

Miscellaneous income including export rebate is recognised on receipt basis.

4.17 Interest / Mark up income / late payment by trade debtors

Income on late payment by trade debtors is recognised on accrual basis.

4.18 Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

4.19 Rental income

Rental income from properties on operating lease is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

4.20 Income from debt securities

Income on bank deposit and debt securities is recognised on a time proportion basis using effective interest rate method.

4.21 Research and development

Research and development expenditure is charged to profit or loss in the period in which it is incurred.

4.22 Dividends

Dividend distribution to the Group's shareholders and appropriations to / from reserves are recognised in the period in which these are approved.

4.23 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Group recognizes government grants when there is reasonable assurance that grants will be received and the Group will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

5. PROPERTY, PLANT AND EQUIPMENT

		2020	2019
		(Rupees in thousand)	
Operating fixed assets	5.1	**4,893,322**	4,538,908
Capital work-in-progress	5.4	**359,551**	498,543
		5,252,873	5,037,451

5.1 Operating fixed assets

	Leasehold Land	Leasehold improve-ments	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office and other equipments	Computers	Laboratory equipments	Vehicles	Total
	2020									
	(Rupees in thousand)									
At 1 July 2019										
Cost	232,549	73,186	2,381,611	2,594,700	395,607	295,613	235,966	40,418	143,724	6,393,374
Accumulated depreciation	(36,859)	(26,041)	(338,666)	(1,057,873)	(181,170)	(136,171)	(149,356)	(17,074)	(73,007)	(2,016,217)
Net exchange difference	-	26,371	-	-	76,792	24,302	12,209	-	22,077	161,751
Net book value	195,690	73,516	2,042,945	1,536,827	291,229	183,744	98,819	23,344	92,794	4,538,908
Additions / transfer - note - 5.4.1	-	1,001	299,295	503,073	33,876	23,272	108,189	10,162	22,428	1,001,296
Disposals										
Cost	-	(36,118)	-	(3,284)	(19,836)	(1,507)	(3,492	-	(28,010)	(92,247)
Accumulated depreciation	-	36,118	-	3,284	6,806	1,489	3,408	-	11,382	62,487
	-	-	-	-	(13,030)	(18)	(84)	-	(16,628)	(29,760)
Reclassification to ROUA										
Cost	-	-	-	-	-	(8,364)	-	-	(50,812)	(59,176)
Accumulated depreciation	-	-	-	-	-	3,087	-	-	11,725	14,812
Net book value	-	-	-	-	-	(5,277)	-	-	(39,087)	(44,364)
Effect of movement in exchange rate	-	376	-	-	5,692	(1,937)	1,042	-	(2,436)	2,737
Depreciation charge for the year	(4,198)	(26,333)	(80,327)	(289,027)	(65,690)	(44,200)	(42,918)	(5,135)	(17,667)	(575,495)
Closing net book value	191,492	48,560	2,261,913	1,750,873	252,077	155,584	165,048	28,371	39,404	4,893,322
At 30 June 2020										
Cost	232,549	38,069	2,680,906	3,094,489	409,647	309,014	340,663	50,580	87,330	7,243,247
Accumulated depreciation	(41,057)	(16,256)	(418,993)	(1,343,616)	(240,054)	(175,795)	(188,866)	(22,209)	(67,567)	(2,514,413)
Net exchange difference	-	26,747	-	-	82,484	22,365	13,251	-	19,641	164,488
Net book value	191,492	48,560	2,261,913	1,750,873	252,077	155,584	165,048	28,371	39,404	4,893,322
Useful life (years)	38 - 99		Lease term	5 -60	5 - 10	5	5 - 10	3	5 - 10	5

	Leasehold Land	Leasehold improve-ments	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office and other equipments	Computers	Laboratory equipments	Vehicles	Total
	2019									
	(Rupees in thousand)									
At 1 July 2018										
Cost	232,549	66,564	1,957,832	2,050,344	378,016	303,453	219,026	40,968	166,219	5,414,971
Accumulated depreciation	(32,664)	(13,583)	(285,244)	(884,124)	(137,876)	(115,309)	(166,253)	(19,187)	(78,238)	(1,732,478)
Net exchange difference	-	9,047	-	-	24,223	10,419	2,453	-	8,137	54,279
Net book value	199,885	62,028	1,672,588	1,166,220	264,363	198,563	55,226	21,781	96,118	3,736,772
Additions / transfer - note - 5.4.1	-	6,622	432,233	619,090	39,289	18,753	62,901	5,435	31,960	1,216,283
Disposals										
Cost	-	-	(8,454)	(74,734)	(21,698)	(26,593)	(45,961)	(5,985)	(54,455)	(237,880)
Accumulated depreciation	-	-	6,189	72,623	21,511	23,677	45,420	5,682	32,394	207,496
	-	-	(2,265)	(2,111)	(187)	(2,916)	(541)	(303)	(22,061)	(30,384)
Effect of movement in exchange rate	-	17,324	-	-	52,569	13,883	9,756	-	13,940	107,472
Depreciation charge for the year	(4,195)	(12,458)	(59,611)	(246,372)	(64,805)	(44,539)	(28,523)	(3,569)	(27,163)	(491,235)
Assets written off										-
Closing net book value	195,690	73,516	2,042,945	1,536,827	291,229	183,744	98,819	23,344	92,794	4,538,908
At 30 June 2019										
Cost	232,549	73,186	2,381,611	2,594,700	395,607	295,613	235,966	40,418	143,724	6,393,374
Accumulated depreciation	(36,859)	(26,041)	(338,666)	(1,057,873)	(181,170)	(136,171)	(149,356)	(17,074)	(73,007)	(2,016,217)
Net exchange difference	-	26,371	-	-	76,792	24,302	12,209	-	22,077	161,751
Net book value	195,690	73,516	2,042,945	1,536,827	291,229	183,744	98,819	23,344	92,794	4,538,908
Useful life (years)	38 - 99	Lease term	5 -60	5 - 10	5	5 - 10	3	5 - 10	5	

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

		2020	2019
		(Rupees in thousand)	
Cost of sales	26	**374,441**	305,912
Distribution costs	27	**109,596**	99,511
Administrative expenses	28	**91,457**	85,812
		575,494	491,235

5.3 The details of property, plant and equipment having net book value of Rs. 500,000 and above sold / disposed of during the year by the Parent Company are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of purchaser and relationship
	(Rupees in thousand)						
Vehicles	1,143	487	656	603	(53)	Company Policy	Asadullah Khan Company's Executive
Vehicles	1,967	201	1,766	2,184	418	Company Policy	Wajahat Ijaz Company's Executive
Vehicles	1,215	228	987	1,159	172	Company Policy	Saeed Ahmed Company's Executive
Vehicles	1,012	101	911	1,013	102	Company Policy	Muhammad Fawad Khan Company's Executive
Vehicles	1,275	133	1,142	1,300	158	Company Policy	Sameeullah Company's Executive
Vehicles	1,784	112	1,672	1,684	12	Company Policy	Farhan Parekh Company's Executive
Vehicles	873	29	844	867	23	Company Policy	Nouman Nadeem Company's Executive
Vehicles	1,697	283	1,414	1,608	194	Company Policy	M. Azam Company's Executive
Vehicles	975	75	900	1,150	250	Company Policy	Syed Zia ul Husain Company's Executive
Vehicles	980	57	923	1,242	319	Company Policy	Abdul Kaleem Company's Executive
Vehicles	532	30	502	688	186	Company Policy	Aneeque Khan Khakwani Company's Executive
Vehicles	1,013	92	921	1,053	132	Company Policy	Syed Anas Ali Tirmizi Company's Executive
Total	14,466	1,828	12,638	14,551	1,913		

5.4 Capital work-in-progress (CWIP)

	2020	2019
	(Rupees in thousand)	
Civil works	**53,395**	173,484
Plant and machinery	**80,066**	107,473
Office equipment	**152**	7,092
Advance against acquisition of land	**224,936**	210,494
Advance against computer	**1,002**	-
	359,551	498,543

5.4.1 During the year the additions to CWIP and transfer of respective assets amounted to Rs. 428.07 million (2019: Rs. 548.296 million) and Rs. 574.76 million (2019: Rs. 850.59 million) respectively.

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5.5 Particulars of immovable property (i.e. land and building) in the name of the Parent Company are as follows:

Location	Usage of immovable property	Total Area (In Sq. Ft.)	Covered Area (In Sq. Ft.)
Corporate office	Office Building	45,099	40,589
S.I.T.E.	Manufacturing plant	76,491	62,029
Port Qasim	Manufacturing plant	435,600	265,556
Nooriabad	Manufacturing plant	602,951	120,112
Gujranwala	Manufacturing plant	130,000	36,000
Multan	Warehouse	43,560	43,560

6. RIGHT-OF-USE ASSETS

The Group has applied IFRS 16 using modified retrospective approach. The impact of the change is disclosed in note 4.1.1. The Group leases many assets including buildings and vehicles with lease terms of four to five years.

	2020			
	Properties	Equipment	Vehicles	Total
	(Rupees in thousand)			
Balance at 1 July 2019				
Cost	866,054	8,432	51,228	925,714
Accumulated depreciation	-	(3,112)	(11,821)	(14,933)
Net Book Value	866,054	5,320	39,407	910,781
Additions	-	-	26,231	26,231
Charge for the year	(169,133)	(1,764)	(10,531)	(181,428)
Balance at 30 June 2020	696,921	3,556	55,107	755,584
Effect of movements in exchange rate	3,966	13	542	4,521
	700,887	3,569	55,649	760,105
Net book value				
As at 1 July 2019	866,054	5,320	39,407	910,781
As at 30 June 2020	700,887	3,569	55,649	760,105

6.1 The depreciation of right-of-use assets for the year has been allocated as follows:

	Note	2020	2019
		(Rupees in thousand)	
Distribution costs	27	**181,428**	-

7. INTANGIBLES AND GOODWILL

	Note	2020	2019
		(Rupees in thousand)	
Goodwill and intangibles	7.1	**759,398**	806,999
System under development	7.3	**7,861**	3,135
		767,259	810,134

7.1 Goodwill and intangibles

2020	Computer softwares and ERP System	Goodwill	Customer relationships	Trademark and other	Total
	(Rupees in thousand)				
Cost					
Balance as at 1 July 2019	**313,807**	**348,891**	**132,599**	**280,471**	**1,075,768**
Addition	**3,514**	**-**	**-**	**-**	**3,514**
Effect of movement in exchange rates	**-**	**2,649**	**1,014**	**2,130**	**5,793**
Balance as at 30 June 2020	**317,321**	**351,540**	**133,613**	**282,601**	**1,085,075**
Accumulated amortisation					
Balance as at 1 July 2019	**236,724**	**-**	**32,045**	**-**	**268,769**
Amortisation for the year	**43,296**	**-**	**13,157**	**-**	**56,453**
Effect of movement in exchange rates	**-**	**-**	**455**	**-**	**455**
Balance as at 30 June 2020	**280,020**	**-**	**45,657**	**-**	**325,677**
Carrying amounts					
As at 30 June 2020	**37,301**	**351,540**	**87,956**	**282,601**	**759,398**
Useful life (years)	**3**	**-**	**10**	**Indefinite**	

2019	Computer softwares and ERP System	Goodwill	Customer relationships	Trademark and other	Total
	(Rupees in thousand)				
Cost					
Balance as at 1 July 2018	259,116	269,523	98,706	216,411	843,756
Addition	54,691	-	-	-	54,691
Effect of movement in exchange rates	-	79,368	33,893	64,060	177,321
Balance as at 30 June 2019	313,807	348,891	132,599	280,471	1,075,768
Accumulated amortisation					
Balance as at 1 July 2018	188,920	-	10,737	-	199,657
Amortisation for the year	47,804	-	11,268	-	59,072
Effect of movement in exchange rates	-	-	10,040	-	10,040
Balance as at 30 June 2019	236,724	-	32,045	-	268,769
Carrying amounts					
As at 30 June 2019	77,083	348,891	100,554	280,471	806,999
Useful life (years)	3	-	10	Indefinite	

7.2 The amortization charge for the year has been allocated as follows:

	Note	2020	2019
		(Rupees in thousand)	
Cost of sales	26	**6**	-
Distribution costs	27	**13,157**	11,859
Administrative expenses	28	**43,290**	47,213
		56,453	59,072

7.3 This represent amount given to vendor for the development of software which is expected to be capitalised next year.

7.4 Impairment testing of goodwill, trademark and other indefinite useful life

For the purpose of the impairment testing, goodwill acquired through business combination and trademarks with indefinite useful life are allocated to the A-1 Bags and Supplies.

The recoverable amount of business operations of Al Bags & Suppliers Inc. (acquired entity) have been determined based on its value in use, determined by discounting the future cash flows to be generated from its continuing use. The cash flow projections are prepared covering period from 2021 to 2024 till terminal period. The calculations used for cash flow projections are based on financial budgets prepared by management.

The value in use determined for underlying cash generating unit is higher than its carrying amount.

The key assumptions used in the estimation of value in use were as follow:

	Percentage (%)
Sales (% annual growth rate)	7.0
Budgeted gross margin (%)	5.5
Other operating cost	5.4
Long term growth rate	5.0
Pre-tax discount rate (%)	11.9

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approached used to determine values
Sales Growth	Average annual growth rate over the forecast period based on recent performance and management's expectations of market development. Management does not anticipate material impact owing to change in the assumptions used for growth in sales volume.
Sales Price	Average annual growth rate over the forecast period based on current industry trend and including long term inflation forecast. Management does not anticipate material impact owing to change in the assumptions used for growth in sales price.
Budgeted gross margin	Based on recent performance and management's expectation for the future.
Other operating cost	Fixed cost of the CGU, which do not vary significantly with sales volume or price. Management forecast these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructuring or cost saving measures. The amounts disclosed above are the average operating costs for the forecast period. Management does not anticipate material impact owing to change in the assumptions used for growth in other operating cost.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. Management does not anticipate material impact owing to change in the assumptions used for growth in the long term rate.
Pre-tax discount rates	Reflect specific risks relating to the business segment, and the country in which it operates.
Sensitivity to changes in other assumptions	Management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount to exceed its recoverable amount.

	2020	2019
	(Rupees in thousand)	
8. LONG-TERM INVESTMENT		
Investment at fair value through profit or loss (FVTPL)	**30,000**	-

On 25 February 2020, the Parent Company subscribed 2,999,500 ordinary shares of Rs.10 each in Naimat Collateral Management Company Limited (NCMCL) for Rs. 30,000,000. The Parent Company's shareholding gives it ownership interest and voting power of 10% in NCMCL. NCMCL is an unlisted public company that was incorporated under Companies Act, 2017 on 21 January 2020 and has its registered office at C-25/B, Block 4, Clifton, Karachi Saddar Town, Sindh, Pakistan. It is engaged in the business of providing storage and preservation services for a range of agricultural commodities as well as issuing credible warehouse receipts for agricultural commodity financing. The equity investment has been classified at fair value through profit of loss.

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	Note	2020	2019
		(Rupees in thousand)	
9. STOCK IN TRADE			
Raw materials		**1,236,970**	924,038
Provision for obsolescence		**(15,140)**	(19,652)
		1,221,830	904,386
Packing materials		**499,818**	463,356
Provision for obsolescence		**(42,774)**	(42,867)
		457,044	420,489
Work in process		**1,369,242**	1,671,610
Provision for obsolescence		**(24,829)**	(31,133)
		1,344,413	1,640,477
Finished goods	9.2	**2,139,640**	2,038,543
Provision for obsolescence		**(20,865)**	(69,202)
		2,118,775	1,969,341
		5,142,062	4,934,693

9.1 Stock in trade includes Rs. 1.98 billion (2019: Rs. 2.04 billion) held with third parties for the purpose of further distribution to end customers and packaging purposes.

9.2 The above balances include items costing Rs. 35.13 million (2019: Rs. 65.17 million) valued at net realisable value of Rs. 28.84 million (2019: Rs. 47.29 million).

9.3 During the year, the Group has made reversal in provision for obsolescence of Rs. 35.11 million (charge 2019: Rs. 40.8 million) and has written off stocks against the provision amounting to Rs. 68.88 million (2019: Rs. 78.2 million).

	Note	2020	2019
		(Rupees in thousand)	
10. TRADE DEBTS			
Considered good - unsecured			
Others			
- Local		**877,924**	303,977
- Foreign		**505,755**	787,997
		1,383,679	1,091,974
Considered doubtful		**84,463**	86,191
		1,468,142	1,178,165
Allowance for Impairment	10.2	**(84,463)**	(86,191)
		1,383,679	1,091,974

10.1 During the year, the Group has written-off trade debts amounting to Rs. 5.99 million (2019: Nil).

10.2 The movement in the allowance for impairment for trade debts is as follows:

	2020	2019
Opening provision	**86,191**	114,282
Charge for the year - net*	**32,478**	33,402
Write-offs	**(37,626)**	(61,493)
Exchange difference	**3,419**	-
Closing provision	**84,463**	86,191

*During the year the Group has recovered Rs. NIL (2019: 7 million) which had been written off in the prior period.

		2020	2019
		(Rupees in thousand)	
11. ADVANCES			
Considered good			
Employees - against expenses	11.1	**15,207**	1,011
Suppliers		**126,654**	116,452
		141,861	117,463
Considered doubtful			
Suppliers		**27,684**	27,684
		169,545	145,147
Provision for doubtful advances to suppliers		**(27,684)**	(27,684)
		141,861	117,463

11.1 These advances do not carry any mark up arrangement.

		2020	2019
		(Rupees in thousand)	
12. TRADE DEPOSITS AND PREPAYMENTS			
Considered good			
Deposits	12.1	**9,000**	38,835
Prepayments		**215,582**	95,127
		224,582	133,962

12.1 These trade deposits and prepayments are mainly against rent, insurance and utilities and not considered doubtful.

	2020	2019
	(Rupees in thousand)	
13. OTHER RECEIVABLES		
Due from related parties		
- ATC Holdings (Private) Limited	**5,894**	1,511
- Director	**5**	-
	5,899	1,511
Others	**29,963**	18,655
	35,862	20,166

		2020	2019
		(Rupees in thousand)	
14. CASH AND BANK BALANCES			
Cash in hand		**2,024**	1,753
Cash at bank - current account			
- local currency	14.1	**246,438**	149,872
- foreign currency		**1,002,085**	724,619
		1,248,523	874,491
		1,250,547	876,244

14.1 The current accounts are placed with banks under conventional banking arrangements.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
Number of Shares			(Rupees in thousand)	
2,511,980	2,511,980	Ordinary shares of Rs. 5 (2019: Rs. 5) each issued for consideration paid in cash	**12,560**	12,560
146,681,892	121,816,247	Ordinary shares of Rs. 5 (2019: Rs. 5) each as fully paid bonus shares	**733,409**	609,081
149,193,872	124,328,227		**745,969**	621,641

15.1 As at 30 June 2020, ATC Holdings (Private) Limited (ultimate parent company) held 49,979,562 (2019: 41,229,268) ordinary shares of National Foods Limited.

16. NON-CONTROLLING INTEREST (NCI)

Below is summarised financial information of A-1 Bags & Supplies Inc. that has a non-controlling interest (40% stake) that is material to the Group. The amounts disclosed are before inter-group eliminations.

	2020	2019
	(Rupees in thousand)	
Summarised balance sheet		
Non-current assets	**1,186,271**	483,038
Current assets	**1,803,811**	1,649,572
Non-current liabilities	**(754,681)**	(196,999)
Current liabilities	**(1,216,280)**	(1,277,768)
	1,019,121	657,843
Accumulated NCI	**525,431**	271,598

	Note	2020	2019
		(Rupees in thousand)	
Summarised statement of profit or loss and other comprehensive income			
Sales		**9,213,194**	7,427,332
Profit for the period		**457,932**	199,530
Total comprehensive income		**457,932**	199,530
Profit allocated to NCI		**177,910**	75,305
Eligible dividend to NCI		**35,410**	15,875
Summarised cash flows			
Cash flow from operating activities		**517,624**	410,724
Cash flow from investing activities		**(101,852)**	(54,836)
Cash flow from financing activities		**(385,378)**	(235,953)
Net increase in cash and cash equivalents		**30,394**	119,935

17. LONG-TERM FINANCE

	Note	2020	2019
Long term finance			
- MCB Bank Limited - Pakistan	17.1	**718,410**	487,116
- Habib Bank Limited - Pakistan		**316,075**	-
- MCB Bank Dubai	17.2	**427,121**	570,658
- TD Commercial Bank - Canada	17.3	**198,571**	186,249
- Deferred income - government grant	17.1	**35,073**	-
		1,695,250	1,244,023
Less: Current maturity of long term finance		**(466,216)**	(315,881)
Less: Current portion of deferred income - government grant		**(22,869)**	-
		1,206,165	928,142

17.1 This represents long term finance facility of Rs. 250 million for ten years, Long term loan of Rs. 300 million for six years,Long term loan of Rs. 300 million for ten years & salary refinance loan of Rs. 351.5 million obtained from commercial bank having mark-up at the rate of State Bank of Pakistan (SBP) base rate + 0.3% (effective rate: 3.3%), 3 months Kibor + 0.1%, 3 months Kibor + 0.4% & SBP base rate + 2% of (effective rate: 2%) respectively. The loans are secured by way of hypothecation of the Parent Company's present and future fixed assets and hypothecation of the Parent Company's present and future stocks and receivables.

Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The Parent Company has obtained the said borrowing from Habib Bank Limited ("HBL") at subsidized rate on 25 June 2020 at 2% concessional interest rate which is repayable by October 2022 in 8 quarterly installments to HBL under the SBP scheme.

Government grant amounting to Rs. 35 million has been recorded during the year ended 30 June 2020 and Rs. 0.343 million has been amortised during the year. In accordance with the terms of the grant, the Parent Company is prohibited to lay-off its employees atleast for three months from the start of period of the grant.

17.2 The Group has entered into a long term loan agreement with MCB Bank Dubai. It carries profit at the rate of 3 month LIBOR + 3% per annum. The tenor of facility is 5 years with grace period of 1 year from IDA (for each tranche) . The principal is payable in equal quarterly installments. This facility is secured against 60% shares of A1 Bags & Suppliers Inc., undated security cheque, promissory note and assignment of receivables of the Group.

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17.3 A-1 Bags & Supplies Inc., obtained loan from TD commercial bank details are as follows:

TD commercial loan and detailed breakdown are as follows:	2020	2019
	(Rupees in thousand)	
BDC loan (i)	**24,618**	3,050
BDC loan (ii)	**-**	48,865
BDC loan (iii)	**7,388**	14,665
Vehicle loan (iv)	**1,331**	6,605
Vehicle loan (v)	**4,203**	2,378
TD bank loan (vi)	**59,132**	73,438
TD bank loan (vii)	**30,410**	37,248
TD bank loan (viii)	**71,489**	-
	198,571	186,249

i. BDC loan, secured by accounts receivable, bears interest at rate of BDC's Floating Base Rate plus 0.50% per annum and is repayable in 60 equal monthly payments of USD 12,272, maturing in June 2021.

ii. Business Development Bank of Canada ("BDC") loan, secured by accounts receivable, bears interest at rate of BDC's Floating Base Rate plus 0.75% per annum and is repayable in 60 equal monthly payments of USD 1,532, matured in June 2020.

iii. BDC loan, secured by accounts receivable, bears interest at rate of BDC's Floating Base Rate plus 3.05% per annum and is repayable in 60 equal monthly payments of USD 3,683, maturing in June 2021.

iv. Vehicle loan payable to Scotiabank - loan is secured by a charge of the vehicle, bears interest at a rate of 2.5% with monthly payments of USD 1,171, maturing in April 2022.

v. Vehicle loan payable to Royal Bank of Canada - loan is secured by a charge of the vehicle and is non-interest bearing with monthly payments of USD 531, maturing in September 2021.

vi. TD bank loan, secured by accounts receivable, bears interest at a rate of 4.64% per annum and is repayable in 60 equal monthly payments of USD 11,439 including interest, maturing in December 2022.

vii. TD bank loan, secured by accounts receivable, bears interest at a rate of 5.06% per annum and is repayable in 60 equal monthly payments of USD 5,600 including interest, maturing in February 2023.

viii. TD bank loan, secured by accounts receivable, bears interest at a rate of 4.85% per annum and is repayable in 60 equal monthlypayments of USD 8,675 including interest, maturing in October 2024.

18. Lease liabilities

The Group has applied IFRS 16 using modified retrospective approach. The impact of changes is disclosed in note 4.1.The Group leases many assets including buildings and vehicles with lease terms of four to five years.

	2020
	(Rupees in thousand)
Balance as at 1 July 2019	**897,586**
Additions to lease obligation during the year	**26,231**
Payments for principal	**(150,693)**
	773,124
Effect of movements in exchange rates	**4,894**
Lease obligations 30 June 2020	**778,017**
Less : current portion	**(149,059)**
Lease obligation - non current portion	**628,958**

	2020
Manturity analysis - contactual undiscounted cash flows	(Rupees in thousand)
Not later than one year	**188,094**
Later than one year and not later than five years	**699,301**
Later than five years	**-**
	887,395
The following represents the amounts recognized in the statements of cashflow	
Payments for principal portion of lease obligations included within financing activities	**150,693**
Payments for interest portion of lease obligations included within operating activities	**45,586**
Variable non-lease payments included within operating activities	**24,242**
Total cash payments for leases	**220,520**

19. DEFERRED TAXATION - net

	2020	2019
	(Rupees in thousand)	
Credit / (debit) balance arising in respect of:		
Accelerated tax depreciation / amortisation	**408,041**	371,347
Provision for stock obsolescence	**(27,744)**	(41,865)
Provision for doubtful trade debts	**(5,415)**	(18,760)
Finance costs	**(616)**	(967)
Deferred rent liability	**-**	(9,183)
Long-term finance	**(9)**	-
Provision for retirement benefits obligations and other provisions	**(80,169)**	(95,514)
	294,088	215,508

20. DEFERRED LIABILITIES

		2020	2019
		(Rupees in thousand)	
Pension Plan	20.4	**50,165**	34,276
Pensioners' Medical Plan	20.4	**30,358**	36,070
Staff terminal benefits	20.18	**6,291**	5,414
		86,814	75,760

20.1 The Parent Company operates a funded pension scheme and post retirement medical benefit for chief executive, one non-executive and one former director. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at 30 June 2020.

20.2 Plan assets held in trust are governed by local regulations which mainly include the Trust Act, 1882, the Companies Act, 2017, the Income Tax Rules, 2002 and Rules under the Trust Deed of the Plans. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Parent Company appoints the Trustees and all Trustees are employees of the Parent Company.

20.3 The latest actuarial valuation of the Fund as at 30 June 2020 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	Pension Plan		Pensioners' Medical Plan	
	2020	2019	2020	2019
	(Rupees in thousand)			
20.4 Balance sheet reconciliation				
Present value of defined benefit obligations	**180,215**	156,293	**84,866**	81,984
Fair value of plan assets	**(130,050)**	(122,017)	**(54,508)**	(50,045)
	50,165	34,276	**30,358**	31,939
20.5 Movement in the net liability recognised in the balance sheet				
Opening balance	**34,276**	11,715	**31,939**	30,651
Remeasurements recognised in other comprehensive income	**5,339**	28,914	**(4,127)**	32,071
Charge / (income) for the year	**10,550**	5,362	**6,168**	3,999
Contribution made	**-**	(11,715)	**-**	(30,651)
Payments made to members (beneficiaries) by Company	**-**	-	**(3,622)**	(4,131)
Closing balance	**50,165**	34,276	**30,358**	31,939
20.6 Remeasurements recognised in other comprehensive income				
Re-measurements: Actuarial (gain) / loss on obligation				
- (Gain) / Loss due to change in financial assumptions	**(2,700)**	1,904	**1,044**	(852)
- (Gain) / Loss due to change in experience adjustments	**1,186**	16,044	**(8,046)**	31,017
Actuarial (gain) / loss on defined benefit obligation	**(1,514)**	17,948	**(7,002)**	30,165
Re-measurements: Return on plan assets				
- Actual return on plan assets	**10,881**	472	**4,463**	80
- Interest income on plan assets	**17,734**	11,438	**7,338**	1,986
Net re-measurement recognised in other comprehensive income	**6,853**	10,966	**2,875**	1,906
Total defined benefit cost recognised in other comprehensive income	**5,339**	28,914	**(4,127)**	32,071
20.7 Expense recognised in profit and loss account				
Component of defined benefit costs recognized in profit and loss account				
Current service cost	**5,551**	4,185	**1,840**	1,076
Net interest cost				
- Interest cost on defined benefit obligation	**22,733**	12,615	**11,666**	4,909
- Interest income on plan assets	**(17,734)**	(11,438)	**(7,338)**	(1,986)
	4,999	1,177	**4,328**	2,923
	10,550	5,362	**6,168**	3,999

	Pension Plan		Pensioners' Medical Plan	
	2020	2019	**2020**	2019
	(Rupees in thousand)		(Rupees in thousand)	
20.8 Movement in the present value of defined benefit obligations				
Obligation as at July 1	**156,293**	126,254	**81,984**	49,965
Current service cost	**5,551**	4,185	**1,840**	1,076
Interest cost	**22,733**	12,615	**11,666**	4,909
Benefits paid	**(2,848)**	(4,709)	**(3,622)**	(4,131)
Actuarial loss / (gain)	**(1,514)**	17,948	**(7,002)**	30,165
Obligation as at June 30	**180,215**	156,293	**84,866**	81,984
20.9 Movement in the fair value of plan assets				
As at July 1	**122,017**	114,539	**50,045**	19,314
Expected return on plan assets	**17,734**	11,438	**7,338**	1,986
Contribution made	**-**	11,715	**-**	30,651
Benefits paid	**(2,848)**	(4,709)	**-**	-
Return on plan assets excluding interest	**(6,853)**	(10,966)	**(2,875)**	(1,906)
As at June 30	**130,050**	122,017	**54,508**	50,045
20.10 Plan assets comprise of the following:				
Special Savings Certificates	**-**	5,880	**-**	2,412
Cash at bank	**47,244**	105,808	**19,801**	4,237
Investment in mutual fund	**82,806**	10,330	**34,707**	43,396
	130,050	122,018	**54,508**	50,045

20.11 Principal actuarial assumptions

	2020	2019
	(Percent Per Annum)	
Expected rate of increase in salaries	**9.25%**	14.50%
Expected rate of increase in pension	**4.25%**	9.50%
Expected rate of increase in medical benefits	**9.25%**	14.50%
Discount factor used	**9.25%**	14.50%
Mortality rate	**SLIC (2001-05)**	SLIC 2001 - 2005
Rates of employee turnover	**Moderate**	Moderate

20.12 Components of defined benefit cost for the next year

	2021	
	Pension Plan	**Pensioners' Medical Plan**
	(Rupees in thousand)	
Current service cost	**6,511**	1,809
Interest cost on defined benefit obligation	**16,770**	7,742
Interest income on plan assets	**(12,119)**	(5,056)
Net interest cost	**4,651**	2,686
Cost for the next year to be recognized in statement of profit and loss	**11,162**	4,495

20.13 In case of the funded plans, the Parent Company ensures that the investment positions are managed within an Asset-Liability Matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Parent Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Parent Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Parent Company has not changed the processes used to manage its risks from previous periods. The Parent Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

20.14 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
	(Rupees in thousand)		
	2020		
Discount rate at June 30	**1.00%**	**305,338**	**232,141**
Future salary increases	**1.00%**	**189,640**	**171,237**
Future pension increases	**1.00%**	**198,657**	**164,324**
Medical cost increases	**1.00%**	**96,252**	**75,428**
	2019		
Discount rate at June 30	1.00%	210,078	272,585
Future salary increases	1.00%	164,462	148,562
Future pension increases	1.00%	170,879	143,602
Medical cost increases	1.00%	92,648	73,114

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

20.15 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of the related obligation.

20.16 The weighted average duration of defined benefit obligation of pension plan and pensioners' medical plan is 12.99 years and 11.23 years respectively.

20.17 During the year, the Company contributed Rs. 26.69 million (2019: Rs. 80.98 million) to the provident fund.

20.18 Staff terminal benefits obligation relating to NF DMCC (Subsidiary Company):

	2020	2019
	(Rupees in thousand)	
Opening liability	**5,414**	2,699
Provision for the year	**2,253**	2,716
Payment made during the year	**(1,679)**	-
Exchange difference	**303**	-
Closing liability	**6,291**	5,414

This represent staff terminal benefits calculated in accordance with UAE labour laws.

21. TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in thousand)	
Creditors		**1,333,463**	1,393,660
Accrued liabilities	21.1	**2,475,343**	2,020,824
Workers' Profits Participation Fund	21.2	**70,765**	67,623
Workers' Welfare Fund		**128,702**	99,364
Payable to provident fund	21.3	**41,939**	4,218
Refund Liabilities	21.4	**53,152**	38,752
Tax deducted at source		**157,957**	137,668
Advances from employees against sale of vehicles		**92,672**	85,426
Other liabilities		**61,772**	16,562
Due to related parties			
- Directors	21.5	**22,809**	58
- Shareholder	21.6	**-**	22,609
		4,438,574	3,886,764

21.1 This includes liability against Gas Infrastructure Development Cess of Rs. 73.49 million (2019: Rs. 63.54 million).

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21.2 Workers' Profits Participation Fund

	2020	2019
	(Rupees in thousand)	
Payable / (receivables) as at July 1	**67,623**	58,111
Allocation for the year	**73,343**	64,887
	140,966	122,998
Amount paid during the year	**(70,201)**	(55,375)
Payable as at June 30	**70,765**	67,623

21.3 All investments out of provident fund maintained by the Parent Company have been made in accordance with the provisions of Section 218 of the Companies Act 2017 and the conditions specified thereunder.

21.4 This relates to consideration received from the customers for goods sold which the Group expects to fully or partially refund to the customers in accordance with the requirements of IFRS 15 for goods to be returned.

21.5 This relates to remuneration payable to director.

21.6 This relates to the amount provided by the Non-Controlling Shareholders of the Group to meet the working capital requirements.

22. CONTRACT LIABILITIES

	2020	2019
	(Rupees in thousand)	
Sales discount payable	**276,172**	269,270
Advances from customers	**156,655**	83,330
	432,827	352,600

23. SHORT-TERM BORROWINGS

	Note	2020	2019
		(Rupees in thousand)	
Conventional			
Running finance under mark up arrangements	23.1	**54,078**	805,047
Export re-finance	23.2	**500,000**	500,000
Money market loan		**-**	300,000
Islamic			
Running finance under Musharakah	23.3	**326**	296,585
		554,404	1,901,632

23.1 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The effective rates of mark-up on these finances range from 8.33% to 14.31% (2019: 7.00% to 13.90%) per annum. The facilities are expiring on various dates upto 31 January 2021 and are renewable.

23.2 The Parent Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The effective rate of mark-up on this facility is 3% (2019: 3%) per annum.

23.3 The Parent Company has obtained facilities for short term finance under Running Musharakah. The effective rate of profit is 8.63% to 15.71% (2019: 7.00% to 13.9%) per annum. This facility matures within twelve months and is renewable.

23.4 The facilities available from various banks amount to Rs. 2.9 billion (2019: Rs. 2.74 billion). The arrangements are secured by way of pari-passu charge against hypothecation of the Parent Company's current and future movable assets having aggregate charge amounting to Rs. 4.7 billion.

23.5 As at 30 June 2020, the unavailed facilities from the above borrowings amounted to Rs. 2.66 billion (2019: Rs. 0.84 billion).

24. COMMITMENTS

24.1 The facilities for opening letters of credit amount to Rs. 3.16 billion (2019: Rs. 1.79 billion) and for letters of guarantee amount to Rs. 141 million (2019: Rs. 141 million) as at 30 June 2020 of which the amount remaining unutilised at year end were Rs. 3.11 billion (2019: Rs. 1.34 billion) and Rs. 46 million (2019: Rs. 104.26 million) respectively.

24.2 Aggregate commitments for capital expenditure as at 30 June 2020 amount to Rs. 514.66 million (2019: Rs. 411.96 million).

24.3 Aggregate commitments in respect of ujrah payments for ijarah financing of motor vehicles bearing a mark up ranging from six months KIBOR + 0.75% to six months KIBOR + 2% (2019: six months KIBOR + 0.6% to six months KIBOR + 0.9%) per annum for rentals payable monthly as at 30 June 2020 amount to:

	2020	2019
	(Rupees in thousand)	
Not later than one year	**131,085**	86,338
Later than one year but not later than five years	**213,543**	140,617
	344,628	226,955

25. SALES - NET

	Note	2020	2019
		(Rupees in thousand)	
- Local sales		**27,572,751**	23,915,210
- Export sales	25.1	**11,719,688**	9,419,554
Gross sales		**39,292,439**	33,334,764
Less: Sales tax		**(4,354,186)**	(3,717,992)
		34,938,253	29,616,772
Less:			
- Discount, rebates and allowances		**(5,631,115)**	(4,901,460)
- Sales return		**(593,992)**	(461,515)
		(6,225,107)	(5,362,975)
		28,713,146	24,253,797

25.1 Export sales comprise of sales made in the following regions:

	2020	2019
	(Rupees in thousand)	
USA / Canada	**10,725,498**	8,431,079
Africa	**4,259**	2,878
Middle East Asia	**822,860**	873,870
Europe / UK	**167,072**	111,727
	11,719,688	9,419,554

25.2 As required for the condensed financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

	2020	2019
	(Rupees in thousand)	
Primary geographical markets:		
Local	**27,572,751**	23,915,210
USA/Canada	**10,725,498**	8,421,219
Africa	**4,259**	2,878
Middle East	**822,860**	883,730
Europe / UK	**167,072**	111,727
	39,292,439	33,334,764
Major Product Lines:		
Food Products	**12,475,380**	9,865,608
Kitchen Products	**17,394,613**	15,666,820
Cash and Carry	**9,422,446**	7,802,336
	39,292,439	33,334,764

		2020	2019
		(Rupees in thousand)	
26. COST OF SALES			
Raw material consumed		**14,032,698**	12,273,818
Packing material consumed		**3,204,156**	3,025,852
Stores and spares consumed		**234,922**	242,001
Brine and cutting charges		**49,963**	39,829
Salaries, wages and other benefits		**1,178,551**	1,098,637
Contribution to provident fund		**22,127**	17,949
Depreciation	5.2	**374,442**	305,912
Amortisation	7.2	**6**	-
Ujrah payments		**31,629**	24,944
Fuel and power		**397,860**	344,333
Insurance		**20,456**	20,391
Laboratory, research and development		**9,076**	12,296
Postage and communications		**7,451**	5,276
Printing and stationery		**611**	870
Rent, rates and taxes		**195,952**	186,017
Travelling		**152,993**	154,423
Repairs and maintenance		**76,537**	71,714
Security charges		**29,248**	23,090
Inventory destruction charges		**39,634**	23,303
Others		**21,544**	25,403
		20,079,856	17,896,058
Opening work in process		**1,640,477**	1,368,021
Closing work in process		**(1,344,413)**	(1,640,477)
Cost of goods manufactured		**20,375,920**	17,623,602
Opening stock of finished goods		**990,346**	636,220
Closing stock of finished goods		**(1,020,421)**	(990,346)
		20,345,845	17,269,476

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		2020	2019
		(Rupees in thousand)	
27. DISTRIBUTION COSTS			
Salaries, wages and other benefits		**1,386,960**	1,286,899
Advertising and sales promotion		**1,144,974**	915,434
Outward freight and handling charges		**860,274**	709,108
Contribution to provident fund		**25,915**	20,987
Depreciation	5.2	**109,596**	99,511
Amortisation	7.2	**13,157**	11,859
Ujrah payments		**56,292**	37,187
Fuel and power		**5,786**	4,293
Forwarding charges		**62,129**	96,934
Insurance		**42,691**	28,075
Laboratory, research and development		**90**	868
Legal and professional charges		**96,666**	79,380
Postage and communications		**11,810**	1,202
Printing and stationery		**39,586**	32,658
Rent, rates and taxes		**226,399**	334,794
Travelling		**211,432**	185,361
Repairs and maintenance		**56,523**	58,713
Security charges		**-**	3
Depreciation of right-of-use assets	6.1	**181,428**	-
Others		**22,614**	17,646
		4,554,322	3,920,912
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	28.1	**485,116**	408,550
Contribution to provident fund		**16,372**	14,311
Depreciation	5.2	**91,457**	85,812
Amortisation	7.2	**43,290**	47,213
Ujrah payments		**33,124**	27,501
Fuel and power		**94,268**	30,781
Insurance		**9,437**	11,639
Legal and professional charges		**104,351**	70,031
Postage and communications		**5,145**	29,668
Printing and stationery		**2,180**	5,520
Rent, rates and taxes		**44,711**	43,751
Travelling		**54,857**	65,339
Repairs and maintenance		**196,087**	203,944
Security charges		**5,965**	10,692
Others		**48,856**	83,345
Laboratory, Research & Development		**60**	-
Advertising and sales promotion		**6,207**	2,677
		1,241,483	1,140,774

28.1 Salaries, wages and other benefits include Rs. 16.72 million (2019: Rs. 9.36 million) in respect of charge for retirement benefit plans.

		2020	2019
		(Rupees in thousand)	
29. OTHER EXPENSES			
Workers' Profits Participation Fund		**73,343**	64,887
Workers' Welfare Fund		**32,221**	22,317
Auditors' remuneration	29.1	**19,499**	9,946
Donations	29.2	**13,703**	18,087
Compensation package dividend		**-**	15,875
		138,766	131,112
29.1 Auditors' remuneration			
Audit fee		**17,710**	8,334
Limited review, special reports and other certifications		**1,478**	1,332
Out of pocket expenses		**311**	280
		19,499	9,946

29.2 Donations to following Organizations and Trusts exceed 10% of the Goup's total amount of donation or Rs. 1 million, whichever is higher:

	2020	2019
The Citizens Foundation	**2,800**	10,400

Donations did not include any amount paid to any person or organization or institution in which a Director or his / her spouse had any interest.

		2020	2019
		(Rupees in thousand)	
30 OTHER INCOME			
Exchange gain	30.1	**154,793**	198,568
Return on savings account and term deposits - conventional		**9,179**	520
Profit on disposal of property, plant and equipment		**19,598**	32,324
Export rebate		**479**	6,171
Rental income		**5,360**	8,687
Amortisation of government grant		**343**	-
Others		**60,833**	2,011
		250,586	248,281

30.1 Income earned from exchange gain is actual currency and not from derivative financial instrument.

31. FINANCE COSTS		2020	2019
		(Rupees in thousand)	
Mark-up on:			
- Short-term running finances	31.1	**133,553**	69,002
- Export refinance facility		**11,511**	9,521
- Short-term loans	31.2	**3,341**	19,269
- Long-term loans	31.3	**74,746**	60,138
Bank charges and other costs		**119,537**	125,576
		342,688	283,506

31.1 This represents markup on running finance balance obtained from commercial banks.

31.2 This represents markup on short term loans obtained from Islamic banks.

31.3 This represents markup on long term loan obtained from commercial banks.

32 . TAXATION - net		2020	2019
		(Rupees in thousand)	
Current			
- for the year	32.1	**578,835**	321,682
- prior year		**-**	(92,800)
Deferred		**78,790**	123,499
		657,625	352,381

32.1 Income tax assessment of the Parent Company has been deemed to be finalised upto and including tax year 2019 on the basis of tax return filed under section 120 of Income Tax Ordinance 2001. However, the return may be selected for detailed audit within five years from the date of filing of return and the Income Tax Commissioner may amend the assessment if any objection is raised in audit.

	2020	2019
	(Rupees in thousand)	
32.2 Relationship between income tax expense and accounting profit		
Profit before taxation	**2,308,152**	1,722,896
Tax at applicable rate of 29% (2019: 29%)	**669,364**	499,640
Tax effect of permanent differences	**82,533**	445
Tax effect of final tax regime	**(19,207)**	(12,233)
Effect of tax in foreign jurisdictions	**(37,141)**	(24,208)
Effect of prior year tax	**-**	(92,800)
Effect of change in tax rate	**-**	(3,900)
Effect of tax credits	**-**	(32,158)
Others	**(37,925)**	17,595
	657,625	352,381

	2020	2019
	(Rupees in thousand)	
33. EARNINGS PER SHARE - basic and diluted		
33.1 Basic		
Profit after taxation attributable to owners of the Parent Company	**1,472,618**	1,295,210
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	**149,193,872**	149,193,872
	(Rupees)	
Earnings per share	**9.87**	8.68

* weighted average number of ordinary shares outstanding during the comparative year has been adjusted for issuance of bonus shares.

33.2 A diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at balance sheet date which would have any effect on the earnings per share if the option to convert is exercised.

	2020	2019
	(Rupees in thousand)	
34. CASH GENERATED FROM OPERATIONS		
Profit before taxation	**2,308,149**	1,722,896
Adjustments for non-cash charges and other items		
Depreciation	**575,494**	491,235
Amortisation	**56,453**	59,072
Depreciation of right-of-use assets	**181,428**	-
Profit on disposal of property, plant and equipment	**(6,625)**	(32,324)
Impairment loss on trade debts	**32,478**	33,402
Amortisation of government grant	**(343)**	-
Provision for slow moving stock	**(46,704)**	(52,964)
Finance costs	**339,053**	283,506
Retirement benefits expense	**83,384**	12,075
	1,214,619	794,002
Profit before working capital changes	**3,522,768**	2,516,898
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	**(52,559)**	(44,845)
Stock in trade	**(149,953)**	(1,199,665)
Trade debts	**(462,913)**	39,555
Advances	**(32,246)**	59,272
Trade deposits and prepayments	**(18,149)**	(21,615)
Sales tax refundable	**133,789**	(12,365)
Other receivables	**(6,190)**	3,149
	(588,221)	(1,176,514)
Increase / (decrease) in current liabilities		
Trade and other payables	**702,342**	860,035
Sales tax payable	**11,586**	-
Contract liability	**13,971**	146,650
	727,899	1,006,685
	3,662,446	2,347,069
35. CASH AND CASH EQUALIVENTS		
Cash and bank balances	**1,250,547**	876,244
Short term borrowings	**(54,404)**	(1,101,632)
	1,196,143	(225,388)

36. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

36.1 The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to chief executive, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2020	2019	**2020**	2019	**2020**	2019
	(Rupees in thousand)					
Managerial remuneration and allowances	**28,752**	23,135	**-**	-	**674,934**	653,498
Utilities	**2,875**	2,314	**10**	4	**-**	26,736
Bonus / variable pay	**16,291**	3,856	**-**	-	**33,800**	71,907
Housing	**12,938**	10,411	**-**	-	**137,916**	120,313
Retirement benefits	**2,875**	2,314	**-**	-	**152,101**	24,264
Other expenses	**2,139**	1,267	**4,195**	5,194	**33,256**	120,397
	65,870	43,297	**4,205**	5,198	**1,032,007**	1,017,115
Number of persons	**1**	1	**2**	2	**171**	194

36.2 In addition to the above, fee paid to 6 (2019: 6) non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 2.70 million (2019: Rs. 1.45 million).

36.3 The Chief Executive, two non-executive directors and certain executives of the Group are also provided with Company maintained cars, residence and mobile telephones. The approximate value of this benefit is Rs. 54.88 million (2019: 49.89 million).

37. RELATED PARTY DISCLOSURES

Related parties comprise the Holding Company, entities with common directors, key management personnel, staff retirement funds, directors, major shareholders and key management personnel. The Group continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rates agreed under a contract/arrangement/agreement.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Transaction with related parties other than those disclosed else where in the notes are disclosed below:

Relationship with the Group	Nature of transaction	2020	2019
		(Rupees in thousand)	
Parent Company	Rental income	**5,360**	8,687
	Dividend paid	**165,982**	128,841
	Bonus Shares issued (No. of shares)	**8,299,094**	6,871,545
Associates	Purchases of good or services	**-**	2,016
	Advance given	**-**	305
	Dividend paid	**100,692**	78,665
	Annual subscription	**2,000**	-
		No of Shares	
	Bonus Shares issued	**5,034,619**	4,195,466
Staff retirement funds	Expense charged for the year	**64,414**	53,247
	Payments to retirement contribution plan	**26,693**	80,983
	Contribution to defined benefit plans	**-**	42,366
Key management personnel compensation:			
Salaries and other short-term employee benefits		**588,087**	653,498
Contribution to Provident Fund		**31,858**	25,306
Retirement benefits		**16,717**	9,361
Eligible dividend		**35,410**	15,875
Repayment of shareholder loan		**-**	13,448

37.1 The following are the related parties with whom the Group had entered into transaction or have arrangement / agreement in place:

Name of the Related Party	Basis of association	Aggregate % of Shareholding
ATC Holdings (Private) Limited	Holding Company*	33.5%
Pakistan Business Council	Common directorship	N/A
Naimat Collateral Company	Common directorship	10%

*It is the ultimate parent company based on control model as provided under IFRS 10.

	2020	2019
	(Metric tons)	
38. PLANT CAPACITY AND PRODUCTION		
Actual production of plants	**100,414**	94,743

38.1 The capacity and production of the Parent Company plants are indeterminable as these are multi-product and involve varying processes of manufacture.

	2020	2019
39. NUMBER OF EMPLOYEES		
The detail of number of employees are as follows:		
Total employees of the Parent Company at the year end	**722**	753
Average employees of the Parent Company during the year	**738**	744

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Financial risk factors

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's activities expose it to variety of financial risks namely credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The Group's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility and provide maximum return to shareholders.

40.2 Financial assets and liabilities by category and their respective maturities

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	(Rupees in thousand)						
Financial Assets							
Trade debts	-	-	-	1,383,679	-	1,383,679	1,383,679
Advances to employees	-	-	-	15,207	-	15,207	15,207
Trade deposits	-	-	-	9,000	47,650	56,650	56,650
Other receivables	-	-	-	35,862	-	35,862	35,862
Cash and bank balances	-	-	-	1,250,547	-	1,250,547	1,250,547
30 June 2020	**-**	**-**	**-**	**2,694,295**	**47,650**	**2,741,945**	**2,741,945**
30 June 2019	-	-	-	2,028,230	40,846	2,069,076	2,069,076
Financial liabilities							
Long term finance	466,216	1,193,961	1,660,177	-	-	-	1,660,177
Lease liabilities	149,059	628,958	778,017	-	-	-	778,017
Trade and other payables	-	-	-	4,081,150	-	4,081,150	4,081,150
Accrued interest / mark up	-	-	-	15,925	-	15,925	15,925
Short term borrowings	554,404	-	554,404	-	-	-	554,404
30 June 2020	**1,169,679**	**1,822,919**	**2,992,598**	**4,097,075**	**-**	**4,097,075**	**7,089,673**
30 June 2019	2,227,111	966,761	3,193,872	3,731,247	-	3,731,247	6,925,119
On balance sheet gap							
30 June 2020	**(1,169,679)**	**(1,822,919)**	**(2,992,598)**	**(1,402,780)**	**47,650**	**(1,355,130)**	**(4,347,728)**
30 June 2019	(2,227,111)	(966,761)	(3,193,872)	(1,703,017)	40,846	(1,662,171)	(4,856,043)
Off balance sheet items							
Letters of credit							
30 June 2020							**49,604**
30 June 2019							450,000
Letters of guarantees							
30 June 2020							**95,113**
30 June 2019							36,740

All the financial instruments of the Group are designated as loans and receivables and hence measured at amortised cost. The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the consolidated financial statements.

40.2.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties failed to perform as contracted. Financial assets exposed to the credit as at 30 June 2020 risk amounted to Rs. 2.74 billion (2019: Rs. 2.07 billion).

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors.

The Group's maximum exposure to credit risk as at the reporting date is as follows:

	2020	2019
	(Rupees in thousand)	
Financial assets:		
Long-term deposits	**47,650**	40,846
Trade debts	**1,383,679**	1,091,974
Advances to employees	**15,207**	1,011
Trade deposits	**9,000**	38,835
Other receivables	**35,862**	20,166
Cash and bank balances	**1,250,547**	876,244
	2,741,945	2,069,076

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2020	2019
	(Rupees in thousand)	
Domestic	**877,924**	62,488
UAE	**5,323**	86,715
Canada	**185,750**	494,499
Other region	**314,682**	-
	1,383,679	643,702

The cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of A1+ or above as assigned by PACRA or JCR-VIS and other reputed credit agencies.

The other financial assets are neither material to the consolidated financial statements nor exposed to any significant credit risk. The management does not expect any losses from non-performance by these counterparties.

Trade debts are shown net of allowance for impairment for expected credit loss. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. 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 following table provides information about the exposure to credit risk for trade receivables from individual customers as at June 30, 2020:

	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
	(Rupees in thousand)		
June 30. 2020			
Current (not past due)	454,000	2,573	451,427
1–30 days past due	691,829	4,080	687,749
31–60 days past due	139,256	3,626	135,630
61–90 days past due	43,282	492	42,790
90–180 days past due	119,278	57,692	61,586
More than 180 days past due	20,497	16,000	4,497
	1,468,142	84,463	1,383,679

	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
	(Rupees in thousand)		
30 June 2019			
Current (not past due)	708,705	21,301	687,404
1–30 days past due	271,500	8,358	263,142
31–60 days past due	55,256	1,759	53,497
61–90 days past due	54,462	1,801	52,661
90–180 days past due	43,466	15,383	28,083
More than 180 days past due	44,776	37,590	7,187
	1,178,165	86,192	1,091,974

Loss rates are based on historical credit loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical datahas been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of A1+ or above as assigned by PACRA or JCR-VIS.

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk. The management does not expect any losses from non-performance by these counterparties.

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date.

40.2.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk reflects the Group's inability in raising funds to meet commitments. The Group manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. Management monitors rolling forecasts of the Group's liquidity reserve which comprises of undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flows. The maturity of the Group's financial liabilities are provided in these consolidated financial statements.

40.2.3 Market risks

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments.

Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at 30 June 2020 net financial assets / (liabilities) of Rs. (427.78) million (2019: Rs. (502.14) million) were denominated in foreign currency which were exposed to foreign currency risk.

As at 30 June 2020 if the Pak Rupee had weakened / strengthened by 4% (2019: 4%) against US Dollar with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 17.11 million (2019: Rs. 20.09 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated trade debts.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Group only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentage per annum.

Interest rate risk

The Group's only interest rate risk arises from borrowings as the Group has no interest-bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

At 30 June 2020 the Group had variable interest bearing financial liabilities of Rs. 1,232 .51 million (2019: Rs. 3,193.87 million), had the interest rates varied by 100 basis points (2019: 100 basis points) with all the other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs. 12.33 million (2019: Rs. 31.94 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

The sensitivity of 100 basis points (2019:100 basis points) movement in interest rates has been used as historically (five years) floating interest rates have moved by an average of 100 basis points (2019: 100 basis points) per annum.

40.2.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2020					
	Short term borrowings used for cash management purpose	Other short term borrowings including related accrued markup	Lease liabilities	Long term borrowings including loan classified as current [including related accrued markup] (refer note 15.1)	Retained earnings	Total
	(Rupees in thousand)					
Balance as at 1 July 2019	1,122,032	802,696	-	1,301,977	3,993,506	7,220,211
Recognition of lease obligation initial application of IFRS 16	-	-	897,586	-	-	897,586
Balance as at 1 July 2019- Adjusted	1,122,032	802,696	897,586	1,301,977	3,993,506	8,117,797
Changes from financing cash flows						
Repayment of loan	-	-	-	(228,834)	-	(228,834)
Proceeds from long term loan	-	-	-	651,492	-	651,492
Payments and repayments	-	(300,000)	(150,693)	-	-	(450,693)
Amortisation of Government grant	-	-	-	(343)	-	(343)
New lease obligations	-	-	26,231	-	-	26,231
Dividend paid	-	-	-	-	(621,641)	(621,641)
Total changes from financing activities	-	(300,000)	(124,462)	422,315	(621,641)	(623,788)
Other changes - interest cost						
Interest expense	47,204	14,852	45,586	161,095	-	268,737
Interest paid	(42,322)	(14,329)	(45,586)	(163,158)	-	(265,395)
Reclassification to lease obligation	-	-	-	(47,826)	-	(47,826)
Changes in running finance	(1,067,143)	-	-	-	-	(1,067,143)
Exchange difference	-	-	4,894	28,187	-	33,081
Total loan related other changes	(1,062,261)	523	4,894	(21,702)	-	(1,078,546)
Total equity related other changes	-	-	-	-	1,471,757	1,471,757
Balance as at 30 June 2020	59,771	503,219	778,018	1,702,590	4,843,622	7,887,220

40.2.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital. During 2020, the Group's strategy was to maintain leveraged gearing. The gearing ratio as at 30 June 2020 was as follows:

	2020	2019
	(Rupees in thousand)	
Total borrowings	3,027,671	3,193,873
Cash and bank balances	(1,250,547)	(876,244)
Net debt	1,777,124	2,317,629
Total Equity	6,063,520	5,029,962
Total capital	7,840,645	7,347,591
Gearing ratio	23%	32%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

40.3 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. Management considers fair value of financial assets approximate its fair value owing to their short term maturities and credit quality of counter parties.

41. OPERATING SEGMENT

The Group has the two operating segments namely core business and retail (cash and carry). The core business providing wide range of food products to consumers. The retail (cash and carry) offer different products / supplies to restaurants, retailers and industrial customers based in Canada.

The Group's chief executive officer reviews the internal management reports of each segment separately.

41.1 Segment revenue and results

	Core Segment - Food & Food related products	Retail - (cash and carry)	Total
	(Rupees in thousand)		
For the year ended 30 June 2020			
Sales	19,505,019	9,208,129	28,713,148
Cost of sales (excluding depreciation and amortization)	(12,776,570)	(7,194,833)	(19,971,403)
Depreciation and amortization	(281,656)	(92,785)	(374,441)
Gross profit	6,446,792	1,920,511	8,367,304
Distribution expenses	(3,525,055)	(1,029,265)	(4,554,320)
Impairment loss on trade debts	(32,478	-	(32,478)
Administrative expenses	(1,092,307)	(149,176)	(1,241,483)
Finance cost	(204,400)	(138,288)	(342,689)
Other expenses	(138,766)	-	(138,766)
Other income	222,080	28,506	250,586
Profit before taxation	1,675,866	632,288	2,308,154
Taxation	(483,718)	(173,907)	(657,625)
Profit after taxation	1,192,148	458,381	1,650,529

	Core Segment - Food & Food related products	Retail - (cash and carry)	Total
	(Rupees in thousand)		
For the year ended 30 June 2019			
Sales	16,825,419	7,428,378	24,253,797
Cost of sales (excluding depreciation and amortization)	(10,978,716)	(5,984,848)	(16,963,564)
Depreciation and amortization	(305,912)	-	(305,912)
Gross profit	5,540,791	1,443,530	6,984,321
Selling and distribution expenses	(2,976,814)	(944,098)	(3,920,912)
Impairment loss on trade debts	(22,745)	(10,657)	(33,402)
Administrative expenses	(1,019,091)	(121,683)	(1,140,774)
Finance Cost	(201,187)	(82,319)	(283,506)
Other operating charges	(115,237)	(15,875)	(131,112)
Other income	248,281	-	248,281
Profit before taxation	1,453,998	268,898	1,722,896
Taxation	(271,746)	(80,635)	(352,381)
Profit after taxation	1,182,252	188,263	1,370,515

41.2 Segment assets and liabilities

	Core Segment - Food & Food related products	Retail - (cash and carry)	Total
	(Rupees in thousand)		
As at 30 June 2020			
Segment assets	**12,198,605**	**2,977,160**	**15,175,764**
Segment liabilities	**7,156,973**	**1,955,273**	**9,112,244**
As at 30 June 2019			
Segment assets	11,495,635	1,787,812	13,283,447
Segment liabilities	7,020,112	1,233,373	8,253,486

41.3 Segment assets reported above comprise of property, plant and equipment, stock in trade and trade debts.

41.4 Information about major customers

The Group's customer base is diverse with no single customer accounting for more than 10% of net sales. Sales to domestic customers in Pakistan are 67.97% (2019: 71.7%) and to customer outside Pakistan are 32.03% (2019: 28.3%) of the revenue.

41.5 Geographical Location

The Group's gross revenue from external customers by geographical location is detailed below:

	2020	2019
	(Rupees in thousand)	
Domestic sales	**27,572,751**	23,915,210
Export sales	**11,719,688**	9,419,554
	39,292,439	33,334,764

41.5.1 Region wise export sales are as under:

	2020	2019
USA / Canada	**10,725,498**	8,431,079
Africa	**4,259**	2,878
Middle East Asia	**822,860**	873,870
Europe / UK	**167,072**	111,727
	11,719,688	9,419,554

41.6 Management considers that revenue from its ordinary activities are shariah compliant.

41.7 Non-current assets of the Group are located in Pakistan except non-current assets amounting to Rs. 1,866.436 million (2019: 1,160.129 million) are located outside Pakistan.

42. CORRESPONDING FIGURES

Corresponding figures have been reclassified during the year for better and more appropriate presentation as below:

	Reclassified from	Reclassified to	2019 (Rupees in thousand)
Contract Liability	Trade and other payables	Contract Liability	205,950

43. EVENT OCCURRING AFTER BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on September 07, 2020 has proposed a final dividend of Rs. 5 per share amounting to Rs. 746 million and bonus issue of 1 share for each 4 shares held amounting to book value of Rs. 186 million for the year ended 30 June 2020. The approval of the shareholders of the Company for the dividend and bonus issue shall be obtained at the upcoming Annual General Meeting for the year ended 30 June 2020. The financial statements for the year ended 30 June 2020, do not include the effect of the proposed final cash dividend and bonus issue which will be accounted for in the year ending 30 June 2021.

44. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Parent Company on September 07, 2020

Chief Executive Officer	Chief Financial Officer	Director

Notice is hereby given that the 49th Annual General Meeting of National Foods Limited will be held on Wednesday, October 21, 2020 at 4pm through Microsoft Teams application/video-link facility to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Minutes of Annual General Meeting held on October 18, 2019.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Directors' and Auditors' Reports thereon, together with Audited consolidated financial statements of the Company and the Auditors' reports thereon for the year ended June 30, 2020.

3. To approve and declare the dividend on the Ordinary Shares of the Company. The Directors have recommended final dividend of 100% (Rs. 5 per Ordinary Share of Rs. 5/- each), for the year ended June 30, 2020.

4. To appoint External Auditors of the Company for the ensuing year, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed re-appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants as external auditors, for the year ending June 30, 2021.

Special Business:

5. **To consider and, if thought fit, to pass with or without modification(s), the resolutions appearing below as ordinary resolutions for the capitalization of free reserves to issue bonus shares as recommended by the Directors.**

   "**RESOLVED THAT** a sum of Rs. 186,492,340 be capitalized out of the free reserves of the Company and applied towards issue of 37,298,468 ordinary shares of Rs. 5 each, as 25% fully paid bonus shares i.e. in the proportion of one (01) ordinary share for every four (04) ordinary shares held by the members of the Company whose names appear in the Members' Register as at the close of the business on October 12, 2020".

   "**FURTHER RESOLVED THAT** the bonus shares shall rank pari passu in all respects with the existing shares of the Company as regards the future entitlements, however, these shares shall not be eligible for any final dividend declared by the Company for the year ended June 30, 2020".

   "**FURTHER RESOLVED THAT** members fractional entitlement, as a result of their entitlement to a fraction of a bonus share due to their respective shareholdings shall be deposited into a charity account to be proposed and approved by the Shareholders in the Annual General Meeting on October 21, 2020".

   "**FURTHER RESOLVED THAT** the Chief Executive and Company Secretary be and are hereby jointly and/or severally authorized to give effect to these resolutions and to do and cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of the said bonus shares and the deposit of sale proceeds of the fractions into aforementioned account".

6. **To consider, and if thought fit, to pass the following resolutions as ordinary resolutions, (a) to ratify and approve the transactions carried out with related parties during the financial year ended June 30, 2019 and (b) & (c) to authorize the Board of Directors to approve all related party transactions carried out and to be carried out during the year ending June 30, 2020.**

a) ***"RESOLVED THAT*** the transactions carried out by the company with the following related parties for the financial year ended June 30, 2020 be and are hereby ratified and approved."

i) National Foods DMCC;
ii)ATC Holdings (Private) Limited;

b) ***RESOLVED FURTHER THAT*** the Board of Directors of the Company be and is hereby authorized to approve all transactions carried out and to be carried out with the above named related parties, on case to case basis, for the financial year ending June 30, 2021 and till next Annual General Meeting of the Company.

c) ***RESOLVED FURTHER THAT*** the approval of transactions by the Board, as aforesaid, shall be deemed to have been approved by the shareholders and the transactions for the year ending June 30, 2021 shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.

7. **To consider and, if thought fit, to pass with or without modification(s), the resolution appearing below as ordinary resolution for seeking approval of shareholders for the appointment of Mr. Zahid Majeed as Executive Director of the Company and holding the office of profit in terms of Section 171 (1) (c) (i) of the Companies Act, 2017.**

   "**RESOLVED THAT** pursuant to the provisions of Section 171 (1) (c) (i) of the Companies Act, 2017, consent of Members be and is hereby accorded to the appointment of Mr. Zahid Majeed holding office or place of profit under the Company, as Executive Director of the Company at a remuneration, other entitlements and terms and conditions as may be determined by the directors and altered from time to time, as per the Company's policies.

8. To transact any other business with the permission of the Chair.

   Statements under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item Number 5, 6 and 7 is annexed to the notice being sent to the members.

By Order of the Board

Karachi
Date: September 29, 2020

Fazal ur Rehman Hajano
Company Secretary

Notes:

1. **VIDEO-LINK ARRANGMENT FOR ONLINE PARTICIPATION IN THE 49th ANNUAL GENERAL MEETING OF THE COMPANY DUE TO COVID-19**

   In the light of SECP's directives issued vide Circular 05 dated March 17, 2020 read with Circular 25 dated August 31, 2020, and considering the well-being of our valued members the company is holding its 49th Annual General Meeting through Microsoft Teams application / video-conferencing facility.

   Members and their proxies shall be entitled to attend and participate in the AGM through online and encouraged to consolidate their attendance and voting at the AGM through proxies.

   Members and their proxies are required to register their particulars (Name, Folio number/CDC Account No, Number of shares held, CNIC/Passport Number, Cell Number and Email ID), by sending an email at **AGM@nfoods.com** with subject **'Registration for NFL AGM 2020'**.

   The video link will be shared with the Members whose emails, containing all the required particulars as mentioned, are received at the given email address before the close of business hours i.e. **05:00 p.m. on October 13, 2020**.

   To facilitate the members in Karachi, the Company has also made arrangement of a video-link/video-conferencing facility at Luxury Hotel, Karachi. Any member who may have difficulty in online participation from their personal locations, shall be able to participate in the meeting from Beach Luxury Hotel, Karachi.

   For any queries, the Members may please contact through email on **AGM@nfoods.com** or contact Mr. Saleem Sultani on 021-36490029 (Ext. 5272).

2. **NOTICE OF BOOK CLOSURE**

   The share transfer books of the Company will remain closed from October 13, 2020 to October 21, 2020 (both days inclusive). Transfers received, in order, at the office of our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah–e-Faisal, Karachi-74000, by the close of business on October 12, 2020, will be considered in time for the determination of the entitlement of the shareholders to final cash dividend, bonus shares and to attend and vote at the meeting.

3. **Appointment of Proxy**

   (a) A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member at his/his proxy to attend, speak and vote for his/her behalf. A proxy must be a member of the Company. A proxy shall also have the right to demand and join in demanding a poll and vote on a poll.

   (b) The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notarial certified copy of the power or authority, must be deposited at the Registered Office of the Company situated at 12/CL-6, Claremont Road, Civil Lines, Karachi-75530, at least 48 hours before the time of the meeting. Form of Proxy is enclosed. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.

   (c) Owners of the physical shares and of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original valid Computerized National Identity Card (CNIC) or Passport, for identification purposes, at the time of attending the meeting.

Notice of Annual General Meeting

4. **Submission of Copies of Valid CNICs**

   Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number, are requested to send the same, at the earliest, directly to the Company's Share Registrar.

5. **Changes in Members Addresses**

   Members are requested to notify any change in their addresses immediately to the Company's Share Registrar.

6. **E-Dividend**

   The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar, at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

7. **Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001**

   Pursuant to the Finance Act, 2020, effective July 01, 2020, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 30% and for FILER of Tax Returns as 15%. List of Filers is available at Federal Board of Revenue's (FBR) website: http://www.fbr.gov.pk. Members are therefore advised to update their tax FILER status latest by October 12, 2020.

   Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

   In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDC A/c No.	Total number of shares	Principal Shareholders		Joint Holder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar by the close of business (5:00 p.m.) on October 12, 2020; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on October 21, 2020.

Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by October 12, 2020.

For any query/problem/information, the investors may contact the company and/or the Share Registrar at the following phone Numbers, email addresses:

Company:	Corporate.Secretary@nfoods.com
Share Registrar:	info@cdcsrsl.com

8. Unclaimed Dividend/Shares

Shareholders, who by any reason, could not claim their dividend/shares, if any, are advised to contact our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah–e-Faisal, Karachi-74000, to collect / enquire about their unclaimed dividend/shares, if any.

9. Postal Ballot/E-Voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to conditions contained in aforesaid regulations.

10. Video-Conferencing Facility in Other Cities

If the members holding ten percent of the total paid up capital or such other percentage of the paid up capital as may be specified by the Commission, are resident in any other city, the company shall provide the facility of video-conferencing to such members for attending annual general meeting of the company, if so required by such members in writing to the company at least seven days (7) before the date of the meeting. The Company will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

Notice of Annual General Meeting

Consent for Video-Conferencing Facility

I/We, of being a member of National Foods Limited holder of Ordinary Share(s) as per Register Folio No. ____________ hereby opt for participation in the Annual General Meeting to be held on October 21, 2020 or any adjourned meeting through video-conferencing facility at ________________(Please insert name of the City)

____
Signature of member

11. Protective Measures and SOPs to be followed for attending meeting

Members or their proxies attending meeting from Beach Luxury Hotel, Karachi or video conferencing facility, if provided in any other cities, are requested to abide protective measures and SOPs advised by the Government to avoid Covid-19.

12. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended June 30, 2020 has been placed on the Company's website at the given link: http://nfoods.com/contents/our-company/financials/

13. Electronic Transmission of Financial Statements and Notice of Meeting

Members who desire to receive annual financial statements and notice of meeting for the financial year ending June 30, 2021 or onward through e-mail, instead of registered post/courier, may submit their consent on the FORM available for the purpose on Company's website.

Share Registrar
M/s. CDC Share Registrar Services Limited,
CDC House-99B, Block 'B', S.M.C.H.S.,
Main Shahrah–e-Faisal, Karachi-74000.

Registered Office
National Foods Limited
12/CL-6, Claremont Road,
Civil Lines, Karachi.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement set out all the material facts concerning Special Business under Agenda Item No. 5, 6 and 7 be transacted at the 49th Annual General Meeting.

AGENDA ITEM NO. 5
ISSUE OF BONUS SHARES BY CAPITALIATION OF FREE RESERVES

The Board of Directors in their meeting held on September 07, 2020, have recommended capitalization of a sum of Rs. 186,492,340 out of free reserves of the Company for issue of 37,298,468 ordinary shares of Rs. 5 each, as 25% fully paid bonus shares. The directors are of the view that the Company's financial position and its reserves justify the capitalization of free reserves.

The Directors of the Company have not, direct or indirect interest in this special business, except to the extent of their entitlements of bonus shares and their relatives who are also shareholders of the Company.

AGENDA ITEM NO. 6
ORDINARY RESOLUTIONS – TRANSACTIONS WITH RELATED PARTIES

(a) Ratification and approval of transactions with related parties carried out during the financial year ended June 30, 2020

The company carries out transactions with its related parties on an arm's length basis, as per the approved policy with respect to 'transactions with related parties', in the normal course of business. All transactions entered into with related parties require the approval of the Board Audit Committee of the Company, which is chaired by an independent director of the Company. Upon the recommendation of the Board Audit Committee, such transactions are placed before the Board of Directors for their approval. However, in terms of Regulation 15of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code) approval of shareholders is required for such transactions with related parties in which majority of directors of the company are interested. The Companies Act, 2017 (the Act) also requires approval of shareholders on the maters where majority of directors are interested

In view of the above, following transactions carried out in normal course of business on an arms' length basis with related parties during the financial year ended June 30, 2020, are being placed before the shareholders for their ratification and approval.

Name	Relationship	Nature of Transaction	Amount in Rupees
National Foods DMCC	Subsidiary	Net sales	1,471,017,875
ATC Holdings (Private) Limited	Parent Company	Rent Expense	5,360,000

(b) and (c) Authorization for the Board of Directors to approve the related party transactions during the financial year ending June 30, 2021 and till next Annual General Meeting

The Company is and shall be conducting transactions with its related parties during the financial year ending June 30, 2021 and subsequently, on arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business.

The related parties' transactions in which majority of Directors are interested due to their common directorship and/or shareholding, therefore necessitate approval of shareholders. Accordingly, approval of shareholders is being sought to authorize the Board of Directors of the Company to approve all transactions carried out and to be carried out with such related parties during the financial year ending June 30, 2021 and till next Annual General Meeting, which transactions shall be deemed to be approved by the Shareholders.

The nature and scope of such related party transactions is explained above in the statement of Agenda Item No. 6(a). The related party transactions conducted during financial year ending June 30, 2021, shall then be placed before the shareholders in the next AGM for their formal approval/ratification.

Disclosure of Interest of Directors Mr. Abdul Majeed, Mr. Abrar Hasan and Mr. Zahid Majeed are interested in the agenda to the extent of their common directorships and/or their shareholding in respective related parties and Mrs. Noreen Hasan due to interest of his spouse.

AGENDA ITEM NO. 7
ORDINARY RESOLUTION – HOLDING OFFICE OF PROFIT

The Board of Directors of the Company in their meeting held on September 7, 2020 approved appointment of Mr. Zahid Majeed as Executive Director of the Company as "CEO NFDMCC -International Division – Exports" in terms of Section 208 (1) (f) of the Companies Act, 2017 as per the recommendations of Human Resource & Remuneration Committee and Audit Committee under the related party policy of the company. This appointment is subject to approval by members of the Company in terms of Section 171 (1) (c) (i) of the Companies Act, 2017.

Accordingly, the Board of Directors proposed ordinary resolution pursuant to Section 171 (1) (c) (i) of the Companies Act, 2017, to accord approval of the members in general meeting to the appointment of Mr. Zahid Majeed as Executive Director of the Company for holding of office of profit under the Company.

Material facts and disclosures, required under Para B(3) and C (2) of the aforesaid SRO 423 of 2018, are provided herein below:

i) Details of the office of profit proposed to be held by the director;	Mr. Zahid Majeed's appointment as Executive Director of the Company as "CEO NFDMCC"
ii) Brief job description of the office to be held by the director;	a) To implement board's strategy; b) Manage overall operations and resources; c) Focal point of communication between board of directors and the management;
iii) Remuneration of the director, including perks and benefits, pecuniary or otherwise;	53.6 million per annum
iv) Benefits to the company and its members as a result of such office of profit to be held by the director; and	Expansion into international markets and to increase exports;
v) Period of holding of such office.	One (1) year commencing from October 21, 2020
vi) Nature and extent of interest, if any, therein of every director, whether directly or indirectly.	Mr. Zahid Majeed himself and Mr. Abdul Majeed being his father are interested in this matter.

Dividend Mandate

Date____________________

Folio No._________________
Name of Shareholder
F/H Name
Address

Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information:

Details of Shareholder	
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	**PK** ______________________________ **(24 digits)** (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly. ____________________ Signature of shareholder	

You are requested to kindly send us photocopy of this letter immediately duly filled in and signed by you along with legible photocopy of your valid CNIC at our address, CDC Share Registrar Services Limited, Head Office, CDC House, 99-B, Block B, Main Shahrah-e-Faisal, Karachi. 74400, Pakistan.

Regards,

Share Registrar Department
CDC Share Registrar Services Limited
Share Registrar: National Foods Limited

Note: This letter is being computer generated and does not require any signature.

Dividend Mandate

Letter format for CDS Shareholders

Date____________________

CDS Account No._________________
Name of Shareholder
F/H Name
Address

Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank accounts of entitled shareholder as designated by them. In pursuance of the direction given by Securities and Exchange Commission of Pakistan (SECP), kindly immediately contact your relevant CDC Participant/CDC Investor Account Services Department and provide them your bank mandate information including International Bank Account Number (IBAN) which is now mandatory for all cash dividend payments.

In order to comply with regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide requisite bank mandate information to your respective Participant/CDC Investor Account Services Department immediately.

Regards,

Share Registrar Department
CDC Share Registrar Services Limited,
Share Registrar: National Foods Limited

Note: This letter is being computer generated and does not require any signature.

Glossary

ATL:	Above the Line
APLAC:	Asian Pacific Laboratory Accreditation Cooperation
BTL:	Below the Line
CEO:	Chief Executive Officer
CSR:	Corporate Social Responsibility
DDS:	Door to Door Service
DMCC:	Dubai Multi Commodities Centre
FSSC:	Food Safety System Certification
HACCP:	Hazard Analysis and Critical Control Points
HMA:	Halal Monitoring Authority
HR:	Human Resource
ID:	International Division
ISO:	International Standard Organisation
NFL:	National Foods Limited
PNAC:	Pakistan National Accredation Council
PR:	Purchase Requisition
RDP:	Rural Development Programs
SAP:	System, Applications and Products in data processing
SIP:	Sales Incentive Plan
SKU:	Stock Keeping Units
SnOP:	Sales and Operations Planning
TVC:	Television Commercial
UNICEF:	United Nations International Children's Emergency Fund

Jama Punji Information

ڈویڈنڈ:

بورڈ آف ڈائریکٹرز نے حتمی کیش ڈویڈنڈ 5 روپے فی حصص دینے کی تجویز دی ہے اور 4 حصص کا بونس ڈویڈنڈ ہر 1 حصص جو ڈویڈنڈ حاصل کرنے کے حقدار کو تعین کردہ تاریخ پر دیا جائے گا۔ کل اسٹینڈ الون منافع کی ترسیل ڈویڈنڈ کی رقم کے 84 فیصد (2019: 57%) کے لحاظ سے کی گئی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

نیشنل فوڈز لمیٹڈ کا انتظامی مقصد کارپوریٹ کے اچھے انتظام اور بہترین طریقوں کی تعمیل پر مشتمل ہے۔ جیسا کہ فہرست میں درج شدہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے قوائد 2017 (کوڈ) کے تحت ضروری ہے کمپنی نے کوڈ کو اس کی تمام تر ذمے داریوں کے ساتھ نیچے درج کیے گئے انداز میں اپنایا ہوا ہے:

- کام کے نتائج، لین دین اور تمام تبدیلیوں کو غیر جانبداری کے ساتھ فنانشل اسٹیٹمنٹس کمپنی کے اسٹیٹ آف افیئر ز تک شفاف انداز میں پیش کیا جائے۔
- کمپنی کے اکاؤنٹس بُکس کو درست طریقے سے قائم رکھا ہوا ہے۔
- مالیاتی بیانات کے نوٹ میں بیان کردہ مناسب اکاؤنٹنگ پالیسیوں کو مسلسل فنانشل اسٹیٹمنٹس کی تیاری میں لاگو رکھا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور پُرکشش فیصلے پر مبنی ہے۔
- فنانشل اسٹیٹمنٹس کی تیاری بین الاقوامی فنانشل رپورٹنگ اسٹینڈرڈ کے مطابق کی جاتی ہے اور کسی بھی خامی کو مناسب طریقے سے بتایا جاتا ہے۔
- اندرونی کنٹرول کا نظام نہایت شاندار، موثر طریقے سے ڈیزائن شدہ اور کڑی نگرانی میں ہے۔ بورڈ نے چیئرمین کمیٹی کو ملا کر چار ممبرز پر مشتمل ایک آڈٹ کمیٹی مقرر کی ہے۔ آڈٹ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہے جو Code کی ضروریات کی تکمیل کے لیے باقاعدہ طور پر کمیٹی سے ملتا رہتا ہے۔
- جیسا کہ درج شدہ دفعات میں تفصیلاً واضح کیا گیا ہے، کارپوریٹ گورننس پر بہترین عمل درآمد سے مادی طور پر کوئی انحراف نہیں برتا گیا ہے۔
- حالیہ اندازے کے مطابق کمپنی کے اسی طرح جاری رہنے کی قابلیت پر کوئی تشویشی شکوک وشبہات نہیں ہیں۔
- آڈٹ اسٹینڈنگ ڈیوٹیز، قانونی چارجز اور ٹیکسز (اگر کوئی ہو) تمام تفصیل فنانشل اسٹیٹمنٹ میں واضح طریقے سے بتائی گئی ہے۔
- گزشتہ 6 سالوں کے لیے اہم مالیاتی اعداد و شمار کے بارے میں اسٹیٹمنٹ اس رپورٹ میں شامل ہے۔
- 30 جون 2020 تک غیر آڈٹ شدہ اکاؤنٹس پر مبنی پروڈنٹ فنڈز کی سرمایہ کاری کی قیمت 535 ملین تھی۔
- بورڈ آف ڈائریکٹرز کی حاضری، ہیومن ریسورس اور ریمونریشن کمیٹی اور آڈٹ کمیٹی کی رپورٹ شامل ہے۔

حصص داری کا طریقہ

کمپنی میں حصص داری کا طریقہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

انٹرنل آڈیٹرز کی کارگزاری:

کمپنی کا اندرونی آڈٹ سربراہ کی زیرنگرانی اندرونی آڈٹ کے اندرونی آڈٹرز M/S Ernst Young Ford Rhodes & Co. کے تعاون سے جاری ہے۔ اندرونی آڈٹ کا سربراہ براہِ راست چیئرمین بورڈ آف آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

ایکسٹرنل آڈیٹرز:

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کو (Messrs. KPMG Taseer Hadi & Co) چارٹرڈ اکاؤنٹس ریٹائرڈ ہو رہے ہیں جو کہ دوبارہ تعیناتی کے اہل بھی ہیں۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے میسرز کے پی ایم جی تاثیر ہادی اینڈ کو (Messrs. KPMG Taseer Hadi & Co) چارٹرڈ اکاؤنٹنٹس کو بطور آڈیٹرز اگلے سالانہ جنرل اجلاس تک کے لیے اپائنٹمنٹ کا پرپوزل بھیج دیا ہے۔

آگے بڑھنے کی لگن اور مستقبل کا نقطۂ نظر:

آنے والے مالیاتی سال میں نئی حکومت کی ساختی اصلاحات کے حوالے سے روپے کی قدر میں کمی اور بڑھتی ہوئی مہنگائی کی غیر یقینی صورتحال سے نمٹنے کے لیے مسائل کا سامنا ہوگا اور غیر ملکی کرنسی کے ذخائر پر دباؤ کی وجہ سے وبائی بیماری اور کرنسی کی قدر میں کمی کے خطرات کے نتیجے میں قوتِ خرید میں کمی واقع ہوگی۔ جبکہ کمپنی منظّم استحکام کی مستقل حکمتِ عملی اپنائے گی مگر ساتھ ہی ساتھ نئے مواقع تلاش کر کے ان کے ذریعے ترقی کی راہیں بھی تلاش کریں گی جس میں ہم سرمایہ کاری کر سکیں۔ مہنگائی کے اس انتہائی ضروری وقت میں صارف تک کمپنی معیشت کے اس نظام کو جاری رکھتے ہوئے پہنچائے گی۔ کمپنی اپنے محصول پر مبنی ذریعوں (چینلز) کو بڑھانے کے لیے اپنی کوششوں میں اضافہ کر رہی ہے اور مزید سرمایہ کاری کو برقرار رکھتے ہوئے اگلے سال کے لیے دیہی اور غذائی خدمات میں بہترین ترقی کے مواقع لائے گی۔ مشکل حالات کو شاندار مواقع میں بدلنے کے لیے نیشنل فوڈز لمیٹڈ کے پاس ایسی متعدد مؤثر حکمتِ عملیاں موجود ہیں، جن کو تیزی سے بدلتی ہوئی معاشی صورتحال سے نمٹنے کے لیے استعمال کیا جا سکتا ہے۔ ہمیں امید ہے کہ مستقبل میں اِن مؤثر حکمتِ عملیوں کے ذریعے ہم اپنے حصص داران کی مزید خدمت کر سکیں گے۔

اظہارِ تشکر

بورڈ ان تمام افراد کا تہہِ دل سے ممنون ہے جنہوں نے گزشتہ پانچ سال سے نیشنل فوڈز لمیٹڈ کو مستقل اپنی شاندار کارکردگی اور دن رات کی لگن کی وجہ سے بہترین برانڈ بنائے رکھا۔ ہم آپ کے اس جذبے کی قدر کرتے ہیں کہ جس طرح ایک مضبوط ٹیم ورک کے ساتھ مل جُل کر مسائل کا حل نکال کر کمپنی کی فلاح و بہبود کے لیے آپ اپنی بھرپور کوشش کر رہے ہیں۔ ہم آپ سب کے مشکور و ممنون ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

چیف ایگزیکٹو آفیسر

ڈائریکٹر

دیگر اہم کامیابیاں

- نیشنل فوڈز لمیٹڈ کے پورٹ قاسم، گوجرانوالہ اور سائٹ پلانٹس کامیابی کے ساتھ عالمی سطح پر مشہور بین الاقوامی مینجمنٹ معیارات کے مطابق پیشہ ورانہ طور پر صحت اور حفاظت یعنی ISO45001:2018 سے سند حاصل کر چکے ہیں اس اعزاز کو نیشنل فوڈز لمیٹڈ پاکستان کی پہلی اور اعلیٰ درجے کی فوڈ کمپنیوں میں سب سے پہلے حاصل کرنے والی کمپنی ہے۔

- ٹیکنالوجی کے ذریعے حاصل ہونے والی کامیابی کی جستجو میں نیشنل فوڈز لمیٹڈ نے گوگل کے ساتھ مشترکہ کاروباری شراکت اختیار کی ہے، تاکہ ڈیجیٹل جدید ایجادات کے شعبے میں کام انجام دیا جا سکے، تعمیری طور پر برانڈ سے محبت کا اظہار ہو سکے اور سب سے بڑھ کر صارفین کی بصیرت میں اضافہ ہو سکے۔ یہ عمل ہمیں پاکستان کی پہلی مقامی کمپنی بناتا ہے جس نے اس طرح کا اقدام کیا ہے۔

- یہ سال ہماری پروڈکٹ رینج کے لحاظ سے ایک بہترین سال رہا ہے کیونکہ پروڈکٹ رینجز کو وسعت دینے اور اس کی رسائی کے ذرائع کو بڑھانے کے لیے متعدد اقدامات اٹھائے گئے تھے۔

- Scene On نے اپنی دستیابی کو آسان بنایا اور کراچی سے لے کر 21 ٹاؤنز اور پاکستان بھر کے شہروں میں پہنچ گیا۔ Scene On نے مزید دو نئے فلیورز متعارف کروائے اور ایک جدید انداز لیے برانڈ کی نئی رینج "XOXO" تین مزیدار فلیورز میں متعارف کروایا۔

- روزانہ کے کھانوں میں ریسیپی مکسز کیٹیگری کا اضافہ کرنے کے لیے ’’روزانہ رینج‘‘ کو متعارف کروایا گیا جو کہ ایک گیم چینجر ثابت ہوئی۔ اسے تین مختلف انداز میں لانچ کیا گیا جو ہمارے صارفین کے روزانہ کے کھانوں کی تیاری میں سب سے پہلے ذہن میں آتے ہیں اور ’’روزانہ کا کھانا خاص‘‘ بناتے ہیں۔

- ’’بمبئی بریانی کراچی خاص‘‘ 360 ڈگری کراچی اٹیک پلان کے ساتھ متعارف کروایا گیا۔ اس اعتماد کے ساتھ کہ یہ پروڈکٹ کراچی میں ہمارے لیے فائدہ مند ثابت ہوگا، اس کے علاوہ ہم نے گھر گھر ڈور ٹو ڈور سیلز پروگرام کے ساتھ نئی پروڈکٹ ویٹ سیمپلنگ (wetsampling) کو 450,000 گھروں تک پہنچایا۔ ٹرئل کے غیر معمولی ردِ عمل اور اس کی بار بار خریداری نے کراچی اٹیک پلان کو نئی پروڈکٹ کی مدد کے ساتھ کراچی میں ہمارے شیئر کو تین گنا کر دیا۔

- بین الاقوامی مارکیٹ کو ٹارگٹ کرنے کے لیے اُس میں اضافہ کرنے اور مواقع کو مدِنظر رکھتے ہوئے والمرٹ، امریکہ میں اپنی مصنوعات کی دستیابی کو ممکن بناتے ہوئے اپنی کامیابی کے حصے میں مزید اضافہ کیا۔ امریکہ کے 180 مقامات تک اپنی پروڈکٹ پہنچانے کے عزم کے ساتھ ہم نے سان جوس (San Jose)، کیلیفورنیا (California) سے آغاز کیا۔

ہمارے لوگ

سیکھنے اور ترقی کی صنعت میں ابھرتے ہوئے رجحانات کے ساتھ برابری کے حصول کے لیے، نیشنل ہاؤس آف لرننگ اینڈ ڈویلپمنٹ (این ایچ او ایل ڈی) نے ملازمین کے لیے ہاؤس لرننگ مینجمنٹ سسٹم (ایل ایم ایس) شروع کیا۔ جس کے تحت ملازمین اپنی قائدانہ صلاحیتوں کو اُجاگر کرنے کے لیے عملی طور پر اس میں شامل آن لائن لائبریری کے ذریعے 30+ کورسز اور مزید آنے والے کورسز کے ذریعے نہ صرف سیکھ سکتے ہیں بلکہ بہتر بھی کر سکتے ہیں۔

نیشنل فوڈز لمیٹڈ میں اِن ہاؤس لرننگ مینجمنٹ سسٹم کے لانچ کے ابتدائی چھ ماہ میں سیکھنے والوں نے مستقل مزاجی +2,500 لگ بھگ گھنٹوں میں اِی لرننگ کے ذریعے نئی تیکنکس کو سیکھا جبکہ مزید گنتی جاری ہے۔ اپنے آرڈر ٹیکرز کی موجودہ صلاحیتوں کو بڑھانے کے لیے این ایچ او ایل ڈی نے لگ بھگ 2,200 گھنٹے خرچ کیے تاکہ سیلز کال کے نتائج کو مزید بہترین بنایا جا سکے۔
مسلسل بہتری کے جذبے میں، ہمارے ٹریل بلزر پروگرام 2020 (Trailblazer Program 2020) کو ترقی دینے کے لیے اور آنے والے کل کے رہنما اور مساوی مواقع کی فراہمی کے لیے بہتر بنایا گیا ہے، نیشنل فوڈز لمیٹڈ نے اس پروگرام کی وجہ سے نہ صرف ملکی طور پر بلکہ سرحد پار سے 92 مختلف یونیورسٹیوں کے +5000 سے زیادہ طلبہ کی درخواستیں وصول کی ہیں۔ ان طلباء کی جانچ اے آئی کے تعاون سے چلنے والے دی ٹیلنٹ گیمز The Talent Games کے ذریعے کی گئی ہے۔

کارپوریٹ استحکام:

صنفی مساوات کے یو این کے ایس ڈی جی نمبر 5 پر کام کرتے ہوئے نیشنل فوڈز او بنٹو کیئر کے ساتھ شانہ بشانہ چلتے ہوئے اپنے کارپوریٹ آفس میں ڈے کیئر کو دوبارہ تیار کرنے کا کام کر رہے ہیں۔ اس منصوبے کے لیے پیشہ ورانہ انداز کے ساتھ کام کیا جا رہا ہے اور جیسے ہی ڈے کیئر کھل جائے گا اس کے دروازے نہ صرف این ایف ایل ملازمین کے بچوں کے لئے کھلے ہوں گے بلکہ دیگر کمپنیاں بھی اس سے مستفید ہو سکیں گی۔
یونیسف نے نومبر 2019 میں نیشنل فوڈز لمیٹڈ کی خاندانی دوستانہ پالیسیوں کو بھی تسلیم کیا تھا، ہم اپنے کام کی شناخت کو برقرار رکھتے ہوئے اپنے مقصد کے مطابق پارٹنرز کے ساتھ کام کرتے ہیں۔ جیسا کہ ہم نے والدین کے لیے میڈیکل انشورنس کی پالیسی متعارف کروائی ہے اور اپنے مرد حضرات کے لیے والد بننے کے بعد کی چھٹیوں کو بھی اس پالیسی کا حصہ بنایا ہے۔ ہمارے ملازمین کے لیے ہم نے خاندانی دوستانہ پالیسیاں اور بہتر زندگی گزارنے کے اپنے مقصد کے قریب ایک قدم اور حاصل کیا ہے۔ نیشنل فوڈز لمیٹڈ نے دسمبر 2019 میں اقوامِ متحدہ کے ویمن ایمپاورومنٹ پرنسپل (WEPs) کے معاہدے پر دستخط کیے ہیں تاکہ ہم اپنے عمل کو بہتر بناتے ہوئے ممبر کمپنیوں کی لیگ میں شامل ہو جائیں۔

چونکہ وبائی امراض کے دوران صحت، حفاظت اور افرادی قوت کی زیادہ سے زیادہ بہبود کو انتہائی ترجیح دی گئی ہے، نیشنل فوڈز لمیٹڈ نے بہتر اقدام اُٹھاتے ہوئے ابتدائی طور پر اسکریننگ کے اقدامات کے طور پر اپنے ملازمین اور صارفین کو ریپڈ ٹیسٹنگ کٹس فراہم کرنے کے اقدام کیے تاکہ COVID-19 کا پتہ لگایا جا سکے۔ ایک اور اضافی بہترین قدم کے طور پر ملازمین کو ان کے گھروں میں ان کے خاندان اور دوستوں کی اس وبا سے جانچ کے لیے کٹس بھی فراہم کی گئی تھیں۔

نیشنل فوڈز لمیٹڈ حکومتی معاونت اور انسانیت کی فلاح و بہبود کے لیے قدامات کی حمایت کے لئے فراخدلی کے ساتھ اپنا حصہ ڈال رہی ہے جیسا کہ اسپتالوں سمیت انتہائی کمزور طبقات میں خوراک، ضروری سامان اور پی پی ای PPEs تقسیم کر رہی ہے۔ اس کے علاوہ ایک کورونا راشن فنڈ قائم کیا گیا ہے جس کے تحت کمپنی کے ملازمین کی طرف سے دی جانے والی شراکت کو بھی شامل کیا جا رہا ہے۔ ایدھی فاؤنڈیشن کے تعاون سے گوجرانوالہ میں راشن کی تقسیم عمل میں لائی گئی ہے اور کراچی ریلیف ٹرسٹ میں 5 ملین روپے کی امداد کے ساتھ انڈس اسپتال میں ایچ ڈی یو کی تعمیر کے لئے مدد فراہم کی گئی ہے۔

کاروباری اخلاقیات

کمپنی کے کاروبار کے لیے ابتداء سے ہی کمپنی کی ایک پالیسی ہے کہ کمپنی اور اس کے تمام ملازمین اعلیٰ ترین اخلاقی معیار برقرار رکھیں گے۔ ہمارے ضابطہ اخلاق کی تشکیل اور تمام قوائد ہماری کمپنی کے کلچر کا اٹوٹ حصہ ہیں جو یہ بتاتے ہیں کہ ہم کون ہیں اور کس طرح کام کرتے ہیں۔ ہماری کمپنی کے قوائد کاروبار کے اصولوں اور کمپنی کی ذمہ داریاں اس طرح نمایاں کرتے ہیں کہ ہمارے ملازمین کی ذمہ داریاں، ان کی کمپنی کی طرح ان کا اخلاقی رویہ اور بہترین کارپوریٹ کے زیرِ اثر انتظامی امور نیشنل فوڈز کا حصہ ہیں۔

اصولی اور غیر یقینی صورتحال

مقامی کاروبار اور سیاسی صورتحال سارا سال غیر یقینی رہی ہے، خاص طور پر سرمایہ کار اور صارف کے اعتماد پر ٹیکس اصلاحات اور محصول کی وصولی کے ہدف کے فرق سے اثر پڑا ہے۔ غیر مستحکم مالیاتی پالیسیوں نے فنڈنگ میں لاگت کے اضافے کے ساتھ معاشی ماحول کو بھی پست کر دیا ہے۔ کمپنی نے ماحول میں مسابقتی پائیدار ترقی کو یقینی بنانے کے لیے ایک اچھی حکمتِ عملی تیار کی ہے۔ فوڈ سیگمنٹ کی سہولت کی بنیاد پر نیشنل فوڈز کا مجموعی نفع قلیدی اور درآمدی اشیاء پر منحصر ہے۔

موسمی تبدیلی کی وجہ سے قیمتوں میں غیر یقینی صورتحال رہی ہے۔ مقامی ذرائع میں کمی کی وجہ سے برآمدات میں اضافہ ہو رہا ہے جس سے خام مال کی قیمتوں میں کافی فرق آیا ہے، امید ہے کہ قیمتوں کے اُتار چڑھاؤ کی پابندی سے مسابقتی ماحول میں بہترین مواقع حاصل ہو سکیں گے۔ مالی سال کے دوران زرِ مبادلہ کی شرح میں کافی کمی متوقع ہے جس سے کمپنی کے مجموعی نفع میں کمی لائی جا سکتی ہے اور اس کی وجہ سے ٹماٹر اور آلو بخارے کی قیمتیں بہت بہتر ہوئی ہیں، تاہم برآمدات اور درآمدات کے بہتر توازن سے کمپنی غیر ملکی کرنسی کے اتار چڑھاؤ کو قابو میں رکھتی ہے۔

کاروباری تسلسل اور کسی بھی آفت کی بحالی کی منصوبہ بندی کے لیے (DRP) کے طریقہ کار موجود ہیں جو کمپنی کی پیداوار اور فروخت کے عمل میں کسی قسم کی رکاوٹ نہیں آنے دیتے۔ DRP کی تمام تر توجہ کاروباری پہلوؤں پر ہوتی ہے خاص طور پر IT اور ERP کے ماحول پر جس سے کئی کام با آسانی ہو جاتے ہیں۔ DRP لیڈ سٹرینگ کمیٹی اور قلیدی ٹیم کے ارکان کی ذمے داری ہے کہ کاروباری رکاوٹیں آنے کی صورت میں فوری ردِ عمل کا اظہار کرتے ہوئے کام کو ہموار بنانے کی یقین دہانی کروائیں۔

کمپنی کے مالیاتی معاملات میں زیادہ سے زیادہ مالی استحکام اور کم لاگت کو یقینی بنانے کے لیے قرضوں اور مساواتی حکمتِ عملی موجود ہے تاہم کمپنی اضافی قرضوں کی وجہ سے اور منافع کی شرح میں منفی تبدیلی کی وجہ سے حساسیت کا شکار ہے۔ کمپنی اِن مسائل پر مختلف مالی اختیارات کے طریقوں پر عمل کرتے ہوئے قابو پاتی ہے، ان اختیارات میں رننگ فنانس، مَنی مارکیٹ لونز اور طویل مدتی قرضے شامل ہیں۔ اس کے علاوہ کمپنی برآمدات کے خلاف رعایتی LTFF اور ERF سے بھی فائدہ حاصل کر رہی ہے۔

کمپنی کی اپنی ایک قانونی اور رپورٹنگ ٹیم بھی ہے جو ہمہ وقت کمپنی کے کارپوریٹ قانونی فریم ورک اور کمپنی کے لیے لاگو مالی رپورٹنگ کے فریم ورک کے مطابق بیک وقت اس کی تعمیل کو یقینی بنانے کے لیے اپنا کردار ادا کرتی ہے۔ ایکسٹرنل قانونی اور ٹیکس کے مشوروں کے لیے ماہر لوگوں کی ٹیم بھی ہمہ وقت موجود ہے جو بوقتِ ضرورت اپنے قیمتی مشوروں سے کمپنی کی رہنمائی کرتی ہے۔

نیشنل ایکس چیکر میں شراکت

سال کے دوران نیشنل ایکس چیکر میں مزید اضافہ ہوا اور کمپنی نے تقریباً 4,813 ملین روپے (2019: 4,105 ملین روپے) گورنمنٹ اور اس کی کئی ایجنسیز کو مختلف گورنمنٹ لیویز کی مد میں ادا کیے، جس میں کسٹم ڈیوٹی، سیلز ٹیکس اور انکم ٹیکس شامل ہیں۔ اس کے علاوہ پروڈکٹس کی برآمدات سے فارن ایکسچینج 1,613 ملین روپے (2019: 1,290 ملین روپے) کی پیداوار بھی ہوئی جو قومی معیشت میں ہماری شراکت کی عکاسی کرتی ہے۔

ڈائریکٹرز رپورٹ

معزز حصص داران

نیشنل فوڈز لمیٹڈ کے ڈائریکٹرز بامسرت 30 جون 2020 کو ختم ہونے والے سال کی سالانہ رپورٹ کمپنی کے مالیاتی نتائج کے ساتھ جس میں دونوں علیحدہ اور مجموعی جانچ پڑتال شدہ مالیاتی تخمینہ شامل ہے، پیش کر رہے ہیں۔

کاروباری کارکردگی کا جائزہ

عملی اور مالیاتی کارکردگی:

گروپ

گروپ غیر یقینی عالمی حالات میں بھی مستعد رہا اور اس نے ٹاپ لائن اور بوٹم لائن کے مستحکم ملاپ سے پیداوار کو برقرار رکھا ہے۔ ٹاپ لائن سے گزشتہ سال 18 فیصد مستحکم اضافہ ہُوا، جس میں اضافی لاگت اور محصول میں تبدیلی کے امکانات تھے جو مستحکم مجموعی مارجن اور پی اے ٹی (PAT) کی سطح پر 14 فیصد اضافے کو قابل بناتے ہیں۔

بنیادی کاروبار

مجموعی طور پر یہ مالیاتی سال بے حد آزمائشی رہا ہے۔ سال کے آغاز میں مالیاتی اقدامات، معاشی تبدیلیوں کے عمل کے ساتھ جاری رہا اور دوسری سہ ماہی کے اختتام سے وبائی بیماری (Covid-19) سال کی نمایاں خبر بنی رہی۔ جبکہ حکومت نے کورونا وائرس (Covid-19) سے تحفظ کے لیے لچکدار حکمتِ عملی متعارف کروادی ہے تاہم اس کے باوجود معاشی اثرات اور اس کی مدّت ابھی غیر یقینی ہے، جو کہ تمام اسٹیک ہولڈرز کے مفادات کے تحفظ کو یقینی بنانے کے لیے ایک اہم ردِّ عمل کا تقاضا کرتے ہیں۔

بنیادی کاروبار کی خالص فروخت نے 16 فیصد کا مستحکم اضافہ کیا۔ یہ بنیادی طور پر برانڈ اور صارف کی زیرِ قیادت کیے گئے اقدامات کا نتیجہ ہے جو رواں سال پاکستان آپریشنز میں بڑھتی ہُوئی رفتار کے ساتھ سامنے آیا ہے اور جزوی طور پر اس کی ایک وجہ کرنسی کی قدر میں کمی ہونا بھی ہے جس نے بین الاقوامی ڈویژن کے نتائج کو مثبت طور پر متاثر کیا ہے۔ لاگت کے دباؤ اور صارفین پر جُزوی حصہ خرچ کرنے کی وجہ سے مجموعی منافع میں 30bps کی قدرے بہتری آئی ہے۔ بالواسطہ اخراجات کی لاگت میں تبدیلی کے اقدامات کی وجہ سے آپریٹنگ منافع میں 21 فیصد اضافہ ہُوا ہے۔

کمپنی نے مالیاتی سال 2017 سے مایونیز اور سیوری اسنیکس کے ساتھ نئی کٹیگریز کے لیے علاقائی اور مصنوعاتی سطح پر دونوں کے پورٹ فولیو میں رفتار کو بڑھانے اور مزید توسیع کرنے کی بنیاد پر سرمایہ کاری کو جاری رکھا ہُوا ہے۔ نئی کٹیگریز نیشنل فوڈز لمیٹڈ کی مصنوعات کے پورٹ فولیو کے لیے ترقی کے مواقع پیدا کریں گی۔

اے ون بیگز اینڈ سپلائرز اِنکارپوریشن

کاروباری منصوبے نے گروپ کی قائم کردہ پالیسیوں اور بہترین طریقۂ کار سے فائدہ اٹھایا ہے۔ ای آر پی (ERP) میں سرمایہ کاری کے دوران کاروبار میں افادیت کا پیدا ہونا، پروڈکٹ مکس اور قیمت کی اصلاحی کارکردگی، کاروبار کی تاویلی لائنز، مؤثر ورکنگ کیپیٹل مینجمنٹ اور سرمایہ کاری کا قریب سے جائزہ لینا بورڈ کی ترجیح ہے۔ خالص منافع کی تعداد مندرجہ بالا تمام اقدامات کے اثر کو واضح طور پر ظاہر کرتی ہے۔

اس مالی سال میں گروپ کے اہم مالیاتی اعداد و شمار کا خلاصہ درج ذیل ہے:

رقم پاکستانی روپے ملین میں

تنظیمِ نو IFRS 15 کے بغیر مالیاتی اعداد و شمار*	گروپ			بنیادی کاروبار			اے ون بیگز اینڈ سپلائرز انکارپوریشن	
	FY20	FY19	تبدیلی	**FY20**	FY19	تبدیلی	**FY20**	FY19
خالص فروخت	**29,627**	25,191	4,436	**20,419**	17,763	2,656	**9,208**	7,429
مجموعی منافع	**9,322**	7,980	1,342	**7,309**	6,536	773	**2,013**	1,443
بطور خالص فروخت کی شرح	**31%**	32%	1%	**36%**	37%	-1%	**22%**	19%

	گروپ			بنیادی کاروبار			اے ون بیگز اینڈ سپلائرز انکارپوریشن		
	FY20	FY19	تبدیلی	FY20	FY19	تبدیلی	FY20	FY19	تبدیلی
خالص فروخت	28,713	24,254	18%	19,506	16,825	16%	9,208	7,429	24%
مجموعی منافع	8,367	6,984	20%	6,354	5,541	15%	2,013	1,444	39%
عملی منافع	2,552	1,872	36%	1,810	1,493	21%	742	379	96%
خالص منافع بعد از ٹیکس*	1,473	1,295	14%	1,258	1,185	6%	458	199	130%
آمدنی پر حصص (روپے)	9.9	8.7		8.4	7.9				
مجموعی منافع	29.1%	28.8%	0.3%	32.6%	32.9%	-0.4%	21.9%	19.4%	2.5%
عملی منافع	8.9%	7.7%	1.2%	9.3%	8.9%	0.4%	8.1%	5.1%	3.0%
منافع بعد از ٹیکس	5.1%	5.3%	-0.2%	6.4%	7.0%	-0.6%	5.0%	2.7%	2.3%

*اس میں شامل اے ون بیگز اینڈ سپلائرز انکارپوریشن کے استحکام کی ناقابلِ تسلیم بقیہ ادائیگی 13 ملین روپے (2020: 10 ملین روپے) شامل ہے۔

مارکیٹنگ اور تشہیر:

سخت مقابلے کا رجحان ہونے کے باوجود مارکیٹ کے حصص برقرار رکھنے اور اس کی فروخت کے اہداف کو پورا کرنے کے لیے، نیشنل فوڈز لمیٹڈ جدید مارکیٹنگ مہم کے ساتھ انتہائی متحرک رہا۔ اہم جھلکیاں درج ذیل ہیں:

- پہلی سہ ماہی میں ''نئی سوچ کے نئے ذائقے'' کی ٹیگ لائن کے ساتھ ایک نئی ریسپی مکسز کی آگاہی مہم شروع کی گئی، جس کا مقصد گھریلو خواتین کو بااختیار بنانے کے لیے اُنھیں گھر کے سربراہ کی طرف سے ایسا ماحول فراہم کرنے پر اُکسانا تھا جس میں مل بانٹ کر کام کرنے کو ترجیح دی جائے۔ اس کے ٹی وی اشتہار نے یوٹیوب ایشیا پیسیفک ایڈز کے لیڈر بورڈ تک پہنچنے میں ایک سنگِ میل عبور کیا اور جولائی میں 18 ملین ویوز کے ساتھ یہ اشتہار یوٹیوب پاکستان میں سب سے زیادہ دیکھے جانے والا اشتہار بن گیا۔
- ایک جامع تحقیق کے بعد برانڈڈ مارکیٹ کے ذریعے روزانہ کے کھانوں میں ریسپی مکسز کے استعمال میں کمی آجانے کی نشاندہی کی گئی، تاہم دال، سبزی اور سبزی گوشت کی مختلف ''روزانہ رینج'' کو پیش کر کے اس کمی کو پورا کرنے کی کوشش کی گئی تا کہ ایک جامع اے ٹی ایل+بی ٹی ایل (ATL+BTL) مارکیٹنگ کی مہم چلائی جا سکے جس میں اس پروڈکٹ کی توثیق کرنے والے پاکستان بھر سے حقیقی صارفین کی جانب سے ''رئیل لیڈی ٹیسٹی مونیلز'' شامل ہے۔
- ''کراچی خاص بمبئی بریانی'' کو کراچی اٹیک پلان میں دوبارہ شامل کیا گیا جو 63 فیصد ٹرائل جنریشن اور 10,000 کے تجارتی رابطوں کے ساتھ 450 ہزار صارفین تک پہنچا، جس کی وجہ سے کراچی میں نیشنل فوڈز لمیٹڈ کے حصص کا حجم 3.8 فیصد سے بڑھ کر 10.4 فیصد ہوگیا۔ اس کے علاوہ کراچی کے 9,000 سے زائد مقامات (shops) پر کراچی خاص بریانی کے سیمپلز فراہم کرنے میں بھی ٹریڈ کی زبردست مصروفیت رہی۔
- ''ریسپی پرنسز'' پروگرام کو کراچی کے 12 کالجز میں COTHM کے پیشہ ورانہ شیفس کے ساتھ ایک نئے انداز سے تیار کر کے پیش کیا گیا۔ اس پروگرام کے ذریعے حیرت انگیز تبدیلی دیکھنے میں آئی اور اس برانڈ کی مدد سے برانڈ کی محبت اور ایکویٹی میں اضافہ ہُوا۔
- روزانہ رینج مارکیٹ کے ساتھ ساتھ بمبئی بریانی کراچی خاص میں وسعت پیدا کرنے کے لیے ٹریڈ جرگہ / تجارتی جرگہ 5key خیبر پختونخواہ قصبوں کے ساتھ شروع کیا گیا اور جس کے نتیجے میں نئے 750 تجارتی رابطوں کو حاصل کرنے میں کامیابی ہوئی۔
- پکل کیٹیگری میں ''چٹخاروں کی چھکا چھک'' کی ٹیگ لائن کے ساتھ نئی موضوعاتی مہم کا آغاز کیا گیا جس میں مختلف مواقع پر استعمال کے ساتھ ساتھ ہمارے پکل پورٹ فولیو کے SKUs اور مختلف اقسام کی رینج پیش کی گئی ہیں۔ اس کے ساتھ ساتھ پکل کی ایک دستاویزی فلم جولائی اور اگست کے دوران ڈیجیٹل پر نشر کی گئی، جس میں پکل کی تیاری کے عمل کے دوران اُس کی نگرانی اور حفظانِ صحت کے معیارات کو مدِنظر رکھتے ہُوئے نیشنل برانڈ کو مستحکم کرنے میں مدد کی۔
- نئے پکل پیٹ جارز (Pet jars) کو ایک خوبصورت انداز اور پی او ایس ایم (POSM) کے طریقے پر او سی ڈی ایس (OCDs) کے طریقے کی شکل میں متعارف کروایا گیا ہے۔ جو نئے فلیورز گاجر اور لہسن کے ساتھ پکل پی او ایس ایم (POSM) ڈرائیوز میں دستیاب ہے۔
- رمضان کے حوالے سے مختلف انداز میں (مکسڈ اینڈ مینگو) کے لیے محدود رمضان پیکجنگ قومی سطح پر متعارف کروائی گئی۔ جسے پی او ایس ایم اور دستیاب ڈرائیوز کی مدد حاصل رہی۔
- برانڈ کے مقصد کے مطابق مختلف فلیور رینج کو قائم رکھنے کے لیے مکسڈ، مینگو، گارلک اور چلی گارلک کی فنکشنل کا پیز کو پیشِ نظر رکھا گیا اور جون 2020 میں ڈیجیٹل پر نشر کیا گیا۔
- کیچپ کیٹیگری میں عیدالاضحیٰ کے موقع پر ''950g کیچپ پاؤچ کے ساتھ بریانی اور تکہ مصالحہ بالکل مفت'' کنزیومر پروموشن کو میڈیا میں شاندار انداز سے متعارف کروانے کے ساتھ مخصوص مدت کے لیے میڈیا پر نشر کرنے کے لیے صوبائی سندھی زبان میں جِنگل کے ذریعے اندرونِ سندھ کے صارفین کی توجہ حاصل کی گئی۔
- آزمائشی جانچ کے لیے فوڈ پانڈا کے اشتراک سے کراچی، لاہور اور اسلام آباد کے فاسٹ فوڈ ریسٹورنٹس کے آرڈرز پر 40g ٹماٹو کیچپ، چلی گارلک ساس اور کلاسک میو کے سیمپلز / نمونے پہنچائے گئے۔ مدِمقابل برانڈ کے استعمال کو جانچنے کے لیے اسے ایک بہترین موقع کے طور پر دیکھا گیا۔ اس سرگرمی کو ڈیجیٹل میڈیا پر تشہیر کے لیے فوڈ پانڈا اور نیشنل فوڈز کے سوشل میڈیا پیجز پر پیش کیا گیا۔
- سکھر ریجن (حیدر آباد، سکھر، لاڑکانہ اور رحیم یار خان) کو فلوٹ (float) اور کلسٹر ایکٹیویشن (cluster activation) کا استعمال کرتے ہُوئے مارکیٹ میں جوش خروش پیدا کرنے، ٹرائل تیار کرنے اور صارفین کو لکی ڈرا کے ذریعے انعامات (40 موبائل فونز اور 8 موٹر بائیکز) دینے کے لیے فعال کیا گیا تھا۔
- رمضان المبارک کے دوران موجودہ صارفین کی تعداد کو برقرار رکھنے کے لیے کنزیومر پروموشن کی کم قیمت کو (950gTK/CG پر 20 روپے، 475TK/CG پر 10 روپے اور 235gTK/CG پر 5 روپے کی بچت) کیساتھ پیکز کو محدود مدت کے لیے پیکز متعارف کروایا گیا، رمضان کی اہمیت کو مدِنظر رکھتے ہوئے فلیشرز کی قیمت کو ختم کیا گیا۔
- ''نیشنل کیچپ-D.I.Y کِٹ'' رمضان میں تھرڈ پارٹی فریق کو شامل کرتے ہُوئے متعارف کروائی گئی۔ اس خیال کو اس لیے اہمیت دی گئی کہ فراہم کنندہ کے فروزن فوڈز کی فراہمی کے نیٹ ورک سے فائدہ اٹھایا جائے تا کہ صارفین اس کو ٹرائے کریں اور نیشنل کیچپ کی برانڈ اپنی مطابقت کے ساتھ آگے بڑھ سکے۔
- نمک کی کیٹیگری میں سب سے پہلی پہچان بنانے والی برانڈ اور بے مثال نئی پیکجنگ اور ورائٹی رکھنے والے سالٹ کی حیثیت سے نیشنل پِنک سالٹ متعارف کروایا گیا اور اُسے پاکستان بھر کے ٹاپ ماڈرن ٹریڈ آؤٹ لیٹس پر رکھا گیا۔
- متحدہ عرب امارات میں لگ بھگ 76 کارفور اور لُولُو اسٹورز کے ذریعے برانڈ کی آگاہی، تشہیر اور دستیابی کے لیے نومبر اور دسمبر میں چار ہفتوں پر مشتمل اِن اسٹور پروموشن کا اہتمام کیا گیا۔ سوشل میڈیا کی تشہیر پر دوبارہ پروموشن پیریڈ کے دوران 122 فیصد ڈیلیوری اور لُولُو کی سیل آؤٹ کے رجسٹرڈ ڈیٹا کے مطابق ٹریٹری سیلز میں پروموشن پیریڈ کے دوران عام سال کے پیریڈ کے مقابلے میں 69 فیصد تک کا شاندار اضافہ ہُوا۔
- نارتھ امریکہ میں #100 Days Of National کے نام سے ایک ڈیجیٹل کیمپین لانچ کی گئی جس کا مقصد متاثر کُن شخصیات، بلاگرز اور بنیادی خیالات کے حامل لیڈرز کے ذریعے مساوات سے آگاہی کو اُجاگر کیا گیا اور اُن کو اس بات کا اختیار دیا گیا کہ وہ مستند، دلچسپ طریقے سے سلینگ اسٹوریز کی مدد سے فیوژن ریسپیز میڈ ایزی پلیٹ فارم کے تحت روزانہ کی نیشنل پروڈکٹس کے ذریعے ان 100 دنوں کے پیریڈ کے اندر بنائیں۔

چیئرمین کی جائزاتی رپورٹ

کمپنی کی مالی صورتحال کی شہ سرخیاں/ جھلکیاں:

بورڈ آف ڈائریکٹرز کے توسط سے میں، 30 جون 2020 کو ختم ہونے والے مالی سال کے حوالے سے نیشنل فوڈز لمیٹڈ (کمپنی) کے اہم مالی نتائج کا سالانہ جائزہ آپ سے شیئر کرتے ہوئے مسرت محسوس کر رہا ہوں۔ سال 20-2019 کمپنی کے آگے بڑھنے اور شاندار کارکردگی دکھانے کا ایک اور سال ثابت ہوا، باوجود اس کے کہ وبائی مرض کورونا (COVID-19) کی وجہ سے مجموئی طور پر معاشی صورتحال کافی متاثر ہوئی۔ ایک مستحکم بنیاد پر مجموعی طور پر کمپنی نے 39 بلین کا ریونیو حاصل کیا اور ٹیکس کی ادائیگی کے بعد 1.65 بلین کا منافع حاصل کیا۔

پاکستان کا معاشی منظر اور کمپنی کی کارکردگی:

سال کے دوران معاشی محاذ پر مالی اور مالیاتی پالیسیوں میں مسلسل آنے والے بدلاؤ کی وجہ سے غیر یقینی صورتحال کا سامنا رہا تاہم، جیسا کہ ہماری کمپنی ضروریاتِ زندگی کے زمرے میں آتی ہے تو لاک ڈاؤن کے دوران اس کی پروڈکشن اور سپلائی کی سہولیات کو تمام تر ایس او پی ز (SOPs) پر سختی سے عمل کرتے ہوئے جاری رکھنے کی اجازت تھی۔
کنزیومر پرائس ایندھن کی قیمتوں میں اضافہ، خام مال، پیکجنگ مٹیریل اور فنانسنگ لاگت کی قیمتوں میں اضافے کے ساتھ ساتھ مہنگائی کے بڑھتے ہوئے رجحان کی نشاندہی کرتی ہے، جس سے مجموعی طور پر دیگر کمپنیوں کی طرح کمپنی کے کاروبار کرنے کی لاگت اور مالی امور میں بھی نمایاں اضافہ ہوا ہے۔

تاہم، ایکسچینج گین کے ذریعے کمپنی کے بین الاقوامی کاروبار NFDMCC اور A-1 نے ٹیکس کی ادائیگی سے پہلے ہی منافع پر مثبت اثر ڈالا ہے۔ مندرجہ بالا معاشی مسائل کے باوجود کمپنی نے زمینی حقائق کے پیشِ نظر اچھی کارکردگی کا مظاہرہ کیا ہے بلکہ ٹیکس کی ادائیگی کے بعد منافع میں 14% اضافہ بھی حاصل کیا ہے (علاوہ نان کنٹرولنگ انٹرسٹ) جسے ڈائریکٹرز رپورٹ میں پڑھا جا سکتا ہے۔

اس کے ساتھ ہی ہم جس معاشرے اور کمیونٹی میں رہ رہے ہیں اُن کی مسلسل فلاح و بہبود کے لیے دوبارہ سرمایہ کاری کرنے پر قائم رہے ہیں اور آگے کے لیے بھی پُرعزم ہیں۔ جس کا منہ بولتا ثبوت ہماری سی ایس آر سرگرمیاں ہیں جو ہم نے اس سال بھی جاری رکھیں۔

بورڈ کا جائزہ اور کارکردگی:

بورڈ میں متعلقہ تجربے کے لحاظ سے بہترین منظّم اور مناسب ڈائریکٹرز کا انتخاب کیا گیا ہے۔ جن کے فرائض میں بورڈ کے بنیادی مقاصد کے ساتھ ساتھ کمپنی کو درست اسٹریٹیجک سمت فراہم کرنا اور انتظامیہ کی نگرانی کرنا شامل ہے۔

کمپنی اپنے شیئر ہولڈرز کی قدر کو مزید بڑھانے کے لیے بے مثال لگن و جذبہ رکھتی ہے اس لیے مستقل جدت، کارکردگی اور موئثر قیمتی اقدامات کے ساتھ اعلیٰ ترین پروڈکٹس کی تیاری میں مصروف ہے۔ ہم اس بات پر مکمل یقین رکھتے ہیں کہ نئے چیلنجز نئے مواقع لاتے ہیں۔

اعتراف:

ڈائریکٹرز نے گزرے سال کے حوالے سے کمپنی کی مینجمنٹ اور اسٹاف کی شاندار کارکردگی کا کھلے دل کے ساتھ اعتراف کیا ہے، خاص طور پر دنیا بھر میں وبائی مرض کی تباہ کاریوں میں بھی ان کی جانفشانی اور لگن کے جذبے کو سراہا ہے۔

آخر میں، میں اپنے تمام شراکت داروں کا ممنون ہوں جو ہمارے اس سفر میں آج کی تاریخ تک ہمارے شانہ بشانہ ہیں اور باہمی ربط کے پیشِ نظر اُمید کرتا ہوں کہ آنے والے سالوں میں بھی ہمارا ساتھ مزید مضبوط ہوگا۔

A. Majeed

چیئرمین

Form of Proxy

I/We ____ of

____ being a member of

National Foods Limited holding ______________________ ordinary shares as per Registered

Folio No./CDC A/C No. (for members who have shares in CDS) ______________________

hereby appoint Mr./Mrs./Miss ____________________________________ of

(full address) ____________________________________ or failing him/her

Mr./Mrs./Miss ____________________________________ of

(full address) ____________________________________

(being member of the Company) as my/our Proxy to attend, act and vote for me/us and behalf at the 48th Annual General Meeting of the Company to be held on October 18, 2019 and/or any adjournment thereof.

As witness my/our hands seal this ______________ day of ______________ 2019.

Signed by ____________________________________ in the

1. Witness

   Signature ______________________

   Name: ______________________

   Address: ______________________

   ____

   CNIC No. [| | | | | - | | | | | | | | - |]

2. Witness

   Signature ______________________

   Name: ______________________

   Address: ______________________

   ____

   CNIC No. [| | | | | - | | | | | | | | - |]

Signature on
Rs. 5/-
Revenue Stamp

(Signature must agree with the specimen signature registered with the company)

Important:

1. This form of proxy, duly completed and signed, must be deposited at the office of the Company's Shares Registrar, not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is a Member.

For CDC Account Holders/Corporate Entitles:

In addition to the above following requirements have to be met:

i. The Proxy form shall be witnessed by two persons whose names, address and CNIC Numbers shall be mentioned on the form.

ii. Attested copies of CNIC or Passport of the beneficial owners and proxy shall be furnished with the proxy form.

iii. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

iv. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form.