

**COMPANY INFORMATION**

<b>BOARD OF DIRECTORS</b>	Mr. Tahir Jahangir	Chairman/Non-Executive Director
	Mr. Izaz Ilahi Malik	Managing Director/ Chief Executive Officer
	Mr. Usman Ilahi Malik	Executive Director
	Mr. Jilani Jahangir	Non-Executive Director Certified
	Mrs. Munizae Jahangir	Non-Executive Director
	Mr. Furqan Anwar Batla	Non-Executive Director Certified
	Mr. Firasat Ali	Non-Executive Director Independent
<b>AUDIT COMMITTEE</b>	Mr. Firasat Ali	Chairman
	Mr. Jilani Jahangir	Member
	Mr. Furqan Anwar Batla	Member
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Mr. Firasat Ali	Chairman
	Mr. Jilani Jahangir	Member
	Mrs. Munizae jahangir	Member
	Mr. Furqan Anwar Batla	Member
	Mr. Usman Ilahi Malik	Member
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Muhammad Saeed Malik	
<b>COMPANY SECRETARY</b>	Mr. Muhammad Adeel Baig	
<b>HEAD OF INTERNAL AUDIT</b>	Mr. Zaka Ullah Malik	
<b>AUDITORS</b>	M/s Malik Haroon Shahid Safdar & Co. Chartered Accountants	
<b>LEGAL ADVISORS</b>	A.G.H.S Law Associates	
<b>BANKERS</b>	JS. Bank Limited	
	MCB Bank Limited	
	Habib Metropolitan Bank Limited	
	Faysal Bank Limited	
<b>REGISTERED OFFICE/WORKS</b>	Plot No. 26-28, Industrial Triangle, Kahuta Road, Islamabad Tel: 051-4490017-20, Fax: 051-4490016 & 4492803 Email: corporate@punjaboilmills.com Website: www.punjaboilmills.com	
<b>SHARE REGISTRAR OFFICE</b>	M/s Corplink (Private) Limited Wings Arcade, I-K, Commercial Model Town, Lahore Tel: 042-35916714, 35916719 Fax: 042-35869037 Email: corplink786@gmail.com	

## Information for Shareholders

### Company's Registered Office/Works

Plot Nos. 26, 27, 28, Industrial Triangle,  
Kahuta Road, Islamabad.  
Tel: 051-4490017-20  
Fax: 051-4490016, 051-4492803

### Share Registrar

M/s. Corplink (Private) Limited  
Wings Arcade, 1-K, Commercial Model  
Town, Lahore.  
Tel: 042-35916714, 042-35916719  
Fax: 042-35869037

### Listing on Stock Exchange

Pakistan Stock Exchange Limited

### Stock Symbol

The Stock Symbol for dealing in equity  
Shares of Punjab Oil Mills Limited is  
'POML'

### Listing Fees

The Annual listing fee for the Financial Year 2020-2021 paid with the prescribed time limit.

### Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rule, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

### Share Transfer System

Shares transfer received by the Company's Share Registrar are registered with the prescribed period.

### Notification of SECP for the purpose of CNIC of Shareholders

The shareholders are informed that SECP through SRO 779(I)2011 dated August 18, 2011 has made it mandatory that dividend warrants issued by the issuer should bear Computerized National Identity Card (CNIC) numbers of the registered shareholders, except in the case of minor(s) and corporate shareholders. The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of foreigner copy of passport, unless it has already been provided.

**Financial Information**

The Company has uploaded the Annual and Quarterly Accounts on the Company's website.

**Company's Website**

Updated information regarding the Company can be accessed at [www.punjaboilmills.com](http://www.punjaboilmills.com).

**Share Price and Volume during the financial year 2020**

Months	Highest Rate (Rs.)	Lowest Rate (Rs.)	Closing Rate (Rs.)	No. of Shares Traded
July-2019	194.71	194.67	198.35	2,100
August-2019	188.88	184.99	186.65	3,500
September-2019	192.53	191.14	193.43	1,900
October-2019	174.94	170.21	173.03	12,900
November-2019	164.52	159.24	160.85	20,100
December-2019	172.02	169.06	170.27	7,900
January-2020	183.98	180.61	183.30	9,400
February-2020	165.39	164.36	166.00	2,400
March-2020	163.13	160.59	163.11	10,200
April-2020	155.94	147.15	151.19	14,600
May-2020	164.77	160.05	162.44	8,000
June-2020	161.24	154.67	157.97	15,400



### **CHAIRMAN'S REVIEW**

This has been a very difficult year for us all. The year started with the imposition of a 17% sales tax. The trade especially the wholesalers and distributors and retailers were not willing to come under the tax net. It took months before the trade accepted these new taxes. We of course have abided by the tax regulations from day one.

As such the sales for the first quarter were very poor. As we started picking up some momentum over the winter the country was struck by the Covid pandemic. This has shut down most of the entertainment and restaurant industry and consumption has faltered. Sales therefore have been lower than last year but only 6% by volume.

On the other hand our new refinery is working very well and has reduced costs and improved quality. We have worked hard to protect our workers and staff from the pandemic. Due precautions have been taken in the workplace, and sales staff has been given covid allowances to equip themselves with masks and sanitizers. We are pleased to report that we have weathered the pandemic without any casualties or illnesses. We are searching for innovative ways to improve the profitability of the company for the future.

The Board has functioned well and met regularly despite the Pandemic quarantines. It has discussed the future of the company as well as its performance at length and we all hope that beneficial results will follow.

Tahir Jahangir,  
Chairman



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given to the members that the 39<sup>th</sup> Annual General Meeting of the shareholders of PUNJAB OIL MILLS LIMITED will be held on Monday, October 26, 2020, at 11:00 A. M. at Plot No. 26, 27 & 28 Industrial Triangle, Kahuta Road, Islamabad, the Registered Office of the Company to transact the following business:

### **ORDINARY BUSINESS**

1. To confirm the minutes of the Extraordinary General Meeting held on Monday, December 23, 2019.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2020, together with the Directors' and Auditors' Reports thereon.
3. To appoint External Auditors of the Company for the year ending June 30, 2021 as recommended by the Board of Directors and to fix their remuneration.

### **SPECIAL BUSINESS**

4. To ratify and approve transactions carried out with related parties (associated Companies) in the normal course of the business by passing the following ordinary resolutions:

"RESOLVED that the transactions carried out in normal course of business with related parties (associated Companies) as disclosed in respective notes to the Audited Financial Statements for the year ended June 30, 2020 be and are hereby ratified and approved."

"RESOLVED FURTHER that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending June 30, 2021 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/instruments as may be required in this regard on behalf of the Company.

5. To consider and approve the remuneration of the Executive Directors of the Company.
6. To transact any other business with the permission of the Chair.

By Order of the Board

(Muhammad Adeel Baig)  
Company Secretary

Lahore:  
Dated: Monday, October 05, 2020.



**Notes:**

1. **The share transfer books of the Company will remain closed from October 20, 2020 to October 26, 2020 (both days inclusive). Transfers received in order by the Share Registrar of the Company, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore up to the close of business on Monday, October 19, 2020 will be treated in time to attend and vote at the meeting and for the purpose above entitlement to the transferees.**
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her Participant's ID Number and CDC Account/Sub-Account No. along with Original Computerized National Identity Card (CNIC) or Original Passport at the time of attending the meeting. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
3. Form of proxy, in order to be valid must be properly filled-in/executed and received at the Registered Office of the Company situated at Plot No. 26-28, Industrial Triangle Kahuta Road, Islamabad not later than 48 hours before the meeting.
4. Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their address. Shareholders maintaining their shares in electronic form should have their address updated with their Participant or CDC Investor Account Service.
5. Shareholders who have not yet submitted their International Bank Account No. (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company **M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, in case of physical shares.**
6. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholders' Broker/Participant/CDC Account Services.
7. 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 (only if not already provided) to our Shares Registrar, in writing.
8. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing of a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Punjab Oil Mills Limited, holder of \_\_\_\_\_ ordinary share (s) as per Registered Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_"

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access the facility.

**STATEMENTS OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 RELATING TO THE SPECIAL BUSINESS SENT TO THE SHAREHOLDERS ALONGWITH ANNUAL REPORT.**

This statement sets out the material facts concerning the Special Business, given in agenda item No.4 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

Transactions carried out with associated companies during the year ended June 30, 2020 to be passed as a Special Resolution The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the required quorum of directors seemingly could not be formed for approval these transactions which have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2020 with associated company as under is being placed before the shareholders for their consideration and approval / ratification:

Name	Description of Transaction	PKR
Hala Enterprises Limited	Sharing of Office Expenses	5,530,680

Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2021 to be passed as a Special Resolution. The Company would be conducting transactions with associated companies in the normal course of business.

The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2021. The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and the privileges attached there on.



## اعلان سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ پنجاب آئل ملز لمیٹڈ کا 39 واں سالانہ اجلاس عام بروز سوموار 26 اکتوبر 2020ء کو صبح 11:00 بجے بمقام پلاٹ نمبر 26-28 انڈسٹریل ٹرائی اینگل کھونڈ روڈ، اسلام آباد جو کہ کمپنی کا رجسٹرڈ آفس ہے میں درج ذیل امور کی انجام دہی کیلئے ہوگا۔

## عام امور

- 1- غیر معمولی اجلاس عام کے منٹس کی منظوری جو کہ 23 دسمبر 2019 بروز سوموار منعقد ہوا۔
- 2- 30 جون 2020ء کو ختم ہونے والے سال کے لئے کمپنی کے نظر ثانی شدہ مالیاتی حسابات معائنہ پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصول، غور و خوض اور منظوری دینا۔
- 3- 30 جون 2021 کو ختم ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز کی سفارشات کی مطابقت کمپنی کے ایکسٹرنل آڈیٹرز کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔

## خصوصی امور

- 4- مندرجہ ذیل عام قراردادوں کو منظور کر کے کاروبار کے معمول کے مطابق وابستہ کمپنیوں کے ساتھ کئے جانے والے لین دین کی توثیق اور منظوری کے لئے قرار پایا کہ 30 جون 2020 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کی گئی ٹرانزیکشنز کی بذریعہ ہذا توثیق اور منظوری دی گئی ہے۔
- ”قرار پایا کہ کمپنی کے چیف ایگزیکٹو بذریعہ ہذا 30 جون 2021 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کی گئی اور کی جانے والی تمام ٹرانزیکشنز کو منظور کرنے کے با اختیار ہیں اور سلسلہ میں چیف ایگزیکٹو بذریعہ ہذا کوئی اور تمام ضروری عوامل کرنے اور کمپنی کی جانب سے اس سلسلہ میں جو بھی ضروری ہوں کوئی اور تمام ایسے دستاویزات پر رسمی معاہدات دستخط/کامل کرنے کے بھی با اختیار ہیں۔
- 5- کمپنی کے ڈائریکٹرز کے مشاہرہ پر غور و خوض اور منظوری دینا۔
- 6- صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی کرنا۔ درج ذیل قرارداد کو بطور خصوصی قرارداد پر غور و خوض اور منظور کرنا:-

منجانب بورڈ آف ڈائریکٹرز

لاہور: 5 اکتوبر 2020

عدیل بیگ

کمپنی سیکرٹری

## نوٹ:-

- 1- کمپنی کے حصص منتقل کتابیں 20 اکتوبر 2020ء تا 26 اکتوبر 2020ء (بشمول ہر دو ایام) بند رہیں گی۔ کمپنی رجسٹرار، میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل ماڈل ٹاؤن لاہور میں 19 اکتوبر 2020ء کو کاروبار کے اختتام تک موصول ہونے والی منتقلیاں ڈیویڈنڈ اینڈ اوربونس شیئرز کے استحقاق کیلئے بروقت تصور ہوگی۔
  - 2- ایک رکن، جو اپنے شیئرز سنٹرل ڈیپازٹری کمپنی پاکستان لمیٹڈ میں جمع کرا چکے ہوں، اپنے پارٹیسپننس آئی ڈی نمبر اور سی ڈی سی اکاؤنٹ/سب اکاؤنٹ نمبر معہ اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس میں شرکت کے وقت لازماً اپنے ہمراہ لائیں۔
- سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل رکن اپنی بجائے شرکت اور ووٹ کیلئے کسی دیگر رکن کو اپنا/اپنی پر کسی مقرر کر سکتا ہے۔



- 3 - پراسی فارم، کارآمد ہونے کے لئے لازماً مناسب پراکمل شدہ اور کمپنی کے رجسٹرڈ دفتر واقع پلاٹ نمبر 28-26، انڈسٹریل ٹرائی اینگل کھوڑو، اسلام آباد میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہئے۔
- 4 - مادی صورت میں حصص کے حامل ارکان سے التماس ہے کہ اپنے پتوں میں کسی تبدیلی کی اطلاع کمپنی کے سینئر رجسٹرار کو فی الفور مطلع فرمائیں۔ الیکٹرونک فارم میں اپنے حصص برقرار رکھنے والے حصص داران کو اپنے ایڈریس اپنے پارٹنیشنٹ یا سی ڈی سی انویسٹر اکاؤنٹ سروسز کے ہاں اپ ڈیٹ رکھنے چاہئیں۔
- 5 - حصص داران جنہوں نے اپنے انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) ابھی جمع نہیں کرائے سے درخواست ہے کہ کمپنی کی ویب سائٹ پر دستیاب الیکٹرونک کریڈٹ مینڈیٹ فارم پر اور دستخط کر کے CNIC کی کاپی کے ہمراہ کمپنی رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، وگلز آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور کو ارسال کریں، بصورت مادی حصص۔
- 6 - سی ڈی سی میں حصص رکھنے کی صورت میں الیکٹرونک کریڈٹ مینڈیٹ فارم لازماً شیئرز ہولڈرز کے بروکر پارٹنیشنٹ / سی ڈی سی اکاؤنٹ سروسز کو براہ راست جمع کرائے جانے چاہئیں۔
- 7 - تمام شیئرز ہولڈرز کو مطلع کیا جاتا ہے کہ وہ شیئرز رجسٹرار کو اصل شیئرز ہولڈرز اور جوائنٹ ہولڈرز کا تناسب کی تفصیل سے آگاہ کریں
- 8 - ارکان وڈیو کانفرنس سہولت سے بھی مستفید ہو سکتے ہیں۔ اس سلسلہ میں براہ مہربانی درج ذیل فارم کو پراور کمپنی کے رجسٹرڈ دفتر میں سالانہ اجلاس عام کے انعقاد سے 10 یوم قبل جمع کرائیں۔ اگر کمپنی جغرافیائی محل وقوع میں سکونتی مجموعی %10 یا زیادہ شیئرز ہولڈنگ کے مالک ارکان سے وڈیو کانفرنس کے ذریعے اجلاس میں شرکت کیلئے اجلاس کی تاریخ سے کم از کم 10 یوم قبل رضامندی وصول ہوتی ہے تو، کمپنی اس شہر میں ایسی سہولت کی دستیابی کے حوالے سے شہر میں وڈیو کانفرنس سہولت کا انتظام کر کرے گی۔
- ”میں/ہم..... ساکن..... پنجاب آئل ملز لمیٹڈ، مالک..... عام حصص، برطانیہ رجسٹرڈ فوئیو نمبر..... بذریعہ..... میں وڈیو کانفرنس سہولت کا خواہشمند ہوں۔“
- کمپنی ارکان کو وڈیو کانفرنس سہولت کے مقام بارے اطلاع مع سہولت تک رسائی کے قابل بنانے کے لئے ضروری مکمل معلومات سالانہ اجلاس عام کی تاریخ سے کم از کم 5 یوم قبل پہنچائے گی۔
- کمپنیز ایکٹ 2017ء کی دفعہ 134 کی پیروی میں خصوصی امور سے متعلقہ مادی حقائق کا بیان نوٹس ہذا کے ایجنڈا اسٹیم نمبر 5 میں دیئے گئے خصوصی امور سے متعلقہ مادی حقائق کی وضاحت کرتا ہے جو ارکان کی طرف سے منظور شدہ تصور کیا جائے گا۔ بیان کا مقصد ایسی خصوصی قرارداد سے متعلقہ مادی حقائق کی وضاحت کرنا ہے۔
- 30 جون 2020 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ کی گئی ٹرانزیکشنز خصوصی قرارداد کے طور پر منظور کی گئی ہیں۔ شریک کمپنیوں (متعلقہ پارٹنریوں) کے ساتھ معمول کے کاروبار میں کی گئی ٹرانزیکشنز فہرستی کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء کی کلاز 15 کی پیروی میں سہ ماہی بنیاد پر آڈٹ کمپنی کی سفارشات کے مطابق بورڈ کی طرف سے منظور کی گئی تھیں۔ بورڈ کے اجلاس کے دوران ڈائریکٹرز کی طرف سے یہ واضح کیا گیا تھا کہ اکثر کمپنی ڈائریکٹرز شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئرز رکھنے کی وجہ سے ان ٹرانزیکشنز میں دلچسپی رکھتے تھے، ان ٹرانزیکشنز کی منظوری کے لئے ڈائریکٹرز کا مطلوبہ قورم پورا نہیں ہو سکا تھا جو اجلاس عام میں حصص داران کی طرف سے منظور کیا جانا ہے۔ مذکورہ بالا کے مد نظر، شریک کمپنیوں کے ساتھ 30 جون 2019 کو ختم ہونے والے مالی سال کے دوران ہونے والی ٹرانزیکشنز درج ذیل کے مطابق غورو فوض اور منظوری/تصدیق کیلئے حصص داران کے روبرو رکھی جا رہی ہیں۔



نام	لین دین کی تفصیل	رقم روپوں میں
ہال انڈسٹریز لمیٹڈ	آفس کے اخراجات کا اشتراک	5,530,680

30 جون 2021 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ کی گئی اور کی جانے والی ٹرانزیکشنز کیلئے

چیف ایگزیکٹو کو اجازت بطور خصوصی قرارداد منظور کی گئی۔

اکثر ڈائریکٹرز، شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ کی وجہ سے ان ٹرانزیکشنز میں دلچسپی رکھتے ہیں۔ اس لئے شریک کمپنیوں کے ساتھ ایسی ٹرانزیکشنز حصص داران کی طرف سے منظور کی جاتی ہیں۔

فہرستی کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی کلاز 15 کی دفعات کی تعمیل میں، حصص داران 30 جون 2021 کو ختم ہونے والے سال کے دوران شریک کمپنیوں کے ساتھ معمول کے کاروبار میں کی گئی اور کی جانے والی ٹرانزیکشنز کی منظوری دینے کیلئے چیف ایگزیکٹو کو بااختیار بنا سکتے ہیں۔ ڈائریکٹر شریک کمپنیوں میں اپنی مشترکہ ڈائریکٹر شپ اور شیئر ہولڈنگ اور منسلک اسحق کی حد تک قراردادوں میں دلچسپی رکھتے ہیں۔

خصوصی امور سے متعلق کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کے تحت مادی حقائق کا بیان سالانہ رپورٹ کے ہمراہ حصص داران کو ارسال کیا گیا ہے۔

**Directors' Report for the year ended 30th June 2020**

The Directors of your Company take pleasure in presenting the 39th Annual Report on the operations of the Company along with Audit Financial Statements for the year ended 30th June, 2020.

**Operating and Financial Results**

Following is the summary of comparative financial results

	Rupees		% Change	
	2020	2019	2020	2019
Sales (net of sales tax)	5,268,462,350	5,504,226,272	(4.30)	11.2
Gross Profit	789,097,517	808,226,206	(2.40)	9.3
Operating Profit	224,667,434	250,135,554	(10.18)	32
Financial Cost & Other Charges	(35,545,171)	(31,715,826)	12.07	43.2
Operating Income	17,677,084	10,061,658	75.7	45.3
Profit before taxation	206,799,347	228,481,386	(9.49)	31.1
Provision for taxation	(122,621,186)	(121,103,566)	1.25	15.2
Profit after tax	84,178,161	107,377,820	(21.61)	55.3
Un-appropriated Profit brought forward	766,340,341	675,200,680	(13.49)	4.2
EPS (in Rupees)	15.62	19.92		
Appropriations:-	Rupees			
	2019-2020	2018-2019		
Un-Appropriated Profit brought forward	766,340,341	675,200,680		
Incremental Depreciation/Others	11,752,840	9,097,906		
40% Final Dividend for the year 2019	(21,562,608)	(6,468,783)		
35% Interim Dividend during the year 2019	-	(18,867,282)		
Effect of Changes in Equity				
In accounting policy in respect of staff Retirement Benefit obligation net of Tax.	3,653,125	(2,086,017)		
On revaluation of Property, Plant & Equipment.	8,099,715	11,183,923		
Balance as at June 30, 2020/2019	840,708,734	766,340,341		

Sales revenue for the year under review decreased by 4% compared to the same period last year. This is a slight worsening of the trend compared to the 9-month mark wherein the revenue decrease was 2.1%. While the revenue decrease in the first 3 quarters was mainly owing to the first quarter dip in sales after drastic trade disturbances following the new tax measures by the government, the last quarter experienced trade disturbance due to a different reason – the COVID 19 outbreak. Although we initially saw a sharp uptick in sales during April due to pandemic related panic buying, sales in the subsequent months fell to new lows, especially compared to the usual Ramzan consumption patterns.

Gross margins for the year improved marginally to 15.0% compared to 14.7% achieved last year. This slight improvement in margins for the year limited the contraction in gross profit to 2.4%, despite a higher percentage decrease in revenue for the period under review.



At the operating level, the administrative costs increased by 4% for the year. The major contributor to this increase was the 10% increase in salaries and wages cost. Although salaries expense also increased under the selling costs head, a sharp reduction in advertisement expense meant the over-all selling and distributions costs were unchanged from last year. The significant fall in advertisement cost was mainly due to reduced ATL spending on CanOlive (down by 40% for the year). This was a temporary and prudent measure designed to conserve cash and profits in case of any further worsening of the pandemic situation and economic impact of the same. This meant that despite an increasing, but in light of inflationary pressures not unexpected, trend in most other cost heads, the over-all operating expense only increase by 1% compared to last year.

As a result the operating margins were virtually unchanged at 4.3%. However, with lower profits at the gross level, the operating profits declined by 10% for the year under review.

Higher financial charges, lower contribution to WWF and WPPF, and higher other income combined with decreased operating profits to lead to a 9% fall in profit before tax for the twelve months under review. It should be noted that other income for the period included an amount of PKR 4.5 million as gain on disposal of asset (sale of hydrogen gas cell plant).

While the profit before tax was lower by 9%, the tax provision was conversely higher by 1% due to the fixed and minimum tax regimes applicable on the company for the year. Consequently, the company posted a profit after tax of PKR 84.2 mn for the year, down 22% from PKR 107.4 mn posted last year.

The directors have noted that the edible oils industry is a low margin industry and hence comparatively speaking the company is showing satisfactory performance at the operating level; especially keeping in view the general state of the economy and an intensely competitive environment. The directors have no doubt what so ever that the company is a going concern.

We would like to confirm that the financial statements, prepared by the management of the listed company, fairly present its state of affairs and operations and proper books of account have been maintained according to the applicable and appropriate accounting policies and standards. A system of internal control has also been put in place to effectively implement and monitor the workings of the company to ensure compliance with all relevant policies and guidelines as per the Code of Corporate Governance issued by the SECP.

**Contribution to the National Exchequer:-**

During the year the Company contributed PKR 431.639 Million to the National Exchequer in the forms of various duties & taxes.

**Chairman's Review**

The chairman's review included in the Annual Report deals inter alia with the nature of business, performance of the Company, future prospects and uncertainties.

**Corporate Affairs:-**

The Shareholders elected seven Directors of the Board for the tenure of three years in their Extraordinary General Meeting held on Monday, December 23, 2019. The Board is going to retire in December 2022.

**Meetings of Board of Directors**



During the year under review, 08 Meetings of the Board of the Directors were held from July 2019 to June 2020. All written notices of the Board Meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. Attendance by each Director was as under:-

Sr. No.	Name of the Director		Meetings Attended
1.	Mr. Tahir Jahangir	Chairman	8
2.	Mr. Izaz Ilahi Malik	Chief Executive Officer	4
3.	Mr. Usman Ilahi Malik	Executive Director	8
4.	Mr. Furqan Anwar Batla	Non-Executive Director	8
5.	Mr. Jillani Jahangir	Non-Executive Director	5
6.	Mrs. Munizae Jahangir	Non-Executive Director	5
7.	Mr. Firasat Ali	Non-Executive Director-Independent	8

The Minutes of the Meetings were appropriately recorded and circulated within the stipulated time in accordance with CCG the Chief Financial Officer and the Company Secretary attended all the meetings during the year ended June 30, 2020.

Leave of absence was granted to the directors who not attended the Board Meeting.

#### **Board Audit Committee**

The Board of Directors of the Company has set up an Audit Committee comprising of three Members in accordance with the Code of Corporate Governance; during the year June 30, 2020, four Meetings of the Committee were held. Attendance by each member was as under:

Sr. No.	Name of the Member		Meetings Attended
1.	Mr. Firasat Ali	Chairman	4
2.	Mr. Jillani Jahangir	Member	3
3.	Mr. Furqan Anwar Batla	Member	4

In compliance with the Code of Corporate Governance, Audit Committee also met with the External Auditors without the Chief Financial Officer and Head of Internal Audit once in a year.

Leave of absence was granted to the member who not attended the Audit Committee Meeting.

#### **Terms of Reference of Audit Committee:**

The Board of Directors of every Company shall determine the terms of reference of the Audit Committee. The Board of Directors shall provide adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The terms of reference of the Audit Committee shall explicitly documented and shall also include the following:

- Determination of appropriate measures to safeguard the Company's Assets;
- Review of Annual and Interim Financial Statements of the Company, prior to their approval by the Board of Directors, focusing on following:



- i. Major Judgment Areas;
  - ii. Significant Adjustments resulting from the Audit;
  - iii. Going Concern Assumption;
  - iv. Any changes in Accounting Policies and Practice;
  - v. Compliance with applicable Accounting Standards;
  - vi. Compliance with these regulations and other statutory and regulatory requirements; and
  - vii. All related party transactions.
- c) Review of Preliminary announcements of results prior to external communication and publications
  - d) Facilitating the External Audit and discussion with the External Auditors of major observations arising from interim and final audit and any matter that the auditors may wish to highlight (in the absence management, where necessary)
  - e) Review of Management Letter issued by the External Auditors and Management's response thereto;
  - f) Ensuring coordination between the Internal & External Auditors of the Company;
  - g) Review of the scope and extent of Internal Audit, Audit Plan, Reporting framework and procedures and ensuring that the Internal Audit Function has adequate resources and is appropriately placed within the Company;
  - h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
  - i) Ascertaining that the Internal Control System including Financial and Operational Control, Accounting System for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
  - j) Review of the Company's Statement on internal control system prior to endorsement by the Board of Directors and Internal Audit Reports;
  - k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consideration with the Chief Executive Officer and to consider remittance of any matter to the External Auditors or to any other external body.
  - l) Determination of compliance with relevant statutory requirements;
  - m) Monitoring compliance with these regulations and identification of significant violations thereof;
  - n) Review of management for staff and management to report to Audit Committee in confidence, concerns, if any, about actual and potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
  - o) Recommend to the Board of Directors the appointment of External Auditors, their removal, Audit Fee, the provision of any service permissible to be rendered to the Company by the External Auditors in addition to Audit of its Financial Statements. The Board of Directors shall give due consideration to the recommendations of Audit Committee and where it acts otherwise it shall record the reasons thereof.
  - p) Consideration of any other issue or matter as may be assigned by The Board of Directors.

**Human Resource and Remuneration Committee**

The Board has established a Human Resource & Remuneration Committee comprising of five Members during the year under review two meetings were held attendance by each member was asunder:

Sr. No.	Name of the Member		Meetings Attended
1.	Mr. Firasat Ali	Chairman	1
2.	Mr. Usman Ilahi Malik	Member	1
3.	Mr. Jilani Jahangir	Member	1
4.	Mr. Furqan Anwar Batla	Member	1
5.	Mrs. Munizae Jahangir	Member	1

**Terms of Reference of HR & R Committee**

The terms of reference of HR & R Committee shall determine by the Board of Directors which may include the following:

- i. Recommend to the Board for consideration and approval a policy framework for determining remuneration of Directors (Executive Directors and members of senior management);

The definition of senior management will be determine by the Board which shall normally include the first layer of management below the Chief Executive Officer level;

- ii. Undertaking annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging External Independent Consultant and if so appointed, a statement to that effect shall be made in the Directors' report disclosing name, qualification and major terms of appointment;
- iii. Recommending Human Resource Management Polices to the Board;
- iv. Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of the Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- v. Consideration and approval on recommendation of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer; and
- vi. Where Human Resource and remuneration consultants are appointed, their credentials shall be known by the Committee and a statement shall be made by them as to whether they have any other connection with the Company.

**Performance Evaluation of Board of Directors and Committees of the Board**

The evaluation of Board's role of oversight and its effectiveness is a continual process, which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustain operation;
- Board Independence;
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

**Director's Remuneration**

The remuneration of the Board of members is recommended by Board and approved by the Shareholders in General Meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no Directors takes part in deciding his own remuneration. The Company does not pay remuneration to Non-Executive Directors except fee for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trend and business practices. For information on remuneration of Directors and CEO in 2019-2020, please refer notes to the Financial Statements.

**External Auditors**

The present External Auditors M/s. Malik HaroonShahidSafdar& Co. Chartered Accountants, retire, and being eligible, offer themselves for reappointment. The Audit Committee & the Board of Directors recommend the reappointment of M/s. Malik HaroonShahidSafdar& Co. Chartered Accountants for the year ending June 30, 2021.

**Internal Audit & Control**

The Company has an Independent Internal Audit Function. The Board Audit Committee quarterly reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee approves the Audit Plan, based on an annual and quarterly assessment of the operating areas. The Internal Audit Function carries out reviews on the Financial, Operational and Compliance Controls and Reports Findings to the Board Audit Committee, Chief Executive Officer and the Divisional Managements.

**Material Changes**

There have been no material changes since June 30, 2020 to date of the report and the Company has not entered no any material commitment during this period, which would have an adverse impact on the Financial Position of the Company. All the material events and other price sensitive information have been reported to PSX on as and when basis.

**Pattern of Shareholding**

The pattern of Shareholding of the Company has been annexed to this report.

**Related Party Transactions**

All transactions with related parties have been executed at arms 'length and have been disclosed in the Financial Statements under relevant notes.

**Communication**

The Company focuses on the importance of the communication with the Shareholders. The Annual, Half Yearly and Quarterly Reports are distributed to them within the time specified in the Companies Act, 2017. The activities of the Company are updated on its website at [www.punjaboilmills.com.pk](http://www.punjaboilmills.com.pk) on timely basis.

**Corporate Governance**

The Board gives prime importance to conducting the Company's business in accordance with the best international and local corporate governance practices and is committed to inculcating healthy corporate culture, ethical business practices, reliable and transparent financial reporting, and open communication channels with the stakeholders, and compliance with applicable laws and regulations. As a result, good corporate governance principles have been deeply ingrained in Company's decision making and operating set up as well as monitoring processes.

The Company recognizes and respects the rights of each and every stakeholder including shareholders, employees, financiers, creditors, business partners, local communities and others. The Company encourages active participation of shareholders in all general meetings of the Company and values their views towards better governance and operational management. The Company is also cognizant of its legal and ethical obligations towards its business partners, local communities and other stakeholders; and takes appropriate actions to timely respond to their expectations after taking into account a pragmatic view of interests associated with the Company.

The status of each Director on Company's Board whether non-executive or independent has been disclosed in this report in accordance with the revised Code of Corporate Governance, 2019 (CCG) issued by the Securities and Exchange Commission of Pakistan.

The Code of Conduct for directors and employees of the Company has been approved by the Board and changes were made in line with new requirements stated in revised CCG. The said Code of Conduct strengthens the standard for professional business-like behavior expected of directors and employees and binds them to demonstrate ethical, honest and responsible attitude. The Code has been disseminated across the Company to all directors and employees for their information compliance.



Before each meeting of the board of directors a closed period is declared by the company during which directors, CEO, Executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has reviewed the status of executives in terms of clause (xvi) of CCG and has set a threshold defining categories of management employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in Company shares.

The Directors of the Company are fully aware of their duties and responsibilities and strive to discharge their fiduciary responsibilities in the best possible manner in compliance with all applicable corporate laws and regulations.

During the year, the Board was actively involved in performance their duties including those required to be performed under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of safeguarding the interests of the shareholders, enhancing the profitability of the Company, increasing shareholder's wealth and promoting market confidence.

**Corporate and Financial Reporting Framework**

- I. The Financial Statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, Cash Flows and change in equity.
- II. Proper Books of Accounts of the Company have been maintained.
- III. Appropriate Accounting Policies have been applied in preparation of Financial Statements and any changes in Accounting Policies have been disclosed in the Financial Statements. The Accounting Estimates are based on reasonable and prudent judgment.
- IV. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of Financial Statements and any departure therefrom has been adequately disclosed and explained.
- V. The system of Internal Control is sound in design and has been effectively implemented and monitored.
- VI. There are no significant doubts upon the Company's ability to continue as a Going Concern.
- VII. Key operating and Financial Data of last six years has been given in the Annual Report.
- VIII. Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.
- IX. Significant plans and decisions regarding Corporate Restructuring, Business Expansion and discontinuance of operations along with future prospects, risks and uncertainties have been disclosed in relevant sections of Directors Report.
- X. The value of investment in employee retirement fund based on the latest Audited Accounts as of 30 June, 2020 is as follows:

**Gratuity Fund PKR 109.00 Million**

- I. Details of number of Board and Committees' meetings held during the year and attendance by each Director has been disclosed in the Annual Report. Leave of absence was granted to Directors/Members who could not attend some of the Board and Committee meetings.
- II. A statement of the pattern of shareholding in the Company as at 30 June, 2020 of certain classes of shareholders whose disclosure is required under the revised CCG and the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown in the Annual Report.

**Code of Conduct**

The Company has prepared a "Code of Conduct Directors and Employee" and approved by the Board.

**Priority Standards of Conduct**

- I. **Safety:** There can be no production without safety.
- II. **Quality:** To achieve total customer satisfaction by manufacturing and marketing products that achieve the highest quality levels for any given price and provide the customers with the best value for their money. We stand to maximize customer utility for all users of our products by strictly conforming to all relevant food laws and standards, adapting, enhancing and innovating product attributes to better serve customer needs, continually improving our quality management systems, and controlling our costs and prices.
- III. **Productivity:** With safety and quality each of us will strive to excel the performance in all fields of our activities i.e. Production, Sales & Marketing, Planning & Development, Finance, Import, Supply Chain Management, Human Resources & Administration etc.

**Safety, Health and Environment**

Punjab Oil Mills Limited conducts its business responsibility and in a way to make sure health, safety and protection from environmental aspects of its associates and the society. We implement and maintain the programs that provide reasonable assurance that the business will do the following:

1. To comply with all applicable government and internal health, safety and environmental requirements.
2. Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.

**Compliance with the Code of Corporate Governance**

The Statement of Compliance with the Code of Corporate Governance is annexed with the Annual Report.

**Corporate Social Responsibility**

Punjab Oil Mills is cognizant of its legal and ethical responsibilities towards the local communities where it operates. As such the Board has authorized the management to exercise its Corporate Social Responsibilities by serving the local communities in the areas of health and education. While contributing to the society POML is giving special discounts of 50% on all purchases of SOS villages/orphan homes. POML is also collaborating with the Pakistan National Heart Association in providing free medicines and medical camps and raising awareness of Heart Diseases in the Public.

**ISO 9001: AND FSSC 22000 CERTIFICATIONS**

The Company has fully documented and independently management and Food Safety Management Systems as per rules of ISO 9001 and FSSC 22000. This ensures that the products made by us conform to the highest quality standards and are free from all types of Food Safety Hazards to safeguard the health of our consumers. We are the only Pakistan Company that regularly tests its premium cooking oils for pesticides and other harmful chemicals as per International Standards from an accredited laboratory in Germany.

**Director Training Program**

In compliance with the Code of Corporate Governance 2019, four Directors meet the criteria of exemption under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program. Arrangements are being made for the remaining Directors to acquire the required certification under the Directors Training Program.

**Staff Retirement Benefits**

The Company operates an un-funded gratuity scheme covering all employees whose period of services with the Company is more than one year. Provision is made annually to cover the liability under the scheme. The Company pays a lump-sum gratuity to members on leaving the Company after completion of one year of continuous service.

**Future Outlook**

The year under review was a highly challenging one, with not only the usual stiff competition from other players, but also market disturbances stemming from the government's tax action against the traders during the first quarter, and then, after the 3<sup>rd</sup> quarter, the unexpected and unprecedented effects of the COVID-19 outbreak.

The company management took some timely decision in response to the COVID-19 crisis with the view to protect the health and safety of all our stakeholders and minimize potential disruption of our operations. This involved special COVID protocols at the work place, special allowance to the field staff, increased inventory of critical materials, and customer outreach to maintain the credibility of our company and brands in terms of food safety.

We are happy to report that the POML staff and workers generally remained safe from the virus and we were able to continue operations without any major disruptions. However, we did experience high volatility in international edible oil prices, and some initial logistical problem in our supply chain, which made it challenging to effectively plan an optimum procurement strategy.

While it appears that a sense of normalcy is returning to the trade activities regarding the COVID-19 situation, the chance of a 2<sup>nd</sup> wave of the pandemic cannot be ruled out. Hence the business perception is still generally cautious and it is challenging to implement highly aggressive strategies just yet. The recent devastating rains in South of the country also halted the recovery process in Karachi and surrounding areas.



Another area of concern is that the government is increasingly resorting to administrative actions to control the price of essential commodities. In this regards the CCP has also initiated an enquiry into the edible oils and fats industry. Although our industry is a fiercely competitive one with prices determined by the free market, we cannot rule out politically expedient actions that can have a negative impact on our ability to maintain margins. At the same time, the industry has already sought legal remedy against price control measures previously imposed by the Punjab government, and the case is subjudice with interim relief granted to the industry.

Going forward, we are maintaining a cautious approach until there is a more confirmed trend in place indicating normal market operations and a fair resolution to government actions in terms of market prices. At the same time, there is a need to restart marketing efforts that were cut down during the pandemic, into our most profitable products so the long-term brand health is not compromised in face of aggressive marketing tactics of our competitors. The management feels that a focused and phased approach, with optimized costs, can be employed to recover our sales without putting a heavy financial burden on the company. To this end the management is continually reviewing the product costing data to achieve the right balance of pricing with costing; critical to achieving both growth and profitability. We feel that, barring any other unforeseen circumstances, while a recovery in sales is possible with the right approach, the volatility in oil markets and both competitor and government pressure, may keep our margins constrained this year.

**Acknowledgements**

We would like to take this opportunity to thank our customers, suppliers and bankers for their continued support and cooperation towards the progress of the company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in during the period. We expect continued efforts from our employees to achieve even better results in the next year

And last, but not the least, the management is thankful to the board for its usual support and guidance in executing the vision and objectives set for the company.

For & on behalf of the board

(IJAZ ILAHI MALIK)

CHIEF EXECUTIVE OFFICER

Islamabad:

Date: September 17, 2020.



## 30 جون 2020ء کو ختم ہونے والے سال کے لئے ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2020ء کو ختم ہونے والے سال کے لئے نظر ثانی شدہ مالیاتی گوشواروں کے ساتھ کمپنی کے امور پر مبنی 39 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

آپریٹنگ اور مالیاتی نتائج

تقابلے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2019	2020	2019	2020	
11.2	(4.30)	5,504,226,272	5,268,462,350	فروخت (میلون ٹیکس کے علاوہ)
9.3	(2.04)	808,226,206	789,097,517	مجموعی منافع
32	(10.18)	250,135,554	224,667,434	آپریٹنگ منافع
43.2	12.07	(31,715,826)	(35,545,171)	مالی لاگت اور دیگر چارجز
45.3	75.7	10,061,658	17,677,084	آپریٹنگ آمدنی
31.1	(9.49)	228,481,386	206,799,347	ٹیکس سے قبل منافع
15.2	1.25	(121,103,566)	(122,621,186)	ٹیکسیشن
55.3	(21.61)	107,377,820	84,178,161	ٹیکس کے بعد منافع
4.2	(13.49)	675,200,680	766,340,341	غیر موزوں منافع جو آگے آیا
		19.92	15.62	فی شیئر آمدنی (روپے میں)
				مصرفات
				روپے
		2018-2019	2019-2020	
		675,200,680	766,340,341	غیر موزوں منافع جو آگے آیا
		9,097,906	11,752,840	اضافی فرسودگی/دیگر
		(6,468,783)	(21,562,608)	40% حتمی منافع منقسمہ برائے سال 2019



سال 2019 کے دوران 35% عبوری منافع منقسمہ		(18,867,282)	
ایکویٹی میں تبدیلیوں کے اثرات			
اسٹاف ریٹائرمنٹ بینیفٹ و مدداری کی بابت اکاؤنٹنگ پالیسی میں میٹ کے بعد خالص	3,653,125	(2,086,017)	
پراپرٹی، پلانٹ اور آلات کی مقررہ قیمت کے تعین پر	8,099,715	11,183,923	
30 جون 2019/2020 کو بیلنس	840,708,734	766,340,341	

زیر جائزہ سال کی فروخت آمدنی گزشتہ سال کی اسی مدت کے مقابلے 4 فیصد کم ہوئی۔ یہ اضافہ پہلی تین سہ ماہیوں میں پائے گئے رجحان کا تسلسل تھا۔ اس اضافہ کا بڑا حصہ خاص طور پر کھانا پکانے کے تیل کے شعبہ میں، اعلیٰ حجم، اور کم ڈگری، اوسطاً فروخت کی قیمتوں میں معمولی اضافہ سے منسوب ہے۔ ہماری خصوصی قدرتی مصنوعات نے بھی الیتیم قیمتوں پر نمایاں حجمی نمو کا ہرکی، اس لئے بھی ٹاپ لائن سے منسوب کی جا رہی ہے۔

زیر جائزہ سال کے دوران فروخت کی آمدنی میں گزشتہ سال کے اسی عرصے کے مقابلے میں 4 فیصد کمی واقع ہوئی ہے۔ 9 ماہ کے مقابلے اس رجحان میں معمولی کمی کے باعث آمدنی میں 2.1 فیصد کمی ہوئی تھی۔ جبکہ پہلی تین سہ ماہیوں میں آمدنی میں کمی بنیادی طور پر حکومت کی طرف سے نئے ٹیکس اقدامات کے بعد تجارت میں زبردست رکاوٹ پیدا ہونے کے بعد پہلی سہ ماہی میں فروخت میں کمی کی وجہ سے تھی، آخری سہ ماہی میں COVID-19 کے پھیلاؤ کی مختلف وجوہات کے باعث تجارت کی کشیدگی کا سامنا کرنا پڑا۔ اگرچہ شروع میں ہم نے وبا کی بیماری کی پریشانی کی وجہ سے اپریل کے دوران خرید، فروخت میں تیز ترین اضافہ دیکھا، اس کے بعد کے مہینوں میں، خاص طور پر رمضان کی معمولی کمی کے مہینوں کے مقابلے بہت زیادہ کم ہو گئی۔

سال کا مجموعی مارچن چھپلے سال کے 14.7 فیصد کے مقابلے میں معمولی اضافہ سے 15.0 فیصد ہو گیا۔ زیر جائزہ مدت کے لئے آمدنی میں زیادہ فیصد کمی کے باوجود، سال کے دوران مارچن میں اس معمولی بھڑکی نے مجموعی منافع کو 2.2 تک محدود کر دیا۔

آپریٹنگ سٹج پر، سال کے دوران انتظامی اخراجات میں 4 فیصد تک اضافہ ہوا۔ اس اضافے کی سب سے بڑی وجہ تنخواہوں اور اجرتوں میں 10 فیصد کا اضافہ تھی۔ اگرچہ فروخت کے اخراجات میں اضافے کے ساتھ ساتھ تنخواہوں کے اخراجات میں بھی اضافہ ہوا، لیکن اشتہاری اخراجات میں تیز ترین کمی یعنی مجموعی فروخت اور تقسیم کے اخراجات میں کوئی تبدیلی نہیں کی گئی تھی۔ اشتہاری لاگت میں نمایاں گراؤٹ بنیادی طور پر CanOlive پر ATL اخراجات (سال کے لئے 40 فیصد تک کم) میں کمی کی وجہ سے ہوئی۔ یہ ایک عارضی اور مختلط اقدام تھا جو بائی بیماری اور معیشت کی صورت حال مزید خراب ہونے کی صورت میں نقد اور منافع کو محفوظ بنانے کے لئے ڈیزائن کیا گیا تھا۔ اس کا مطلب یہ ہے کہ زیادہ اضافے کے باوجود، لیکن مہنگائی کے دباؤ کی روشنی میں غیر متوقع طور پر نہیں، زیادہ تر قیمتوں میں اضافے کا رجحان، گزشتہ سال کے مقابلے میں تمام آپریٹنگ اخراجات میں صرف 1 فیصد اضافہ ہوا ہے۔

اس کے نتیجے میں عملی طور پر آپریٹنگ مارچن 4.3% میں کمی ہوئی۔ تاہم، مجموعی سٹج پر کم منافع کے ساتھ، زیر جائزہ سال کے دوران آپریٹنگ منافع میں 10 فیصد کمی واقع ہوئی۔ زیادہ مالی چارجز، ڈبلیو ڈبلیو ایف اور ڈبلیو پی ایف کی کمی شراکت، اور دیگر کم آپریٹنگ منافع کے ساتھ دیگر زیادہ آمدنی جو زیر جائزہ بارہ ماہ کے لئے ٹیکس سے پہلے منافع میں 9 فیصد کمی کا باعث بنی ہے۔ واضح رہے کہ اس عرصے کے لئے دیگر آمدنی میں 45 ملین روپے کی رقم بھی شامل تھی جس میں اثاثوں (بالترجہن ٹیکس سیل پلانٹ کی فروخت) کی فروخت سے حاصل ہوا تھا۔

جبکہ ٹیکس سے قبل منافع میں 9 فیصد تک کم ہوا تھا، سال کے لئے کمپنی پر لاگو مقررہ اور کم از کم ٹیکس نظام کی وجہ سے ٹیکس کی فراہمی میں منفی طور پر 1 فیصد اضافہ ہوا۔ اس کے نتیجے میں، کمپنی نے سال کے لئے 84.2 ملین روپے ٹیکس کے بعد منافع کمایا، جو گزشتہ سال کے 107.4 ملین روپے سے 22 فیصد کم تھا۔

ڈائریکٹرز نوٹ کیا ہے کہ خوردنی تیل کی صنعت ایک کم منافع بخش صنعت ہے اور اس وجہ سے کمپنی آپریٹنگ سٹج پر، خاص طور پر معیشت کی عام حالت اور سخت مسابقتی ماحول کے پیش نظر نسبتاً اطمینان بخش کارکردگی کا مظاہرہ کر رہی ہے۔ ڈائریکٹرز کو کمپنی کے گولنگ کسٹرن ہونے صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

ہم اس بات کی تصدیق کرتے ہیں کہ مندرجہ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی حسابات، اس کے امور اور کارروائیوں کو مضبوط طور پر ظاہر کرتے ہیں اور اکاؤنٹ کے مناسب کھاتہ جات قابل اطلاق اور مناسب اکاؤنٹنگ پالیسیوں اور معیارات کے مطابق برقرار رکھے گئے ہیں۔ داخلی کنٹرول کا نظام بھی مؤثر طریقے سے عملدرآمد تمام متعلقہ پالیسیوں اور SECP کی طرف سے جاری کردہ کارپوریٹ گورننس کے منسلک کے مطابق ہدایات کی تعمیل کو یقینی بنانے کیلئے کمپنی کے کاموں کی نگرانی کی جاتی ہے۔



## قومی خزانہ میں شراکت:-

سال کے دوران کمپنی نے مختلف ڈیویڈنڈ اور ٹیکسوں کی شکل میں 431.639 ملین روپے کی قومی خزانہ میں شراکت کی۔

## چیئر مین کا جائزہ

سالانہ رپورٹ میں شامل چیئر مین کا جائزہ کاروبار کی نوعیت، کمپنی کی کارکردگی، مستقبل کے امکانات اور غیر یقینی صورتحال سے متعلق ہے۔

## کارپوریٹ امور:-

شیئر ہولڈرز نے پیر، 23 دسمبر 2019 کو اپنے غیر معمولی اجلاس عام میں بورڈ کے سات ڈائریکٹرز کو تین سال کی مدت کے لئے منتخب کیا۔ بورڈ دسمبر 2022 میں ریٹائر ہو جائے گا۔

## بورڈ آف ڈائریکٹرز کے اجلاس

زیر جائزہ سال کے دوران، جولائی 2019 سے جون 2020 تک بورڈ آف ڈائریکٹرز کے 108 اجلاس منعقد کئے گئے۔ ایجنڈا اور ورکنگ پیپر کے ساتھ بورڈ اجلاسوں کے تمام تحریری نوٹس اجلاسوں سے کم از کم سات دن پہلے ترسیل کیے گئے تھے۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

نمبر شمار	نام ڈائریکٹر	عہدہ	تعداد حاضری
1	جناب طاہر جہانگیر	چیئر مین	8
2	جناب اعجاز الہی ملک	چیف ایگزیکٹو آفیسر	4
3	جناب عثمان الہی ملک	ایگزیکٹو ڈائریکٹر	8
4	جناب فرحان انور بتلا	ایگزیکٹو ڈائریکٹر	8
5	جناب جیلانی جہانگیر	ایگزیکٹو ڈائریکٹر	5
6	محترمہ منیرہ جہانگیر	ایگزیکٹو ڈائریکٹر	5
7	جناب فراصت علی	ایگزیکٹو ڈائریکٹر	8

چیف فنانشل آفیسر اور کمپنی سیکرٹری نے 30 جون 2020 کو ختم ہونے والے سال کے دوران تمام اجلاسوں میں CCG کے مطابق اجلاسوں کے امور کو مقررہ وقت کے اندر مناسب طریقے سے ریکارڈ اور ترسیل کیا۔

بورڈ کے اجلاس میں شرکت نہ کرنے والے ڈائریکٹر کو غیر حاضری کی رخصت عطا کی گئی۔

## بورڈ کی آڈٹ کمیٹی

کمپنی کے بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے کوڈ کے مطابق تین ممبروں پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے۔ سال 30 جون 2020 کے دوران، کمیٹی کے تین اجلاس ہوئے۔ ہر ممبر کی حاضری درج ذیل ہے:

نمبر شمار	نام ڈائریکٹر	عہدہ	تعداد حاضری
1	جناب فراصت علی	چیئر مین	4
2	جناب جیلانی جہانگیر	رکن	3
3	جناب فرحان انور بتلا	رکن	4

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں، آڈٹ کمیٹی نے سال میں ایک بار چیف فنانشل آفیسر اور انٹرنل آڈٹ کے سربراہ کے بغیر بیرونی آڈیٹرز سے بھی ملاقات کی۔

آڈٹ کمیٹی اجلاس میں شرکت نہ کرنے والے ممبر کو غیر حاضری کی رخصت عطا کی گئی۔



## آؤٹ کمیٹی کے ریفرنس کی شرائط:

ہر کمیٹی کا بورڈ آف ڈائریکٹرز آؤٹ کمیٹی کے ریفرنس کی شرائط طے کرے گا۔ بورڈ آف ڈائریکٹرز آؤٹ کمیٹی کو اپنی ذمہ داریوں کو مؤثر طریقے سے پورا کرنے کے لئے مناسب وسائل اور اختیار فراہم کرے گا۔ آؤٹ کمیٹی کے ریفرنس کی شرائط واضح طور پر دستاویزی بنائی جائیں گی اور ان میں مندرجہ ذیل بھی شامل ہوں گی:

(a) کمیٹی کے اٹاٹوں کی حفاظت کے لئے موزوں اقدامات کا تعین۔

(b) بورڈ آف ڈائریکٹرز کی منظوری سے قبل کمیٹی کے سالانہ اور عبوری مالی حسابات کا جائزہ، ان پر توجہ مرکوز کرتے ہوئے:

i۔ اہم فیصلے والے شعبے؛

ii۔ آؤٹ کے نتیجے میں اہم ایڈجسٹمنٹ۔

iii۔ جاری تشریحات کا مفروضہ،

iv۔ اکاؤنٹنگ پالیسیوں اور پریکٹس میں کوئی تبدیلی۔

v۔ قابل اطلاق اکاؤنٹنگ معیارات کی تعمیل۔

vi۔ ان ضوابط اور دیگر قانونی قواعد و ضوابط سے متعلق تعمیل؛ اور

vii۔ پارٹی سے متعلق تمام لین دین۔

(c) بیرونی مواصلات اور اشاعت سے قبل نتائج کے ابتدائی اعلانات کا جائزہ

(d) عبوری اور حتمی آؤٹ سے پیدا ہونے والے بڑے مشاہدات کے بیرونی آؤٹ کے ساتھ خارجی آؤٹ کی سہولت فراہم کرنا اور کسی بھی معاملے پر جو آؤٹ براہ راست کرنا چاہیں (انتظامیہ کی غیر موجودگی میں، جہاں ضروری ہو)

(e) بیرونی آؤٹ براہ راست اور انتظامیہ کے جوابات کے ذریعہ جاری کردہ منجمنٹ لیٹر کا جائزہ۔

(f) کمیٹی کے اندرونی اور بیرونی آؤٹ براہ راست کے مابین ہم آہنگی کو یقینی بنانا؛

(g) اندرونی آؤٹ، آؤٹ پلان، فریم ورک اور طریقہ کار کی اطلاع و ہندگی اور اس بات کو یقینی بنانا کہ اندرونی آؤٹ فنکشن کے پاس کافی وسائل موجود ہیں اور مناسب طریقے سے کمیٹی کے اندر رکھے گئے ہیں۔

(h) دھوکہ دہی، بدعنوانی اور طاقت اور انتظامیہ کے جواب کے غلط استعمال کی خصوصیت والی سرگرمیوں کی داخلی تفتیش کے بڑے نتائج پر غور کرنا۔

(i) اس بات کا پتہ لگانا کہ اندرونی کنٹرول سسٹم جس میں مالیاتی اور آپریشنل کنٹرول، خریداری اور فروخت، وصولیوں اور ادائیگیوں، اٹاٹوں اور ذمہ داریوں اور پورنگ ڈھانچے کی بروقت اور مناسب ریکارڈنگ کے لئے اکاؤنٹنگ سسٹم شامل ہے۔

(j) بورڈ آف ڈائریکٹرز اور اندرونی آؤٹ رپورٹس کی توثیق سے قبل داخلی کنٹرول سسٹم کے بارے میں کمیٹی کے بیان کا جائزہ۔

(k) چیف ایگزیکٹو آفیسر کے ساتھ غور و فکر کرتے ہوئے، بورڈ آف ڈائریکٹرز کے ذریعہ کسی بھی معاملے پر رقم کے مطالعہ یا دیگر تحقیقات کے لئے خصوصی منصوبوں کا قیام، اور بیرونی آؤٹ براہ راست کی بھی بیرونی ادارہ کو کسی بھی معاملے کی تہیہ پر غور کرنا،

(l) متعلقہ قانونی تقاضوں کی تعمیل کا تعین؛

(m) ان ضوابط کی تعمیل اور اس کی نمایاں خلاف ورزیوں کی نشاندہی کی نگرانی۔

(n) مالی اور دیگر معاملات میں اصل اور تکرار غلطیوں کے بارے میں اعتماد، خدشات، اگر کوئی ہے تو، اعتماد میں آؤٹ کمیٹی کو رپورٹ کرنے کے لئے عملے اور انتظامیہ کے انتظام کے بارے میں جائزہ اور اس کے حل اور تخفیف کے اقدامات کی۔ فشار کرنا،

(o) بورڈ آف ڈائریکٹرز کو بیرونی آؤٹ براہ راست کی تقرری، ان کی برطرفی، آؤٹ فیس، بیرونی آؤٹ براہ راست کے ذریعہ کمیٹی کو پیش کی جانے والی کسی بھی سروس کی فراہمی کی سفارش، اس کے مالیاتی حسابات کے آؤٹ کے علاوہ، بورڈ آف ڈائریکٹرز آؤٹ کمیٹی کی سفارشات پر جہاں ضروری ہو پر غور و خوض و رد وہ اس کی وجوہات درج کرے گا۔

(p) بورڈ آف ڈائریکٹرز کے ذریعہ تفویض کردہ کسی بھی دوسرے معاملے یا مسئلے پر غور کرنا۔

انسانی وسائل اور ریٹرنیشن کمیٹی

بورڈ نے پانچ ممبروں پر مشتمل ایک انسانی وسائل اور ریٹرنیشن کمیٹی قائم کی ہے، زیر جائزہ سال کے دوران دو اجلاس منعقد کئے گئے، ہر ممبر کی شرکت درج ذیل ہے:



نمبر شمار	نام ڈائریکٹر	عہدہ	تعداد حاضری
1	جناب فراست علی	چیئر مین	1
2	جناب عثمان الہی ملک	رکن	1
3	جناب جیلانی جہانگیر	رکن	1
4	جناب فرقان انور بتلا	رکن	1
5	محترمہ منیزہ جہانگیر	رکن	1

ایچ آر اینڈ آر کمیٹی کے ریفریس کی شرائط

ایچ آر اینڈ آر کمیٹی کے ریفریس کی شرائط بورڈ آف ڈائریکٹرز طے کریں گے جس میں درج ذیل شامل ہیں:

- ڈائریکٹرز (ایگزیکٹو ڈائریکٹرز اور سینئر مینجمنٹ کے ممبران) کے معاوضے کے تعین کے لئے پالیسی فریم ورک پر غور اور منظوری کے لئے بورڈ کو سفارش کرنا۔ سینئر مینجمنٹ کی وضاحت بورڈ کرے گا جس میں عام طور پر چیف ایگزیکٹو آفیسر سطح سے نیچے انتظامیہ کی پہلی پرت شامل ہوگی۔
- براہ راست یا بیرونی آزاد مشیر کی مشاورت سے مجموعی طور پر بورڈ اور اس کی کمیٹیوں کی کارکردگی کی جانچ کے باقاعدہ عمل کا سالانہ آغاز کرنا اور اگر اس کا تقرر کیا جاتا ہے تو اس کا بیان ڈائریکٹرز کی رپورٹ میں نام، قابلیت اور تقرری کی شرائط کا اہم انکشاف کیا جائے گا۔
- بورڈ کو جو ممبر ریسورس مینجمنٹ کی پالیسیاں تجویز کرنا۔

- بورڈ کو چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کینی سیکرٹری اور ہیڈ آف انٹرئل آڈٹ کا انتخاب، ترقی، معاوضہ (رینائرمنٹ فنانڈسیت) سفارش کرنا۔
- انتظامی انتظامی عہدوں کے لئے ایسے معاملات پر چیف ایگزیکٹو آفیسر کی سفارش پر غور اور منظوری دینا جو براہ راست چیف ایگزیکٹو آفیسر یا چیف آپریٹنگ آفیسر کو رپورٹ کرتے ہیں۔ اور

- جہاں انسانی وسائل اور ریسرچیشن کے کنسلٹنٹس مقرر کئے جاتے ہیں، ان کی اسٹاک کمیٹی کو معلوم ہوں گی اور ان کے ذریعہ ایک بیان دیا جائے گا کہ آیا ان کا کمپنی سے کوئی دیگر تعلق یہ ہے یا نہیں۔

بورڈ آف ڈائریکٹرز اور کمیٹیوں کی کارکردگی کا جائزہ

بورڈ کے کردار کا جائزہ اور اس کے اثرات کا اندازہ ایک مستقل عمل ہے، جس کی بورڈ خود ہی جانچ پڑتال کرتا ہے۔ توجہ کے بنیادی شعبے یہ ہیں:

کمپنی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کا تعین؛

مستحکم آپریشن کے لئے حکمت عملی تیار کرنا

بورڈ کی آزادی؛

بورڈ کی کمیٹیوں کی اپنی ذمہ داریوں کو نبھانے کے سلسلے میں کارکردگی کا جائزہ لینے کی متعلقہ شرائط۔

ڈائریکٹر کا معاوضہ

بورڈ کے ممبروں کے معاوضے کی سفارش بورڈ کرتا ہے اور عام اجلاس میں شیئر ہولڈرز کے ذریعہ اس کی منظوری دی جاتی ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے مطابق، اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر خود اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ کمپنی اجلاس میں شرکت کرنے کے لئے فیس کے علاوہ نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے۔ بہترین ہنر کو برقرار رکھنے کے لئے، کمپنی کی معاوضہ پالیسیاں مروجہ انڈسٹری کے رجحانات اور کاروباری طریقوں کے مطابق تشکیل دی گئی ہیں۔ 2019-2020 میں ڈائریکٹرز اور سی ای او کی معاوضے سے متعلق معلومات کے لئے، برائے مہربانی مالی حسابات کا نوٹ ملاحظہ کریں۔

بیرونی آڈیٹر

موجودہ بیرونی آڈیٹر میسرز ملک ہارون شاہد صفدر اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے، اور اہل ہونے کی بناء پر، خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز 30 جون، 2021 کو ختم ہونے والے سال کے لئے میسرز ملک ہارون شاہد صفدر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کرتے ہیں۔

اندرونی آڈٹ اور کنٹرول



کمپنی میں ایک آزاد و اخلاقی آڈٹ عمل قائم کیا گیا ہے۔ بورڈ آڈٹ کمیٹی سرمایہ بنیاد پر اس عمل کے وسائل کی مناسبات اور اتھارٹی کا جائزہ لیتی ہے۔ اندرونی آڈٹ کا سربراہ ہی آڈٹ کمیٹی کو فعال طور پر رپورٹ کرتا ہے۔ بورڈ آڈٹ کمیٹی آپریٹنگ شعبوں کے سالانہ اور سرمایہ تخصیص کی بنیاد پر آڈٹ پلان کی منظوری دیتی ہے۔ اندرونی آڈٹ عمل بورڈ آڈٹ کمیٹی، چیف ایگزیکٹو آفیسر اور ڈویژنل مینجمنٹ کو مالی، آپریٹنگ اور تعمیل کنٹرول اور رپورٹس کے نتائج پر جائزہ لیتا ہے۔

#### مادی تبدیلیاں

30 جون 2020 سے رپورٹ کی تاریخ تک کوئی مادی تبدیلیاں نہیں ہوئیں اور کمپنی اس عرصے کے دوران کسی بھی قسم کی مادی وابستگی میں داخل نہیں ہوئی ہے، جس سے کمپنی کے مالیاتی مقام پر منفی اثرات مرتب ہوں۔ تمام مادی واقعات اور دیگر قیمتوں سے متعلق حساس معلومات کی بنیاد پر PSX کو مطلع کیا گیا ہے۔

#### شیئر ہولڈنگ کا نمونہ

کمپنی کی شیئر ہولڈنگ کا نمونہ اس رپورٹ میں منسلک کیا گیا ہے۔

#### متعلقہ پارٹی لین دین

متعلقہ فریقوں کے ساتھ تمام لین دین قابل رسائی قیمتوں پر کیا گیا ہے اور متعلقہ نوٹس کے تحت مالی حسابات میں انکشاف کیا گیا ہے۔

#### مواصلات

کمپنی کے حصص یافتگان کے ساتھ رابطے کو بہت اہمیت دیتی ہے۔ سالانہ، ششماہی اور سرمایہ رپورٹس انھیں کمپنیز ایکٹ 2017 میں متعین وقت کے اندر ترسیل کی جاتی ہیں۔ کمپنی کی سرگرمیاں بروقت بنیاد پر [www.punjaboilmills.com.pk](http://www.punjaboilmills.com.pk) پر اپنی ویب سائٹ پر اپڈیٹ کی جاتی ہیں۔

#### کارپوریٹ گورننس

بورڈ کمپنی کے کاروبار کو بہترین بین الاقوامی اور مقامی کارپوریٹ گورننس طریقوں کے مطابق چلانے کو اولین ترجیح دیتی ہے اور قابل اطلاق قوانین اور ضوابط کے ساتھ صحت مند کارپوریٹ کلچر، اخلاقی کاروباری طریقوں، قابل اعتماد اور شفاف مالیاتی رپورٹنگ، اور اسٹیک ہولڈرز کے ساتھ کھلی مواصلاتی چینلوں، اور تعمیل کی پابندی کرتی ہے۔ اس کے نتیجے میں، کارپوریٹ گورننس کے اچھے اصول کمپنی کے فیصلے سازی اور آپریٹنگ سیٹ اپ کے ساتھ ساتھ مینجمنٹ کے عمل میں بھی گہرائی کے قائل ہیں۔ کمپنی شیئر ہولڈرز، ملازمین، فنانسیرز، قرض دہندگان، کاروباری شراکت داروں، مقامی کمیونٹیز اور دیگر سمیت ہر ایک کے اسٹیک ہولڈرز کے حقوق کو تسلیم اور اس کا احترام کرتی ہے۔ کمپنی کمپنی کے تمام عمومی اجلاسوں میں حصص یافتگان کی فعال شرکت کی حوصلہ افزائی کرتی ہے اور بہتر حکمرانی اور آپریٹنگ مینجمنٹ کے خیالات کی قدر کرتی ہے۔ کمپنی اپنے کاروباری شراکت داروں، مقامی کمیونٹیز اور دیگر اسٹیک ہولڈرز کی اپنی قانونی اور اخلاقی ذمہ داریوں سے بھی آگاہ ہے۔ اور کمپنی سے وابستہ مفادات کے عملی نظریات کو مد نظر رکھنے کے بعد ان کی توقعات کے بروقت جواب دینے کے لئے مناسب اقدامات کرتی ہے۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ نظر ثانی شدہ کوڈ آف کارپوریٹ گورننس 2017 (سی سی جی) کے مطابق اس رپورٹ میں کمپنی کے بورڈ میں ہر ڈائریکٹر آئی اے اے ایگزیکٹو یا نان ایگزیکٹو آزاد کی حیثیت کا انکشاف کیا گیا ہے۔

بورڈ کی طرف سے کمپنی کے ڈائریکٹرز اور ملازمین کے لئے ضابطہ اخلاق کی منظوری دی گئی ہے اور اس میں تبدیلیاں نظر ثانی شدہ سی سی جی میں بتائے گئے نئی تقاضوں کے مطابق کی گئیں۔ مذکورہ ضابطہ اخلاق ڈائریکٹرز اور ملازمین سے متوقع پیشہ ور کاروباری طرز عمل کے معیار کو مضبوط کرتا ہے اور اخلاقی، دیانتدار اور ذمہ دارانہ رویہ کا مظاہرہ کرنے کا پابند ہے۔ ضابطہ کو تمام کمپنیوں میں ان کی معلومات کی تعمیل کے لئے تمام ڈائریکٹرز اور ملازمین کو ترسیل کیا گیا ہے۔

بورڈ آف ڈائریکٹرز کے ہر اجلاس سے قبل کمپنی کی بند شدہ مدت کا اعلان کیا گیا جس کے دوران کمپنی کے ڈائریکٹرز، سی ای او، ایگزیکٹوز اور ان کے شریک حیات کو براہ راست یا بالواسطہ کسی بھی طرح سے کمپنی کے حصص میں تجارت کرنے کی اجازت نہیں دی گئی ہے۔ بورڈ نے سی سی جی کی شق (xvi) کی شرائط کے مطابق ایگزیکٹوز کی حیثیت کا جائزہ لیا ہے اور انتظامیہ کے ملازمین کی اقسام کی وضاحت کی حد مقرر کی ہے جس کے نتیجے میں وہ کمپنی کے حصص میں ان کے لین دین کا انکشاف اور انکشاف کرنے کے لئے اضافی ریگولیٹری ضروریات کے تابع ہیں۔

کمپنی کے ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں اور تمام قابل اطلاق کارپوریٹ قوانین اور قواعد و ضوابط کی تعمیل میں ان کی ذمہ داریوں کو پوری طرح سے ادا کرنے کی کوشش کرتے ہیں۔

سال کے دوران، بورڈ اپنے فرائض کی انجام دہی میں فعال طور پر شامل رہا جس میں مختلف قوانین کے تحت انجام دینا اور کمپنی کے میمورنڈم اور آرٹیکل آف ایسوسی ایشن کے حتیٰ مقصد کے ساتھ حصص یافتگان کے مفادات کا تحفظ، کمپنی کے منافع میں اضافہ، حصص یافتگان کی قدر میں اضافہ اور مارکیٹ کے اعتماد کو فروغ ملا۔



### کارپوریٹ اور مالیاتی رپورٹنگ کا دائرہ کار

- I۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کے امور آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- II۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- III۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- IV۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔
- V۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- VI۔ کمپنی کے گونجنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- VII۔ گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالی اعداد و شمار سالانہ رپورٹ میں دئے گئے ہیں۔
- VIII۔ مینیجر، ڈیویژنل مینیجر، لیویز اور بقایا چارجز کی مد میں معلومات اکاؤنٹ کے نوٹس میں دی گئی ہیں۔
- IX۔ کارپوریٹ ری سٹرکچرنگ، کاروباری وسعت اور آپریشن کی معطلی، معد مستقبل کے امکانات، خطرات اور غیر یقینی حالات کی بابت اہم منصوبوں اور فیصلوں کا ڈائریکٹری رپورٹ کے متعلقہ سیکشن میں انکشاف کیا گیا ہے۔

X۔ 30 جون 2020 کے گزشتہ نظر ثانی شدہ حسابات پر مبنی ایپھائی ریٹائرمنٹ فنڈ میں سرمایہ کاری کی قیمت درج ذیل ہے:  
گر پیج کی فنڈ 109.00 ملین روپے

I۔ سال کے دوران ہونے والے بورڈ اور کمیٹیوں کے اجلاسوں کی تفصیلات اور ہر ڈائریکٹر کی حاضری سالانہ رپورٹ میں بیان کی گئی ہے۔ غیر حاضری کی رخصت ان ڈائریکٹرز/ممبروں کو دی گئی جو بورڈ اور کمیٹی کے اجلاسوں میں شرکت نہیں کر سکتے تھے۔

II۔ کمپنی میں شیئرز ہولڈنگ کے نمونہ کا بیان جس میں 30 جون 2020 تک حصص یافتگان کے یقینی درجوں کا انکشاف نظر ثانی شدہ سی جی کے تحت ضروری ہے اور سال کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے تابع بچوں کی طرف سے حصص کی خرید و فروخت سالانہ رپورٹ میں ظاہر کی گئی ہے۔

ضابطہ اخلاق

کمپنی نے "ڈائریکٹرز اور ملازمین کے لئے ضابطہ اخلاق" تیار کیا ہے اور بورڈ نے اس کی منظوری دی ہے۔

ضابطہ اخلاق کے ترجیحی معیارات

I۔ حفاظت: حفاظت کے بغیر کوئی پیداوار نہیں ہو سکتی ہے۔

II۔ کوالٹی: مینوفیکچرنگ اور مارکیٹنگ پروڈکٹس کے ذریعہ گاہکوں کے مکمل اطمینان کو حاصل کرنے کے لئے جو کسی بھی قیمت پر اعلیٰ معیار کی سطح حاصل کرتے ہیں اور صارفین کو ان کے جیسوں کے عوض بہترین قیمت مہیا کرتے ہیں۔ ہم کھانے پینے کے تمام متعلقہ قوانین اور معیارات پر سختی سے عمل کرتے ہوئے، صارفین کی ضروریات کو بہتر طور پر پیش کرنے، مصنوع کو بہتر بنانے اور متنوع بنانے، اپنے معیار کے نظام کو مسلسل بہتر بنانے، اور اپنے اخراجات اور قیمتوں پر قابو پانے کے ذریعے اپنے صارفین کے لئے صارفین کی افادیت کو بڑھانے کے لئے پرعزم ہیں۔

III۔ پیداواری صلاحیت: حفاظت اور معیار کے ساتھ ہم میں سے ہر ایک اپنی سرگرمیوں یعنی پیداوار، سٹور ایجنڈ مارکیٹنگ، پلاننگ، اینڈ، پلیمینٹ، فنانس، ایپورٹ، سپلائی چین مینجمنٹ، بیومن ریسورسز اینڈ ایڈمنسٹریشن وغیرہ کے تمام شعبوں میں کارکردگی کو بہتر بنانے کی کوشش کرتا ہے۔

حفاظت، صحت اور ماحولیات

پنجاب آئل ملز اینڈ ٹریڈنگ کاروباری ذمہ داری ادا کرتی ہے اور ایک طرح سے اپنے ساتھیوں اور معاشرے کے ماحولیاتی پہلوؤں سے صحت، حفاظت اور تحفظ کو یقینی بناتی ہے۔ ہم ایسے پروگراموں کو نافذ اور برقرار رکھتے ہیں جو مناسب یقین دہانی فراہم کرتے ہیں کہ کاروبار مندرجہ ذیل کام کرے گا:

1۔ تمام قابل اطلاق حکومتی اور داخلی صحت، حفاظت اور ماحولیاتی ضروریات کی تعمیل کرنا۔

2۔ سہولیات کو ڈیزائن اور اس انداز سے کام سرانجام دیں جو انسانی صحت، حفاظت اور ماحولیات کے خطرہ سے محفوظ ہوں۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کا بیان سالانہ رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ سماجی ذمہ داری

پنجاب آئل ملز جہاں کام کرتی ہے وہاں کی مقامی کمیونٹیز کے بارے میں اپنی قانونی اور اخلاقی ذمہ داریوں کا علم رکھتی ہے۔ چونکہ بورڈ نے انتظامیہ کو صحت اور تعلیم کے شعبوں میں مقامی کمیونٹی کی خدمت کر کے اپنی کارپوریٹ سماجی ذمہ داریوں کو استعمال کرنے کا اختیار دیا ہے۔ جبکہ معاشرے میں شراکت کرتے ہوئے پی او ایچ ایل SOS دیباہ/تیم گھروں کی تمام خریداری پر 50 فیصد کی خصوصی



رعایت دے رہا ہے۔ پی او ایم ایل پاکستان میٹھل ہارٹ ایسوسی ایشن کو بھی سخت دوا کیوں اور میڈیکل کمپ میا کرنے اور عوام میں دل کی بیماریوں سے آگاہی بڑھانے میں تعاون کر رہی ہے۔

ISO 9001: FSSC 22000 سرٹیفیکیشن کمپنی نے ISO 9001 اور FSSC 22000 کے قواعد کے مطابق مکمل طور پر دستاویزی اور آزادانہ بینٹ اور فوڈ سیفٹی مینجمنٹ سسٹم تیار کیے ہیں۔ یہ یقینی بناتا ہے کہ ہماری تیار کردہ مصنوعات اعلیٰ معیار کے مطابق ہیں اور ہر طرح کے فوڈ سیفٹی خطرات سے آزاد ہیں تاکہ ہمارے صارفین کی صحت کی حفاظت کی جاسکے۔ ہم واحد پاکستانی کمپنی ہیں جو جرمنی میں ایک تسلیم شدہ لیبارٹری سے بین الاقوامی معیار کے مطابق کیڑے مارا دویات اور دیگر نقصان دہ کیمیکلز کے لئے اپنے پریکٹس کھانا پکانے والے تیلوں کا باقاعدگی سے جانچ کرتے ہیں۔

#### ڈائریکٹریٹنگ پروگرام

کوڈ آف کارپوریٹ گورننس 2019 کی تعمیل میں، تین ڈائریکٹریٹنگ ضابطہ اخلاق کی شکل (XI) کے تحت اسٹیبلشمنٹ کے معیار پر پورا اترتے ہیں اور اسی کے مطابق ڈائریکٹریٹنگ کے تربیتی پروگرام سے مستثنیٰ ہیں۔

بقیہ ڈائریکٹریٹنگ کے لئے ڈائریکٹریٹنگ پروگرام کے تحت مطلوبہ سرٹیفیکیشن حاصل کرنے کے انتظامات کیے جا رہے ہیں۔

#### میلے کی ریٹائرمنٹ فوائد

کمپنی ایک ایسے فنڈ سے ملنے والی گریجویٹ اسکیم چلاتی ہے جس میں اس کے تمام ملازمین کا احاطہ کیا جاتا ہے جن کی کمپنی کے ساتھ خدمات کی مدت ایک سال سے زیادہ ہے۔ اس اسکیم کے تحت ذمہ داری کو پورا کرنے کے لئے ہر سال فراہمی کی جاتی ہے۔ کمپنی مسلسل ملازمت کے ایک سال مکمل ہونے کے بعد کمپنی چھوڑنے پر ہجرتوں کو ایک ایک لاکھ روپے کی گریجویٹ ادا کرتی ہے۔

#### مستقبل کا نقطہ نظر

زیر جائزہ سال ایک انتہائی چیلنجنگ تھا، دوسرے حریفوں کی طرف سے نہ صرف معمول کی سخت مسابقت، بلکہ پچھلے ساہی کے دوران تاجروں کے خلاف حکومت کی ٹیکس کارروائی، اور پھر، تیسری سہ ماہی کے بعد، غیر متوقع COVID-19 پھیلنے کے بے مثال اثرات سے مارکیٹ میں غفلت پڑا۔

کمپنی مینجمنٹ نے ہمارے تمام اسٹیک ہولڈرز کی صحت اور حفاظت کے تحفظ اور ہمارے کاموں میں مکمل رکاوٹ کو کم سے کم کرنے کے نقطہ نظر سے کوویڈ 19 کے بحران کے جواب میں کچھ بروقت فیصلہ کیا۔ اس میں کام کی جگہ پر خصوصی کوویڈ پروٹوکول، فیملی اسٹاف کو خصوصی الاؤنس، اہم مواد کی انویسٹری میں اضافہ، اور فوڈ سیفٹی کے ضمن میں ہماری کمپنی اور برانڈز کی سادھ کو برقرار رکھنے کے لئے کسٹمر کی رسائی شامل ہے۔

ہمیں یہ بیان کرتے ہوئے خوشی محسوس کرتے ہیں کہ عام طور پر پی او ایم ایل ملز اور کارکنان اس وائرس سے محفوظ رہے اور ہم کسی بڑی رکاوٹ کے بغیر آپریشن جاری رکھنے میں کامیاب رہے۔ تاہم، ہم نے خود کی تیل کی بین الاقوامی قیمتوں میں بہت زیادہ اتار چڑھاؤ، اور اپنی سپلائی چین میں کچھ انتہائی رسد کی پریشانی کا سامنا کیا جس کی وجہ سے زیادہ سے زیادہ خریداری کی حکمت عملی کا موثر انداز میں منصوبہ بنانا مشکل ہو گیا۔

اگرچہ ایسا لگتا ہے کہ COVID-19 کی صورتحال کے بارے میں تجارتی سرگرمیوں میں معمول کی بحالی ہو رہی ہے، وہابی بیماری کی دوسری لہر کے امکان کو مسٹر نہیں کیا جاسکتا۔ لہذا کاروباری تاثرات عام طور پر محتاط ہیں اور ابھی تک انتہائی جارحانہ حکمت عملیوں کو عملی جامہ پہنا مشکل ہے۔ ملک کے جنوب میں حالیہ تباہ کن بارش نے کراچی اور گرد و نواح میں بحالی کے عمل کو بھی روک دیا ہے۔

ایک اور تشویش کی بات یہ ہے کہ حکومت اشیائے ضروریہ کی قیمتوں پر قابو پانے کے لئے تیزی سے انتظامی اقدامات کر رہی ہے۔ اس سلسلے میں سی سی پی نے خوردنی تیل اور فینس صنعت کی بھی تحقیقات کا آغاز کیا ہے۔ اگرچہ ہماری صنعت ایک آزاد مارکیٹ کی قیمتوں کے ساتھ ایک انتہائی مسابقتی ہے، لیکن ہم سیاسی طور پر فلاحی اقدامات کو مسٹر نہیں کر سکتے ہیں جس سے مارجن برقرار رکھنے کی ہماری صلاحیت پر مبنی اثر پڑ سکتا ہے۔ ایک ہی وقت میں، اس صنعت نے پہلے ہی حکومت پنجاب کی طرف سے عائد کردہ قیمتوں پر قابو پانے کے اقدامات کے خلاف قانونی اقدام طلب کر لیا ہے، اور یہ معاملہ اس صنعت کو دی جانے والی عبوری ریلیف کے ساتھ منسلک ہے۔

آگے بڑھتے ہوئے، ہم اس وقت تک محتاط رویہ برقرار رکھے ہوئے ہیں جب تک کہ مارکیٹ میں معمول کی کارروائیوں اور مارکیٹ کی قیمتوں کے معاملے میں حکومتی اقدامات کا منصفانہ حل ہونے کی نشاندہی کرنے میں زیادہ تصدیق شدہ رجحان موجود نہ ہو۔ اسی اثناء میں، مارکیٹنگ کی کوششوں کو دوبارہ شروع کرنے کی ضرورت ہے جو وہابی بیماری کے دوران ہماری سب سے منافع بخش مصنوعات میں کم ہوئی تھیں تاکہ ہمارے حریفوں کی جارحانہ مارکیٹنگ حکمت عملی کے باوجود طویل مدتی برانڈ کا صحت سے سمجھوتہ نہ کیا جاسکے۔ انتظامیہ کا خیال ہے کہ ایک مرکز اور مرحلہ وار نقطہ نظر، بہتر قیمتوں کے ساتھ، کمپنی پر بھاری مالی بوجھ ڈالے بغیر، ہماری فروخت کی آمدنی کے لئے کام کیا جاسکتا ہے۔ اس مقصد کے لئے انتظامیہ لاگت کے ساتھ قیمتوں کا صحیح توازن حاصل کرنے کے لئے مصنوعات کی لاگت کے اعداد و شمار کا مستقل جائزہ لے رہی ہے جو ترقی اور منافع دونوں کو حاصل کرنے کے لئے بہت اہم ہے۔ ہم محسوس کرتے ہیں کہ کسی دوسرے غیر متوقع حالات کو چھوڑ کر، جب صحیح نقطہ نظر سے فروخت میں بحالی ممکن ہے، تیل کی میٹریوں میں اتار چڑھاؤ اور تمام جریف اور حکومتی دباؤ، اس سال ہمارے مارجن کو کھود دنا سکتے ہیں۔



### اظہار تشکر

ہم اپنے تمام صارفین، سپلائرز اور بینکرز کے مسلسل تعاون اور کھیتی کی ترقی میں ان کی مدد کا شکریہ ادا کرتے ہیں۔ ہم ہر امید ہیں کہ یہ تعاون اور معاونت مستقبل میں بھی ہمیں حاصل رہے گی۔ ہم اپنے چیف ایگزیکٹو آفیسر کی پُر عزم، محنتی اور متحرک ٹیم، کھیتی کے تمام عملے اور کارکنوں کے بھی شکر گزار ہیں جنہوں نے زیر جائزہ سال کے دوران انتہائی محنت اور لگن کے ساتھ اپنی ذمہ داریاں سرانجام دیں۔ ہم توقع کرتے ہیں کہ سال رواں میں بھی بہتر نتائج کے لئے ہمارے اسٹاف ممبر کی کوششیں جاری رہیں گی۔ آخر میں، کھیتی کی انتظامیہ اپنے بورڈ کا شکریہ ادا کرتی ہے جنہوں نے مقاصد کے حصول کے لئے ہمیں اپنے بھرپور تعاون سے نوازا اور ہمیں حسب معمول ہر مرحلے پر ان کی راہنمائی اور معاونت حاصل رہی۔

منجانب بورڈ

(اعزازی ملک)

چیف ایگزیکٹو آفیسر

اسلام آباد: تاریخ: 17 ستمبر 2020ء

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AS  
ON 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 (7) as per the following:

a.	Male	Six
b.	Female	One

2. The composition of Board of Directors is as follows:

Category	Number	Names
Non- Executive Directors	4	Mr. Tahir Jahangir Mr. Jillani Jahangir Mr. Furqan Anwar Batla Mrs. Munizae Jahangir
Executive Directors	2	Mr. Izaz Ilahi Malik Mr. Usman Ilahi Malik
Independent Director	1	Mr. Firasat Ali

During the year the company held election of directors and company took all possible steps to elect to independent directors (by downward rounding off 2.332 to 2) as per regulation 6 of Corporate Governance 2019 but only 1 independent director could be elected in the election of directors. The number of directors were fixed as seven under Section 159 read with Section 154 of the Companies Act, 2017. The reason of downward rounding off is being less than half. Further, currently, the company looking for the person for the appointment of another independent director. For the purpose, the company is taking all possible steps to comply with the said regulations by appointing another independent director.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company. Further under the 2019 code, the maximum number of directorship in listed companies a person can hold has been reduced to 5. As per the proviso to regulation 3 of the 2019 code, grace period of one year has been prescribed to comply with this requirement.
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All powers of the Board has been duly exercised and decisions on relevant matters have been taken by Board/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 absence, by a director elected by the board for his 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 of Directors have a formal policy and transparent procedures for remunerations of directors in accordance with the Act and these Regulations.
9. In compliance with the Code of Corporate Governance 2019, four Directors meet the criteria of exemptions under the clause (xi) of the Code and are accordingly exempted from the Directors' Training Program.
10. The board has approved appointment of CFO Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the Financial Statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

Name	Designation
i) Mr. Firasat Ali	Chairman
ii) Mr. Jilani Jahangir	Member
iii) Mr. Furqan Anwar Batla	Member

**b) HR and Remuneration Committee**

The Board of Directors formed a Human Resource and Remuneration (HR & R) Committee as required under the revised Code of Corporate Governance September, 2019.

Name	Designation
i) Mr. Firasat Ali	Chairman
ii) Mr. Usman Ilahi Malik	Member
iii) Mrs. Munizae Jahangir	Member
iv) Mr. Furqan Anwar Batla	Member
v) Mr. Jilani Jahangir	Member

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

Meeting	Frequency
Audit Committee	Four meetings of Audit Committee were held during the financial year ended June 30, 2020.

14. The Board set up an effective Internal Audit Function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
15. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their Spouses and Minor Children do not hold Certificates of the Company and that the firms and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
16. 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.
17. We confirm that all other requirements of the Regulations have been complied with.
18. We confirm that all the requirements of Regulations 3, 7, 8, 27, 32,33, & 36 of the regulations have been complied with except as explained in clause 2 above ; and

*IZAZ ILAHI MALIK*  
(IZAZ ILAHI MALIK)  
CHIEF EXECUTIVE OFFICER

**PUNJAB OIL MILLS LIMITED**

Annual Report 2020

**KEY FINANCIAL DATA LAST SIX YEARS**

PARTICULARS	2015	2016	2017	2018	2019	2020
Issued, Subscribed and paid up capital	53,906,520	53,906,520	53,906,520	53,906,520	53,906,520	53,906,520
Capital Reserves	23,137,159	23,137,159	23,137,159	23,137,159	23,137,159	23,137,159
General Reserves	8,600,000	8,600,000	8,600,000	8,600,000	8,600,000	8,600,000
Non current Liabilities	63,496,427	70,318,023	86,700,393	93,038,292	99,819,739	142,716,824
Current Liabilities	733,263,525	764,520,505	822,222,804	793,643,904	856,306,600	985,311,696
Non current Assets	387,008,216	417,943,280	654,904,327	644,451,088	685,598,237	662,687,107
Current Assets	1,157,568,762	1,292,418,851	1,375,741,612	1,375,489,892	1,481,133,521	1,715,099,793
Sales	4,254,101,191	4,210,607,625	4,441,220,968	4,950,808,026	5,504,226,272	5,268,462,350
Gross Profit	674,347,335	800,993,530	695,054,052	739,662,775	808,226,206	789,097,517
Operating Profit	306,655,680	339,468,572	221,320,317	189,567,206	250,135,554	224,667,434
Profit before taxation	288,620,460	321,409,788	208,195,369	174,288,264	228,481,386	206,799,347
Profit after taxation	189,213,861	205,820,169	143,777,070	69,155,642	107,377,820	84,178,161



**Independent Auditors' Review Report of Punjab Oil Mills Limited  
Review Report on Statement of Compliance contained in  
Listed Companies (Code of corporate governance)  
Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Punjab Oil Mills 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.

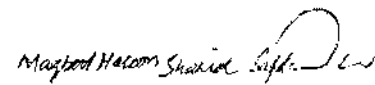
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent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

Further we highlight below instance(s) of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph 2 of the statement of compliance.

There is only one Independent Director on the Board of Directors of the Company which is a non-compliance of Regulation 6 of the Regulations.

Date: 17 September, 2020  
Lahore

  
Malik Haroon Shahid Safder & Co.  
Chartered Accountants



**Independent Auditor's Report  
To the members of Punjab Oil Mills Limited  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of Punjab Oil Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other 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 year. 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:

**Key audit matters****1) Capitalization of Property, Plant and Equipment**

(Reference note No. 20)

The Company has made significant capital expenditure on expansion of manufacturing facilities.

We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.

**How the matter was addressed in our audit**

Our audit procedures amongst others included the following:

- understanding the design and implementation of 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 the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and 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 to the respective asset including testing the calculation of related depreciation.

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

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

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

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

**Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) 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 auditors' report is Shahid Mehmood.

Dated: 17 September, 2020  
Lahore

*Maqbool Haroon Shahid Safdar*  
Maqbool Haroon Shahid Safdar & Co.  
Chartered Accountants

**PUNJAB OIL MILLS LIMITED**

Annual Report 2020

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Note	2020 Rupees	2019 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
10,000,000 (2019: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	8	53,906,520	53,906,520
Capital reserves	9	23,137,159	23,137,159
Surplus on revaluation of property, plant and equipment- net of tax	10	362,793,467	390,508,899
Revenue reserves	11	849,308,734	774,940,341
		1,289,145,880	1,242,492,919
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities	12	122,394,681	99,819,739
Long term borrowings	13	20,322,143	-
		142,716,824	99,819,739
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	542,222,384	483,392,506
Short term borrowings	15	174,098,569	123,944,702
Current portion of long term borrowings	16	6,774,048	-
Accrued mark up	17	2,502,408	1,285,902
Unclaimed dividend		8,879,070	9,229,882
Provision for taxation	18	250,835,317	238,453,608
		985,311,696	856,306,600
Contingencies and commitments	19	-	-
		2,417,174,400	2,198,619,258
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>Tangible fixed assets</b>			
Property, plant and equipment	20	655,462,751	607,267,326
Capital work in progress	21	2,294,709	66,828,324
Intangible assets	22	4,929,647	11,502,587
		662,687,107	685,598,237
Investment in associate	23	-	-
Long term deposits	24	39,387,500	31,887,500
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	25	113,790,475	129,813,682
Stock in trade	26	404,004,070	329,388,854
Trade debts	27	815,614,848	703,282,920
Loans and advances	28	88,513,415	69,571,739
Trade deposits and short term prepayments	29	19,673,041	16,963,220
Other receivables	30	17,391,417	1,701,781
Advance income tax	31	223,152,466	210,370,932
Cash and bank balances	32	32,960,061	21,040,393
		1,715,099,793	1,481,133,521
		2,417,174,400	2,198,619,258

The annexed notes from 01 to 54 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

**PUNJAB OIL MILLS LIMITED**


Annual Report 2020

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 Rupees	2019 Rupees
Sales - net	33	5,268,462,350	5,504,226,272
Cost of sales	34	4,479,364,833	4,696,000,066
Gross profit		789,097,517	808,226,206
<b>Operating expenses:</b>			
Selling and distribution cost	35	364,584,257	365,752,660
Administrative expenses	36	199,845,826	192,337,992
		564,430,083	558,090,652
Operating profit		224,667,434	250,135,554
Finance cost	37	21,685,076	15,966,014
Other charges	38	13,860,095	15,759,812
		35,545,171	31,725,826
		189,122,263	218,419,728
Other income	39	17,677,084	10,061,658
Profit before taxation		206,799,347	228,481,386
Taxation	40	122,621,186	121,103,566
Net profit for the year		84,178,161	107,377,820
Earnings per share - basic and diluted	41	15.62	19.92

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 01 to 54 form an integral part of these financial statements.

  
 CHAIRMAN / DIRECTOR

  
 CHIEF FINANCIAL OFFICER

  
 CHIEF EXECUTIVE OFFICER


**PUNJAB OIL MILLS LIMITED**

Annual Report 2020

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 Rupees	2019 Rupees
Profit for the year		84,178,161	107,377,820
Other comprehensive income:			
Items that will not be reclassified to the statement of profit or loss:			
Deferred tax adjustment attributable to changes in proportion of income taxable under normal tax regime relate to revaluation surplus		(19,615,717)	2,890,897
Remeasurement losses on defined benefit plans		5,145,246	(2,336,730)
Deferred tax thereon		(1,492,121)	250,733
		3,653,125	(2,086,017)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>68,215,569</b>	<b>108,182,700</b>

The annexed notes from 01 to 54 form an integral part of these financial statements.

  
CHAIRMAN / DIRECTOR  
CHIEF FINANCIAL OFFICER  
CHIEF EXECUTIVE OFFICER

**PUNJAB OIL MILLS LIMITED**

Annual Report 2020

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Profit for the year before taxation		206,799,347	228,481,386
Adjustments for following items:			
Workers' profit participation fund	38	10,987,393	12,174,016
Workers' welfare fund	38	1,573,077	2,590,296
Gain on disposal of property, plant and equipment	39	(4,482,065)	(312,014)
Provision for staff retirement benefits	12.01	19,489,437	12,701,403
Depreciation	20.01	40,649,674	40,561,405
Amortization	35	6,572,940	1,643,235
Finance cost	37	21,685,076	15,956,014
		96,475,532	85,314,353
<b>Operating profit before working capital changes</b>		<b>303,274,879</b>	<b>313,795,741</b>
<b>(Increase) / decrease in current assets:</b>			
Stores, spare parts and loose tools		16,023,207	(12,071,555)
Stock in trade		(74,615,216)	3,021,148
Trade debts		(113,331,928)	(62,615,421)
Loan and advances		(18,941,676)	(33,805,646)
Trade deposits and short term prepayments		(2,709,821)	(1,024,218)
Other receivables		(15,689,636)	201,743
		(209,265,070)	(106,293,949)
<b>Increase / (decrease) in current liabilities:</b>			
Trade and other payables		60,494,216	8,801,867
Cash generated from operations		154,504,025	216,303,649
Workers' profit participation fund paid		(12,562,060)	(9,619,784)
Workers' welfare fund paid		(2,050,795)	(1,473,820)
Staff retirement benefits paid		(663,516)	(5,065,862)
Finance cost paid		(20,080,523)	(14,761,807)
Income tax paid		(135,234,682)	(123,547,112)
Dividend paid		(21,913,420)	(23,905,483)
		(192,504,996)	(178,373,868)
<b>Net cash (used in) / generated from operating activities</b>		<b>(38,000,971)</b>	<b>37,929,781</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure	20	(13,271,971)	(7,215,353)
Intangibles	22		(13,145,822)
Proceeds from disposal of property, plant and equipment	20	5,125,000	895,000
Capital work in progress	21	(11,682,448)	(63,573,600)
Long term deposits	24	(7,500,000)	(5,300,000)
<b>Net cash used in investing activities</b>		<b>(27,329,419)</b>	<b>(88,539,775)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term borrowings	13	20,322,143	
Short term borrowings	15	50,153,867	37,630,394
Current portion of long term borrowings	16	6,774,048	
<b>Net cash flow generated from / (used in) financing activities</b>		<b>77,250,058</b>	<b>37,630,394</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>11,919,668</b>	<b>(12,979,600)</b>
Cash and cash equivalents at the beginning of the year		21,040,393	34,019,993
Cash and cash equivalents at the end of the year	32	32,960,061	21,040,393

The annexed notes from 01 to 54 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

**PUNJAB OIL MILLS LIMITED**

Annual Report 2020

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

	(Rupees)					
	Share Capital	Capital Reserves	Revaluation Surplus	Revenue Reserves		Total
				General Reserves	Un-appropriated Profit	
Balance as at 01 July 2018	53,906,520	23,137,159	398,801,925	8,600,000	675,200,680	1,159,646,284
Profit for the year ended 30 June 2019	-	-	-	-	107,377,820	107,377,820
Other comprehensive income for the year	-	-	2,890,897	-	(2,086,017)	804,880
Total comprehensive income for the year	-	-	2,890,897	-	105,291,803	108,182,700
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(11,183,923)	-	11,183,923	-
Transaction with owners recorded directly in Equity - Distributions						
12 % final dividend for the year 2018	-	-	-	-	(6,468,783)	(6,468,783)
35 % interim dividend for the year 2019	-	-	-	-	(18,867,282)	(18,867,282)
	-	-	-	-	(25,336,065)	(25,336,065)
Balance as at 01 July 2019	53,906,520	23,137,159	390,508,899	8,600,000	766,340,341	1,242,492,919
Profit for the year ended 30 June 2020	-	-	-	-	84,178,161	84,178,161
Other comprehensive income for the year	-	-	(19,615,717)	-	3,653,125	(15,962,592)
Total comprehensive income for the year	-	-	(19,615,717)	-	87,831,286	68,215,569
Transfer from surplus on revaluation of property, plant and equipment on account of - Incremental depreciation - net of deferred tax	-	-	(8,099,715)	-	8,099,715	-
Transaction with owners recorded directly in Equity - Distributions						
40 % final dividend for the year 2019	-	-	-	-	(21,562,608)	(21,562,608)
	-	-	-	-	(21,562,608)	(21,562,608)
Balance as at 30 June 2020	53,906,520	23,137,159	362,793,467	8,600,000	840,708,734	1,289,145,880

Appropriations of dividend are disclosed in note No. 52 to these financial statements.  
The annexed notes from 01 to 54 form an integral part of these financial statements.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020****1 LEGAL STATUS AND NATURE OF BUSINESS**

Punjab Oil Mills Limited ('the Company') was incorporated in Pakistan as a Public Limited Company on 05 February 1981. The Company is listed on Pakistan Stock Exchange Limited. The registered office and Plant of the Company are located at Plot No. 26, 27 and 28, Industrial Triangle, Kahuta Road, Islamabad, Pakistan. The head office of the Company is located at 120-A, E/I Halli Road, Gulberg III, Lahore, Pakistan.

The Company is principally engaged in the manufacturing and sale of Ghee, Cooking Oil, Specialty Fats, Laundry Soap, Mushroom and Coffee.

**2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE**

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

**3 BASIS OF PREPARATION****3.01 Statement of compliance**

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

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

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

**3.02 Standards, interpretations and amendments to published approved accounting standards**

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

**- Standards, amendments to published standards and interpretations effective in current year**

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

- IAS 12 - Income Taxes - Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividend)
- IAS 19 - Employee Benefits - Amendments regarding plan amendments, curtailments or settlements
- IAS 23 - Borrowing Costs - Amendments resulting from Annual Improvements 2015-2017 Cycle (borrowing costs eligible for capitalization)
- IAS 28 - Investments in Associates and Joint Ventures - Long term Interests in Associates and Joint Ventures (Amendments)
- IFRS 3 - Business combinations - Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)
- IFRS 9 - Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
- IFRS 11 - Joint arrangements - Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)
- IFRS 16 - Leases
- IFRIC 23 - Uncertainty over Income Tax Treatments

**- Standards, interpretations and amendments to existing standards that are not yet effective**

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.



Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IAS 1 -	Presentation of Financial Statements - Definition of material (Amendments)	01 January 2020
	Presentation of Financial Statements - Amendments regarding the classification of liabilities	01 January 2023
IAS 8 -	Accounting policies, changes in accounting estimates and errors - (Amendments)	01 January 2020
IAS 16 -	Property, Plant and Equipment - Amendments prohibiting a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use	01 January 2022
IAS 37 -	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs	01 January 2022
IAS 40 -	Agriculture - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (taxation in fair value measurements)	01 January 2020
IFRS 1 -	First-time Adoption of International Financial Reporting Standards	01 January 2022
IFRS 3 -	Business combinations (Amendments)	01 January 2022
IFRS 4 & IFRS 17 -	Insurance contracts - Amendments regarding the expiry date of the deferral approach	01 January 2023
IFRS 7, IFRS 9 & IAS 39 -	Financial Instruments: Disclosure - Amendments regarding pre-replacement issues in the context of the IBOR reform	01 January 2020
IFRS 9 -	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent')	01 January 2022
IFRS 16 -	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	01 June 2020

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for the Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance contracts	01 January 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

**4 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts, staff retirements benefits and certain long term borrowings at present value, and investment in associates on equity basis. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

**5 JUDGMENT, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

Judgment made by management in the application of approved standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent year are as follows:

**5.01 Depreciation method, rates and useful lives of property, plant and equipment**

The management of the Company reassesses useful lives, depreciation method, and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from those items.

**5.02 Fair value of financial instruments having no active market**

Fair value of financial instruments having no active market is determined using discounted cash flow analysis after incorporating all factors that market participants would consider in setting a price and using inputs that reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

**5.03 Taxation**

The Company takes into account income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by tax department at the assessment stage and where the Company considers that its view of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

**5.04 Provisions**

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

**5.05 Revaluation of property, plant and equipment**

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present market and depreciated replacement values. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which is determined using fair value at the end of reporting period.

**5.06 Stores, spares and loose tools and stock-in-trade**

The Company estimates the net realizable values of its stores, spares and loose tools and stock-in-trade to assess any diminution in the respective carrying values.

**5.07 Staff retirement benefit obligations**

The present values of these obligations depend on a number of factors that are determined on actuarial basis, using a number of assumptions. Any change in these assumptions will impact the carrying amounts of these obligations. The underlying assumptions and the present value of these obligations are disclosed in notes 7.03 and 12.01 respectively.

**5.08 Expected credit losses**

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**6 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are prepared in Pak Rupee which is the Company's functional currency.

**7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****7.01 Tangible fixed assets and depreciation****a) Owned**

Property, plant and equipment (except leasehold land, building on leasehold land, plant, machinery and equipment, laboratory equipments and, scales and weigh bridge) are stated at cost less accumulated depreciation and any accumulated impairment losses. Leasehold land are stated at revalued amounts and building on leasehold land, plant, machinery and equipment, laboratory equipments and, scales and weigh bridge are stated at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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.

Residual value and the useful life of assets are reviewed annually at each financial year end and adjusted if impact on depreciation is significant.

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

**b) Depreciation**

Depreciation on property, plant and equipment (except leasehold land) is charged to statement of profit or loss by applying the reducing balance method so as to write off the cost/depreciable amount of the assets over their estimated useful lives at the rates specified in note 20 to the financial statements. Depreciation on additions is charged from the month in which the asset was available for use up to the month prior to disposal. The residual values, depreciation method and useful lives of property, plant and equipment are reviewed by the management, at each financial year-end and adjusted if appropriate.

**c) De-recognition**

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Disposal of an asset is recognized when significant risk and rewards, incidental to the ownership of an asset, have been transferred to the buyer. Gains and losses on disposal of assets are taken to the statement of profit or loss, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings/unappropriated profits.

**d) Surplus on revaluation**

Surplus on revaluation of revalued assets is credited through OCI to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation, if any) is transferred directly to retained earnings/unappropriated profits.

**7.02 Intangible assets**

These are stated at cost less accumulated amortization and impairment losses, if any.

Costs associated with maintaining these assets are charged to the statement of profit or loss as and when incurred. However, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognized as intangible asset. Direct costs include purchase cost of the asset, salaries and other service benefits of staff deployed towards development of the asset and other related overheads. Expenditure incurred in respect of design, construction and testing of an intangible asset are also added to the carrying amount of the asset.

Expenditure which enhances or extends the performance of the asset beyond its original specifications is recognized as a capital improvement and added to the original cost of the asset.

Intangible asset is estimated to have definite useful life and is amortized from the month of purchase, made available for use or extended support cost is incurred, using the straight line method over specified rates.

**7.03 Staff Retirement Benefits****Defined Benefit Plan**

The Company operates an un-funded gratuity scheme covering all employees whose period of services with the Company is more than one year. Provision is made annually to cover the liability under the scheme. The Company pays a lump-sum gratuity to members on leaving the Company after completion of one year of continuous service. The benefit is calculated as follows:

Last drawn gross salary x Number of completed years of services

Six or more months of service in excess of completed years of services is counted as one complete year. However, less than six month of services is ignored.

During the year, the Company assessed its liabilities under the gratuity scheme through actuarial valuation under IAS-19 (Staff Retirement Benefits).

Amounts arising as a result of 'Remeasurement', representing the actuarial gains and losses are recognized in the statement of financial position immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

As per actuarial valuation carried out as at 30 June 2020, the following significant assumptions were used:

	2020	2019
Discount factor used	8.50%	14.25%
Expected rate of eligible salary increase in future years	7.50%	13.25%
Actuarial valuation method	Projected Unit Credit Method	

**7.04 Trade and other payables****Financial liabilities**

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in statement of profit or loss.

**Non-financial liabilities**

These, both on initial recognition and subsequently, are measured at cost.

**7.05 Dividend and appropriation to reserves**

Dividend and appropriation to reserve are recognized in the financial statements in the period in which these are approved by the shareholders and therefore, these are accounted for as non-adjusting post statement of financial position event.

**7.06 Taxation****Current and prior years:**

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

**Deferred:**

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Income subject to final tax regime is also considered in accordance with the requirements of Technical Release-27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

**7.07 Capital work in progress**

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

**7.08 Investment in related parties**

Investment in associated companies where the Company has significant influence but not control over the financial and operating policies is accounted for using equity basis of accounting under which the investment in associate is initially recognized at cost and the carrying amounts are increased or decreased to recognize the Company's share of profit or loss for the associate after the date of acquisition, less impairment losses, if any. The Company's share of profit or loss of the associate is recognized in the Company's profit or loss. Distributions received from associated companies reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the associate's equity that have not been recognized in the associate's profit or loss. The Company's share of those changes is recognized directly in equity of the Company.

Gain/(loss) on sale of above investments, if any, are recognized in the period of sale. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in statement of profit or loss.

**7.09 Stores, spare parts and loose tools**

Stores, spares and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items-in-transit are stated at cost accumulated up to the statement of financial position date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence, if any. Impairment is also made for slow moving items identified as surplus to the requirements of the Company.

**7.10 Stock in trade**

These are valued at lower of cost and net realizable value. Cost of raw materials and components represents invoice value plus other charges paid thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represents direct cost of raw materials, wages and appropriate manufacturing overheads. Goods-in-transit are stated at cost accumulated up to the statement of financial position date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

The Company reviews the carrying amount of stock-in-trade on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolete items, if any.

**7.11 Impairment****Financial assets**

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost on date of initial recognition. The amount of expected credit loss is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial assets.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to 12 months' expected credit losses, with the exception of trade debts contract assets and lease receivables, for which the Company recognizes lifetime expected credit losses estimated using a provision matrix. The provision matrix is based on the Company's historical credit loss experience, adjusted for factors that are specific to counter parties, general economic conditions and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. All impairment losses are recognized in profit or loss. An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization. If no impairment loss had been recognized.



The Company writes off a financial asset when there is information indicating that the counter party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

**Non-financial assets**

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

**7.12 Trade debts and other receivables****Financial assets**

These are classified at amortized cost and are initially recognized 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. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

**Non-financial assets**

These, both on initial recognition and subsequently, are measured at cost.

**7.13 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and saving accounts.

**7.14 Foreign currency transactions**

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are re-translated into rupees at the foreign exchange rates approximating those prevailing at the reporting date. Exchange differences, if any, are charged in statement of profit or loss.

**7.15 Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has been transferred to the customers and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from other sources is recognized on the following basis:

- Interest income on deposits with banks and other financial assets is recognized on accrual basis.
- Dividend income is recognized when the Company's right to receive dividend has been established.

**7.16 Borrowing costs**

Borrowing costs are charged to income as and when incurred except to the extent of costs directly attributable to the acquisition, construction or production of qualifying assets that are capitalized as part of the cost of relevant asset.

**7.17 Financial instruments****Recognition**

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

**Financial assets****(i) Initial Measurement**

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);



- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

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.

**(ii) 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 recognized in the statement of profit or loss. Other net gains and losses are recognized 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 recognized 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 recognized 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 recognized in profit or loss.

**Financial assets measured at amortized cost:** These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

**Financial liabilities**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

**De-recognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

**7.18 Offsetting of financial assets and financial liabilities**

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

**7.19 Regular way purchases or sales of financial assets**

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

**7.20 Derivatives**

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealized gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealized gains are included in other assets while unrealized losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

**7.21 Contingencies and commitments**

Capital commitments and contingencies, unless those are actual liabilities are not incorporated in the financial statements.

**7.22 Provisions**

Provisions are recognized in the statement of financial position 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 obligation can be made. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each statement of financial position date and adjusted to reflect best estimate.

**7.23 Related parties**

- a) Hala Enterprises Limited, an associated Company
- b) Premier Garments Limited, an associated Company
- c) Teejay Corporation (Private) Limited, an associated Company
- d) Directors and key management personnel

**7.24 Related party transactions and transfer pricing**

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

**7.25 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

**7.26 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

**7.27 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 conditions associated with 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 grant.

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**8 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

Note

- 2,854,543 (2019: 2,854,543) ordinary shares of Rs. 10/- each fully paid in cash
- 2,536,109 (2019: 2,536,109) ordinary shares of Rs. 10/- each issued as fully paid bonus shares

2020 Rupees	2019 Rupees
28,545,430	28,545,430
25,361,090	25,361,090
<b>53,906,520</b>	<b>53,906,520</b>

- Fully paid ordinary shares, which have a par value Rs. 10/-, carry one vote per share and carry right to dividends.
- Ordinary shares of the Company held by associated undertakings as at the year end are 415,793 (2019: 415,793).
- There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.
- There are no shares reserved for issue under options and contracts for the sale of shares.

**9 CAPITAL RESERVES**

Note

Share premium

9.01

- 9.01** This reserve can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

2020 Rupees	2019 Rupees
23,137,159	23,137,159

**10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- NET OF TAX**

Note

Land-Lease hold

Building-on Lease hold land

Plant, machinery and equipment

Scales and weigh bridge

Related deferred taxation

10.01

Incremental depreciation on revalued assets

Related deferred taxation

Transferred to retained earnings during the year

2020 Rupees	2019 Rupees
290,000,000	290,000,000
66,165,534	72,651,098
47,036,349	51,646,865
232,176	820,019
401,974,059	415,117,982
(13,040,877)	(13,425,160)
370,893,182	401,692,822
(11,409,049)	(12,528,199)
3,308,734	1,344,276
(8,099,715)	(11,183,923)
<b>362,793,467</b>	<b>390,508,899</b>

- 10.01** It includes expense charged amounting to Rs. 19,615,717 during the year and income recognized amounting to Rs. 2,890,897 in 2019 relating to deferred tax adjustment attributable to changes in proportion of income taxable under normal tax regime.

- 10.02** The revaluation of land, building, plant and machinery, laboratory equipment, and scales and weigh bridge was carried out by an independent valuer "M/s Tracom (Private) Limited" as at 23 June 2017 on the basis of market and depreciated replacement values and was duly certified by the statutory auditors. Previously, revaluation of land, building, plant and machinery, laboratory equipment, and scales and weigh bridge was carried out as at 28 June 2012.

- 10.03** The revaluation surplus on land and building is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.

**11 REVENUE RESERVES**

Note

General reserves

Unappropriated profit

11.01

2020 Rupees	2019 Rupees
8,600,000	8,600,000
840,708,734	766,340,341
<b>849,308,734</b>	<b>774,940,341</b>

- 11.01** The general reserves are used from time to time to transfer profits from retained earnings. There is no specific policy for such regular transfers.



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## 12 DEFERRED LIABILITIES

Staff retirement benefits  
Deferred taxation

Note  
12.01  
12.02

2020 Rupees	2019 Rupees
109,001,224	95,320,549
13,493,437	4,499,190
<b>122,394,681</b>	<b>99,819,739</b>

### 12.01 Staff retirement benefits

#### Statement of financial position liability

Opening balance  
Amount recognized during the year

Remeasurement chargeable in other comprehensive income  
Benefits paid during the year  
Closing balance

95,320,549	85,348,258
19,489,437	12,701,403
<b>114,809,986</b>	<b>98,049,661</b>
(15,145,246)	2,336,750
(10,663,516)	(5,065,862)
<b>109,001,224</b>	<b>95,320,549</b>

#### The amounts recognized in the statement of financial position are as follows

Present value of defined benefit obligation  
Benefits due but not paid

108,501,224	84,848,258
500,000	500,000
<b>109,001,224</b>	<b>85,348,258</b>

#### Charge for the defined benefit plan

Service cost  
Gains and losses arising on plan curtailment / settlements  
Interest cost  
Charged to statement of profit or loss

6,024,784	5,293,023
13,469,653	7,408,380
<b>19,494,437</b>	<b>12,701,403</b>

#### Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions set-out in note 7.03. The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase Rupees	Decrease Rupees
Discount rate	1.00%	106,296,407	110,990,753
Increase in future salaries	1.00%	111,040,323	106,212,194
		<b>2020</b>	<b>2019</b>
Expected mortality rate		SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year

Retirement assumptions

60 years

60 years

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

#### Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

**Interest risk:** The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.



The average duration of the defined benefit obligation is 2 years.

## 12.02 Deferred taxation

Deferred taxation		Statement of Financial Position		Statement of Profit or Loss		Statement of OCI	
	Note	2020	2019	2020	2019	2020	2019
Deferred taxation comprises of the following:							
Deferred tax liability on taxable temporary differences in respect of the following:							
- Accelerated tax depreciation allowance		5,912,920	5,912,920	(717,240)	-	-	-
- Surplus on revaluation of assets	10	13,425,160	13,425,160	-	-	-	(2,890,897)
Deferred tax asset on deductible temporary differences in respect of the following:							
- Staff retirement benefits		(10,227,893)	(10,227,893)	-	170,746	(1,921,111)	(250,733)
- Provision for damaged stock		(2,338)	(2,338)	(953)	-	-	-
- Investment accounted for under IAS- 28	23	-	-	-	-	-	-
- Provision for doubtful debts		(4,608,657)	(4,608,657)	498,233	-	-	-
		4,499,190	4,499,190	(49,214)	21,108,584	21,108,584	(3,141,630)

**12.03** Deferred taxation has been recognized using rate of taxation applicable to tax year 2021 under the provisions of Income Tax Ordinance, 2001 to the extent of income of the Company chargeable under normal tax regime.

### 13 LONG TERM BORROWINGS

LONG TERM BORROWINGS	Limit Sanctioned Rupees in million	Note	2020 Rupees	2019 Rupees
<b>From Banking Companies - Secured:</b>				
JS Bank Limited				
Payroll finance	45.00		24,982,369	-
Current portion of long term borrowings			5,380,847	-
			19,601,522	-
Deferred income - government grant			2,113,822	-
Current portion of deferred income - government grant			1,393,201	-
			720,621	-
			20,322,143	-

Pari passu charge of Rs. 300 million over all present and future current assets of the Company with 25% margin duly registered with SECP.



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1st charge of Rs. 380 million over Company's present and future fixed assets duly registered with SECP by way of TRM of Rs. 100,000 and equitable mortgage of factory located at Plot No. 26, 27 and 28, situated at Industrial Triangle, Kahuta Road, Islamabad owned by the Company.

## 14 TRADE AND OTHER PAYABLES

Note

Creditors	
Accrued expenses	
Workers' profit participation fund	14.01
Security deposits	14.02
Workers' welfare fund	
Tax deducted at source	
Advances from customers	
Sales tax payable	

2020 Rupees	2019 Rupees
229,314,257	166,360,954
97,112,958	97,694,439
20,913,333	22,099,953
375,000	380,000
4,887,196	4,864,914
1,303,517	1,001,059
187,080,182	184,057,879
624,941	6,933,308
<b>542,921,384</b>	<b>483,392,506</b>
19,049,053	19,311,091
10,967,393	12,174,016
385,047	234,630
31,475,193	31,719,737
(12,362,060)	(9,619,784)
<b>20,913,333</b>	<b>22,099,953</b>

### 14.01 Workers' Profit Participation Fund (W.P.P.F.)

Opening balance
Provision for the year
Mark up on W.P.P.F.

Payment during the year

14.02 These security deposits are non utilizable. Further, the Company has not utilized any such deposits for the purpose of its business during the year. These security deposits are kept in a separate bank account.

## 15 SHORT TERM BORROWINGS

Limit Sanctioned  
Rupees in million

Note

2020  
Rupees

2019  
Rupees

### From Banking Companies - Secured:

Habib Metropolitan Bank Limited

- Finance against trust receipt	(50.00)	15.01
- Letter of guarantee	12.67	15.02
- Running finance	30.00	15.03
- Letter of credit (sight)	200.00	15.04

JS Bank Limited

- Running finance	40.00	15.05	33,107,902	39,631,046
- Cash finance	25.00	15.06	23,099,600	-
	100.00	15.07	12,432,000	-
- Finance against trust receipt	(130.00)	15.08	105,459,067	84,313,656
- Bank guarantee	40.00	15.09	-	-
- Letter of credit (sight)	400.00	15.10	-	-

**174,098,569** **123,944,702**

15.01 This facility has been obtained for retirement of LC documents carrying mark up @ 3 months KIBOR + 1.5% to be paid on quarterly basis. It is secured against lien over import documents.

15.02 This facility has been obtained to meet contractual obligation with different business concerns. It carries commission as per schedule of charges of the bank. It is secured against 100% lien over Company's multiplier account (20614-714-149744). Total limit was availed as at year end.



- 15.03** This facility has been obtained to meet working capital requirements. It carries mark up @ 3 month KIBOR + 1.5% per annum to be paid on quarterly basis. It is secured against pari passu charge of Rs. 107 million over Company's current assets with 40% margin and pari passu mortgage charge of Rs. 134 million on Company's Fixed Assets with 25% margin, duly registered with SECP.
- 15.04** This facility has been obtained for retirement of import documents. It carries commission @ 0.2% per quarter. It is secured against 5% cash margin on LC.
- The above mentioned facilities in note Nos. 15.01, 15.03 & 15.04 had expired on 31 March 2018. During the year, the Company has applied for renewal of these facilities and renewal is currently under process.
- 15.05** This facility has been obtained to meet working capital requirements. It carries mark up @ 1 month KIBOR + 175 bps p.a. to be paid on quarterly basis. It is secured against pari passu charge of Rs. 300 million over all present and future current assets of the Company with 25% margin and 1st Charge of Rs. 380 million over Company's present and future Fixed Assets, duly registered with SECP. Out of total limit, an amount of Rs. 6.89 million (2019: Rs. 0.37 million) was not availed as at year end.
- 15.06** This facility has been obtained to finance already purchased stock of local edible oil / palm oil / seed oil. It carries mark up @ 1 month KIBOR + 175 bps p.a. to be paid on quarterly basis. It is secured against pledge of oil stock with 20% margin. Oil stock shall be stored in exclusively assigned in oil tanks for JS Bank pledge at factory premises. It is also secured against charge of Rs. 31.250 million duly registered with SECP over pledged stock with 20% margin. The tenor of this facility is 45 days. Out of total limit, an amount of Rs. 1.90 million (2019: Rs. 25.00 million) was not availed as at year end.
- 15.07** This facility has been obtained to finance already purchased stock of local edible oil / palm oil / seed oil. It carries mark up @ 1 month KIBOR + 200 bps p.a. to be paid on quarterly basis. It is secured against pledge of oil stock with 20% margin. Oil stock shall be stored in exclusively assigned in oil tanks for JS Bank pledge at factory premises. It is also secured against charge of Rs. 125 million duly registered with SECP over pledged stock with 20% margin. The tenor of this facility is 120 days. Out of total limit, an amount of Rs. 58.45 million (2019: Rs. Nil) was not availed as at year end.
- 15.08** This facility has been obtained for the retirement of LC documents. During the year, the limit of this facility has been increased from 85 million to 130 million. It carries mark up @ 1 month KIBOR + 175 bps p.a. to be paid on quarterly basis. The tenor of this facility is 45 days. Out of total limit, an amount of Rs. 24.54 million (2019: Rs. 0.69 million) was not availed as at year end.
- 15.09** This facility has been obtained for guarantee to Sui Northern Gas Pipe Lines Limited and Excise & Taxation and any other Government & semi Government organization. It carries commission @ 0.3% per quarter. Cash margin required to avail this facility is 30% for SNGPL, 100% for Excise & Taxation and 25% for other organizations. Total limit was availed as at year end.
- 15.10** This facility has been obtained to import oil (Edible/Palm/Seed/Olive), coffee beans, olive extracts, agglomerated coffee, instant coffee, mushroom spawn, tin plates, chemicals/packaging material/vitamins, spare parts and plant & machinery. It carries commission @ 0.2% per quarter. It is secured against 10% cash margin for plant & machinery and 5% cash margin on other items and/or as required by SBP, and lien over import documents, whichever is higher. Out of total limit, an amount of Rs. 223.65 million (2019: Rs. 138.29 million) was not availed as at year

The above mentioned facilities in note Nos. 15.05 to 15.10 will expire on 31 December 2020.

#### Collateral Security:

The above mentioned facilities in note Nos. 15.05 to 15.10 are collaterally secured against the following:

Pari passu charge of Rs. 300 million over all present and future current assets of the Company with 25% margin duly registered with SECP.

1st charge of Rs. 380 million over Company's present and future fixed assets duly registered with SECP situated at Plot No. 26, 27 and 28 Industrial Triangle, Kahuta Road, Islamabad owned by the Company.

#### 16 CURRENT PORTION OF LONG TERM BORROWINGS

Note

Current portion of long term borrowings

Current portion of deferred income - Government grant

2020	2019
Rupees	Rupees
5,380,847	
1,391,201	
6,774,048	

**17 ACCRUED MARKUP**

Accrued mark up on borrowings

Note

2020 Rupees	2019 Rupees
2,502,408	1,285,907
238,753,609	228,518,660
134,834,757	121,152,780
374,288,165	349,671,440
122,855,132	111,217,832
230,433,217	238,453,608

**18 PROVISION FOR TAXATION**

Opening balance

Add: Taxation - current

Less: Tax payments /adjustments during the year

**19 CONTINGENCIES AND COMMITMENTS****19.01 CONTINGENCIES**

- a) The Company challenged Infrastructure Development Cess levied under Sindh Finance Act, 1994 (as amended by Sindh (Amendment) Ordinance, 2001) in the Sindh High Court vide Suit No. 463/2003. Initially, Honourable Sindh High Court decided the levy of Infrastructure Development Cess on the carriage of goods against the Company. The Company has filed an appeal before Honourable Supreme Court of Pakistan against the decision of Honourable Sindh High Court. Pursuant to direction of Honourable Supreme Court, the Company paid 50% of the total amount and for the remaining 50%, the Company has provided bank guarantees amounting to Rs. 48.17 million (2019: Rs. 45.31 million) in favour of Excise and Taxation Authorities. The Company may be contingently liable for the payment of the said amount equal to 50% in case of unfavourable decision. However, the management is confident that the ultimate decision shall be in favour of the Company. Therefore, no provision has been made in these financial statements for an amount of Rs. 7.89 million.
- The Company has provided bank guarantees amounting to 4.50 million (2019: Rs.4.50 million) and 48.17 million (2019: Rs. 45.31 million) in favour of Sui Northern Gas Pipelines Limited for industrial use of gas and Excise and Taxation Department respectively.
- b) The Company filed a writ petition No. 226294/2018 to Honourable High Court against the order dated 29 June 2018 passed by Punjab Food Authority (PFA) alleging the Company that the label of Naturelle (a product of the Company) is misleading in terms of Punjab Pure Food Regulations, 2017. The Honourable Lahore High Court passed a stay order dated 20 July 2018 restraining the PFA from taking any coercive measures against the Company. According to the legal adviser of the Company, favorable outcome is expected. No adverse financial impact is also expected regarding this matter.
- c) The Company filed a writ petition No. 218471/2018 to Honourable High Court against the order dated 31 May 2018 passed by Punjab Food Authority (PFA) alleging that the label of CanOlive (a product of the Company) is misleading in terms of Punjab Pure Food Regulations, 2017. The Honourable Lahore High Court passed a stay order dated 08 June 2018 restraining the PFA from taking any coercive measures against the Company. According to the legal adviser of the Company, favorable outcome is expected. No adverse financial impact is also expected regarding this matter.
- d) The Taxation Officer of Inland Revenue had issued assessment order vide DCR No. 02/53 on 31 October 2011 for the tax year 2009 incorporating the liability of Income Tax and WWF and raising demand for payment of Income Tax and WWF amounting to Rs. 448.22 million and Rs. 58.66 million respectively. The Company filed an appeal on 02 December 2012 before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer and the case was decided in favor of the Company vide Order No. 623/2011 on 20 January 2012. The tax department had filed an appeal in ITAT against the decision of the CIT(A). However, the management is confident that the ultimate decision shall be in favor of the Company. Therefore, no provision has been made in these financial statements for the said amounts.
- e) The Taxation officer of Inland Revenue issued order u/s 122(1) and u/s 122(4) of the Income Tax Ordinance, 2001 for the tax year 2010, 2011 and 2012 on 31 August 2015 creating demand for Rs. 26.57 million. The Company filed appeal against the Commissioner Income Tax (Appeals) {CIT(A)} against the said order on 09 October 2015 and the case was decided in favor of the Company on 10 February 2016. However, Tax department filed an appeal in ITAT against the decision of the CIT(A). However, as a matter of prudence, the Company has not reversed the provision created in previous years. The management is hopeful that the said demand shall be waived off.



- f) The Taxation Officer of Inland Revenue had issued assessment orders vide DCR No. 37/53 and 38/53 on 17 June 2015 for the tax years 2006 and 2007 respectively incorporating liability of Income Tax and WWF amounting to Rs. 5,403,105 and Rs. 8,157,718 respectively. The Company filed an appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the order of Taxation Officer on 26 June 2015 and the case was decided in favor of the Company on 29 October 2015 vide Order No. 160/2015 and 161/2015. However, tax department filed an appeal in ITAT against the decision of the CIT(A) on 07 January 2016. The matter was again decided in favor of the Company. For tax years 2006 and 2007, department of inland revenue issued notices u/s 122(5A) of the Income Tax Ordinance, 2001. Subsequently, after the initial proceedings and vacation of stay order by Honorable Court, the department of inland revenue issued assessment order u/s 122(5A) of the Income Tax Ordinance, 2001 creating liability amounting to Rs. 13,560,823. The Company filed appeal to CIT(A) against the order and the CIT(A) had decided the case in favor of the Company. The Tax department has gone into appeal before the ITAT against this order. The Company as a matter of prudence has not reversed the provision for tax years 2006 and 2007 for an amount of Rs. 13,560,823 as aggregate liability which was created during the prior years. The management is hopeful that the ultimate decision shall be in favor of the Company.
- g) The Taxation officer of Inland Revenue issued order u/s 161/205 of the Income Tax Ordinance, 2001 on 30 June 2015 for the tax year 2009 creating demand of Rs. 1.27 million. The Company filed appeal before the Commissioner Income Tax (Appeals) {CIT(A)} against the said order on 30 July 2015. On 10 February 2016, CIT(A) maintained the demand of Rs. 614,016 under section 161, which has been paid by the Company whereas the default surcharge of Rs. 633,137 imposed under section 205 was waived off. However, Tax department filed an appeal in ITAT against the decision of the CIT(A). The management is hopeful that the ultimate decision shall be in favor of the Company. However, as a matter of prudence, the management has not reversed provision for Rs. 633,137 in these financial statements.

**19.02 COMMITMENTS**

Letters of credit other than for capital expenditure as at the statement of financial position date amounted to Rs. 176.35 million (2019: Rs.111.81 million).



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PROPERTY, PLANT AND EQUIPMENT

The following is a statement of operating fixed assets (tangible):

	Land-lease hold	Building on lease hold land	Plant and machinery	Laboratory equipment	Scales and weigh bridge	Guest house furniture and machinery	Office equipment	Furniture and fittings	Owned vehicles	Total
At 30 June 2018										
Cost/revalued amount	290,423,524	117,842,626	205,020,684	2,659,000	950,000	318,812	16,270,544	4,565,322	90,063,985	728,105,497
Accumulated depreciation	-	(12,324,619)	(20,255,036)	(703,906)	(122,360)	(306,416)	(6,733,551)	(1,785,314)	(44,677,931)	(86,909,133)
Net book value	290,423,524	105,518,007	184,765,648	1,946,094	827,640	12,396	9,536,993	2,780,008	45,386,054	641,196,364
Year ended 30 June 2019										
Additions	-	-	5,492,470	-	-	-	1,620,283	102,600	-	7,215,353
Transfers from capital work in progress during the year (Note 21.01)	-	-	-	-	-	-	-	-	-	-
Disposals (note 20.04)	-	-	-	-	-	-	-	-	-	-
At 30 June 2019										
Cost	-	-	-	-	-	-	-	-	(1,323,000)	(1,323,000)
Depreciation	-	-	-	-	-	-	-	-	740,014	740,014
Net book value	-	-	-	-	-	-	-	-	(582,986)	(582,986)
Depreciation charge for the year (note 20.01)	-	(10,551,801)	(19,060,458)	(486,523)	(99,317)	(1,240)	(1,054,642)	(280,766)	(9,026,658)	(40,561,405)
Net book value as at 30 June 2019	290,423,524	94,966,206	171,197,600	1,459,571	728,323	11,156	10,102,634	2,601,842	35,776,410	607,267,336
Year ended 30 June 2020										
Additions	-	-	2,321,565	-	-	-	8,878,506	115,900	1,955,000	13,271,971
Transfers from capital work in progress during the year (Note 21.01)	-	270,453	75,945,610	-	-	-	-	-	-	76,216,063
Disposals (note 20.04)	-	-	-	-	-	-	-	-	-	-
Cost	-	-	(1,031,739)	-	-	-	-	-	-	(1,031,739)
Depreciation	-	-	388,804	-	-	-	-	-	-	388,804
Net book value	-	-	(642,935)	-	-	-	-	-	-	(642,935)
Depreciation charge for the year (note 20.01)	-	(9,498,874)	(21,810,385)	(364,893)	(87,399)	(1,115)	(1,105,733)	(267,577)	(7,513,699)	(40,649,674)
Net book value as at 30 June 2020	290,423,524	85,737,785	227,011,516	1,094,678	640,924	10,041	17,876,407	2,450,165	30,217,711	655,462,751



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Land-lease hold	Building on lease hold land	Plant and machinery	Laboratory equipment	Scales and weigh bridge	Guest house furniture and machinery	Office equipment	Furniture and fittings	Owned vehicles	Total
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At 30 June 2019

Cost/revalued amount  
Accumulated depreciation  
Net book value in Rupees

Annual rates (%) of depreciation 2019

At 30 June 2020

Cost/revalued amount  
Accumulated depreciation  
Net book value in Rupees

Annual rates (%) of depreciation 2020

20.01 Depreciation charge for the year has been allocated as follows:

	2020	2019
Cost of sales	Rupees 36,584,707	Rupees 36,505,265
Administrative expenses	4,064,967	4,056,140
	<b>40,649,674</b>	<b>40,561,405</b>

20.02 The revaluation of land, building, plant, machinery and equipment, laboratory equipment, and scales and weigh bridge was carried out by an independent valuer. Had there been no revaluation, the cost, accumulated depreciation and written down value of the revalued assets would have been as follows:

Particulars	Cost	AS ON 30 JUNE 2020 Accumulated Depreciation	Written Down Value
Land-lease hold	423,524	-	423,524
Building on lease hold land	69,631,836	41,748,896	27,882,940
Plant, machinery and equipment	319,738,625	131,832,624	187,906,001
Laboratory equipment	4,528,107	2,839,908	1,688,199
Scales and weigh bridge	1,127,655	1,111,930	15,725
<b>Rupees 2020</b>	<b>395,469,747</b>	<b>177,533,358</b>	<b>217,936,389</b>
<b>Rupees 2019</b>	<b>317,961,858</b>	<b>157,014,939</b>	<b>160,946,920</b>



20.03 During the year, the Company has applied for the renewal of further 33 years of lease term related to leasehold land.

20.04 There were no disposal during the year whose aggregate net book value exceeded Rs. 5,000,000 and individual net book value exceeded Rs. 500,000.

20.05 There are assets included in fixed assets which are secured with a bank as mentioned in note No. 15 against 1st pari passu charge for Rs. 380 million (2019: Rs. 380 million) over fixed assets (including land, building and, plant and machinery) of the Company.

20.06 Forced Sale Value as per last revaluation report as at June 23, 2017:

Asset Class	Forced sale value
Land-lease hold	232,000,000
Building on lease hold land	89,328,680
Plant and machinery	122,041,600
Scales and weigh bridge	760,000
<b>Total</b>	<b>444,130,280</b>

The above amounts do not include assets which were capitalized during the period from 23 June 2017 to 30 June 2020.

20.07 Particulars of immovable assets of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
Islamabad	Plot No. 26, 27 & 28, Industrial Triangle, Main Kahuta Road, Islamabad	Production Plant	360,000	135,544

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		2020 Rupees	2019 Rupees
<b>21 CAPITAL WORK IN PROGRESS</b>	<b>Note</b>		
Opening balance		60,828,324	3,254,724
Additions during the year		11,082,417	63,573,600
		78,510,772	66,828,324
Less: Transferred to property, plant and equipment	21.01	76,216,063	-
		2,294,709	66,828,324
<b>21.01 Transfers to property, plant and equipment are represented by:-</b>			
Building		270,453	-
Plant and machinery		75,945,610	-
		76,216,063	-
<b>22 INTANGIBLE ASSETS</b>			
<b>Net carrying value</b>			
Motion picture film - Opening net book value		11,502,587	-
Motion picture film - Additions during the year		-	13,145,822
Less: Amortization charge for the year		6,572,940	1,643,235
Net book value (NBV) as at 30 June 2020		4,929,647	11,502,587
<b>Gross carrying value</b>			
Cost		13,145,822	13,145,822
Less: Accumulated amortization		8,216,175	1,643,235
Net book value		4,929,647	11,502,587
<b>Amortization rate per annum</b>		50%	50%
<b>23 INVESTMENT IN ASSOCIATE</b>			
Premier Garments Limited - unlisted		2,720,000	2,720,000
Accumulated provision for the diminution in the value of investment	23.01	(2,720,000)	(2,720,000)
<b>23.01</b>	27,200 (2019: 27,200) ordinary shares of Rs. 100/- each, represent 38.86% (2019: 38.86%) equity in Premier Garments Limited. The breakup value of shares of the investee Company is nil. The investment has been accounted for under IAS-28 (Investment in associates and joint ventures). Due to impairment, provision for diminution in the value of investment was made in 2006.		
<b>23.02</b>	The summarized financial information of the associates over which the Company exercises significant influence, based on the latest audited financial statements for the year ended 30 June 2019, is as follows:		
<b>Premier Garments Limited</b>		2019 Rupees	2018 Rupees
Total assets		6,787,772	9,864,944
Total liabilities		(4,782,772)	22,191,103
Net Assets		(13,024,450)	(12,326,159)
Company's share of net assets of associate		(5,061,301)	(4,789,945)
Total revenue		1,200,000	1,200,000
Total (loss)/profit for the year		(593,212)	246,708
Company's share of (loss)/profit for the current year		(130,522)	95,871
Share of unrecognized accumulated losses		6,529,355	6,176,112
<b>23.03</b>	Investment in Associate is made in accordance with the requirements of the Companies Act, 2017.		
<b>24 LONG TERM DEPOSITS</b>	<b>Note</b>	2020 Rupees	2019 Rupees
Deposits against bank guarantees		39,487,500	31,887,500
<b>25 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		100,934,100	116,657,902
Spare parts		10,269,619	10,524,624
Loose tools		2,567,257	2,631,156
		113,770,976	129,813,682
<b>25.01</b>	No identifiable stores and spares are held for specific capitalization.		

**26 STOCK IN TRADE**

Note

Raw materials

- In hand

- In transit

Work in process

Finished goods

Less: Provision for damaged stock

26.01

2020	2019
Rupees	Rupees
134,388,175	91,203,622
47,805,531	82,365,790
22,569,730	49,451,050
269,463,435	223,020,462
137,632,704	109,438,851
3,089,169	3,073,459
14,540,535	106,365,322
104,002,070	329,388,854

26.01 Stock in trade valuing Rs. 44.41 million (2019: Rs. Nil) is pledged with banking companies against short term borrowings.

**27 TRADE DEBTS**

Note

Trade debts- unsecured but considered good

Considered doubtful- unsecured

Less : Provision for doubtful debts

27.01

27.01 Provision for doubtful debts

Opening balance

Provision made during the year

Less: Provision written off during the year

Closing balance

2020	2019
Rupees	Rupees
815,614,818	762,282,920
42,951,135	42,951,135
858,565,953	725,234,055
42,951,135	42,951,135
815,614,818	702,282,920
42,951,135	42,951,135
42,951,135	42,951,135
42,951,135	42,951,135

After considering past events, current conditions and forecasts, there is no indication of any shortfall in contractual cashflows of trade debts, therefore, expected credit loss is not charged during the year.

**28 LOANS AND ADVANCES**

Considered good:

Note

Advance to suppliers

Receivable from related party

Advances to Employees:

- Executives

- Other employees

28.01

28.02

28.03, 28.05 &amp; 28.06

28.04, 28.05 &amp; 28.06

2020	2019
Rupees	Rupees
66,970,048	52,614,941
1,978,191	774,563
12,051,984	14,760,205
8,412,222	1,422,930
88,512,445	69,571,739

28.01 It consists of advances given to Abu Dhabi Vegetable Oil Company Rs. 17,874,836 (2019: Rs. 17,874,836) and M/S MSW General Trading LLC 13,858,698 (2019: Rs. 20,358,698) located in Abu Dhabi and Dubai, UAE respectively in the normal course of business as per agreed terms and conditions.

28.02 Related parties - unsecured

Hala Enterprises Limited

Nature of transaction:

Sharing of office expenses

1,978,191	774,563
-----------	---------

These are settleable in the ordinary course of business. The amount is receivable within one month, therefore, there is no indication of impairment of any past due balances. Further, balances receivable from related party (associated undertaking) are subject to mark up @ 12 to 14 % (2019: 14 %) per annum. The maximum aggregate amount outstanding at any time during the year was Rs. 2,429,809 (2019: Rs. 774,563).

28.03 These include loans exceeding Rs. 1 million to Mr. Muhammad Saeed Malik.

28.04 These include loans exceeding Rs. 1 million to Mr. Naeem Afsar Awan, Mr. Tanveer Zaidi and Mr. Shoukat Ali.



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**28.05** Advances given to executives and other employees of the Company are for purchase of house, vehicles or for personal use in accordance with their terms of the employment. Any outstanding loan due from an employee at the time of leaving the Company is adjustable against final settlement of staff retirement benefits.

**28.06** The advances are given to employees as per Company's HR policy.

		2020 Rupees	2019 Rupees
<b>29 TRADE DEPOSITS AND SHORT TERM PREPAYMENT</b>	<b>Note</b>		
Security deposits		5,984,553	6,084,553
Letter of credit - margin		3,781,325	7,445,500
Prepayments		4,907,165	3,433,167
		<b>19,673,041</b>	<b>16,963,220</b>
<b>30 OTHER RECEIVABLES</b>			
Zakat on dividend, receivable from government		76,962	76,962
Sales tax receivable		12,542,706	402,270
Other receivables:			
- from fair price shop		1,771,949	1,222,549
		<b>17,391,617</b>	<b>1,701,781</b>
<b>31 ADVANCE INCOME TAX</b>			
Opening balance		210,370,932	198,041,652
Payments during the year		135,985,118	125,020,932
		346,356,050	323,062,584
Adjustments during the year		(123,203,584)	(112,691,652)
		<b>223,152,466</b>	<b>210,370,932</b>
<b>32 CASH AND BANK BALANCES</b>			
Cash in hand		5,942,619	6,659,383
Cash with banks:			
- In current accounts		19,132,690	10,533,679
- In deposit accounts	<b>32.01</b>	7,884,552	3,847,331
		<b>32,960,061</b>	<b>21,040,393</b>

**32.01** These carry profit ranging from 6.75% to 9.50% (2019: 6% to 10%) per annum approximately.

		2020 Rupees	2019 Rupees
<b>33 SALES</b>	<b>Note</b>		
- Local sales			
Ghee		1,610,869,444	1,785,736,754
Cooking oil		3,651,057,343	3,742,222,640
Specialty fats		177,752,165	85,131,062
		<b>5,439,678,942</b>	<b>5,613,090,456</b>
Soap		38,719,020	41,810,287
Gases		134,135	256,284
Coffee		8,378,667	1,546,713
Mushroom		6,244,405	6,334,085
		<b>53,496,827</b>	<b>49,147,369</b>
Less: Sales tax		7,782,591	7,415,712
		<b>45,714,236</b>	<b>41,731,657</b>
		<b>5,485,392,879</b>	<b>5,654,822,113</b>
Less: Trade discount		216,930,529	147,251,232
Commission		216,930,529	3,344,609
		<b>5,268,462,750</b>	<b>5,504,226,272</b>



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34 COST OF SALES	Note	2020 Rupees	2019 Rupees
Raw material consumed	34.01	3,841,376,981	3,951,859,249
Stores and spare parts consumed		19,021,090	16,209,377
Chemicals consumed		72,960,719	75,487,975
Packing materials consumed		323,360,381	349,096,818
Salaries, wages and benefits	34.02	68,889,770	61,135,570
Power, fuel and lubricants		174,628,642	153,335,640
Repair and maintenance		11,909,094	7,016,835
Filling and loading		7,109,324	43,599,777
Insurance		5,421,957	5,548,926
Provision for damaged stock		13,709	21,789
Depreciation	20.01	36,384,707	36,505,265
Tolling expenses		1,893,231	-
		4,565,871,350	4,699,817,271
Work in process:			
Opening		49,453,030	68,042,124
Sales tax refund	34.03	(6,406,995)	-
Closing		(88,269,739)	(49,454,050)
		(45,223,664)	18,588,074
Cost of goods manufactured		4,520,647,686	4,718,405,345
Finished goods:			
Opening		96,435,177	71,932,299
Sales tax refund	34.03	(12,724,935)	-
Closing		(138,535,347)	(96,435,477)
		(44,825,053)	(24,503,178)
		4,475,822,633	4,693,902,167
Finished goods purchased for resale:			
Opening		13,003,374	12,285,372
Purchases		13,003,374	2,815,901
		13,003,374	15,101,273
Sales tax refund	34.03	(367,595)	-
Closing stock		(9,094,154)	(13,003,374)
		2,541,222	2,097,899
Cost of purchased goods sold		4,479,364,433	4,696,000,066
34.01 Raw material consumed			
Opening		91,203,622	83,398,231
Sales tax refund	34.03	(12,020,116)	-
Purchases		3,895,591,250	3,959,664,660
		3,974,765,256	4,043,062,871
Closing		(13,398,275)	(91,203,622)
		3,841,376,981	3,951,859,249

**34.02** Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 10.72 million (2019: Rs. 6.99 million).

**34.03** During the year, Federal Board of Revenue (FBR) through its Sales Tax General Order No. 105/2019 dated 13 September 2019 suggested that adjustments related to refund of sales tax paid under special procedures shall be available in respect of 16% Federal Excise Duty (FED) against imports made in June 2019 as available in stock in trade on 30 June 2019 in the form of finished goods as consumed in sales made during July and August 2019. These represent the related sales tax adjustments.



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## 35 SELLING AND DISTRIBUTION COST

	Note	2020 Rupees	2019 Rupees
Salaries, wages and benefits	35.01	61,392,854	56,845,472
Travelling and conveyance		9,093,963	8,105,834
Advertisement	35.02	177,466,858	199,982,246
Carriage outward		50,526,852	52,146,501
Redistribution expenses		43,796,083	37,269,820
Amortization	22	4,372,340	1,643,235
Other selling expenses		10,334,702	9,759,552
		<b>364,584,257</b>	<b>365,752,660</b>

**35.01** Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 1.95 million (2019: Rs. 1.27 million).

**35.02** Advertisement include below the line (BTL) expenses for the year Rs. 104.80 million (2019: Rs. 88.82 million).

## 36 ADMINISTRATIVE EXPENSES

	Note	2020 Rupees	2019 Rupees
Directors' meeting fee		1,360,000	2,140,000
Directors' remuneration		33,761,409	33,614,271
Salaries, wages and benefits	36.01	76,714,808	69,895,557
Travelling and conveyance		16,167,043	14,419,372
Entertainment		754,094	880,219
Printing and stationary		4,645,022	1,931,414
Postage, telephone and telex		5,125,197	4,785,295
Rent, rates and taxes		19,524,855	21,391,180
Donations	36.02	1,381,648	480,000
Fees and subscription		2,462,951	2,050,165
Legal and professional charges		8,217,243	7,008,219
Vehicle running and maintenance		15,262,667	12,913,449
Repair and maintenance		3,969,706	2,338,962
Power, fuel and lubricant		2,659,330	2,335,060
Advertisement	36.03	7,890,286	8,332,594
Depreciation	20.01	1,064,967	4,056,140
Office expenses		4,157,614	3,775,095
		<b>199,845,826</b>	<b>192,337,992</b>

**36.01** Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 6.82 million (2019: Rs. 4.45 million).

### 36.02 Donation during the year:

- Pakistan National Heart Association (PANAHA)
- COVID -19
- Behria Town Welfare Group
- Ramzan Charity

	Note	2020 Rupees	2019 Rupees
		697,400	480,000
		478,250	
		32,440	
		173,928	
		<b>1,381,648</b>	<b>480,000</b>

- None of the directors or their spouses had any interest in the donee's fund.

**36.03** Advertisement include below the line (BTL) expenses for the year Rs. 4.37 million (2019: Rs. 3.70 million).

## 37 FINANCE COST

	Note	2020 Rupees	2019 Rupees
Mark up on short term borrowings		19,412,527	13,417,731
Mark up charged on W.P.P.F.		388,047	234,630
Bank charges		1,834,502	2,303,653
		<b>21,685,076</b>	<b>15,956,014</b>

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		2020	2019
		Rupees	Rupees
<b>38 OTHER CHARGES</b>	<b>Note</b>		
Auditors' remuneration	<b>38.01</b>	1,299,625	995,500
Workers' profit participation fund		10,987,393	12,174,016
Workers' welfare fund	<b>38.02</b>	31,573,077	2,590,296
		<b>13,860,095</b>	<b>15,759,812</b>
<b>38.01 Auditors' Remuneration</b>			
Audit fee		1,125,000	825,000
Half yearly review fee		86,625	82,500
Other attestation services		88,000	55,000
Out of pocket expenses		33,000	33,000
		<b>1,299,625</b>	<b>995,500</b>
<b>38.02 Workers' Welfare Fund reversal / written back</b>			
Provision for the current year		4,387,196	4,864,914
Prior year excess provision written back		(2,814,119)	(2,274,618)
		<b>1,573,077</b>	<b>2,590,296</b>
<b>39 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on bank deposits		11,092,572	5,184,317
Markup earned from related party		174,134	69,932
Exchange gain / (loss)		-	1,124,664
<b>Income from non financial assets</b>			
Scrap sale		662,169	3,370,731
Gain on disposal of property, plant and equipment		4,487,065	312,014
Tolling income		1,346,144	-
		<b>17,677,084</b>	<b>10,061,658</b>
<b>40 TAXATION</b>			
<b>Taxation</b>			
- Current year	<b>40.01</b>	133,534,309	121,152,789
- Prior years		(1,008,358)	(9)
		<b>134,534,757</b>	<b>121,152,780</b>
<b>Deferred taxation</b>			
- Current year		(12,213,571)	(49,214)
		<b>122,621,186</b>	<b>121,103,566</b>
<p><b>40.01</b> - Income tax return has been filed to the income tax authorities up to and including tax year 2019 under the provisions of the Income Tax Ordinance, 2001.</p> <p>- Provision for current year income tax represents final tax on locally produced oil and minimum tax on turnover under section 148A and section 148(8) of the Income Tax Ordinance, 2001 respectively. The numeric tax reconciliation has not been presented being impracticable as there were no permanent differences and rate change effect.</p>			
<b>41 EARNINGS PER SHARE</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Basic Earnings per share:</b>			
Profit after taxation	Rupees	84,173,161	107,377,820
Weighted average number of ordinary shares	Number	5,390,652	5,390,652
Earnings per share - basic and diluted	Rupees	<b>15.62</b>	<b>19.92</b>



**41.01** There has been no effect of dilution on earnings per share during the year as the Company had no such commitments.

#### 42 TRANSACTIONS WITH RELATED PARTY

**42.01** Disclosure of transactions between the Company and its related parties:-

Related parties comprise associated companies, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of the transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Nature of transaction	Relationship with the Company	2020	2019
		Rupees	Rupees
Sharing of office expenses	Associated Company	5,530,680	3,460,280
Markup earned from related party	Associated Company	174,134	69,932

**42.02** The related party status of outstanding balances as at June 30, 2020 are included in loans and advances (note 28). These are to be settled in the ordinary course of business.

**42.03** Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Company Name	Basis of associated Company	Aggregate % of Shareholding in the Company
M/s Hala Enterprises Limited	Common directorship	0.96%

There were no transactions with directors and key management personnel other than those undertaken as per terms of their employment that have been disclosed in note 46 of the notes to the financial statements.

#### 43 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per statement of financial position	Note	2020	2019
		Rupees	Rupees
Long term deposits		39,387,500	31,887,500
Trade debts		815,614,848	702,282,920
Loans and advances		42,443,397	16,182,235
Trade deposits		5,984,563	6,084,553
Other receivables		1,771,949	1,222,549
Bank balances		27,017,442	14,381,010
		<b>912,219,689</b>	<b>772,040,767</b>
<b>Financial liabilities as per statement of financial position</b>			
Long term borrowings		20,322,143	-
Trade and other payables		147,352,548	286,155,346
Short term borrowings		174,098,569	123,944,702
Accrued interest/mark-up		2,502,405	1,285,902
Unclaimed dividend		8,879,070	9,229,882
		<b>553,154,735</b>	<b>420,615,832</b>

#### Fair values of financial assets and liabilities

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.



- The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

**Fair value hierarchy**

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

**43.01 Financial Instruments measured at fair value**

**43.01.01 Recurring fair value measurements**

There are no recurring fair value measurements as at the reporting date.

**43.01.02 Non-recurring fair value measurements**

There are no non-recurring fair value measurements as at the reporting date.

**43.02 Financial Instruments not measured at fair value**

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

**43.03 Assets and liabilities other than financial instruments**

**43.03.01 Recurring fair value measurements**

For recurring fair value measurements, the fair value hierarchy and information about how their fair values are determined are as follows:

Assets	Level 1	Level 2	Level 3	30-Jun-20 Rupees
Buildings	-	85,737,785	-	85,737,785
Plant and machinery	-	227,011,516	-	227,011,516

Assets	Level 1	Level 2	Level 3	30-Jun-19 Rupees
Buildings	-	94,966,206	-	94,966,206
Plant and machinery	-	171,197,660	-	171,197,660

The Company does not hold any instrument which could be included in Level 1 and Level 3. For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 4.29 million (2019: 4.75 million).



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### Plant and machinery

Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.

Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.

A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 11.35 million (2019: 8.56 million).

There were no transfers between fair value hierarchies during the year.

### 43.03.02 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

The Company has investment in associate which is stated at cost (refer note No. 23).

## 44 FINANCIAL INSTRUMENTS

### 44.01 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports edible palm oil, tin plates and some items of chemicals and exports cooking oil and is exposed to currency risk, primarily with respect to liabilities denominated in US Dollars.

The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

At reporting date, if the Pakistani Rupee had weakened by 5% (2019: 5%) against the US Dollar / Dirham with all other variables held constant, post-tax profit for the year would have been lower by Rs. 10,843,022 (2019: 7,874,448) mainly as a result of foreign exchange losses on translation of US Dollar-denominated trade payables.

The Company's exposure to currency risk is as follows:

	Note	2020		2019	
		Rupees	Dirham	Rupees	Dirham
<b>Statement of financial position items</b>					
Advances to suppliers	28	31,734,534	612,612	38,233,534	874,309
		Rupees	US Dollars	Rupees	US Dollars
L/C Margin	29	7,445,500	83,154	7,445,500	46,353
<b>Off-balance sheet commitments</b>					
Letter of credit	19.02	113,809,930	1,009,445	113,809,930	696,093
The following significant exchange rates were applied during the year:					
<b>Rupees per US Dollar</b>					
Reporting date rate		168.05		160.63	
Average rate		167.57		147.65	



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Rupees per Dirham	Note	2020 Rupees	2019 Rupees
Reporting date rate		25.75	42.03
Average rate		43.84	40.19

## (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from short term borrowings and interest bearing assets. Borrowings obtained at variable rates exposes the Company to cash flow interest rate risk.

At the statement of financial position date the interest rate profile of the Company's interest bearing financial instruments was:

	Note	2020 Rupees	2019 Rupees
<b>Floating rate instrument</b>			
<b>Financial liabilities</b>			
Long term borrowings		20,372,141	
Short term borrowings		174,098,564	123,944,702
Current portion of long term borrowings		6,774,048	
<b>Financial assets</b>			
Bank balances- saving accounts		7,834,331	3,847,331

## Cash flow sensitivity analysis for floating rate

If interest rate at the year end date, fluctuates by 1% higher/lower with all other variables held constant, profit after taxation for the year would have been Rs. 1,865,362 lower/higher (2019: 1,200,974 lower/higher), mainly as a result of higher/lower interest income/expense on floating rate borrowings and bank balances. This analysis is prepared assuming the amounts of liabilities outstanding / assets deposits at the statement of financial position dates were outstanding / deposits for the whole year.

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

## (iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as its investment is in non-listed securities.

## (h) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Where considered necessary, advance payments are obtained from certain parties. Out of the total financial assets of Rs. 912,219,689 (2019: Rs. 772,040,767), the maximum exposure to credit risk amounts to Rs. 912,219,689 (2019: Rs. 772,040,767).

Geographically, there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts, loans and receivables at the reporting date by type of parties

	Note	2020 Rupees	2019 Rupees
Government institution and utility store		58,000,046	70,832,887
Private sector's companies		169,732,322	78,062,226
Distributors		399,675,923	337,830,658
Others		384,811,398	285,314,996
		<b>912,219,689</b>	<b>772,040,767</b>



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Note

The aging of loans and receivables at the reporting date was:

Past due 0-6 months  
Past due 6-12 months  
More than one year

2020	2019
Rupees	Rupees
783,639,952	656,234,652
88,473,451	77,204,077
40,116,286	38,602,038
<b>912,219,689</b>	<b>772,040,767</b>

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which have not impaired are as

Note

Long term deposits  
Trade debts  
Loans and advances  
Trade deposits  
Other receivables  
Bank balances

2020	2019
Rupees	Rupees
39,387,500	31,887,500
815,614,848	702,282,920
22,443,397	16,182,235
5,984,553	6,084,553
1,771,949	1,222,549
17,017,442	14,381,010
<b>912,219,689</b>	<b>772,040,767</b>

The credit quality of receivables can be assessed by considering reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating agency	30-Jun-20	
		Short term	Long term
National Bank of Pakistan	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank Al-Falah Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA-

## (e) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.



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30 June 2020	Carrying Amount	Contractual cash flows	6 months or less	6 - 12 month	1 - 2 years	2 - 5 years	More than 5 years
RUPEES							
<b>Non-derivative Financial Liabilities</b>							
Long term borrowings	20,322,143	28,198,829	200,480	7,149,947	20,848,402	-	-
Trade and other payables	347,352,548	347,352,548	347,352,548	-	-	-	-
Short term borrowings	174,098,569	181,184,381	181,184,381	-	-	-	-
Current portion of long term borrowings	6,774,048	6,977,269	6,977,269	-	-	-	-
Accrued interest/mark-up	2,502,408	2,502,408	2,502,408	-	-	-	-
Unclaimed dividends	8,879,070	8,879,070	8,879,070	-	-	-	-
	<b>559,928,786</b>	<b>575,094,505</b>	<b>547,096,156</b>	<b>7,149,947</b>	<b>20,848,402</b>	<b>-</b>	<b>-</b>

30 June 2019	Carrying Amount	Contractual cash flows	6 months or less	6 - 12 month	1 - 2 years	2 - 5 years	More than 5 years
RUPEES							
<b>Non-derivative Financial Liabilities</b>							
Long term borrowings	-	-	-	-	-	-	-
Trade and other payables	286,155,346	286,155,346	286,155,346	-	-	-	-
Short term borrowings	123,944,702	134,033,801	128,989,251	5,044,549	-	-	-
Current portion of long term borrowings	-	-	-	-	-	-	-
Accrued interest/mark-up	1,285,902	1,285,902	1,285,902	-	-	-	-
Unclaimed dividends	9,229,882	9,229,882	9,229,882	-	-	-	-
	<b>420,615,832</b>	<b>430,704,931</b>	<b>425,660,381</b>	<b>5,044,549</b>	<b>-</b>	<b>-</b>	<b>-</b>

The contractual cash flows relating to above financial liabilities have been determined on the basis of interest rates/mark-up rates effective as at 30 June 2020/2019. The rates of interest/mark-up have been disclosed in note Nos. 13 and 15 to these financial statements.

## 45 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, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

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

However, the Company can finance its operations through equity, loans and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Net debt is calculated as total borrowings as referred to note Nos. 13 and 15 less cash and bank balances, note No. 32. Total capital employed includes 'total equity' as shown in the statement of financial position and 'net debt'. The gearing ratio as at 30 June 2020 and as at 30 June 2019 is as follows:

	Note	2020 Rupees	2019 Rupees
Debt		201,194,760	123,944,702
Cash and bank balances		32,960,061	21,040,393
Net debt		168,234,699	102,904,309
Total equity		1,289,145,880	1,242,492,919
Total capital employed		1,457,380,579	1,345,397,228
Gearing ratio (%)		11.54%	7.65%

## 46 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Managerial remuneration	5,827,086	5,326,080	8,411,476	7,656,528	23,172,310	17,203,567
House rent and utilities	2,622,123	2,355,000	3,711,672	3,385,428	11,245,115	8,876,506
Bonus	271,175	956,462	124,240	420,775	1,908,552	3,111,587
Medical expenses	1,032,216	2,030,698	994,725	1,148,948	871,793	1,904,166
Travelling expenses	-	1,343,171	1,763,014	6,991,181	3,005,063	4,146,667
	<b>10,752,582</b>	<b>12,011,411</b>	<b>18,328,827</b>	<b>21,602,860</b>	<b>42,303,233</b>	<b>35,242,493</b>
Number of persons	1	1	6	6	11	8



**46.01** The Chief Executive is provided with free use of Company maintained car and reimbursement of residential telephone expenses. Certain directors and executives are also provided with free use of Company maintained cars.

**46.02** Aggregate amount charged in the financial statements for the year for meeting fee to 4 directors was Rs. 1,560,000 (2019: Rs. 2,140,000).

**46.03** Entitlement of managerial remuneration and bonus is only for the Executive directors.

#### 47 CAPACITY AND PRODUCTION

##### Rated Capacity/Production

Ghee / specialty fats	M. TON
Cooking oil	M. TON

2020	2019
14,000	14,000
19,000	19,000
<b>33,000</b>	<b>33,000</b>

##### Actual Production

Ghee / specialty fats	M. TON
Cooking oil	M. TON

11,172	12,575
17,641	18,551
<b>28,813</b>	<b>31,426</b>

##### 47.01 RATED CAPACITY

On the basis of blending hard oil with soft oil, rated capacity comes to 33,000 M. Ton annually. The rated capacity is interchangeable between Ghee and Cooking Oil depending on demand.

##### 47.02 REASONS FOR SHORTFALL

Due to shut down in supply of Sui gas and electricity during the year, the actual production of Ghee/Specialty fats short falls the rated capacity / production.

#### 48 OPERATING SEGMENT

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

**48.01** Revenue from sale of ghee, cooking oil, specialty fats, soap, and gases represents 99.67% (2019: 99.82%) of the total income of the Company.

**48.02** 100.00% (2019: 100.00%) of the gross sales of the Company are made to customers located in Pakistan.

**48.03** All non current assets of the Company as at 30 June 2020 are located in Pakistan.

**48.04** None of the customers of the Company accounts for more than 10% of the gross sales of the Company for the year.

#### 49 EMPLOYEES

Average number of employees during the year - factory  
- others

2020 Number	2019 Number
217	169
25	29
<b>242</b>	<b>198</b>

Number of employees at the end of the year - factory  
- others

216	177
25	29
<b>241</b>	<b>206</b>

#### 50 SHARIAH SCREENING DISCLOSURE

	2020		2019	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
	Rupees			
Loans and advances	1,978,191	86,535,224	774,563	68,797,176
Bank Balances	7,884,552	19,132,890	3,847,331	10,533,679
Short term borrowings	174,098,569	-	123,944,702	-
Long term borrowings	20,322,143	-	-	-
Revenue	-	5,268,462,350	-	5,504,226,272
Mark-up paid	19,800,574	-	13,652,361	-
Profit on bank deposits	11,012,572	-	5,184,317	-
Exchange gain / (loss) on actual currency	-	-	-	1,124,664
Interest income from related party	174,134	-	69,932	-

**51 IMPACT OF COVID-19 (CORONA VIRUS)**

During the year under report, the global economy has been adversely impacted due to outbreak of pandemic of COVID-19. On 23 March 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of COVID-19. The Company's operations were not affected as it fell under the exemption provided by the Government of the Punjab to food items manufacturing industries and distribution offices as defined in Order No. NO.SO(IS-II)-1/2004 section d(13). After implementing all the necessary Standards Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on financial statements.

**52 NON ADJUSTING EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION**

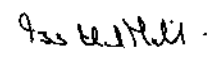
The Board of Directors in its meeting held on 17 September 2020 proposed final cash dividend at the rate of Rs. Nil per share (2019: Rs. 4 per share) for the year ended 30 June 2020 subject to the approval of the members at the forthcoming Annual General Meeting to be held on 26 October, 2020.

**53 AUTHORIZATION OF FINANCIAL STATEMENTS**

These financial statements have been approved and authorized for issue by the Board of Directors of the Company on 17 September 2020.

**54 GENERAL**

- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Comparative figures have been rearranged and reclassified, where necessary, for the purpose of better presentation and comparison.

  
CHAIRMAN / DIRECTOR  
CHIEF FINANCIAL OFFICER  
CHIEF EXECUTIVE OFFICER



# PUNJAB OIL MILLS LIMITED

Annual Report 2020

## PATTERN OF SHAREHOLDING AS ON JUNE 30, 2020

No. of Shareholders	Shareholders From	To	Total Shares Held
524	1	100	16,3321
416	101	500	106,006
66	501	1,000	50,215
57	1,001	5,000	130,196
17	5,001	10,000	122,735
5	10,001	15,000	65,100
3	15,001	20,000	51,900
1	20,001	25,000	22,500
1	25,001	30,000	25,492
3	30,001	35,000	92,618
1	35,001	40,000	39,836
1	40,001	45,000	44,000
1	50,001	55,000	51,971
1	70,001	75,000	72,570
1	90,001	95,000	93,047
1	200,001	205,000	204,300
1	215,001	220,000	217,112
1	220,001	225,000	224,732
3	225,001	230,000	686,102
2	260,001	265,000	528,152
1	340,001	345,000	340,893
1	360,001	365,000	363,822
1	425,001	430,000	429,934
1	435,001	440,000	437,124
1	455,001	460,000	456,323
1	515,001	520,000	517,651
<b>1,112</b>			<b>5,390,652</b>

Categories of Shareholders	Shares held	Percentage
Directors, CEO and their spouses	1,393,954	25.86%
Associated Companies/Undertaking and Related Parties	415,793	7.71%
NIT and ICP	561,397	10.41%
Banks Development Financial Institutions and Non-Banking Financial Institutions	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	440,000	8.16%
Share holders holding 10% or more	-	-
General Public	-	-
a. Local	2,529,388	46.92%
b. Foreign	-	-
Others (to be specified)	-	-
Joint Stock Companies	35,120	0.65%
Foreign Companies	15,000	0.28%
	<b>5,390,652</b>	<b>100.00</b>



**Categories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2020**

Sr. No.	Name & Category of Shareholders	No. of Shares Held	Percentage
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**Associated Companies, Undertakings and Related Parties:**

1	M/s Teejay Corporation (Private) Limited	363,822	6.7491%
2	M/s Hala Enterprises Limited	51,971	0.9641%

**Mutual Funds (Name Wise Detail)**

1	CDC - Trustee AKD Opportunity Fund (CDC)	204,300	3.7899%
2	Trustee Golden Arrow Selected Stock Fund (CDC)	229,500	4.2574%
3	MCBFSL - Trustee AKD Islamic Stock Fund (CDC)	6,200	0.1150%

**Directors and their Spouse and Minor Children (Name Wise Detail)**

1	Mr. Tahir Jahangir	39,836	0.7390%
2	Mr. Izaz Ilahi Malik	72,570	1.3462%
3	Mr. Furqan Anwar Batla	437,224	8.1108%
4	Mr. Usman Ilahi Malik	456,323	8.4651%
5	Mr. Jilani Jahangir	340,893	6.3238%
6	Mrs. Munizae Jahangir	263,946	4.8963%
7	Mr. Firasat Ali	-	-
8	Mrs. Nageen Malik W/O Mr. Izaz Ilahi Malik	44,000	0.8162%

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance**

- -

**Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

**Shareholders holding five percent or more voting interest in the listed company**

S. No.	Name of Shareholder	Holding	Percentage
1	CDC - Trustee National Investment (Unit) Trust (CDC)	517,651	9.6028%
2	Mr. Furqan Anwar Batla	437,224	8.1108%
3	Mr. Usman Ilahi Malik	456,323	8.4651%
4	Mr. Mansoor Ilahi Malik	429,934	7.9755%
5	M/S Teejay Corporation (Pvt) Ltd	363,822	6.7491%
6	Mian Jilani Jahangir	340,893	6.3238%

**All trades in the shares of the listed company, carried out by its directors, Executives and their spouses and minor children shall also be disclosed:**

S.No.	Name	— NIL —	Transmitted	Purchase
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**ANNEXURE "A"**

Dated: September 17, 2020

Dear Shareholder (s),

**INFORMATION UNDER SECTION 213 OF THE COMPANY ACT 2017**

In pursuance of Section 213 of the Companies Act, 2017, you are hereby informed that the Board of Directors of the Punjab Oil Mills Limited has recommended for the approval of the shareholders, an increase of the following:-

Name & Designation	Last Drawing	Increase	After Increase	Yearly
Mr. Tahir Jahangir Chairman/Director	PKR 704,099/-	PKR 42,246/-	PKR 746,345/-	PKR 8,956,140/-
Mr. Izaz Illahi Malik Chief Executive Officer	PKR 704,099/-	PKR 42,246/-	PKR 746,345/-	PKR 8,956,140/-
Mr. Usman Illahi Malik Director	PKR 308,080/-	PKR 18,485/-	PKR 326,565/-	PKR 3,918,780/-

The above remuneration shall be subject to such adjustments, bonuses and other entitlements as may be granted at any time and from time to time by the Board of Directors of the Company and /or in accordance with the policies and the services rules of the Company for the time being in force.

Yours Sincerely  
For **PUNJAB OIL MILLS LIMITED**

By the Order of the Board  
Company Secretary