



**MATCO FOODS LIMITED**

# **ANNUAL REPORT 2021**





---

# *Table of Contents*

## *About Our Company*

003	Our Legacy
004	Business Profile
005	Vision & Mission

## *Stakeholder Information*

007	Company's Information
-----	-----------------------

## *Corporate Governance*

009	Directors' Profile
013	Chairman's Review Report
015	Directors' Report

## *Financial Review*

023	6 Years Financial Performance
026	Financial Ratios
027	Vertical Analysis
028	Horizontal Analysis
029	Pattern of Shareholding

## ***Financial Reports***

033	Statement of Compliance
036	Review Report by Auditors
037	Auditors Report on Unconsolidated Financial Statements
042	Unconsolidated Financial Statements
097	Auditors Report on Consolidated Financial Statements
102	Consolidated Financial Statements

## ***Others***

159	Notice of Annual General Meeting
178	Urdu Directors' Reports
180	Urdu Chairman's Reports
181	Proxy Form
182	Jama Punji Information

# Our Legacy

The journey of Matco started with the entrepreneurial aptitude of Syed Sarfaraz Ali Ghori, who established his own company by the name of Muhammad Ali Trading Company (MATCO) in 1964 and initially began supplying and commissioning rice plant and equipment for the Government of Pakistan.

Today, Matco has over 150 global customers and exports its consumer products to over 50 countries worldwide. The company also holds Organic Certifications from the US NOP and EU Organic Certification from Control Union, and is an IFC investee company since 2012.

In 2015, Matco Rice Processing (Pvt.) Limited changed its name to Matco Foods (Pvt.) Limited, and subsequently to Matco Foods Limited before listing in PSX, reflecting its mission of becoming a leading food corporation. Matco is a committed member of the society and strives to make constructive efforts for the welfare of the community.

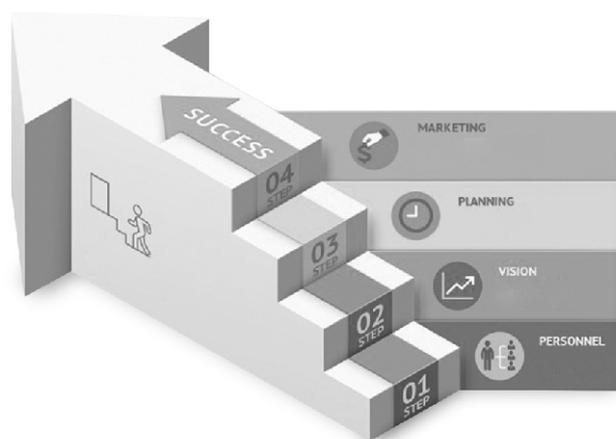


# Business Profile

Matco Foods Limited is a leading Food Processing & Export Company in South-Asia which provides packed consumer foods products that offer convenience, and supplies quality ingredients to the pharmaceutical and confectionery industries. The company's products include basmati rice, rice glucose, rice protein, pink salt, masalas and spices, dessert mixes and more.

With over 50 years of experience in the rice industry, and a global portfolio of more than 150 corporate customers, the company is the largest basmati rice exporter from Pakistan, and its flagship brand “Falak Basmati Rice” is available in more than 70 countries worldwide. Matco also exports private label brands to over 70 countries across the globe. The company operates 5 rice processing and milling plants which include vertically-integrated paddy drying, storage, husking and processing facilities in Sadhoke, Punjab and Karachi, Sindh.

Matco Foods has recently diversified its operation within domain specialized products i.e. Rice Glucose and Rice Protein, with plant production capacity of 30,000 MT per annum of rice glucose and 3,000 MT of Rice Protein per annum. The company aims to serve the changing needs and preferences of global consumers and therefore holds Organic Certification from the US NOP and EU Organic Certification from Control Union. Matco Foods Limited is also the only IFC investee company in its sector since 2012.



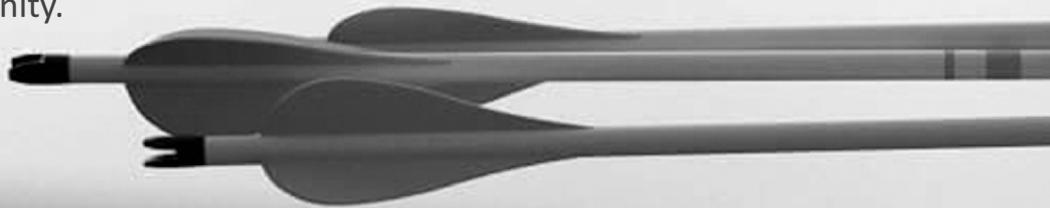
---

# *Vision*

To become a leading global supplier of quality ingredients and consumer food products that offer convenience.

# *Mission*

To provide customers with premium quality products; to be innovative, customer oriented and create strong enduring partnerships with suppliers, to continuously invest in our staff – which we believe are the biggest asset of our company and to create long-term values for all stakeholders, shareholders, staff, customers, suppliers and wider community.





# Company Information

## BOARD OF DIRECTORS

Mr. Jawed Ali Ghorī	Chairman
Mr. Khalid Sarfaraz Ghorī	Chief Executive Officer
Mr. Faizan Ali Ghorī, CFA	Executive Director
Mr. Safwan Khalid Ghorī	Executive Director
Syed Kamran Rasheed	Independent Director
Mr. Abdul Samad Khan	Independent Director
Mrs. Faryal Murtaza	Non-executive Director
Ms. Umme Habibah	Independent Director
Mr. Agha Ahmed Shah	Independent Director

## AUDIT COMMITTEE

Syed Kamran Rasheed	Chairman
Mr. Abdul Samad Khan	Member
Mr. Agha Ahmed Shah	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Umme Habibah	Chairman
Mr. Jawed Ali Ghorī	Member
Mr. Khalid Sarfaraz Ghorī	Member
Mr. Faizan Ali Ghorī, CFA	Member
Mrs. Faryal Murtaza	Member

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Aamir Farooqui

## COMPANY SECRETARY

Mr. Danish Ahmed

## HEAD OF INTERNAL AUDIT

Mr. Saad Bin Aziz

## LEGAL ADVISOR

Muhammad Javaid Akhter A-55/56, Federal 'B' Area, Karachi, Pakistan

## AUDITORS

Grant Thornton Anjum Rahman  
Grant Thornton Anjum Rahman (GTAR)  
1st and 3rd Floor, Modern Motors House  
Beaumont Road, Karachi, Pakistan  
Tel (Office): +92 (21) 3567 2951-6  
Fax: +92 (21) 3568 8834  
Website: www.gtpak.com



#### SHARE REGISTRAR

CDC Share Registrar Services Limited	CDC House, 99-B, Block B, S.M.C.H.S. Main Shakra-e-Faisal, Karachi - 74400 Tel: (92)) 0800-23275 Fax: (92-21) 34326053 URL: www.cdcsrsl.com Email: info@cdcsrsl.com
--------------------------------------	--

#### BANKERS

Askari Bank Limited	JS Bank Limited
Allied Bank Limited	MCB Bank Limited
Bank Alfalah Limited	National Bank of Pakistan
Faysal Bank Limited	Standard Chartered Bank
Habib Metropolitan Bank Limited	United Bank Limited
Habib Bank Limited	MCB Islamic Bank Limited
Soneri Bank Limited	Pak Oman Investment Company Limited
Pak Burnei Investment Company Limited	Bank of Punjab

#### COMPANY LOCATIONS

REGISTERED OFFICE	Matco Foods Limited B-1/A, S.I.T.E. Phase 1, Super Highway Industrial, Area, Karachi, Pakistan P.O. Box 75950 Phone: +92 (301) 8250969, +92 (21) 3631 5099 Fax: +92 (21) 3632 0509 Email: contact@matcofoods.com
RICE PLANT	A 15-16, S.I.T.E. Super Highway, Karachi, Pakistan Phone: +92 (21) 3688 1297, +92 (333) 120 7780
RICE GLUCOSE PLANT	G-205, Gadap Road, S.I.T.E. Super Highway Industrial Area, Karachi, Pakistan
SADHOKE PLANT	50 KM, Main G.T. Road, Sadhoke District, Gujranwala, Punjab P.O. Box No. 52386 Phone: +92 (55) 666 5774, +92 (55) 666 5676
Web Address	www.matcofoods.com
Email Address	contact@matcofoods.com

---

# **DIRECTORS'**

## **PROFILE**

### **JAWED ALI GHORI**

#### **Chairman**

Jawed Ali Ghori completed his Diploma in Associate Engineering in 1968 and a BSc. In Economics and Political Science from University of Karachi in 1971. After graduation, he joined the family business and completed several government and semi-government projects that were awarded to Matco Engineering. A few of the notable projects were the Greater Hyderabad Water Project (1981), the Faisalabad Development Authority Water Project (1984), the Chitral Water Project (1989), OGDC and Attock Oil Projects and numerous telecommunication and SCADA Projects for both Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines Limited (SNGPL). Jawed Ali Ghori's rice related projects include the supply of four rice plants to Rice Export Corporation of Pakistan at Pipri, Sindh in 1978. In 1985, he supplied and commissioned an automatic parboil rice plant of 10 MT/hour capacity on turn - key basis for P.N.P Rice Mills at Dhaunkal, Punjab. In further developments to the Dhaunkal project, Jawed Ali Ghori supplied and installed six color sorters for the parboil plant in 1988. When the private sector Basmati export in Pakistan was allowed, Jawed Ali Ghori conceptualized the idea of establishing a modern rice processing plant that would add sophistication to the existing rice processing standards. This marked the birth of Matco Rice Processing in 1990. As the Managing Director of Matco Foods, he has over 40 years of experience in rice processing, establishment of rice industries and worldwide rice exports. He has travelled extensively across the globe buying rice related machinery from many countries including china, Germany, Great Britain, India, Japan, Korea, Thailand and USA.

### **KHALID SARFARAZ GHORI**

#### **Chief Executive Officer**

Khalid Ghori graduated from University of Karachi in 1981 and pursued an article ship from ICAP (Institute of Chartered Accountants of Pakistan) Karachi between 1981 and 1984. However, rapid growth in the business required his immediate presence at Dhaunkal turnkey projects in 1984, which involved the complete testing and operation of a parboil rice plant. Between 1986 and 1989, he was in charge of Jawed Rice Mills in Larkana. In 1990, when Matco Rice Processing was being set up in Karachi, Khalid Ghori contributed to the project from the drawing board stage to the final fabrication, installation and operations. In 1995, Khalid Ghori initiated setting up Matco Unit 2 for providing additional capacity, using in-house design and system engineering capabilities, consisting of Japanese, Thai and Chinese machinery. Working closely with growers and suppliers from the rice growing belt in Punjab, he established a unique Rice Cultivating Monitoring Program and opened a research and control office for Matco in Lahore to improve crop quality. With experience of over 30 years in the purchase and processing of rice, Khalid Ghori is rightly dubbed the “guru of rice buyers in Pakistan.” He utilizes his vast experience in assessing the qualities of agri-products and pays special attention to the entire procurement and production process. Khalid Ghori has established a wide network of farmers who are linked to Matco's rice paddy supply chain, allowing them to get better prices for their produce by avoiding the middlemen. His insights into crop survey and harvest are aimed to help farmers and Matco to achieve procurement targets.

## **FAIZAN ALI GHORI** **Executive Director**

Faizan Ali Ghori joined Matco Foods in 2006 with the overall responsibility of Accounts and Finance Departments and the company's liaison with Financial Institutions. He spearheaded the company's backwards integration paddy project at Sadhoke, district Gujranwala and attracted the first foreign direct investment by the IFC (World Bank Group) in the agriculture sector of Pakistan through its investment in Matco. Prior to Matco Foods he worked with Bank of America in London, where he was an Analyst within the Corporate Finance and Mergers & Acquisitions Investment Banking Division, covering the European Energy & Power Sector. Faizan Ghori is also a CFA\* charter holder. He graduated with honors (Cum Laude) from New York University's Leonard N. Stern School of Business, completing his Bachelor of Science degree with a double major in Finance and Accounting. Faizan Ghori has also completed his Master of Science degree in Finance and Accounting with honors (Merit) from The London School of Economics and Political Sciences. He is a certified director accredited by Risk Metrics Group USA having completed the Director Education programmed conducted by the Pakistan Institute of Corporate Governance.

## **SAFWAN KHALID GHORI** **Executive Director**

Safwan Ghori joined Matco Foods Limited in 2017 and currently heads the Rice Glucose Division. During his time at Matco, he was part of the team leading Matco's IPO process. Most recently, he has spearheaded a new project which has tripled the capacity for the company's Rice Glucose Division.

He has previously worked at Citigroup in New York where he was an analyst in the Hedge Fund Risk division servicing Prime Brokerage clients.

He graduated with honors (Cum Laude) from New York University's Leonard N. Stern School of Business, completing his Bachelor of Science degree with a double major in Finance and Accounting. Safwan is a CFA Charter holder.

---

## **SYED KAMRAN RASHID**

### **Independent Director**

Mr. Syed Kamran Rashid is an elected Director in this Company. He is a graduate of the University of Karachi. He joined EFU General Insurance Company Limited in 1989 as Business Development Officer. He has served in different capacities and locations in EFU and at present he is Executive Director of the Central Division Karachi of the said Company.

## **ABDUL SAMAD KHAN**

### **Independent Director**

Abdul Samad Khan holds an MBA degree from the IBA, Karachi and currently working as Chief Executive officer of AGVEN Private limited. Previously, He was Chief Executive Officer of Engro Eximp (Private) Limited and Vice President of Engro Corporation Limited. Mr. Khan also served on the Board of Engro Foods Limited, Engro Eximp (Private) Limited, Engro Eximp Agri Products (Private) Limited and Engro Polymer and Chemicals Limited.

As CEO of Engro EXIMP has reached him extensive experience of Rice Industry and involved in driving initiatives in commodity trading for Engro EXIMP. He has worked in various functions in Engro Group, which include Sales and Marketing and international trade.

## **FARYAL MURTAZA**

### **Non-Executive Director**

Faryal Murtaza holds a BBA and an MBA degree from the prestigious Institute of Business Administration (IBA), Karachi. After graduation, she worked at Matco Foods Limited till 2017. During her stay at Matco Foods, Faryal launched our flagship brand "FALAK" in Pakistan and was responsible for pioneering the branded rice segment in the market. Faryal was actively involved in marketing 'FALAK' with a focus on TV and multi-media communication. Before joining Matco, Faryal has also worked on assignments at British Petroleum, Colgate-Palmolive and American Express.

## **UMME HABIBAH**

### **Independent Director**

Umme Habibah is a diversified Human Resource specialist with over 15 years of experience in core and strategic activities of Human Resource Management. She is currently working as Director of People and Organization in Novo Nordisk Pharma (Private) Limited. She holds a master's degree in human resource from Karachi University and has previously been associated with Walmart and Unilever Pakistan Limited in the Human Resource department.

## **AGHA AHMED SHAH** **Independent Director**

Mr. Agha Ahmed Shah is a career banker with over 35 years of banking experience in the field of Corporate & Investment Banking and Risk Management. He started his career with American Express Bank Limited where he also attended a one year intensive program at the bank's head office in New York.

In MCB Bank Limited, Mr. Shah worked as Head of Corporate South and Head of Investment Banking Group. He prepared the Credit and Risk Manual of MCB Bank Limited and was responsible for restructuring of the Corporate and Investment Bank to bring it in line with the emerging challenges faced by the bank. His last job was as Managing Director of Pak Oman Investment Company Limited.

Mr. Shah was also a director in the following companies:

- Pak Oman Microfinance Bank
- Pak Oman Asset Management Company Limited
- CNBC Pakistan Limited

He was also a member of the Executive Committee of the Pakistan Banks Association and is a certified Director from the Pakistan Institute of Corporate Governance. He was also chairman of the advisory committee of Pak Oman Micro Finance Bank Limited.

# Chairman's Review

I am pleased to present annual review as Chairman of the Board of Directors of Matco Foods Limited for the year ended June 30, 2021.

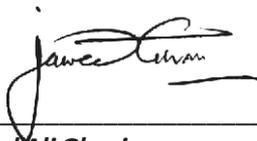
It was a sad year for the Matco Foods as during the year our beloved Director and Founder, Dr. Tariq Ghori passed away marking the end of an era. Dr. Tariq Ghori (late) had played a prominent role in the development and progress of the rice industry in Pakistan. He had a vast experience in developing new markets for Matco Food's products and appointing distributors in strategic locations. He had been instrumental in the brand development and positioning of Falak Basmati Rice in over 35 countries. In addition to, Dr. Tariq Ghori was a founding member of the Rice Exporters' Association of Pakistan (REAP) and had served as a member of REAP's Managing Committee as well as being the president of the Pakistan Basmati Rice Promotion Committee of REAP.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Matco Foods Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

The Board also monitored the compliance with best corporate practices and governance, encouraging diversity and ethical behavior and development of skills to attain advancement and excellence. The Board is also well aware of its corporate social responsibility especially towards education, health safety and environment. We are very satisfied with our efforts towards ensuring our corporate social responsibility and hope to improve our efforts with each passing year.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

We are extremely thankful to our dedicated employees, valued customers, our bankers, esteemed shareholders and local administration for their valuable contribution extended to the Company during the period under report.



**Jawed Ali Ghori**

Chairman

Karachi: September 09, 2021



# Directors' Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

By the Grace of ALLAH (SWT) and on behalf of the Board of Directors (BOD), I am pleased to present the Annual Report of Matco Foods Limited for the year ended June 30<sup>th</sup>, 2021, along with the audited Financial Statements and Auditors' Report thereon.

## OPERATING RESULTS:

	Unconsolidated		Consolidated	
	2021	2020	2021	2020
	-----Rupees-----			
Sales - net	10,556,620,789	11,289,961,893	10,574,095,621	11,296,930,227
Cost of sales	(9,909,427,766)	(10,273,971,964)	(9,909,427,766)	(10,273,971,964)
<b>GROSS PROFIT</b>	<b>647,193,023</b>	<b>1,015,989,929</b>	<b>664,667,855</b>	<b>1,022,958,263</b>
Distribution expenses	(185,997,143)	(207,020,855)	(187,321,615)	(218,475,909)
Administrative expenses	(309,688,284)	(271,369,378)	(312,402,873)	(273,160,683)
	(495,685,427)	(478,390,233)	(499,724,488)	(491,636,592)
<b>OPERATING PROFIT</b>	<b>151,507,596</b>	<b>537,599,696</b>	<b>164,943,367</b>	<b>531,321,671</b>
Finance cost	(272,830,931)	(350,287,990)	(273,181,730)	(350,646,282)
Other income	77,029,758	56,513,137	77,035,369	56,513,137
Share of loss from associated company	-	-	(5,276,389)	(5,852,147)
Exchange gain - net	65,215,796	14,015,389	65,215,796	14,015,389
Provision for worker's welfare fund	(391,070)	(7,113,214)	(391,070)	(7,113,214)
Provision for worker's profit participation fund	(977,674)	(12,218,347)	(977,674)	(12,218,347)
<b>PROFIT BEFORE TAX</b>	<b>19,553,475</b>	<b>238,508,671</b>	<b>27,367,669</b>	<b>226,020,207</b>
Income tax expense	(80,420,184)	(86,580,493)	(80,420,184)	(86,580,493)
<b>(LOSS)/ PROFIT FOR THE YEAR</b>	<b>(60,866,709)</b>	<b>151,928,178</b>	<b>(53,052,515)</b>	<b>139,439,714</b>
<b>(LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED</b>	<b>(0.50)</b>	<b>1.24</b>	<b>(0.43)</b>	<b>1.14</b>

The Company reported net sales of Rs. 10,557 million as against sales of Rs. 11,290 million representing a sales decline of 6.50%. The gross profit for the year was Rs. 647 million as compared to Rs. 1,016 million showing a decrease of 36.32%. Besides this the Company has witnessed a net loss of Rs. 60.87 million in the current year as compared to net profit of Rs. 151.93 million in the last year, constituting decrease of 140.06%. During the year, the Company's basmati average export prices were USD 961 against USD 980 last year.

This year's big challenge after Covid-19 was increasing freight charges. At a time, when exporters are looking up for global trade recovery, containers shortage and spiraling container freight rates continue to severely affect exporters. Container freight rates had doubled and then tripled, and by the year end were 5 times the freight rates at same period last year – in most destinations in which the company operates.

The situation has worsened as freight charges continue to move upwards unabatedly. Shipping lines have also reduced their frequency of calls to Pakistan which has severely impacted the shipments and reduced volumes this year for the Company. The Company has done its utmost to convince customers to share burden of increased freight costs and going forward is only booking fresh orders on FOB incoterms to avoid freight extreme volatility.

The increase in freight prices also affects domestic products and also makes domestic prices unpredictable. After all, many domestic manufactured products have contribution of imported raw materials or semi-finished products. Input in manufacturing, if imported, even in the smallest part of the production process, will disrupt the entire manufacturing process and increase the cost. That will definitely increase our cost of sales and thus less net margin left for our Company.

Overall, in the international market the demand for Basmati rice from Pakistan has remained lower compared to last year. Pakistan overall rice exports decreased by 26% in value term and 27% decrease in quantitative terms whereas Matco recorded export sales downfall by 13% in value terms and 21% decrease in quantity terms. The reason for lower demand in current period is over stock piling at import destinations globally – it is noted that there were excessive volumetric sales and growth in the period immediately after COVID-19 global outbreak in March 2020 leading up to December 2020. However, post January 2021 with increased freights, globally buyers are letting existing stock levels to run down before placing fresh orders – and in many cases confirmed orders have been delayed or postponed.

It remains to be seen when freights globally will normalize, whereas some industry experts opine that it will be at least another 2 years till additional shipping volume is added to bring international freights to rational levels. In last quarter, the Company suffered due to uncontrollable upward change in freight rates additionally extreme volatility of FX rates which are the severe problems for exporters overall.

Other factors impacting the performance of the Company this year related to over increase in utilities expenses, cost of production which relate to packaging material, and one-off Provision for GIDC.

#### **POST COVID-19 EFFECTS AND MEASURES**

During the current period second and third waves of COVID outbreak in the country which again creates uncertainty in business. Alhamdulillah, we have managed it well and as per the Government directions we have arranged vaccination for almost all our staff. To meet the challenges posed by the pandemic, businesses around the world had to react in agile and decisive ways. As we move into the next phase, now is the time for businesses to seek out and seize the opportunities emerging in the recovery. This involves conducting an “after-action review” to collect data and insights on lessons learned from the pandemic, and then using these to prioritize actions to enhance business value today and build strategic resilience for tomorrow. Businesses that take these steps now will be well-placed to capitalize more effectively on the opportunities rising in the post-COVID-19 recovery – and to continue winning in their marketplaces as greater certainty and stability return.

#### **APPROPRIATION**

Considering financial performance and liquidity shortage of the Company for the year ended June 30, 2021, the directors have not recommended any dividend for the year ended June 30, 2021.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

Currently, the Company is facing the biggest risk of uncertainty in international freight rates. During the last quarter, the freight rates have increased significantly which has resulted in increase of freight cost by 88% from last year. At some locations, the freight has increased by even more ten times. Apart from international freight rates, the Company is exposed to certain inherent risks and uncertainties, such as:

- High volatility in the local and export rice prices;
- Government regulations;
- Adverse fluctuations in foreign exchange rates;
- High inflation rates over the years;
- Overall production and harvesting of rice crop; and
- Uncertainties relating COVID 19 on the sales side.

The Company is proactive to minimize the risk to an acceptable level and the likely impacts of aforesaid risks with internal and external stakeholders.

## **BRIEF ON RICE GLUCOSE DIVISION**

During the year, the Rice Glucose Division performed satisfactorily – however, in this segment also the Company faced severe challenges due to higher international freights. On the domestic side, four additional rice glucose companies commenced operations in Pakistan this year leading to downward pricing pressure especially in the cost sensitive confectionary segment. Raw material prices in the meanwhile for Rice Glucose Division increased substantially due to parallel and unexpected demand from the poultry sector in Pakistan.

## **BRIEF ON CORN STARCH DIVISION**

Alhamdulillah, the Company signed contract with main machinery supplier for the supply of Corn Starch Plant of 200 TPD in Feb 2021. The Company has acquired 20 Acres Land approved by FIEDMC in Special Economic Zone Allama Iqbal Industrial City. Civil works and other project execution is well under way to bring the project online in the year 2022.

## **BRIEF ON BARENTZ PAKISTAN (PRIVATE) LIMITED**

During the year, the associate company Barentz Pakistan (Pvt) Limited has witnessed a growth of 174% in sales revenue but it is still unable to achieve the net profit because the Company has been focused on increasing the customer base by keeping minimal margin and increasing distribution reach.

During the period, Barentz has also entered into a distribution agreement with Givaudan (a Swiss multinational manufacturer of flavours, fragrances and active cosmetic ingredients) to distribute its products in Pakistan. So far, the business is well-profitable for the Company and we hope it will continue to grow and make a huge contribution in achieving the overall profitability of the Barentz Pakistan (Pvt) Limited.

## COMPOSITION OF BOARD

The board consists of 7 male and 2 female directors with following composition:

Independent directors	4
Non-executive directors	2
Executive directors	3
<b>Total number of directors</b>	<b>9</b>

The above directors have been elected in the Annual General Meeting which was held on October 31, 2018.

On April 12, 2021, Late Dr. Tariq Ghori has passed away which has created the casual vacancy on the Board, thereafter, on May 19, 2021, Mr. Safwan Khalid Ghori has been appointed as Executive Director by the Board of Directors through circular by resolution.

## REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Listed Companies (Code of Corporate Governance), 2017, it is ensured that no director takes part in deciding his own remuneration. We do not pay remuneration to non-executive directors except fee for attending meetings of the Board. In order to retain the best talent, our remuneration policies are structured in line with prevailing industry trends and best business practices.

## REMUNERATION PACKAGE OF CHIEF EXECUTICE AND EXECUTIVE DIRECTORS

Remuneration package of Chief Executive and other directors is disclosed in note 41 to the financial statements.

## MEETINGS OF THE BOARD AND ATTENDANCE

During the year under review, five (05) Board meetings were held and attendance by each director is given below:

Members Name	Attendance
Mr. Jawed Ali Ghori – Chairman	5
Mr. Khalid Sarfaraz Ghori	5
Dr. Tariq Ghori	3
Mr. Faizan Ali Ghori	5
Syed Kamran Rashid	5
Mr. Abdul Samad Khan	5
Mrs. Faryal Murtaza	5
Ms. Umme Habibah	4
Mr. Agha Ahmed Shah	5

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

## **BOARD AUDIT COMMITTEE**

During the year under review, four (04) Board Audit Committee meetings were held and attendance by each member is given below;

<b>Members Name</b>	<b>Attendance</b>
Syed Kamran Rashid – Chairman	4
Mr. Abdul Samad Khan	4
Mr. Agha Ahmed Shah	4

## **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

During the year under review, one (01) Human Resource and Remuneration Committee meeting was held and attendance by each member is given below;

<b>Members Name</b>	<b>Attendance</b>
Ms. Umme Habibah – Chairman	1
Mr. Jawed Ali Ghori	1
Mr. Khalid Sarfaraz Ghori	1
Mrs. Faryal Murtaza	1
Mr. Faizan Ali Ghori	1

## **DIRECTORS' TRAINING PROGRAMS**

Eight (8) of the Directors of the Company are certified as per requirement of Directors' Training program. The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX rule book.

## **APPOINTMENT OF AUDITORS**

The present auditors M/s Grant Thornton Anjum Rahman, Chartered Accountants are set to retire this year. As recommended by the Audit Committee, the Board of Directors has recommended the re-appointment of M/s Grant Thornton Anjum Rahman as auditors of the Company for year ended June 2021-22 subject to approval of the shareholders on a fee mutually agreed.

## **PATTERN OF SHAREHOLDING**

The pattern of shareholding has been annexed to this report.

The Directors, executives and their spouse and minor children have made no transactions of the Company's shares during the year, except those reported in pattern of shareholding.

Executives mean Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and other executives (as defined by the Board).

## **HEALTH, SAFETY AND ENVIRONMENT**

The Company endeavors to keep its work force, infrastructure & operations safe and secure and encourages healthy work environment and practices. During the year, awareness sessions & drills are carried out consistently to remain abreast with latest development in HSE, ensure compliance with legal requirements and manage HSE challenges.

Furthermore, aggressive measures were taken at the corporate office and production facility to vaccinate all team members against COVID-19. So far, almost 100% of the employees and workers have been vaccinated at least with one dose. Similarly, the Company took steps for educating employees on keeping themselves safe during the Pandemic and complemented the campaign with effective distribution of COVID-19 related personal protective material like face masks, Soaps, Sanitizer, gloves etc.

## **CORPORATE SOCIAL RESPONSIBILITY**

Your Company is committed to social and environmental cause of the society and believes in building strong bonds with all segments of society. In this regard, the Company has consistently shown commitment to make education more easily available and to provide financial support for children of employees. Another goal is to make health care more accessible without any discrimination, to all patients regardless of their ability to pay.

As for Covid-19; a comprehensive strategy by adhering to Industrial SOP is implemented. In this hour of need our commitment of supporting the communities is unwavering. These included regular awareness sessions at different areas within and outside the premises, provision of hand sanitizers, temperature monitoring at entrances, regular disinfection of the premises and instruction to staff to wear mask at all times as well as practice social distancing

## **INTERNAL FINANCIAL CONTROLS**

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

## **CODE OF CORPORATE GOVERNANCE**

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations, relevant for the year ended June 30, 2021, have been adopted by the Company and have been duly complied with. A statement to this effect is annexed with the report.

In compliance with the provisions of the Code, the Board members are pleased to place the following statement on record:

- The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Summary of key operational and financial data for the last six years annexed in this annual report.
- Information about taxes and levies is given in the notes to and forming part of financial statements.

There is no likelihood of any delayed payments or default in respect of all loans availed by the Company.

## **INDUSTRY OUTLOOK**

Global demand for rice is still growing. Wherein, demand for ordinary rice in Africa and poorer regions of Asia is forecast up with population growth, while the more developed regions in Asia are anticipated to show interest in higher-end fragrant rice. Therefore, market is expected to further expand for both ordinary rice and Basmati rice exported by Pakistan. Post-Covid stability in some countries may increase demand too but freight cost will definitely set-out new prices in the world otherwise major reduction in sales may face by Pakistan this year.

Pakistan is among the top rice producers and exporters in the world. According to data of the Food and Agriculture Organization (FAO), Pakistan provided over 10% of the world's rice output, Rice is the sixth largest export commodity and the largest non-textile export commodity in Pakistan. According to data of the International Trading Center (ITC).

Current challenges of increasing in cost of doing business through freight / utilities and stagnant sales prices are core issues and will be impacting our export volume in coming year.

## **SUBSEQUENT EVENTS**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

## **FUTURE OUTLOOK**

Post-pandemic the Pakistan economy has shown significant signs of economic recovery with fast resumption of economic dynamism. In recent budget 2021-22, government has taken growth-oriented initiatives and will continue to follow the positive reform momentum which will help to boost the competitiveness of Pakistan's economy and lay a strong foundation for a more robust, inclusive and sustainable recovery.

The certainty in the policies and decisions making is essential for the sustainable growth of any business. Accordingly, the Company believes that the Government would continue to supply the required utilities and services in a consistent and economical manner in order to ensure the long-term growth of the industry as well as the overall economy. Recent retention of 7% interest rate through Monetary policy of SBP is a good sign.

The risk of pandemic still exists with surge in positive cases of delta variant of COVID-19 emerging across the Country. That may affect local market sales volume.

Indeed, it is a difficult time for the company and as far for all Rice exporters the only positive point is for your company is diversification. Slight increase in Rice Glucose exports and ongoing construction and setting-up of Corn Starch Project will be the game changer for us. InShaAllah.

#### RETIREMENT FUND

The company is maintaining unfunded gratuity, during the year, the Company have made a provision of Rupees 32.34 million on the basis of actuarial valuation.

#### RELATED PARTY TRANSACTIONS

The details of all related party transactions have been provided in the notes to the financial statements.

#### TRADING IN SHARES OF THE COMPANY

Following trade in the shares of the Company were carried out by the Directors, Executives and Related Parties:

Director/Related Party	Number of Shares	Nature of Transaction
Mr. Faizan Ali Ghori	30,000	Buy
Mr. Agha Ahmed Shah	500	Buy
M/s Ghori Trust	420,000	Sale

#### ACKNOWLEDGEMENT

The Directors would like to place on record their sincere appreciation for the hard work and dedication shown by the management and the employees of the Company throughout the year. On behalf of the Board of Directors and employees of the Company, we express our gratitude and appreciation to all our valued customers, distributors, stockists, dealers and bankers for the trust and confidence reposed in the Company and look forward to their continued support and participation in achieving the growth of the Company in the coming years.

For and on behalf of the Board of Directors



**Khalid Sarfaraz Ghori**  
Chief Executive Director



**Faizan Ali Ghori**  
Director

## FINANCIAL SUMMARY

	2020-21 Rupees	2019-20 Rupees	2018-19 Rupees	2017-18 Rupees	2016-17 Rupees	2015-16 Rupees
<b>EQUITY AND LIABILITIES</b>						
Share capital and reserves						
Authorized capital	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid up share capital	1,224,006,980	1,224,006,980	1,224,006,980	1,165,720,940	874,290,940	874,290,940
Capital reserve	680,467,220	680,467,220	680,467,220	739,367,162	318,382,823	318,382,823
Unappropriated profit	<u>2,287,144,791</u>	<u>2,241,380,358</u>	<u>2,157,355,170</u>	<u>1,676,797,324</u>	<u>1,378,821,835</u>	<u>1,072,183,422</u>
	4,191,618,991	4,145,854,558	4,061,829,370	3,581,885,426	2,571,495,598	2,264,857,185
Surplus on revaluation of property, plant and equipment	<u>2,459,499,494</u>	<u>2,622,193,143</u>	<u>445,144,929</u>	<u>546,781,614</u>	<u>571,665,218</u>	<u>738,407,686</u>
<b>Total shareholders' equity</b>	<b>6,651,118,485</b>	<b>6,768,047,701</b>	<b>4,506,974,299</b>	<b>4,128,667,040</b>	<b>3,143,160,816</b>	<b>3,003,264,871</b>
<b>Non-current liabilities</b>						
Long term finances-secured	492,910,736	396,447,541	265,191,113	246,556,904	322,791,864	144,790,827
Liabilities against assets subject to finance lease	126,630,601	120,977,441	44,763,773	29,284,420	17,162,341	9,408,482
Deferred liability-staff gratuity	221,515,463	205,636,300	146,803,371	143,634,827	158,304,034	41,775,828
Deferred grant	952,280	2,317,051	-	-	-	-
Deferred income	-	-	269,842	632,508	995,175	664,350
<b>Total non-current liabilities</b>	<b>842,009,080</b>	<b>725,378,333</b>	<b>457,028,099</b>	<b>420,108,659</b>	<b>499,253,414</b>	<b>196,639,487</b>
<b>Current liabilities</b>						
Trade and other payables	519,888,056	1,015,172,075	248,077,697	225,928,452	332,612,662	195,186,075
Advance from customers-secured	35,747,606	51,979,051	58,666,494	24,883,671	193,592,016	202,101,374
Accrued mark-up	57,877,929	56,305,363	64,696,362	48,767,428	46,056,163	49,935,930
Due to related party	7,865,756	6,970,908	-	-	-	-
Short term borrowings-secured	5,533,005,240	5,115,897,038	4,139,227,403	4,081,779,753	3,886,835,593	3,197,027,943
Current portion of deferred grant	6,176,233	3,807,127	-	-	-	-
Current portion of long-term finances-secured	175,076,206	57,673,116	86,709,085	84,029,706	96,733,247	58,372,319
Current portion of lease-liabilities to finance lease	23,644,793	21,497,206	13,094,930	12,226,289	7,999,276	4,475,892
Unpaid Dividend	787,654	13,555,468	489,804	761,095	-	-
Provision for taxation-net	-	-	-	21,260,847	28,936,787	-
<b>Total current liabilities</b>	<b>6,360,069,473</b>	<b>6,342,857,352</b>	<b>4,610,961,775</b>	<b>4,499,637,241</b>	<b>4,592,765,744</b>	<b>3,707,099,533</b>
<b>Total liabilities</b>	<b>7,202,078,553</b>	<b>7,068,235,685</b>	<b>5,067,989,874</b>	<b>4,919,745,900</b>	<b>5,092,019,158</b>	<b>3,903,739,020</b>
Contingencies and commitments	-	-	-	-	-	-
<b>Total equity and liabilities</b>	<b><u>13,853,197,038</u></b>	<b><u>13,836,283,386</u></b>	<b><u>9,574,964,173</u></b>	<b><u>9,048,412,940</u></b>	<b><u>8,235,179,974</u></b>	<b><u>6,907,003,891</u></b>

	2020-21 Rupees	2019-20 Rupees	2018-19 Rupees	2017-18 Rupees	2016-17 Rupees	2015-16 Rupees
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	4,907,931,000	4,938,035,706	2,620,484,642	2,168,585,255	2,141,308,121	1,790,412,727
Right-of-use assets	171,532,871	159,940,356	83,094,097	-	-	-
Intangible assets	-	-	-	-	-	4,903,588
Long term deposits	16,322,284	12,578,078	9,938,831	13,048,793	10,990,923	11,421,331
Long term investment	55,582,707	55,582,707	31,082,707	31,082,707	23,582,747	23,582,747
<b>Total non-current assets</b>	<b>5,151,368,862</b>	<b>5,166,136,847</b>	<b>2,744,600,277</b>	<b>2,212,716,755</b>	<b>2,175,881,791</b>	<b>1,830,320,393</b>
<b>Current assets</b>						
Stores, spares and loose tools	70,444,301	45,022,530	23,107,682	18,727,268	13,829,554	15,183,208
Stock in trade	7,171,280,359	6,642,523,350	5,204,978,692	5,138,980,796	5,240,490,964	4,505,685,485
Trade debts-considered good	1,041,124,344	1,334,500,510	941,093,236	674,463,623	541,532,773	384,215,522
Short-term Loans and advances	103,660,064	118,619,714	355,385,133	83,732,051	58,171,589	12,655,050
Trade deposits and short-term prepayments	10,130,679	8,164,088	5,268,471	10,843,438	8,973,160	14,179,556
Short-term investment	1,579,910	263,440	255,362	500,000	500,000	-
Other receivables	166,964,553	171,694,202	188,843,920	85,369,946	84,745,163	51,264,224
Advance tax- net	31,683,482	51,068,680	33,050,458	-	-	4,287,321
Cash and bank balances	104,960,484	298,290,025	78,380,942	823,079,063	111,054,980	89,213,132
<b>Total current assets</b>	<b>8,701,828,176</b>	<b>8,670,146,539</b>	<b>6,830,363,896</b>	<b>6,835,696,185</b>	<b>6,059,298,183</b>	<b>5,076,683,498</b>
<b>Total assets</b>	<b>13,853,197,038</b>	<b>13,836,283,386</b>	<b>9,574,964,173</b>	<b>9,048,412,940</b>	<b>8,235,179,974</b>	<b>6,907,003,891</b>

## FINANCIAL SUMMARY

	2020-21 Rupees	2019-20 Rupees	2018-19 Rupees	2017-18 Rupees	2016-17 Rupees	2015-16 Rupees
Sales - net	10,556,620,789	11,289,961,893	7,863,052,901	6,722,731,288	6,134,424,678	5,577,876,046
Cost of sales	(9,909,427,766)	(10,273,971,964)	(6,948,543,163)	(5,862,040,117)	(5,169,060,783)	(4,939,056,502)
<b>GROSS PROFIT</b>	647,193,023	1,015,989,929	914,509,738	860,691,171	965,363,895	638,819,544
Distribution expenses	(185,997,143)	(207,020,855)	(167,111,014)	(153,476,336)	(291,888,742)	(284,254,590)
Administrative expenses	(309,688,284)	(271,369,378)	(240,332,519)	(198,099,318)	(175,231,633)	(158,891,253)
	<u>(495,685,427)</u>	<u>(478,390,233)</u>	<u>(407,443,533)</u>	<u>(351,575,654)</u>	<u>(467,120,375)</u>	<u>(443,145,843)</u>
<b>OPERATING PROFIT</b>	151,507,596	537,599,696	507,066,205	509,115,517	498,243,520	195,673,701
Finance cost	(272,830,931)	(350,287,990)	(275,503,177)	(239,704,316)	(211,904,903)	(203,748,693)
Other income	77,029,758	56,513,137	106,655,675	17,849,819	36,616,630	17,958,134
Exchange gain - net	65,215,796	14,015,389	152,934,910	72,858,009	34,999,406	32,647,079
Provision for worker's welfare fund	(391,070)	(7,113,214)	(7,270,451)	(7,066,909)	(3,073,894)	(4,582,309)
Provision for worker's profit participation fund	(977,674)	(12,218,347)	(23,388,267)	(15,263,606)	(12,836,230)	-
<b>PROFIT BEFORE TAX</b>	19,553,475	238,508,671	460,494,895	337,788,513	342,044,529	37,947,912
Income tax expense	(80,420,184)	(86,580,493)	(46,658,608)	(29,495,558)	(73,075,620)	(34,032,170)
<b>PROFIT / (LOSS) FOR THE YEAR</b>	<u>(60,866,709)</u>	<u>151,928,178</u>	<u>413,836,287</u>	<u>308,292,955</u>	<u>268,968,909</u>	<u>3,915,742</u>
Basic Earning per share	<u>(0.50)</u>	<u>1.24</u>	<u>3.38</u>	<u>2.96</u>	<u>3.08</u>	<u>0.04</u>

## KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS FROM 2015-16 TO 2020-21

Summary of Cashflow Statement		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Cash Flows of operating activities	UoM	(554,264,051)	(422,187,291)	(163,931,752)	123,417,960	(408,988,365)	362,415,346
Cash Flows of investing activities		(166,076,531)	(333,475,941)	(593,944,570)	(184,167,679)	(459,776,813)	(37,726,071)
Cash Flows of financing activities		529,194,216	975,536,030	12,890,618	77,196,607	890,550,677	(353,140,151)
Effect of exchange rate changes		(983,175)	36,285	287,583	577,195	56,349	60,581
Net change in cash and cash equivalents		(191,146,366)	219,872,798	(744,985,704)	711,446,888	21,785,499	(28,450,876)
Cash & cash equivalents at end of the year		104,960,484	298,290,025	78,380,942	823,079,063	111,054,980	89,213,132
Profitability and Operating Ratios		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Gross profit	Percent	6.13%	9.00%	11.63%	12.80%	15.74%	11.45%
Net profit to sales	Percent	-0.58%	1.35%	5.26%	4.59%	4.38%	0.07%
EBITDA margins to sales	Percent	3.89%	6.99%	8.62%	9.99%	10.36%	6.10%
Operating leverage	Percent	3.89%	6.99%	8.62%	9.99%	10.36%	6.10%
Return on equity	Percent	-0.92%	2.24%	9.18%	7.47%	8.56%	0.13%
Return on capital employed	Percent	2.02%	7.17%	10.21%	11.19%	13.68%	6.11%
Liquidity ratios		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Current	Times	1.37	1.37	1.48	1.38	1.32	1.37
Quick / Acid test ratio	Times	0.18	0.26	0.22	0.19	0.14	0.13
Cash to current liabilities	Times	0.02	0.05	0.01	0.04	0.02	0.02
Cash flows from operations to sales (Operating cash flow / Net sales)		-5%	-4%	-2%	2%	-7%	6%
Activity / Turn Over Ratios		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Inventory turnover	Times	1.42	1.72	1.34	1.13	1.06	1.05
No. of days in inventory	Days	257.04	212.21	272.39	323.01	344.34	347.62
Debtors turnover	Times	8.89	9.92	9.73	11.06	13.25	12.88
No. of days in receivables	Days	41.06	36.79	37.51	33.00	27.55	28.34
Creditors turnover	Times	12.91	16.27	29.32	20.99	19.59	18.92
No. of days in payables	Days	28.27	22.43	12.45	17.39	18.63	19.29
Total assets turnover	Times	0.76	0.82	0.82	0.74	0.74	0.81
Fixed Assets turnover	Times	2.15	2.29	3.00	3.10	2.86	3.12
Operating Cycle		298.10	249.00	309.90	356.01	371.89	375.96
Investment / Market Ratios		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Earning per share	Rs.	(0.50)	1.24	3.38	2.96	3.08	0.04
Cash Dividend per share	Rs.	0.45	0.70	0.40	0.30	0.4118	0.2859
Dividend	%	4.50%	7.00%	4.00%	3.00%	4.12%	2.86%
Market value per share as at June 30	Rs.	41.05	19.06	27.02	37.58	-	-
Price earning (Market value price per	Times	(82.10)	15.37	7.99	12.70	-	-
Price to book ratio	Times	0.76	0.34	0.73	1.06	-	-
Dividend Yield	%	1.10%	3.67%	1.48%	0.80%	-	-
Dividend payout	%	(0.90)	0.56	0.12	0.10	0.13	7.15
Dividend cover	Times	(1.11)	1.77	8.45	9.87	7.48	0.14
Bonus shares issued	Rs.	-	-	58,286,050	-	-	-
Bonus per share	%	-	-	5%	-	-	-
Break-up value per share without surplus on revaluation of property, plant and equipment	Rs.	34.25	33.87	33.18	30.73	29.41	25.91
Break-up value per share with surplus on revaluation of property, plant and equipment	Rs.	54.34	55.29	36.82	35.42	35.95	34.35
Capital Structure Ratios		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Financial leverage	Times	1.08	1.04	1.12	1.19	1.62	1.30
Debt to Equity	%	14 : 86	11 : 89	11 : 89	11 : 89	16 : 84	8 : 92
Interest cover	Times	0.56	1.53	1.84	2.12	2.35	0.96

## VERTICAL ANALYSIS

Statement of Financial Position	2020-21		2019-20		2018-19		2017-18		2016-17		2015-16	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Property, Plant & Equipment	4,907,931,000	35.4%	4,938,035,706	35.7%	2,620,484,642	27.4%	2,168,585,255	24.0%	2,141,308,121	26.0%	1,790,412,727	25.9%
Right-of-use assets	171,532,871	1.2%	159,940,356	1.2%	83,094,097	0.9%	-	-	-	-	-	-
Other Non-Current Assets	71,904,991	0.5%	68,160,785	0.5%	41,021,538	0.4%	44,131,500	0.5%	34,573,670	0.4%	39,907,666	0.6%
Current Assets	8,701,828,176	62.8%	8,670,146,539	62.7%	6,830,363,896	71.3%	6,835,696,185	75.5%	6,059,298,183	73.6%	5,076,683,498	73.5%
<b>Total Assets</b>	<b>13,853,197,038</b>	<b>100%</b>	<b>13,836,283,386</b>	<b>100%</b>	<b>9,574,964,173</b>	<b>100%</b>	<b>9,048,412,940</b>	<b>100%</b>	<b>8,235,179,974</b>	<b>100%</b>	<b>6,907,003,891</b>	<b>100%</b>
Shareholders' Equity	6,651,118,485	48.0%	6,768,047,701	48.9%	4,506,974,299	47.1%	4,128,667,040	45.6%	3,143,160,816	38.2%	3,003,264,871	43.5%
Non-Current Liabilities	842,009,080	6.1%	725,378,333	5.2%	457,028,099	4.8%	420,108,659	4.6%	499,253,414	6.1%	196,639,487	2.8%
Current Liabilities	6,360,069,473	45.9%	6,342,857,352	45.8%	4,610,961,775	48.2%	4,499,637,241	49.7%	4,592,765,744	55.8%	3,707,099,533	53.7%
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>13,853,197,038</b>	<b>100%</b>	<b>13,836,283,386</b>	<b>100%</b>	<b>9,574,964,173</b>	<b>100%</b>	<b>9,048,412,940</b>	<b>100%</b>	<b>8,235,179,974</b>	<b>100%</b>	<b>6,907,003,891</b>	<b>100%</b>

Statement of Comprehensive Income	2020-21		2019-20		2018-19		2017-18		2016-17		2015-16	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Net Sales	10,556,620,789	100.00%	11,289,961,893	100.00%	7,863,052,901	100.00%	6,722,731,288	100.0%	6,134,424,678	100.0%	5,577,876,046	100.0%
Cost of Products Sold	9,909,427,766	-93.87%	10,273,971,964	-91.00%	6,948,543,163	-88.37%	5,862,040,117	-87.2%	5,169,060,783	-84.3%	4,939,056,502	-88.5%
Gross profit	647,193,023	6.13%	1,015,989,929	9.00%	914,509,738	11.63%	860,691,171	12.8%	965,363,895	15.7%	638,819,544	11.5%
Operating Profit	151,507,596	1.44%	537,599,696	4.76%	507,066,205	6.45%	509,115,517	7.6%	498,243,520	8.1%	195,673,701	3.5%
Profit before taxation	19,553,475	0.19%	238,508,671	2.11%	460,494,895	5.86%	337,788,513	5.0%	342,044,529	5.6%	37,947,912	0.7%
Profit for the year	(60,866,709)	-0.58%	151,928,178	1.35%	413,836,287	5.26%	308,292,955	5%	268,968,909	4%	3,915,742	0%

## HORIZONTAL ANALYSIS

Statement of Financial Position	2020-21		2019-20		2018-19		2017-18		2016-17		2015-16	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Property, Plant & Equipment	4,907,931,000	-1%	4,938,035,706	88%	2,620,484,642	21%	2,168,585,255	1%	2,141,308,121	20%	1,790,412,727	-5%
Right-of-use assets	171,532,871	7%	159,940,356	92%	83,094,097	100%	-	-	-	-	-	-
Other Non-Current Assets	71,904,991	5%	68,160,785	66%	41,021,538	-7%	44,131,500	28%	34,573,670	-13%	39,907,666	-5%
Current Assets	8,701,828,176	0%	8,670,146,539	27%	6,830,363,896	0%	6,835,696,185	13%	6,059,298,183	19%	5,076,683,498	-8%
<b>Total Assets</b>	<b>13,853,197,038</b>	<b>0%</b>	<b>13,836,283,386</b>	<b>45%</b>	<b>9,574,964,173</b>	<b>6%</b>	<b>9,048,412,940</b>	<b>10%</b>	<b>8,235,179,974</b>	<b>19%</b>	<b>6,907,003,891</b>	<b>-7%</b>
Shareholders' Equity	6,651,118,485	-2%	6,768,047,701	50%	4,506,974,299	9%	4,128,667,040	31%	3,143,160,816	5%	3,003,264,871	0%
Non-Current Liabilities	842,009,080	16%	725,378,333	59%	457,028,099	9%	420,108,659	-16%	499,253,414	154%	196,639,487	-18%
Current Liabilities	6,360,069,473	0%	6,342,857,352	38%	4,610,961,775	2%	4,499,637,241	-2%	4,592,765,744	24%	3,707,099,533	-12%
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>13,853,197,038</b>	<b>0%</b>	<b>13,836,283,386</b>	<b>45%</b>	<b>9,574,964,173</b>	<b>6%</b>	<b>9,048,412,940</b>	<b>10%</b>	<b>8,235,179,974</b>	<b>19%</b>	<b>6,907,003,891</b>	<b>-7%</b>

Statement of Comprehensive Income	2020-21		2019-20		2018-19		2017-18		2016-17		2015-16	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Net Sales	10,556,620,789	-6.50%	11,289,961,893	43.58%	7,863,052,901	16.96%	6,722,731,288	10%	6,134,424,678	10%	5,577,876,046	-8%
Cost of Products Sold	9,909,427,766	-3.55%	10,273,971,964	47.86%	6,948,543,163	18.53%	5,862,040,117	13%	5,169,060,783	5%	4,939,056,502	-5%
Gross profit	647,193,023	-36.30%	1,015,989,929	11.10%	914,509,738	6.25%	860,691,171	-11%	965,363,895	51%	638,819,544	-29%
Operating Profit	151,507,596	-71.82%	537,599,696	6.02%	507,066,205	-0.40%	509,115,517	2%	498,243,520	155%	195,673,701	-57%
Profit before taxation	19,553,475	-91.80%	238,508,671	-48.21%	460,494,895	36.33%	337,788,513	-1%	342,044,529	801%	37,947,912	-76%
Profit for the year	(60,866,709)	-140.06%	151,928,178	-63.29%	413,836,287	34.23%	308,292,955	15%	268,968,909	6769%	3,915,742	-96%

**MATCO FOODS LIMITED**  
**Pattern of Shareholding**  
**As at June 30, 2021**

<b>CATEGORIES OF SHAREHOLDERS</b>	<b>Shareholders</b>	<b>Shares Held</b>	<b>Percentage</b>
<b>DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN</b>			
AGHA AHMED SHAH	1	500	0.00
SAFWAN KHALID GHORI	1	5,250	0.00
SYED KAMRAN RASHID	1	57,029	0.05
FAIZAN ALI GHORI	1	523,250	0.43
JAWED ALI GHORI	1	23,964,021	19.58
KHALID SARFARAZ GHORI	1	24,031,271	19.63
SADAF TARIQ	1	425,250	0.35
NUZHAT KHALID GHORI	1	448,875	0.37
TARIQ GHORI	1	24,054,896	19.65
NAHEED JAWED	1	448,875	0.37
MURTAZA MAHFOOZ TALIB	1	336,821	0.28
FARYAL MURTAZA	1	500	0.00
ABDUL SAMAD KHAN	1	500	0.00
UMME HABIBAH	1	500	0.00
<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>			
	1	18,360,109	15.00
<b>NIT AND ICP</b>			
	2	519,326	0.42
<b>BANKS DEVELOPMENTS FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS</b>			
	0	-	-
<b>INSURANCE COMPANIES</b>			
	1	2,809,500	2.30
<b>MODARABAS AND MUTUAL FUNDS</b>			
	2	1,053,000	0.86
<b>GENERAL PUBLIC</b>			
a. Local	2019	19,374,372	15.83
b. Foreign	5	10,025	0.01
Foreign Companies	0	-	-
Others	26	5,976,828	4.88
<b>Totals</b>	<b>2070</b>	<b>122,400,698</b>	<b>100.00</b>
<b>SHARE HOLDERS HOLDING 10% OR MORE</b>			
		<b>Shares Held</b>	<b>Percentage</b>
INTERNATIONAL FINANCE CORPORATION		18,360,109	15.00
JAWED ALI GHORI		23,964,021	19.58
KHALID SARFARAZ GHORI		24,031,271	19.63
TARIQ GHORI		24,054,896	19.65

**MATCO FOODS LIMITED**  
**Pattern of Shareholding**  
**As at June 30, 2021**

S.No.	Folio #	Name of shareholder	Number of shares	Per %
<b>Directors and their spouse(s) and minor children</b>				
1	01826-69252	AGHA AHMED SHAH	500	0.00
2	01826-107011	SAFWAN KHALID GHORI	5,250	0.00
3	03277-8352	SYED KAMRAN RASHID	57,029	0.05
4	03277-80034	FAIZAN ALI GHORI	523,250	0.43
5	03277-80043	JAWED ALI GHORI	23,964,021	19.58
6	03277-80045	KHALID SARFARAZ GHORI	24,031,271	19.63
7	03277-80047	SADAF TARIQ	425,250	0.35
8	03277-80048	NUZHAT KHALID GHORI	448,875	0.37
9	03277-80051	TARIQ GHORI	24,054,896	19.65
10	03277-80052	NAHEED JAWED	448,875	0.37
11	03277-88198	MURTAZA MAHFOOZ TALIB	336,821	0.28
12	03277-99607	FARYAL MURTAZA	500	0.00
13	10629-114697	ABDUL SAMAD KHAN	500	0.00
14	16253-13790	UMME HABIBAH	500	0.00
			<b>14</b>	<b>74,297,538</b>
				<b>60.70</b>
<b>Associated companies, undertakings and related parties</b>				
1	00547-8404	INTERNATIONAL FINANCE CORPORATION	18,360,109	15.00
			<b>1</b>	<b>18,360,109</b>
				<b>15.00</b>
<b>NIT and ICP</b>				
1	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	259,663	0.21
2	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	259,663	0.21
			<b>2</b>	<b>519,326</b>
				<b>0.42</b>
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>				
1		NIL		
			<b>0</b>	<b>-</b>
<b>Insurance Companies</b>				
1	18085-28	EFU LIFE ASSURANCE LIMITED	2,809,500	2.30
			<b>1</b>	<b>2,809,500</b>
				<b>2.30</b>
<b>Modarabas and Mutual Funds</b>				
1	06619-26	CDC - TRUSTEE AKD OPPORTUNITY FUND	806,000	0.66
2	16030-25	CDC - TRUSTEE AWT STOCK FUND	247,000	0.20
			<b>2</b>	<b>1,053,000</b>
				<b>0.86</b>
<b>General Public Foreign</b>				
1	01826-131037	FAISAL SHAHZAD	1,000	0.00
2	03277-111421	SULIMAN KHAN	2,000	0.00
3	03277-112288	MAHAM KASHIF	6,000	0.00
4	03277-113058	MUHAMMAD ANZAK ALEEM	500	0.00
5	16253-8071	MUHAMMAD BASIT ANIS	525	0.00
			<b>5</b>	<b>10,025</b>
				<b>0.01</b>
<b>Foreign Companies</b>				
1		Nil		
			<b>0</b>	<b>-</b>

<b>Others</b>				
1	1073	BONUS FRACTION (B-1)	53	0.00
2	00364-210797	WORLDCALL SERVICES (PRIVATE) LIMITED	15,225	0.01
3	01669-26	SHAFFI SECURITIES (PVT) LIMITED	7,000	0.01
4	01826-74955	TRUSTEE-GHORI TRUST	120,000	0.10
5	01826-106831	MEDIA PULSE (PRIVATE) LIMITED	42,000	0.03
6	03277-50590	TECHNOLOGY LINKS (PVT.) LIMITED	2,100	0.00
7	03277-61491	M/S RANG COMMODITIES (PVT) LTD	250	0.00
8	03525-67537	SHAMALIK BROTHERS (PVT) LTD	2,100	0.00
9	04226-26	ZILLION CAPITAL SECURITIES (PVT) LTD.	3,675	0.00
10	05470-26	B & B SECURITIES (PRIVATE) LIMITED	23,325	0.02
11	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	148,075	0.12
12	06502-5986	UNITED TOWEL EXPORTERS (PVT.) LIMITED	10,000	0.01
13	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LIMITED	4,158,000	3.40
14	07450-1040	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEES P.FUND	1,500	0.00
15	11544-6959	UNITED TOWEL EXPORTERS (PVT) LIMITED	9,000	0.01
16	12690-1192	WELLCOME PAKISTAN LIMITED PROVIDENT FUND	3,525	0.00
17	13649-24	JS GLOBAL CAPITAL LIMITED - MF	18,500	0.02
18	14118-27	ASDA SECURITIES (PVT.) LTD.	75,000	0.06
19	15214-1501	EVERFRESH FARMS PRIVATE LIMITED	25,000	0.02
20	16261-28	AXIS GLOBAL LIMITED - MF	4,500	0.00
21	16410-29	ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	2,000	0.00
22	16857-26	MRA SECURITIES LIMITED - MF	252,500	0.21
23	16865-25	BAWA SECURITIES (PVT) LTD. - MF	22,000	0.02
24	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	934,000	0.76
25	17053-22	ORIENTAL SECURITIES (PRIVATE) LIMITED - MF	87,500	0.07
26	17509-26	TRUST SECURITIES & BROKERAGE LIMITED - MF	10,000	0.01
			<b>26</b>	<b>5,976,828</b>
				<b>4.88</b>
<b>General Public Local</b>			<b>2019</b>	<b>19,374,372</b>
<b>Total</b>			<b>2070</b>	<b>122,400,698</b>
				<b>100.00</b>

**MATCO FOODS LIMITED**  
**Pattern of Shareholding**  
**As at June 30, 2021**

Sr. No	# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	328	1	to	100	10238
2	192	101	to	500	74212
3	651	501	to	1000	405250
4	592	1001	to	5000	1248707
5	110	5001	to	10000	856827
6	54	10001	to	15000	675425
7	22	15001	to	20000	401475
8	24	20001	to	25000	560275
9	9	25001	to	30000	252400
10	8	30001	to	35000	270375
11	10	35001	to	40000	385707
12	3	40001	to	45000	125603
13	5	45001	to	50000	249525
14	1	50001	to	55000	52500
15	1	55001	to	60000	57029
16	2	65001	to	70000	140000
17	3	70001	to	75000	221000
18	3	85001	to	90000	265000
19	1	90001	to	95000	95000
20	6	95001	to	100000	598800
21	1	100001	to	105000	100250
22	1	105001	to	110000	106500
23	1	110001	to	115000	112556
24	2	115001	to	120000	239500
25	1	120001	to	125000	123000
26	1	125001	to	130000	130000
27	2	130001	to	135000	264275
28	1	135001	to	140000	136000
29	2	145001	to	150000	297575
30	1	150001	to	155000	154000
31	1	155001	to	160000	160000
32	1	180001	to	185000	183500
33	1	185001	to	190000	189000
34	1	195001	to	200000	200000
35	1	205001	to	210000	207500
36	1	240001	to	245000	245000
37	1	245001	to	250000	247000
38	1	250001	to	255000	252500
39	3	255001	to	260000	779326
40	1	335001	to	340000	336821
41	1	425001	to	430000	425250
42	2	445001	to	450000	897750
43	1	450001	to	455000	451000
44	1	520001	to	525000	523250
45	1	535001	to	540000	536000
46	1	805001	to	810000	806000
47	1	830001	to	835000	832000
48	1	855001	to	860000	857000
49	1	930001	to	935000	934000
50	1	995001	to	1000000	1000000
51	1	1050001	to	1055000	1052500
52	1	2545001	to	2550000	2550000
53	1	2745001	to	2750000	2748500
54	1	2805001	to	2810000	2809500
55	1	4155001	to	4160000	4158000
56	1	18360001	to	18365000	18360109
57	1	23960001	to	23965000	23964021
58	1	24030001	to	24035000	24031271
59	1	24050001	to	24055000	24054896
	<b>2070</b>				<b>122400698</b>

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: MATCO FOODS LIMITED

Year Ended: June 30, 2021

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

1. The total number of directors are nine as per the following:
  - a. Male: 7
  - b. Female: 2

2. The composition of the Board is as follows:

Category	Names
a) Independent	Syed Kamran Rasheed Mr. Abdul Samad Khan Ms. Umme Habibah Mr. Agha Ahmed Shah
b) Other Non-executive Directors	Mr. Jawed Ali Ghori Mrs. Faryal Murtaza
c) Executive Director	Mr. Khalid Sarfaraz Ghori Mr. Faizan Ali Ghori Mr. Safwan Khalid Ghori*

\* Due to sad demise of director Dr. Tariq Ghori (late), new director has been appointed by the Board through resolution by circular on May 19, 2021.

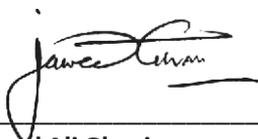
3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant with the provision with regard to their directors' training program. Eight directors out of nine directors already completed the Director Training Program, remaining one director will complete the requirement within the stipulated time as per the requirement of the Code.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before the approval of the Board.
12. The Board has formed the following Committees that are required under the Code. The Committees comprise of members as given below:

Audit Committee	Syed Kamran Rasheed – Chairman Mr. Abdul Samad Khan Mr. Agha Ahmed Shah
HR and Remuneration Committee	Ms. Umme Habibah – Chairman Mr. Jawed Ali Ghori Mr. Khalid Sarfaraz Ghori Mrs. Faryal Murtaza Mr. Faizan Ali Ghori

- a) Risk Management Committee: (No separate committee formed, as its issues are deliberated in Board meetings)
- b) Nomination Committee (No separate committee formed, as its issues are deliberated in Board meetings)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following:
  - a. Audit Committee – 04 Meetings were held during FY 2020-21
  - b. HR and Remuneration Committee – 01 Meeting were held during FY 2020-21
15. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The Company continued to present the details of all related party transactions as disclosed in the financial statements before the Board Audit Committee and upon their recommendation to the Board for review and approval. The Company also has in place a process to identify the related parties and related transactions entered into with them. However, full compliance of the requirements as laid down in Section 208 of the Companies Act, 2017 is dependent on clarification from SECP with respect to definition of related parties.
19. We confirm that all other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
20. We confirm that the Company has complied with respect to all other material requirements of the Regulations.



**Jawed Ali Ghori**  
Chairman

Karachi  
Dated: September 09, 2021

# *Independent Auditors' Review Report*

## **To the members of Matco Foods Limited Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

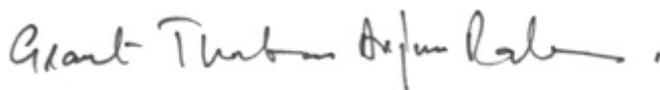
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Matco Foods Limited (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 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 Regulations as applicable to the Company for the year ended June 30, 2021.



**Grant Thornton Anjum Rahman**  
Chartered Accountants  
Karachi

# INDEPENDENT AUDITOR'S REPORT

## To the members of Matco Foods Limited Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of **Matco Foods Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Valuation of Stock in Trade</b></p> <p>As at June 30, 2021, the Company held stock in trade amounting to Rs. 7,171 million (2020: Rs. 6,642 million) as disclosed in note 24 of accompanying unconsolidated financial statements. The stock in trade account for 82.4% (2020: 76.7%) of the total current assets. The value of stock is based on the purchase price using weighted average method. Therefore, the Company is exposed to the risk of valuation of stock in trade as a result of volatility in prices.</p> <p>The Company is required to measure its stock in trade at the lower of cost and net realizable value (NRV). There is an element of judgement involved relating to the valuation, which is required for the estimation of the NRV and allowance for slow-moving and obsolete stock in trades. Such estimation is made after taking into consideration factors such as movement in prices, current and expected future market demands and pricing competitions.</p> <p>This was the key audit mater because of its materiality and significance in terms of judgments involved in estimating the NRV of underlying inventories.</p>	<p>As part of our audit, we have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Attended the stock counts at locations to observe the stock count process and evaluate the condition of stock in trade.</li> <li>• Tested the valuation method used by the management in valuation of stock in trade.</li> <li>• Compared on sample basis specific purchases with underlying supporting documents.</li> <li>• Evaluated the appropriateness of the basis and processes used by management in determining the net realizable value of stock in trade.</li> <li>• Performed testing on sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete stock.</li> <li>• Reviewed the adequacy of the disclosures on stock in trade in the unconsolidated financial statements.</li> </ul>

#### Information other than the Unconsolidated 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 unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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.

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

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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.

- 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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.

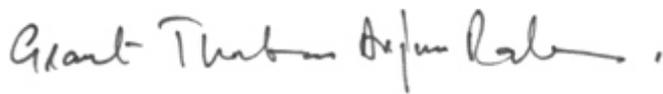
### **Report on Other Legal and Regulatory Requirements**

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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- 
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
  - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz**.



**Grant Thornton Anjum Rahman**  
Chartered Accountants

Karachi

Date: September 24, 2021

**MATCO FOODS LIMITED**  
**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

		2021	2020
	Note	-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital	6.1	2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	6.2	1,224,006,980	1,224,006,980
Capital reserve	7	680,467,220	680,467,220
Unappropriated profit		2,287,144,791	2,241,380,358
Surplus on revaluation of property, plant and equipment - net of tax	8	2,459,499,494	2,622,193,143
<b>Total shareholders' equity</b>		<b>6,651,118,485</b>	<b>6,768,047,701</b>
<b>Non-current liabilities</b>			
Long-term finances-secured	9	492,910,736	396,447,541
Lease liabilities	10	126,630,601	120,977,441
Deferred liabilities	11	221,515,463	205,636,300
Deferred grant	12	952,280	2,317,051
<b>Total non-current liabilities</b>		<b>842,009,080</b>	<b>725,378,333</b>
<b>Current liabilities</b>			
Trade and other payables	13	519,888,056	1,015,172,075
Advance from customers - secured		35,747,606	51,979,051
Accrued mark-up	14	57,877,929	56,305,363
Due to related party	15	7,865,756	6,970,908
Short-term borrowings-secured	16	5,533,005,240	5,115,897,038
Current portion of deferred grant	12	6,176,233	3,807,127
Current portion of long term finances-secured	9	175,076,206	57,673,116
Current portion of lease liabilities	10	23,644,793	21,497,206
Unpaid dividend	17	787,654	13,555,468
<b>Total current liabilities</b>		<b>6,360,069,473</b>	<b>6,342,857,352</b>
<b>Total liabilities</b>		<b>7,202,078,553</b>	<b>7,068,235,685</b>
<b>Contingencies and commitments</b>	18		
<b>Total equity and liabilities</b>		<b>13,853,197,038</b>	<b>13,836,283,386</b>

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>-----Rupees-----</b>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	19	<b>4,907,931,000</b>	4,938,035,706
Right-of-use assets	20	<b>171,532,871</b>	159,940,356
Intangible assets	21	-	-
Long term deposits		<b>16,322,284</b>	12,578,078
Long term investments	22	<b>55,582,707</b>	55,582,707
<b>Total non-current assets</b>		<b>5,151,368,862</b>	5,166,136,847
<b>Current assets</b>			
Stores, spares and loose tools	23	<b>70,444,301</b>	45,022,530
Stock in trade	24	<b>7,171,280,359</b>	6,642,523,350
Trade debts	25	<b>1,041,124,344</b>	1,334,500,510
Loans and advances	26	<b>103,660,064</b>	118,619,714
Trade deposits and short term prepayments	27	<b>10,130,679</b>	8,164,088
Short-term investment	28	<b>1,579,910</b>	1,463,440
Sales tax refundable	29	<b>123,598,158</b>	166,389,331
Due from related parties	30	<b>43,366,395</b>	5,304,871
Taxation - net		<b>31,683,482</b>	51,068,680
Cash and bank balances	31	<b>104,960,484</b>	297,090,025
<b>Total current assets</b>		<b>8,701,828,176</b>	8,670,146,539
<b>Total assets</b>		<b>13,853,197,038</b>	13,836,283,386

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 -----Rupees-----	2020
Sales - net	32	10,556,620,789	11,289,961,893
Cost of sales	33	(9,909,427,766)	(10,273,971,964)
<b>GROSS PROFIT</b>		<b>647,193,023</b>	<b>1,015,989,929</b>
Selling and Distribution expenses	34	(185,997,143)	(207,020,855)
Administrative expenses	35	(309,688,284)	(271,369,378)
		(495,685,427)	(478,390,233)
		<b>151,507,596</b>	<b>537,599,696</b>
Impairment loss on financial assets	25.4	-	-
Finance cost	36	(272,830,931)	(350,287,990)
Other income	37	77,029,758	56,513,137
Exchange gain - net	38	65,215,796	14,015,389
Provision for worker's welfare fund	13.1	(391,070)	(7,113,214)
Provision for worker's profit participation fund	13.2	(977,674)	(12,218,347)
<b>PROFIT BEFORE TAX</b>		<b>19,553,475</b>	<b>238,508,671</b>
Income tax expense	39	(80,420,184)	(86,580,493)
<b>(LOSS)/ PROFIT FOR THE YEAR</b>		<b>(60,866,709)</b>	<b>151,928,178</b>
<b>(LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED</b>	44	<b>(0.50)</b>	<b>1.24</b>

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
Note	-----Rupees-----	
<b>(LOSS)/ PROFIT FOR THE YEAR</b>	<b>(60,866,709)</b>	151,928,178
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Items that may be reclassified subsequently to the unconsolidated statement of profit or loss</i>	-	-
<i>Items that will not to be reclassified subsequently to the unconsolidated statement of profit or loss</i>	-	-
- Remeasurement of defined benefits obligation	11.2.5 <b>(982,193)</b>	<b>(1,657,557)</b>
- Surplus on revaluation of fixed assets - net of deferred tax	-	2,196,483,270
Other comprehensive (loss) /income	<b>(982,193)</b>	2,194,825,713
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR</b>	<b>(61,848,902)</b>	<b>2,346,753,891</b>

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>-----Rupees-----</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		19,553,475	238,508,671
<b>Adjustments for:</b>			
Depreciation	19	232,491,504	228,317,653
Depreciation on right of use assets		26,925,392	22,924,119
Exchange gain - net	38	(64,232,621)	(14,051,674)
Provision of doubtful debts		-	-
Short-term investment		(116,470)	(8,078)
Provision/ (Reversal) for slow moving stock		186,342	(10,467,381)
Finance cost	36	284,806,019	362,335,465
Provision for staff gratuity	11.2	32,336,550	31,124,823
Amortization of deferred income	37	-	(269,842)
Gain on disposal of property, plant and equipment	37	(48,814,578)	(1,235,627)
		<b>463,582,138</b>	<b>618,669,458</b>
		<b>483,135,613</b>	<b>857,178,129</b>
<b>Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		(25,421,771)	(21,914,848)
Stock-in-trade		(528,943,351)	(1,427,077,277)
Trade debts - considered good		358,591,962	(379,391,885)
Loans and advances		14,959,650	236,765,419
Trade deposits and prepayments		(1,966,591)	(2,895,617)
Sales tax refundable		42,791,173	16,637,515
Due from related parties		(38,061,524)	512,203
		<b>(178,050,452)</b>	<b>(1,577,364,490)</b>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		(495,284,019)	775,068,474
Due to related party		894,848	(1,003,188)
Deferred grant		1,004,335	6,124,178
Advances from customers		(16,231,445)	(6,687,443)
		<b>(509,616,281)</b>	<b>773,502,021</b>
<b>Cash (used in) / generated from operations</b>			
		<b>(204,531,120)</b>	<b>53,315,660</b>
Finance cost paid		(271,258,365)	(358,678,989)
Income taxes paid		(72,358,944)	(112,928,026)
Gratuity paid	11.2	(6,115,622)	(3,895,936)
<b>Net cash used in operating activities</b>		<b>(554,264,051)</b>	<b>(422,187,291)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure including capital work in progress		(379,010,425)	(314,791,494)
Proceeds from disposal of property, plant and equipment		216,678,100	8,454,800
Investment in Joint Venture		-	(24,500,000)
Long-term deposits		(3,744,206)	(2,639,247)
<b>Net cash used in investing activities</b>		<b>(166,076,531)</b>	<b>(333,475,941)</b>

**MATCO FOODS LIMITED**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020
	-----Rupees-----	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term finances - net	213,866,285	102,220,459
lease rentals paid during the year	(33,932,143)	(30,739,239)
Dividend paid	(67,848,128)	(72,614,825)
Short-term borrowings - net	417,108,202	976,669,635
<b>Net cash generated from financing activities</b>	<b>529,194,216</b>	<b>975,536,030</b>
<b>Net change in cash and cash equivalents during the year</b>	<b>(191,146,366)</b>	<b>219,872,798</b>
<b>Cash and cash equivalents as at the beginning of year</b>	<b>297,090,025</b>	<b>77,180,942</b>
Effects of exchange rate changes on cash and cash equivalents	(983,175)	36,285
<b>Cash and cash equivalents as at the end of year</b>	<b>104,960,484</b>	<b>297,090,025</b>

Note

31

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Issued, subscribed and paid up share capital	Capital reserve  Share premium reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment - net of tax	Total
	-----Rupees-----				
<b>Balance as on June 30, 2019</b>	1,224,006,980	680,467,220	2,157,355,170	445,144,929	4,506,974,299
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	151,928,178	-	151,928,178
Other comprehensive income	-	-	(1,657,557)	2,196,483,270	2,194,825,713
Total comprehensive income	-	-	150,270,621	2,196,483,270	2,346,753,891
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 8)	-	-	19,435,056	(19,435,056)	-
Transferred from surplus on revaluation of property, plant and equipment on account of disposal of land and building net of tax	-	-	-	-	-
<b>Transactions with owners</b>					
Dividend paid @ Re. 0.7 per share	-	-	(85,680,489)	-	(85,680,489)
<b>Balance as on June 30, 2020</b>	<u>1,224,006,980</u>	<u>680,467,220</u>	<u>2,241,380,358</u>	<u>2,622,193,143</u>	<u>6,768,047,701</u>
<b>Balance as on July 01, 2020</b>	1,224,006,980	680,467,220	2,241,380,358	2,622,193,143	6,768,047,701
<b>Total comprehensive income for the year</b>					
Loss for the year	-	-	(60,866,709)	-	(60,866,709)
Other comprehensive loss	-	-	(982,193)	-	(982,193)
Total comprehensive loss	-	-	(61,848,902)	-	(61,848,902)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 8)	-	-	26,422,570	(26,422,570)	-
Transferred from surplus on revaluation of property, plant and equipment on account of disposal of land net of tax	-	-	136,271,079	(136,271,079)	-
<b>Transactions with owners</b>					
Dividend paid @ Re. 0.45 per share	-	-	(55,080,314)	-	(55,080,314)
<b>Balance as on June 30, 2021</b>	<u>1,224,006,980</u>	<u>680,467,220</u>	<u>2,287,144,791</u>	<u>2,459,499,494</u>	<u>6,651,118,485</u>

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

## MATCO FOODS LIMITED

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED JUNE 30, 2021

#### **1 STATUS AND NATURE OF BUSINESS**

Matco Foods Limited, ('the Company') was incorporated on April 14, 1990 in Karachi as a private limited company under the repealed Companies Ordinance, 1984 (Now: Companies Act, 2017). The Company was listed on Pakistan Stock Exchange Limited on February 13, 2018. The principal activity of the Company is to carry out the business of processing and export of rice, rice glucose, rice protein and pink salt, masala and kheer. The registered office of the Company is situated at B-1/A, S.I.T.E.-II Phase 1, Super Highway Industrial Area, Karachi; whereas the factories of the Company are situated at (i) Plot A-15 & 16, SITE-II, Super highway Karachi; (ii) A-21, SITE-II, Super highway Karachi; (iii) G-205, SITE-II, Super highway Karachi and (iv) 50 KM G.T Road, Sadhoke, Tehsil Kamonki, District Gujranwala.

The Company has 100% ownership in JKT General Trading FZE (subsidiary) a United Arab Emirates based company which is situated at P.O.Box 123347, Sharjah - U.A.E, and registered with Government of Sharjah. The business of the subsidiary is purchasing and selling of processed rice.

The Company has 99.99% ownership in Matco Marketing (Private) Limited (subsidiary) which was incorporated on June 16, 2016 with authorized and paid-up share capital of PKR 10,000,000 and PKR 7,500,000 respectively. The subsidiary is situated at B-1/A, S.I.T.E. Phase 1, Super Highway Industrial Area, Karachi. However, no business activity has been carried out by the subsidiary since its incorporation.

The Company has started a new business venture of Corn Starch at Plot # 53, S.E.Z, Allama Iqbal Industrial City in Faisalabad.

These are the separate financial statements of the Company in which investments in subsidiaries and joint venture are stated at cost less impairment losses, if any.

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

During the year the Company has recognized Rs. 175 million in Capital work in progress for the Cornstarch Project, which will commence its business operation in near future.

#### **3 BASIS OF PREPARATION**

##### **3.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; 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 required of IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed in preparation of these unconsolidated financial statements.

### 3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as stated otherwise in these unconsolidated financial statements.

### 3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional currency and presentation currency.

### 3.4 Standards, Amendments and Interpretations to Approved Accounting Standards

#### 3.4.1 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 9, and IAS 39 - Interest Rate Benchmark Reform - Phase I	January 1, 2020
Adoption of the above standards have no significant effect on the amounts for the year ended June 30, 2021.	

#### 3.4.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IBOR Reform and its Effects on Financial Reporting—Phase 2	January 1, 2021
Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

### **3.4.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 17 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17 Insurance Contracts	January 1, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	January 1, 2009

## **4 CRITICAL ASSUMPTIONS AND ESTIMATES**

The preparation of these unconsolidated financial statements in conformity with approved financial reporting framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the unconsolidated financial statements are as follows:

	<b>Note</b>
(a) useful lives of property, plant and equipment	5.1
(b) useful lives of right-of-use assets	5.2
(c) impairment of financial assets	5.5
(d) staff retirement plan	5.9
(e) income taxes	5.12
(f) contingencies	5.17
(g) provisions	5.22
(h) impairment of non-financial asset	5.24

## **5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies have been applied on consistent basis. These policies have been adopted in the preparation of these unconsolidated financial statements are as follows:

### **5.1 Property, plant and equipment**

Items of property, plant and equipment other than land, factory buildings, plant and machinery and generators are measured at cost less accumulated depreciation and impairment loss (if any).

Land, factory buildings, plant and machinery and generators are measured at the revalued amount less accumulated depreciation and impairment loss (if any).

#### **Revaluation model**

Any revaluation increase arising on the revaluation of land, factory buildings, plant and machinery and generators is recognised in statement of other comprehensive income and presented as a separate component of equity as “Surplus on revaluation of property, plant and equipment - net of tax”, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in unconsolidated statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to unconsolidated statement of profit or loss to the extent that it exceeds the balance, if any, held in the Surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset. The Surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit. Impairment losses if any are recorded on the basis as defined in note 5.24.

#### **Depreciation**

Depreciation is charged so as to write off the cost or revalued amount of assets (other than land and capital work in progress) over their estimated useful lives, using the diminishing balance method at rates specified in note 19.1 to the unconsolidated financial statements. Depreciation on addition is charged from the day an asset is available for use upto the day prior to its disposal.

Gains and losses on disposal of assets are taken to the unconsolidated statement of profit or loss, and related surplus on revaluation of property and plant is transferred directly to retained earnings / unappropriated profits.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The Company's estimate of residual value of property, plant and equipment as at June 30, 2021 did not require any adjustment.

### **Capital work-in-progress**

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing cost. These are transferred to specific assets as and when assets are available for use.

### **5.2 Right-of-use assets and related liabilities**

After the commencement date, the Company measures the right-of-use asset applying a cost model whereby the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated on straight line basis in case of Godown and written down value method in case of vehicles, from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option in which case the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. The estimated useful lives of assets are determined on the same basis as that for owned assets. The right-of-use asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

### **5.3 Intangible assets**

Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment losses (if any). However, Intangible assets having indefinite life are stated at cost less impairment losses (if any). Impairment losses (if any) are recorded on the basis as defined in note 5.24.

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the unconsolidated statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets are charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month in which the asset is disposed of.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists than the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell.

Useful lives of intangibles assets are reviewed at each reporting date and us adjusted if the impact on amortization is material.

## **5.4 Investments**

### **5.4.1 Investment in subsidiary, joint venture and associated companies**

Investment in subsidiary, joint venture and associated companies is initially recognized and carried at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated statement of profit or loss.

### **5.4.2 Other investments**

All regular way purchases / sales of investment are recognized on the trade date, i.e., the date the Company commits to purchase / sell the investments. Regular way purchases or sales of investment require delivery of securities within the time frame generally established by regulation or convention in the market place.

## **5.5 IFRS 9 - Financial Instruments - initial recognition and subsequent measurement Initial recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

### **Classification of financial assets**

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL")
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Company determines the classifications of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

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

By default, all other financial assets are subsequently measured at FVTPL.

### **Classification of financial liabilities**

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instrument held for trading or derivatives) or the Company has opted to measure them at FVTPL.

### **Subsequent measurement**

#### **i) Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in unconsolidated statement of other comprehensive income.

#### **ii) Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

#### **iii) Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of financial assets and liabilities held at FVTPL are included in the unconsolidated statement of profit or loss in the period in which they arise.

Where the management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

### **Impairment of financial assets**

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determine to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determined to have low or there was no credit risk since initial recognition and at the reporting date:

- bank balances;
- due from related parties;
- deposits; and
- loan and advances

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

### **Derecognition**

#### **i) Financial assets**

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable is recognised in unconsolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to unconsolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to unconsolidated statement of profit or loss, but is transferred to unconsolidated statement of changes in equity.

#### **ii) Financial liabilities**

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in unconsolidated statement of profit or loss account. The Company's financial liabilities include long term finances, trade and other payables, accrued mark-up and short term borrowing.

### **5.6 Derivative financial instruments**

Derivative financial instruments are initially recognized at fair value on the dates on which the derivative contracts are entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments is taken to the unconsolidated statement of profit or loss.

### **5.7 Stores, spares and loose tools**

These are valued at the cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon, up to the reporting date.

## **5.8 Stock-in-trade**

These are valued at lower of cost and net realizable value less impairment loss, if any. Raw material is valued at moving weighted average cost, packing material is valued at cost, work in process is valued at manufacturing cost and finished goods is valued at cost allocated on sales value of finish and by-product for each job completion or net realizable value (NRV) whichever is lower.

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

## **5.9 Staff retirement benefits**

### **Defined benefit plan**

The Company operates an unapproved gratuity scheme for its employees completing the eligibility period of service as defined under the plan. The scheme provides for a graduated scale of benefits dependent on the length of service of an employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn gross salary.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation carried out annually by an external expert, using the 'Projected Unit Credit Method'. All re-measurement gains and losses are recognized in 'Statement Of Other Comprehensive Income' as these occur. The amount recognized in the unconsolidated statement of financial position represents the present value of defined benefit obligations. The past service cost, current service cost and interest cost are recognized in the unconsolidated statement of profit or loss when they incur.

## **5.10 Trade debts**

These are measured at original invoice amount less an estimate made for allowance for expected credit loss based on the probability of default at reporting period. Bad debts are written off when identified.

## **5.11 Cash and cash equivalents**

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of statement cash flows, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

## **5.12 Taxation**

### **Current**

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance or Alternate Corporate Tax (ACT) under section 113C of the said Ordinance, whichever is higher.

### **Deferred**

Deferred tax is recognized using the unconsolidated statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

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

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

### **5.13 Borrowings and their costs**

All borrowings are recorded at the proceeds received net of transaction cost. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to unconsolidated statement of profit or loss in the period in which these are incurred.

### **5.14 Leases**

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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### ***i. Lease liabilities***

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU assets when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options).

#### ***ii. Short-term leases and leases of low-value assets***

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### **5.15 Deferred grant**

The Company has obtained long term financing facility under State Bank of Pakistan Refinance Scheme for payment of wages and salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). It carries mark-up rate of SBP plus 1%, payable on quarterly basis, which is below prevailing market-rate. The government's underlying objective for introducing the said Refinance Scheme for businesses is to support the employment of workers in the face of economic challenges posed by the spread of novel coronavirus (COVID-19).

The Refinance Scheme shall be considered as the transfer of resources from government as reflected by below-market mark-up rate on the loans obtained under the Refinance Scheme. The said transfer shall be accounted for as Government grant in accordance with the circular # 11 of 2020 issued by Institute of Chartered Accountants of Pakistan (ICAP).

Government grants are first recognised in the statement of financial position and then subsequently accounted for in the unconsolidated statement of profit or loss on a systematic basis over the periods in which the Company recognises as expense the related cost for which the grants were intended to compensate.

### **5.16 Trade and other payables**

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

### **5.17 Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

### **5.18 IFRS 15 'Revenue from Contracts with Customers'**

The Company is in the business of the manufacture and sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and thereby the performance obligations are satisfied, at amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

The Company has concluded that based on the contractual arrangement control of goods are transferred and performance obligations are satisfied at a point in time when the goods are dispatched to the customers.

In case of export the control is transferred when the goods are shipped to the destination and Bill of Lading has been prepared, thus completing the performance obligation. Whereas in case of local sales, control is transferred when the goods are dispatched to customers from the warehouse.

### **5.19 Interest income**

Interest income is recognized on a time proportion basis that takes into account the effective yield.

#### **5.20 Foreign currency transaction & translation**

Transactions in foreign currencies are accounted for in Pak Rupee at the rate of exchange prevailing on the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the reporting date are expressed in Rupee at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the unconsolidated statement of profit or loss.

#### **5.21 Off-setting of financial assets and financial liabilities**

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

#### **5.22 Provisions**

A provision is recognized in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### **5.23 Operating segments**

Operating segment is component of the company that engages in business activities from which it may earn revenues and incurred expenses. Board of Directors has been identified as chief operating decision maker and is responsible for performance, allocation of resources and assessment of results.

Operating Segment are reported in manner consistent with the internal reporting provided to the Chief operating decision maker.

#### **5.24 Impairment of non-financial assets**

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and accordingly an impairment loss is recognized in the unconsolidated statement of profit or loss for the carrying amount of the asset that exceeds its recoverable amount.

#### **5.25 Related party transactions**

All related party transactions are carried out by the Company on arm's length basis.

#### **5.26 Earnings per share**

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

#### **5.27 Dividend**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's unconsolidated financial statements in the period in which such dividends are approved by the Board.

**MATCO FOODS LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**6 SHARE CAPITAL**

**6.1 Authorized Share Capital**

2021	2020		2021	2020
Number of shares			-----Rupees-----	
<b>200,000,000</b>	200,000,000	Ordinary shares of Rs. 10 each (2020: Rs. 10 each)	<b>2,000,000,000</b>	2,000,000,000

**6.2 Issued, Subscribed And Paid Up Share Capital**

2021	2020		2021	2020
Number of shares			-----Rupees-----	
		Ordinary shares of Rs. 10 each:		
<b>50,340,213</b>	50,340,213	- fully paid in cash	<b>503,402,130</b>	503,402,130
<b>6,002,950</b>	6,002,950	- issued for consideration other than cash	<b>60,029,500</b>	60,029,500
<b>66,057,535</b>	66,057,535	- issued as fully paid bonus shares	<b>660,575,350</b>	660,575,350
<b>122,400,698</b>	122,400,698		<b>1,224,006,980</b>	1,224,006,980

**6.3** On April 30, 2008 the Company entered into an agreement to takeover the running business of Matco Marketing Company (the "Firm"), a sole proprietorship firm against the issuance of shares. The firm's capital account as per the audit conducted by M/S Rafiq & Co, Chartered Accountant was Rs. 60 million, against which shares were issued to Mr. Tariq Ghori in lieu of this takeover in accordance with the regulation 8 of Companies (Issue of Capita) Rules, 1996.

**6.4 Shares held by the related parties of the Company**

		2021	2020
		--Number of Shares--	
<b>Director and their spouse</b>			
	Mr. Jawed Ali Ghori	23,964,021	23,795,021
	Mr. Khalid Sarfaraz Ghori	24,031,271	24,031,271
	Mr. Faizan Ali Ghori	523,250	378,250
	Ms. Naheed Jawed	448,875	448,875
	Ms. Nuzhat Khalid Ghori	448,875	448,875
	Ms. Sadaf Tariq	425,250	425,250
	Mrs. Faryal Murtaza	342,973	340,473
	Mr. Safwan Ghori	5,250	5,250
	Mr. Syed Kamran Rasheed	500	500
	Mr. Abdul Samad Khan	500	500
	Ms. Umme Habibah	500	500
	Mr. Agha Ahmed Shah	500	-
<b>Substantial shareholder</b>			
	Mr. Tariq Ghori (Late)	24,054,896	24,054,896
	International Finance Corporation	18,360,109	18,360,109

6.5 Due to the sad demise of Mr. Tariq Ghori (Late), Executive Director of the Company, in April 2021, the process of share transfer to his nominee Ms Sadaf Tariq was initiated which has completed after year end.

**6.6 Reconciliation of number of shares outstanding is as under:**

Shares at the beginning of the year	<b>122,400,698</b>	122,400,698
Shares issued during the year in cash	-	-
Bonus shares issued during the year	-	-
<b>Shares at the end of the year</b>	<b>122,400,698</b>	<b>122,400,698</b>

6.7 The Company has issued 15% shares to International Finance Corporation (IFC) (registered with World Bank) under an agreement with the Company. During the year 2012, the Company offered shares as fully paid right shares which were declined by the existing members and the directors issued those shares to the IFC. These shares have been issued at a price of Rs. 39.28 per share resulting in overall premium from IFC on issue of shares amounting to Rs. 341.311 million.

7	CAPITAL RESERVE	Note	2021	2020
			-----Rupees-----	
	Share premium	7.1	<b>680,467,220</b>	<b>680,467,220</b>

7.1 - premium received over and above face value of the shares issued to IFC amounting to Rs. 341 million out of which Rs. 22.9 million had been utilized under section 83 of the repealed Companies Ordinance, 1984 (now section 81 of the Companies Act, 2017) during the year ended June 30, 2014.

- premium received over and above face value of the shares issued to general public through IPO amounting to Rs. 466.3 million out of which Rs. 45.9 million had been utilized under section 81 of the Companies Act, 2017 during the year ended June 30, 2019.

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

This represents surplus arising on revaluation of land, buildings, plant and machinery and generators, net of deferred tax. The revaluation was carried by Oceanic Surveyors (Private) Limited on June 29, 2020.

	Note	2021	2020
		-----Rupees-----	
Surplus on revaluation at the beginning of the year		<b>2,722,227,888</b>	515,233,189
Surplus on revaluation recognized during the year		-	2,234,759,065
Transferred to unappropriated profit in respect of disposal of property, plant and equipment		<b>(136,271,079)</b>	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		<b>(37,746,528)</b>	(27,764,366)
Surplus on revaluation of operating fixed assets as at June 30		<b>2,548,210,281</b>	2,722,227,888

	Note	2021 -----Rupees-----	2020
Less: related deferred tax liability:			
- at beginning of the year		(100,034,745)	(70,088,260)
- on surplus arising on revaluation during the year			(38,275,795)
- on incremental depreciation charged during the year		11,323,958	8,329,310
		<b>2,459,499,494</b>	<b>2,622,193,143</b>

## 9 LONG TERM FINANCES - SECURED

*From banking companies and financial institution:*

LTF/ILTF	9.1	316,751,724	292,145,382
TERF/ITERF	9.2	111,690,996	-
FFSAP	9.3	60,455,042	18,128,786
Demand Finance	9.4	56,989,128	74,213,252
Salary Refinance	9.5	122,100,052	69,633,237
		<b>667,986,942</b>	<b>454,120,657</b>
Current portion of long term finances		<b>(175,076,206)</b>	<b>(57,673,116)</b>
		<b>492,910,736</b>	<b>396,447,541</b>

- 9.1** The Company has obtained Long Term Financing/Islamic Long Term Financing Facility (LTF/ILTF) under SBP Schemes from various commercial banks. The effective rates of mark-up on these facilities vary from SBP rate+ 1% to 2.5% per annum (2020: SBP rate+ 0.75% to 2.5% per annum).
- 9.2** The Company has obtained Temporary Economic/Islamic Temporary Economic Refinance Facility (TERF/ITERF) under SBP Schemes from various commercial banks and islamic banks. The effective rates of mark-up on these facilities vary from SBP rate+ 1.50% to 2% per annum (2020: Nil).
- 9.3** The Company has obtained Financing Facility for Storage of Agricultural Produce (FFSAP) under SBP Scheme from various financial institutions. The effective rates of mark-up on these facilities vary from SBP rate+ 1% to 2.5% per annum (2020: SBP rate+ 1.25% per annum).
- 9.4** The Company has obtained Demand Finance Facility (DF) from various commercial banks. The effective rates of mark-up on these facilities vary from KIBOR+ 1% to 1.5% per annum (2020: KIBOR+ 0.75% to 1.75% per annum).
- 9.5** The Company has obtained Diminishing Musharakah Islamic Long Term Financing Facility(ILTF) under SBP Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees as per the SBP Circular # 06 of 2020 dated: April 10, 2020. The effective rate of mark-up on the facility is SBP rate plus 1% (2020: SBP rate plus 1% per annum).
- 9.6** These facilities are secured by way of hypothecation charge of present/future fixed assets (land, building, plant & machinery) of the Company with 25% margin / 1st Exclusive charge over specific Machinery Assets.

9.7 The maximum available amount from above mentioned facilities amounts to Rs. 674 million (2020:Rs. 454 million).

## 10 LEASE LIABILITIES

Note	2021			2020		
	Vehicle	Godown	Total	Vehicle	Godown	Total
	-----Rupees-----					
<b>Opening balance</b>	<b>53,104,121</b>	<b>89,370,526</b>	<b>142,474,647</b>	57,858,703	-	57,858,703
Impact of adoption of IFRS-16	-	-	-	-	92,397,538	92,397,538
Reassessment of lease liability	-	<b>3,225,802</b>	<b>3,225,802</b>	-	-	-
<b>At July 1</b>	<b>53,104,121</b>	<b>92,596,328</b>	<b>145,700,449</b>	57,858,703	92,397,538	150,256,241
Additions for the year	<b>26,532,000</b>	-	<b>26,532,000</b>	10,910,170	-	10,910,170
Accrued interest during the year	<b>4,519,909</b>	<b>11,975,088</b>	<b>16,494,997</b>	8,373,269	12,047,475	20,420,744
	<b>84,156,030</b>	<b>104,571,416</b>	<b>188,727,446</b>	77,142,142	104,445,013	181,587,155
Payment made during the year	<b>(21,996,169)</b>	<b>(16,455,883)</b>	<b>(38,452,052)</b>	(24,038,021)	(15,074,487)	(39,112,508)
	<b>62,159,861</b>	<b>88,115,533</b>	<b>150,275,394</b>	53,104,121	89,370,526	142,474,647
Current portion of lease liabilities	<b>18,277,390</b>	<b>5,367,403</b>	<b>23,644,793</b>	16,876,805	4,620,401	21,497,206
Non-current	<b>43,882,471</b>	<b>82,748,130</b>	<b>126,630,601</b>	36,227,316	84,750,125	120,977,441

### 10.1 Maturity analysis of lease liabilities

Upto one year	<b>18,277,390</b>	<b>5,367,403</b>	<b>23,644,793</b>	16,876,805	4,620,401	21,497,206
After one year	<b>43,882,471</b>	<b>82,748,130</b>	<b>126,630,601</b>	36,227,316	84,750,125	120,977,441
<b>Lease liabilities</b>	<b>62,159,861</b>	<b>88,115,533</b>	<b>150,275,394</b>	53,104,121	89,370,526	142,474,647

11 DEFERRED LIABILITIES	Note	2021	2020
		-----Rupees-----	
Deferred tax liability	11.1	<b>88,710,787</b>	100,034,745
Staff gratuity scheme - unfunded	11.2	<b>132,804,676</b>	105,601,555
		<b>221,515,463</b>	205,636,300

11.1 This represent deferred tax on surplus on revaluation of property, plant and equipment. Further, the Company has deferred tax asset amounting to Rs. 13.83 million (2020: Rs. 12.93 million). However, the Company has not recorded deferred tax asset in of these unconsolidated financial statements.

11.2 Staff gratuity scheme - unfunded	Note	2021	2020
		-----Rupees-----	
Balance at beginning of the year		<b>105,601,555</b>	76,715,111
Charge for the year	11.2.7	<b>32,336,550</b>	31,124,823
Actuarial losses		<b>982,193</b>	1,657,557
Payments made during the year		<b>(6,115,622)</b>	(3,895,936)
Balance at end of the year	11.2.3	<b>132,804,676</b>	105,601,555

### 11.2.1 Staff retirement benefits - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2021, using the "Projected Unit Credit Method".

Provision has been made in these unconsolidated financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation in respect of above-mentioned schemes are as follows:

	2021	2020
Discount rate - per annum	10.00%	8.50%
Expected rate of increase in salaries - per annum	9.00%	7.50%
Mortality rate	SLIC (2001-05)	SLIC (2001-05)

		2021	2020
	Note	-----Rupees-----	
<b>11.2.2 The amounts recognized in the unconsolidated statement of financial position are as follows:</b>			
Present value of defined benefit obligation	11.2.3	<b>132,804,676</b>	105,601,555

**11.2.3 Movements in the net liability recognized in the unconsolidated statement of financial position are as follows:**

Opening liability		105,601,555	76,715,111
Charge for the year	11.2.4	32,336,550	31,124,823
Actuarial losses		982,193	1,657,557
Benefits paid		(6,115,622)	(3,895,936)
Balance at end of the year		<b>132,804,676</b>	105,601,555

**11.2.4 The amounts recognized in the unconsolidated statement of profit or loss against defined benefit scheme are as follows:**

Current service cost		23,620,332	20,470,505
Interest cost		8,716,218	10,654,318
Charge for the year		<b>32,336,550</b>	31,124,823

**11.2.5 The amounts recognized in the other comprehensive income against defined benefit scheme are as follows:**

Actuarial loss arising from - experience adjustment		982,193	1,657,557
		<b>982,193</b>	1,657,557

**11.2.6 Expense chargeable to unconsolidated statement of profit or loss for the next year**

Current service cost		28,190,867	21,793,588
Interest cost		13,280,468	8,893,344
Charge for the year		<b>41,471,335</b>	30,686,932

	Note	2021 -----Rupees-----	2020
<b>11.2.7 The expense for the staff retirement benefit scheme has been allocated as follows:</b>			
Cost of sales	33.4	<b>20,845,668</b>	19,889,269
Selling and distribution	34.1	<b>2,600,385</b>	2,332,958
Administrative expenses	35.1	<b>8,890,497</b>	8,902,596
		<b>32,336,550</b>	31,124,823

#### 11.2.8 Sensitivity analysis of actuarial assumptions

The sensitivity analysis is prepared using same computation model and assumptions as used to determine defined benefit obligation based on Projected Credit Unit Method. There is no change from prior year in respect of methods and assumptions used to prepare sensitivity analysis. The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumptions -----Rupees-----	Decrease in assumptions
Discount rate	121,430,096	145,247,946
Expected salary increase	145,244,734	121,428,604

#### 11.2.9 Risks on account of defined benefit scheme

The Company faces the following risks on account of defined benefit scheme:

##### Final salary risk

The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

##### Discount rate fluctuation

The defined benefit liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase defined benefit liabilities.

#### 11.2.10 Maturity profile

	2021	2020
Average expected remaining working lifetime of members	<b>10 Years</b>	11 Years
Average duration of liability	<b>09 Years</b>	10 Years

## 12 DEFERRED GRANT

In Prior year, State Bank of Pakistan introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns to support payment of salaries and wages under economic challenges due to COVID-19.

The Company has availed this facility from MCB Islamic Bank. The loan carries mark-up rate of SBP plus 1% per annum. However, the effective interest rate is calculated as 8.95% per annum and the loan has been recognised at the present value. The differential mark-up has been recognised as government grant which will be amortised to interest income over the period of facility.

## MATCO FOODS LIMITED

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 -----Rupees-----	2020
Opening Balance		6,124,178	-
Grant recognized during the year		5,973,613	6,247,476
Amortization of grant	36.1	(4,969,278)	(123,298)
		7,128,513	6,124,178
Less: current portion of deferred grant		(6,176,233)	(3,807,127)
		952,280	2,317,051

**12.1** The grant is conditional upon the fact that the company would not terminate any employee, due/owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

#### 13 TRADE AND OTHER PAYABLES

	2021 -----Rupees-----	2020
Creditors	459,356,401	962,037,573
Accrued liabilities	49,314,422	26,888,244
Tax deducted at source and payable to statutory authorities	2,722,837	6,432,888
Sales tax payable	-	466,053
Worker's welfare fund	7,504,284	7,113,214
Worker's profit participation fund	990,112	12,234,103
	519,888,056	1,015,172,075

#### 13.1 Worker's welfare fund

Opening balance	7,113,214	14,415,070
Allocation for the year	391,070	7,113,214
Reversal of WWF	-	(12,780,790)
Amount paid	-	(1,634,280)
Closing balance	7,504,284	7,113,214

#### 13.2 Worker's profit participation fund

Opening balance	12,234,103	23,388,267
Allocation for the year	977,674	12,218,347
Amount paid	(12,221,665)	(23,372,511)
Closing balance	990,112	12,234,103

#### 14 ACCRUED MARK-UP

Mark-up on long term finances	8,243,265	4,895,627
Mark-up on short term borrowings	49,634,664	51,409,736
	57,877,929	56,305,363

#### 15 DUE TO RELATED PARTY

This represents amount received from the Matco Marketing (Private) Limited and Ghori Trust for the purpose of expenses to be incurred by the Company on their behalf. . The maximum aggregate amount at the end of any month during the year was Rs. 6.89 million and Rs. 0.98 million (2020:Rs. 6.97 million and Nil respectively).

16	SHORT-TERM BORROWINGS SECURED	Note	2021	2020
			-----Rupees-----	
	Export re-finance	16.1	4,331,949,000	3,931,349,000
	Own resource	16.2	1,201,056,240	893,066,241
	FE-25 Scheme	16.3	-	266,615,306
	Foreign bills purchased/negotiated	16.4	-	24,866,491
			<b>5,533,005,240</b>	<b>5,115,897,038</b>

**16.1** The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from Commercial banks and Islamic banks. The effective rates of mark-up on these facilities at SBP rate plus 1% per annum (2020: SBP rate plus 0.75% to 1% per annum).

**16.2** The Company has short term running finance facility under own resource from Commercial banks and Islamic banks. The effective rates of mark-up on these facilities vary from 3-month/6-month KIBOR plus 0.75% to 2% per annum (2020: 3-month/6-month KIBOR plus 0.75% to 1% per annum).

**16.3** The Company has no longer short term running finance facility under FE-25 loan scheme of the State Bank of Pakistan from commercial banks, the facility has been repaid during the year. The effective rates of mark-up on these facilities is Nil (2020: 3.85% to 5.25%).

**16.4** It carries mark-up that is to be negotiated on case to case basis. (2020: to be negotiated on case to case basis). This facility is secured by ranking hypothecation charge over stocks and receivables duly insured in bank's favour covering all risks with premium payment receipt.

**16.5** The facilities available from various banks amount to Rs. 6,150 million (2020: Rs.5,730 million). These facilities are secured by way of hypothecation charge of all present and future cash collateral/TDR, receivable, stocks & current assets. These facilities are registered by mortgage charge of land, building, plant and machinery and all present & future fixed assets.

**16.6** As at June 30, 2021, the unavailed facilities from above borrowings amounting to Rs. 617 million (2020: 614 million).

## 17 UNPAID DIVIDEND

This represents part of interim dividend for the half year ended December 31, 2017 and final dividend for the year ended June 30, 2018, June 30, 2019 and June 30, 2020 which remained unpaid to the shareholders who have not provided their valid Central Depository System (CDS) Account no. and International Bank Account Number (IBAN). The Company has already sent letters to those shareholders for the purpose of above stated information.

## 18 CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

**18.1.1** The Company has filed a civil suit No. 1061 of 2021, for declaration and permanent injunction against Sindh Industrial Trading Estates Limited (SITE). The SITE issued an impugned notice to the Company cancelling the Company's lease of plot H/162 SITE ("Subject Property) in alleged compliance of a Supreme Court order, declaring the plot in question to be an amenity plot.

The Company has opposed such cancellation of its lease on the basis that the Master Plan of site shows the Subject Property to be an industrial plot. Furthermore, it is contended that the SITE has issued the impugned notice in defiance of the Company's proprietary rights in the land and such notice is illegal and in excess of their authority. The Company has a stay order in favour of the Company dated April 29, 2021 restraining the SITE from taking any coercive action in pursuance of the notice. The matter is fixed for hearing and the management of the Company believes that the matter will be decided in favour of the Company.

**18.1.2** The Company had filed the civil suit no. 1635 of 2009 for possession of land which was illegally dispossessed by the Syed Alay Sadaqain Naqvi (defendants) and to issue a permanent injunction to restrain the defendants from alienation or transferring the land. The Honorable Sindh High Court (SHC) passed an order on November 19, 2009, in which SHC has granted permanent injunction in above suit on December 11, 2018. The matter is fixed for hearing and the management of the Company believes that the matter will be decided in favour of the Company.

**18.1.3** Suit no. 2141 of 2015 has been filed against the Company for declaration, possession, damages, mesne profit and injunction before the Senior Civil Judge (west) at Karachi. The plaintiff claims to be the lawful owner of a piece of land measuring 10 acres ("Subject Land"), which also includes the land which is also subject matter of suit no. 1635 of 2009. The plaintiff has sought declaration as to the ownership and occupation of Subject Land. The Company has filed an application under Order 7 Rule 11 stating therein that the instant suit is barred by law as the plaintiff's earlier suits raising the same dispute were dismissed. On August 29, 2017, the learned Judge was pleased to allow the application of the Company and the plaintiff appeal was rejected accordingly. The Plaintiff aggrieved by the said order appealed the same matter before IVth Additional and District Judge (ADJ) bearing Appeal No. 311 of 2017 ("Appeal"). On September 09, 2018, the learned Appellate Court decided the Appeal in favor of the Plaintiff and against the Company, set aside the order dated August 29, 2017 and restored the above suit. Aggrieved by the order of ADJ in Appeal no. 311 of 2017 the Company filed appeal no 157 of 2018. The Company contended that the order passed by ADJ was bad in law as the law does not permit fresh proceedings on the same cause of action of which issue has already been adjudicated upon by the Courts and the suit 2141 of 2015 was rightly rejected by the trial court.

The learned Judge after hearing the Company's submission and arguments was pleased to suspend the operation of the impugned Judgement (passed in Appeal no. 311 of 2017) via order dated December 17, 2018. The matter is fixed for hearing and the management of the Company believes that the matter will be decided in favor of the Company.

**18.1.4** The Company has filed suit no. 1378 of 2019 and suit 1820 of 2020 in SHC against Sui Southern Gas Company Limited. The case has been filed on the ground that the gas tariff/price has been increased by SSGC illegally. The case is pending before SHC and is fixed for hearing, however, SHC has directed the Company to pay their bills according to previous judgement by either bank guarantee or deposit cheque ready to encash to the satisfaction of the Nazir of the court and SSGC shall issue revised bills, further the management of the Company in consultation of legal advisor is of the view that based on the merit of the case, the same will be decided in favor of the Company.

- 18.1.5** The Company has filed a suit for declaration and permanent injunction against the Syed Alay Sadaqain Naqvi (defendants) for continuously interfering with the peaceful possession of the extended portion of 0.5 acres of land that was regularized in favor of the Company on February 07, 2020 by virtue of a registered deed of Addenda of lease. The Company has pleaded that the Company is the absolute and lawful owner in possession of an immovable property, name Plot. No. G-205 SITE Super Highway Phase II Karachi measuring 4.5 acres by virtue of lease deed dated November 10, 2008 executed by Sindh Industrial Trading Estate Limited. The Company intends to utilize the 0.5 acres of land that was regularized recently in favor of the Company however, the defendants is interfering with the possession of the property. The Company has asked the SHC to declare that the defendant is wrongfully and illegally claiming to be the owner of the property and requested SHC to stop interfering with the Company's peaceful possession on the extended portion measuring 0.5 acres. SHC through an order dated May 19, 2020 restrained the defendant from creating any interference in the Company's extended portion of the property. Being aggrieved from the decision the defendant has filed an appeal H.C.A D-10 of 2020 in SHC, in which defendant has pleaded that SHC entertained the suit despite clear instructions from Honorable Chief Justice, High Court not to entertain civil matters during COVID-19 pandemic. Defendant has also alleged that the bench failed to examine the documents relied upon by the Company as the title of Sindh Industrial Trading Estate Limited cannot be established on the basis of such documents. Further, it is contended that the Company misled the Honourable bench and obtained the Order by not disclosing the pendency of earlier suit bearing No. 1635/2009 for possession of the same subject property. Based on the merit of case the management of the Company believes that the matter will be decided in favor of the Company.
- 18.1.6** The Petition No. 3358/2011 and 1823/2013 were filed on December 13, 2011 and April 29, 2013 by the Company against Federal Board of Revenue (FBR) and Others, whereby, the chargeability of the customs duty against import of storage silos has been challenged. It is pertinent to point out that the said import was exempt from duties and taxes vide SRO No. 575(I) 2006. Now through SRO dated October 23, 2012, the said silos have been added as clarificatory being exempt. The said chargeability of customs duty has been challenged of the intervening period through Writ Petition No. 3358/11 and 1823/13. The Company has filed intra court appeal ICA no. 84/2015 and 85/2015 both are pending in honorable Islamabad High Court, Islamabad as notice are issued and no proceeding till to date. management of the Company in consultation of legal advisor is of the view that based on the merit of the case, the same will be decided in favor of the Company.
- 18.1.7** In prior years Government of Sindh imposed infrastructure cess @ 0.85% of import value on all imports into Pakistan. A large number of importers including the Company challenged the matter in the SHC. The SHC has issued an interim order allowing release of imported goods on 50% payment and 50% bank guarantee. This suit no. 2173 of 2013 was filed on June 10, 2013, the SHC has passed the judgement in the subject matter wherein SHC has declared the imposition of cess valid piece of Legislation. The Company alongwith other industries affected by the SHC order has challenged the judgement of SHC in Honorable Supreme Court of Pakistan (SCP). The management is of the view that the Company is not likely to suffer any losses due to above suit.
- 18.1.8** In 2011, Government of Pakistan (GoP) impose a levy on gas consumers in the industrial sector, known as The Gas Infrastructure Development Cess (GIDC). The amount collected was to be used for the construction of infrastructure projects.

In 2015, the Gas Infrastructure Development Cess Act, 2015 was introduced which re-imposed the GIDC. The affected industries again approached the SCP stating that the earlier tax money was not used for the construction of infrastructure projects. SCP granted stay order against payment of any GIDC levies.

In their judgement dated August 13, 2020, SCP dismissed all petitions against the GIDC levy and ruled in favour of the GoP which would collect the GIDC from different companies. The affected industries filed a review petition against the judgement of SCP which has also been dismissed by SCP vide its order dated November 03, 2020.

On October 15, 2020, the filed suit no. 1531 of 2020 in Honourable High Court of Sindh (SHC), with a plea that the Company did not pass on the GIDC burden to the end consumer, therefore in accordance with section 8 (2) of Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) the GIDC is not applicable on the Company, which is pending for decision, however, the SHC has issued sustaining order to Gas companies from taking any coercive action against the Company. The management of the Company in consultation of its legal advisor is of the view that since the Company has not passed on the burden to its consumer/clients, it is not liable to pay GIDC as they clearly falls within the ambit of the exception in line with section 8 (2) of GIDC Act, 2015.

- 18.1.9** The Company has filed suit No. 730 of 2015 before SHC against the imposition of Captive Power Plant rate instead of Industrial Consumer rate. The Company contends that they donot fall into the category of Captive Power Plant, but rather an Industrial Consumer, so the rate charged by the SSGC i.e. Rs.200 per MMBTU, is not applicable in the case of the company. The case has been decreed in favour of the Company vide order dated February 02, 2020. SSGC has challenged the Judgment before the Divisional bench of SHC which is pending for adjudication. Based on the merit of case the management of the Company believes that the matter will be decided in favor of the Company.

18.2	Commitments	Note	2021	2020
			-----Rupees-----	
	Letter of credit		912,150,112	24,580,350
	Letter of guarantees		34,620,480	15,397,650
	Capital Expenditures		543,478,892	-
	Cheques issued in favour of Nazir of high court in relation to SSGC case	18.1.4	1,828,689	-
			<b>1,492,078,173</b>	<b>39,978,000</b>

**MATCO FOODS LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**19 PROPERTY PLANT AND EQUIPMENT**

Operating fixed assets  
 Capital work in progress

Note

	2021	2020
	-----Rupees-----	
	<b>4,643,667,656</b>	4,876,056,124
	<b>264,263,344</b>	61,979,582
	<b>4,907,931,000</b>	4,938,035,706

19.1 Operating fixed assets

Particulars	2021					Cost at June 30, 2021	2021			Book value at June 30, 2021	Rate per annum %
	Cost / Revaluation				Depreciation						
	Cost at July 01, 2020	Additions	Transfers in / (out)	Revaluation surplus	Disposals	Accumulated depreciation at July 01, 2020	Depreciation for the year	Depreciation on disposals	Accumulated depreciation at June 30, 2021		
<b>Owned Assets</b>											
Factory land	2,643,880,001	-	-	-	165,000,000	2,478,880,001	-	-	-	2,478,880,001	-
Factory building	1,285,887,301	7,000,009	-	-	-	1,292,887,310	461,887,298	82,763,202	544,650,500	748,236,810	10
Plant and machinery	1,858,701,081	23,885,436	39,063,026	-	-	1,921,649,543	680,188,090	119,228,018	799,416,109	1,122,233,435	10
Electric cables and fitting	58,666,318	-	-	-	-	58,666,318	25,510,468	3,315,585	28,826,053	29,840,265	10
Furniture and fixture	14,146,903	462,080	-	-	-	14,608,983	6,799,108	753,239	7,552,347	7,056,636	10
Motor vehicles	84,445,341	6,536,741	-	-	18,028,640	72,953,442	67,842,801	3,237,228	15,202,072	55,877,957	20
Office equipment	27,705,353	3,966,723	5,514,660	-	-	37,186,736	13,711,774	1,835,074	15,546,848	21,639,889	10
Factory equipment	82,144,680	18,110,093	60,797,245	-	-	161,052,018	14,150,878	10,465,002	24,615,880	136,436,138	10
Computers	20,879,567	1,016,550	-	-	-	21,896,117	15,755,511	1,705,221	17,460,731	4,435,386	33
Camera	4,344,524	36,000	-	-	-	4,380,524	3,514,554	274,031	3,788,585	591,939	33
Godown & Shops	33,036,051	-	-	-	-	33,036,051	11,941,736	2,109,431	14,051,168	18,984,883	10
Sewing machine	1,369,205	-	-	-	-	1,369,205	873,636	49,557	923,193	446,012	10
Mobile phone	3,640,479	1,053,995	-	-	149,560	4,544,914	2,641,827	540,290	3,069,511	1,475,403	33
Generator	103,100,806	524,000	-	-	-	103,624,806	41,073,806	6,215,626	47,289,431	56,335,374	10
<b>Total</b>	<b>6,221,947,609</b>	<b>62,591,627</b>	<b>105,374,931</b>	<b>-</b>	<b>183,178,200</b>	<b>6,206,735,968</b>	<b>1,345,891,486</b>	<b>232,491,504</b>	<b>1,563,068,312</b>	<b>4,643,667,656</b>	

Particulars	2020					Cost at June 30, 2020	2020			Book value at June 30, 2020	Rate per annum %
	Cost / Revaluation				Depreciation						
	Cost at July 01, 2019	Additions	Transfers in / (out)	Revaluation surplus	Disposals	Accumulated depreciation at July 01, 2019	Depreciation for the year	Depreciation on disposals	Accumulated depreciation at June 30, 2020		
<b>Owned Assets</b>											
Factory land	531,894,744	4,812,176	-	2,107,173,081	-	2,643,880,001	-	-	-	2,643,880,001	-
Factory building	1,170,181,171	57,782,848	-	57,923,282	-	1,285,887,301	379,089,995	82,797,303	461,887,298	824,000,003	10
Plant and machinery	1,716,823,306	109,965,534	5,112,482	38,345,012	11,545,253	1,858,701,081	570,579,117	117,713,843	680,188,090	1,178,512,991	10
Electric cables and fitting	40,151,420	18,514,898	-	-	-	58,666,318	21,883,690	3,626,778	25,510,468	33,155,850	10
Furniture and fixture	11,293,730	2,482,404	370,769	-	-	14,146,903	6,062,631	736,477	6,799,108	7,347,795	10
Motor vehicles	74,579,303	10,942,938	-	-	1,076,900	84,445,341	59,943,473	8,734,768	835,440	67,842,801	20
Office equipment	23,256,790	4,311,935	136,628	-	-	27,705,353	12,298,813	1,412,961	13,711,774	13,993,579	10
Factory equipment	54,298,987	27,329,250	516,443	-	-	82,144,680	8,212,426	5,938,452	14,150,878	67,993,802	10
Computers	17,709,621	3,070,946	99,000	-	-	20,879,567	14,171,775	1,583,736	15,755,511	5,124,056	33
Camera	3,498,668	838,295	7,561	-	-	4,344,524	3,311,574	202,980	3,514,554	829,970	33
Godown & Shops	23,881,972	9,154,079	-	-	-	33,036,051	10,146,279	1,795,457	11,941,736	21,094,315	10
Sewing machine	1,319,205	50,000	-	-	-	1,369,205	822,775	50,861	873,636	495,569	10
Mobile phone	3,113,419	511,860	15,200	-	-	3,640,479	2,274,832	366,995	2,641,827	988,652	33
Generator	68,738,366	3,044,750	-	31,317,690	-	103,100,806	37,716,763	3,357,043	41,073,806	62,027,000	10
<b>Total</b>	<b>3,740,740,702</b>	<b>252,811,912</b>	<b>6,258,083</b>	<b>2,234,759,065</b>	<b>12,622,153</b>	<b>6,221,947,609</b>	<b>1,126,514,143</b>	<b>228,317,653</b>	<b>8,940,310</b>	<b>4,876,056,124</b>	

**MATCO FOODS LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

	Note	2021	2020
-----Rupees-----			
Cost of sales	33	185,993,203	182,654,122
Selling and distribution expenses	34	11,624,575	11,415,883
Administrative expenses	35	34,873,726	34,247,648
		<b>232,491,504</b>	<b>228,317,653</b>

**19.1.2** Factory land includes a plot in which a law suit has been filed by the plaintiff who is claiming the possession and injunction of the property. The case is in process under the Honourable High Court Sindh Karachi (refer note 18.1.1, 18.1.2, 18.1.3 & 18.1.5).

**19.1.3** Operating fixed assets include assets that are subject to mortgage with various banks against long-term finances and short-term borrowings (refer note 09 and 16).

**19.1.4** Details of forced sale value of revalued property, plant and equipment

Description of Assets	Forced sale value Rupees
Land	2,230,524,000
Building	700,400,000
Plant and machinery	886,259,750
Generators	46,645,250

The above forced sale value has been taken from revaluation report of Oceanic Surveyors (Private) Limited as on June 29, 2020.

**19.1.5** Following items of property, plant and equipment having book value above Rs. 500,000 were disposed off during the year:

	Cost / Revaluation	Accumulated depreciation	Net book amount	Sale proceeds	Gain / Loss	Mode of disposal	Particulars of buyer
..... Rupees .....							
<b><u>Vehicles</u></b>							
Toyota Vigo	4,923,380	4,209,192	714,188	4,300,000	3,585,812	Tender	Mr. Amir Zaib Khan
Toyota Vigo	4,653,380	3,797,201	856,179	4,800,000	3,943,821	Tender	Mr. Amir Zaib Khan
Toyota Vigo	4,998,380	4,281,408	716,972	4,375,000	3,658,028	Tender	Mr. Malik Usman
<b><u>Land</u></b>							
G-06, Eastern Industrial Zone, 165,000,000 - 165,000,000			200,000,000	35,000,000		Agreement	M/S Asif Rice Mills Bin Qasim

**19.1.6** Buyer of the disposed vehicle has no relation with the company and its directors.

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

Locations	Total Area in Acres	Covered Area in Square Feet
Plot A-15 & 16, SITE-II, Super highway Karachi	2	79155
A-21, SITE-II, Super highway, Karachi	1.5	49631

Locations	Total Area in Acres	Covered Area in Square Feet
G-205, SITE-II, Super highway, Karachi	4	76566
50 KM G.T Road, Sadhoke District, Gujranwala	15	133024
B1-A, SITE-II, Super highway, Karachi	0.97	34850
Plot H-162, SITE-II, Super highway, Karachi	2.5	-
Plot F-193, SITE-II, Super highway, Karachi	2	60871
50 KM G.T Road, Sadhoke District, Gujranwala	3.38	-
Plot # 53, S.E.Z, Allama Iqbal Industrial City, Faisalabad	20	723358
House # 87, Block K, Street # 24, Al Bairuni Road, WAPDA City, Faisalabad	0.063	2723

19.2 Capital work in progress	Note	2021	2020
		-----Rupees-----	
<b>Tangibles</b>			
Plant and machinery		154,616,058	-
Electric cables and fitting		4,182,422	-
Office equipment		1,242,250	4,225,158
Factory equipment		17,982	57,754,424
Furniture & Fixture		180,100	-
Generator		715,522	-
Land		40,133,739	-
Factory Building		62,902,671	-
Computers		272,600	-
		<b>264,263,344</b>	<b>61,979,582</b>

19.3 Movement in capital work in progress is as under:

	Cost			
	As at July 01, 2020	Additions / (adjustment) during the year	(Transferred) to Property, plant and equipment	As at June 30, 2021
	-----Rupees-----			
Plant and machinery	-	193,679,084	(39,063,026)	154,616,058
Electric cables and fitting	-	4,182,422	-	4,182,422
Office equipment	4,225,158	2,531,752	(5,514,660)	1,242,250
Factory equipment	57,754,424	3,060,803	(60,797,245)	17,982
Furniture & Fixture	-	180,100	-	180,100
Generator	-	715,522	-	715,522
Land	-	40,133,739	-	40,133,739
Factory Building	-	62,902,671	-	62,902,671
Computers	-	272,600	-	272,600
	<b>61,979,582</b>	<b>307,658,693</b>	<b>(105,374,931)</b>	<b>264,263,344</b>

	Cost			
	As at July 01, 2019	Additions / (adjustment) during the year	(Transferred) to Property, plant and equipment	As at June 30, 2020
	-----Rupees-----			
Plant and machinery	3,901,110	-	(3,901,110)	-
Civil works	2,356,973	-	(2,356,973)	-
Office equipment	-	4,225,158	-	4,225,158
Factory equipment	-	57,754,424	-	57,754,424
	<b>6,258,083</b>	<b>61,979,582</b>	<b>(6,258,083)</b>	<b>61,979,582</b>

19.4 Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have been amounted to:

Net book value	2021	2020
	-----Rupees-----	
Land	233,230,637	261,959,558
Building	574,646,438	631,496,033
Plant and machinery	988,805,928	1,030,260,205
Generators	23,297,704	25,318,478
	<b>1,819,980,707</b>	<b>1,949,034,273</b>

## 20 RIGHT-OF-USE ASSETS

	2021			2020		
	Vehicle	Godown	Total	Vehicle	Godown	Total
	-----Rupees-----					
<b>Cost</b>						
Opening balance	115,124,413	92,397,539	207,521,952	110,430,143	-	110,430,143
Impact of adoption of IFRS-16	-	-	-	-	92,397,539	92,397,539
Reassessment of lease liability	-	3,225,802	3,225,802	-	-	-
<b>As at July 1</b>	<b>115,124,413</b>	<b>95,623,341</b>	<b>210,747,754</b>	<b>110,430,143</b>	<b>92,397,539</b>	<b>202,827,682</b>
Additions during the year	35,292,105	-	35,292,105	10,910,170	-	10,910,170
Disposal during the year	-	-	-	(6,215,900)	-	(6,215,900)
<b>Total</b>	<b>150,416,518</b>	<b>95,623,341</b>	<b>246,039,859</b>	<b>115,124,413</b>	<b>92,397,539</b>	<b>207,521,952</b>
<b>Accumulated depreciation</b>						
Opening balance	39,181,819	8,399,776	47,581,595	27,336,046	-	27,336,046
Charge for the year	18,203,036	8,722,356	26,925,392	14,524,343	8,399,776	22,924,119
Disposal adjustment	-	-	-	(2,678,570)	-	(2,678,570)
<b>Closing</b>	<b>57,384,855</b>	<b>17,122,133</b>	<b>74,506,988</b>	<b>39,181,819</b>	<b>8,399,776</b>	<b>47,581,595</b>
<b>Net book value</b>	<b>93,031,663</b>	<b>78,501,208</b>	<b>171,532,871</b>	<b>75,942,594</b>	<b>83,997,762</b>	<b>159,940,356</b>
<b>Lease term</b>	<b>5 Years</b>	<b>10 Years</b>		<b>5 Years</b>	<b>10 Years</b>	

20.1 The following are the amounts recognised in unconsolidated statement of profit or loss:

	Note	2021	2020
		-----Rupees-----	
Depreciation expense of right-of-use assets	33	26,925,392	22,924,119
Interest expense on lease liabilities on Godown	33	11,975,088	12,047,475
Interest expense on lease liabilities on vehicles	36	4,519,909	8,373,269
Expenses related to short-term leases	33	-	6,308,486
<b>Total amount recognised in unconsolidated statement of profit or loss</b>		<b>43,420,389</b>	<b>49,653,349</b>

## 21 INTANGIBLE ASSETS

### Cost

Opening	14,710,766	14,710,766
Addition during the year	-	-
Closing	14,710,766	14,710,766

### Amortization

Opening	(14,710,766)	(14,710,766)
Charge for the year	-	-
Closing	(14,710,766)	(14,710,766)
Balance as at June 30	-	-

22	LONG TERM INVESTMENTS	Note	2021	2020
			-----Rupees-----	
	<i>Subsidiary</i>			
	JKT General Trading FZE	22.1	23,582,747	23,582,747
	Matco Marketing (Private) Limited	22.2	7,499,960	7,499,960
	<i>Joint Venture</i>			
	Barentz Pakistan Private Limited	22.3	24,500,000	24,500,000
			<b>55,582,707</b>	<b>55,582,707</b>

**22.1** On October 8, 2013, the Company incorporated a new wholly owned subsidiary, JKT General Trading FZE in U.A.E. The principal activities are general trading, export / import and other related activities. The Company has made an equity investment of USD 255,000 out of which shares of USD 40,872 have been issued. Shares for the remaining amount would be issued after completion of necessary regulatory formalities.

**22.2** On November 13, 2017, the Company has subscribed 749,996 shares of Matco Marketing (Private) Limited. However, Matco Marketing (Private) Limited has not commenced its operations since incorporation.

**22.3** On June 28, 2019, the Company has been incorporated in Pakistan as per agreement between Barentz International B.V. and Matco Foods Limited. Matco Foods Limited has subscribed 49% of total shareholding of Rs. 50 Million, thereby, constituting a Joint Venture.

The following table provides summarized financial information for the joint venture. The information disclosed reflects the amounts presented in the financial statements of the associates and not the Company's share of those amounts. The financial information presented below are based on the interim financial statements for the period ended June 30, 2021.

	2021	2020
	-----Rupees-----	
Assets	142,508,771	63,591,014
Liabilities	115,220,069	25,534,172
Revenues	144,620,437	52,694,578
Loss for the period	(7,425,089)	(1,221,003)

**22.4** Further, no such terms and conditions has been made at the time of investment. The Company has beneficial ownership of the investee companies. No return on investment has been made since incorporation. There are no litigation against the subsidiaries and associates of the company that may impact the interest of the Company.

23	STORES, SPARES AND LOOSE TOOLS	Note	2021	2020
			-----Rupees-----	
	Stores and spares	33.3	71,988,230	46,566,459
	Provision for slow moving / obsolete items	23.1	(1,543,929)	(1,543,929)
			<b>70,444,301</b>	<b>45,022,530</b>

	Note	2021 -----Rupees-----	2020
<b>23.1 Movement in provision for slow moving / obsolete items</b>			
Balance at beginning of the year		1,543,929	1,543,929
Charge for the year		-	-
Balance at end of the year		<u>1,543,929</u>	<u>1,543,929</u>
<b>24 STOCK IN TRADE</b>			
Raw materials	24.2	5,523,328,949	5,435,050,944
Packing materials	33.2	122,293,225	85,444,225
Finished goods	24.3	1,545,538,885	1,141,722,539
		<u>7,191,161,059</u>	<u>6,662,217,708</u>
Provision for slow moving / obsolete items	24.1	(19,880,700)	(19,694,358)
		<u>7,171,280,359</u>	<u>6,642,523,350</u>
<b>24.1 Movement in provision for slow moving / obsolete items</b>			
Opening balance		19,694,358	30,161,739
Charge / (Reversal) for the year	37 / 33	186,342	(10,467,381)
Closing balance		<u>19,880,700</u>	<u>19,694,358</u>

**MATCO FOODS LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

- 24.2** This includes pledged raw material with various banks under long term and short term borrowing arrangements (refer note 09 and 16).
- 24.3** This includes by product amounting to Rs. 116.43 million (2020: Rs. 87.7 million) and stock-in-transit amounting to Rs. 54.31 million (2020: Rs. 92 million)

25	TRADE DEBTS	Note	2021	2020
			-----Rupees-----	
	Considered good			
	Export - secured	25.2	<b>930,393,038</b>	1,192,598,184
	Local - unsecured		<b>110,731,306</b>	141,902,326
	Considered doubtful			
	Local - unsecured		<b>13,567,967</b>	13,567,967
	Less: Allowance for expected credit losses	25.4	<b>(13,567,967)</b>	(13,567,967)
			<b>1,041,124,344</b>	<b>1,334,500,510</b>

- 25.1** Borrowings are secured by way of charge over book debts of the Company (refer notes 09 and 16).
- 25.2** It includes the amount of Rs. 63.1 million which is past due up to 3 months, (2020:Rs. Nil ) due from JKT General Trading FZE (related party). The maximum aggregate amount due from related party at the end of any month during the year was Rs. 63.1 million (2020: Rs. 10.06 million).

25.3	As of June 30, 2021, the age analysis of trade debts is as follows:	Note	2021	2020
			-----Rupees-----	
	Not yet due		-	-
	Past due:			
	- Up to 3 months		<b>832,927,550</b>	1,285,897,006
	- 3 to 6 months		<b>170,189,719</b>	48,600,034
	- 6 to 12 months		<b>34,767,261</b>	3,470
	- More than 12 months		<b>3,239,814</b>	-
			<b>1,041,124,344</b>	<b>1,334,500,510</b>
	Trade debts - Gross		<b>1,041,124,344</b>	<b>1,334,500,510</b>
<b>25.4</b>	Allowance for expected credit losses			
	Opening balance		<b>13,567,967</b>	13,567,967
	Charge during the year		-	-
	Closing balance		<b>13,567,967</b>	<b>13,567,967</b>

26	LOANS AND ADVANCES	Note	2021	2020
			-----Rupees-----	
	<b>Loans</b>			
	Staff - unsecured, considered good	26.1	14,697,971	10,470,682
	<b>Advances</b>			
	- against services and others		1,338,081	2,160,875
	- against purchases	26.3	82,457,247	105,369,356
	- to contractors		166,765	618,801
	- against shares	26.4	5,000,000	-
			<b>103,660,064</b>	<b>118,619,714</b>

26.1 It represent interest free loans to various staff in accordance with the Company's policy.

26.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.62 million (2020: Rs. 0.64 million).

26.3 It represents the amount provided to suppliers of rice, stores & spares and packaging which is adjustable against future purchases.

26.4 It represents the amount paid to Pakistan Aluminium Beverage Cans Limited for purchase of shares in IPO.

27	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2021	2020
			-----Rupees-----	
	<b>Deposits</b>			
	- Capital management account		681,549	681,549
	- Guarantee margin		1,604,650	1,604,650
			<b>2,286,199</b>	<b>2,286,199</b>
	<b>Prepayments</b>			
	- Prepaid expense	27.1	3,228,065	1,813,704
	- Prepaid insurance		4,616,415	4,064,185
			<b>7,844,480</b>	<b>5,877,889</b>
			<b>10,130,679</b>	<b>8,164,088</b>

27.1 This include prepaid expense relating to godown rent and system maintenance charges.

28	SHORT-TERM INVESTMENT	Note	2021	2020
			-----Rupees-----	
	CDC Trustee Meezan Islamic Fund	28.1	379,910	263,440
	Term deposit certificates	28.2	1,200,000	1,200,000
			<b>1,579,910</b>	<b>1,463,440</b>

28.1 It represent mutual funds unit 5,643 (2020: 5,643).

28.2 These represent term deposit certificates of Askari Bank Limited amounting to Rs. 1.2 million (2020: Rs. 1.2 million) respectively. The rate of profit on these certificates is 6.5% per annum (2020: 11%) these term deposit certificates will mature on June 2022.

29	SALES TAX REFUNDABLE	Note	2021	2020
			-----Rupees-----	
	Sales tax refundable	29.1	<b>123,598,158</b>	166,389,331
<b>29.1</b>	<b>Movement in sales tax refundable is as under:</b>			
	Balance at beginning of the year		<b>166,389,331</b>	183,026,846
	Refunds claim for the year		<b>127,104,175</b>	87,903,560
	Received during the year		<b>(160,604,293)</b>	(99,412,295)
	Adjusted during the year		<b>(9,291,055)</b>	(5,128,780)
	Balance at end of the year		<b>123,598,158</b>	166,389,331
<b>30</b>	<b>DUE FROM RELATED PARTIES</b>			
	<i>Unsecured</i>			
	Matco Engineering Company (Private) Limited	30.1	<b>1,572,277</b>	1,617,096
	Barentz Pakistan (Private) Limited	30.2 & 30.3	<b>41,338,226</b>	686,671
	Ghori Trust	30.4	-	2,705,273
	JKT General Trading FZE	30.5	<b>295,831</b>	295,831
	Faiyaz Centre Owner Association	30.6	<b>160,061</b>	-
			<b>43,366,395</b>	5,304,871

- 30.1** The maximum aggregate amount due from Matco Engineering Company (Private) Limited. at the end of any month during the year was Rs. 1.62 million (2020: Rs. 1.6 million).
- 30.2** The maximum aggregate amount due from Barentz Pakistan (Private) Limited at the end of any month during the year was Rs. 43.36 million (2020: Rs. 0.7 million).
- 30.3** During the year loan with limit of Rs. 50 million has been given to associated company. The amount will be utilized by the associated company to meet the working capital requirement of the associated company as they have recently been awarded a distribution contract of Oily Blend Vitamin to Oil and Ghee industry by multinational company which will surely increase the top and bottom line of the associated company. The effective rates of mark-up on this receivable is KIBOR + 2%.
- 30.4** The maximum aggregate amount due from Ghori Trust at the end of any month during the year was Rs. 4.58 million (2020: Rs. 2.7 million).
- 30.5** The maximum aggregate amount due from JKT General Trading FZE at the end of any month during the year was Rs. 0.3 million (2020: Rs. 0.3 million).
- 30.6** The maximum aggregate amount due from Faiyaz Centre Owner Association at the end of any month during the year was Rs. 0.2 million (2020: Nil).
- 30.7** All above dues are payable on demand.
- 30.8** Aging analysis of receivables from related parties past due but not impaired are as follows:

	Matco Engineering Company (Private) Limited	Barentz Pakistan (Private)	JKT General Trading FZE	Faiyaz Centre Owner Association
Up to 3 Months	34,986	41,338,226	-	147,511
3 to 6 Months	1,000,060	-	-	8,000
06 to 12 Months	4,000	-	-	4,550
More than 12 Months	533,231	-	295,831	-
	<b>1,572,277</b>	<b>41,338,226</b>	<b>295,831</b>	<b>160,061</b>

31	CASH AND BANK BALANCES	Note	2021	2020
			-----Rupees-----	
	Cash in hand		3,530,324	5,138,682
	Cash at bank			
	- current accounts		75,258,254	180,942,223
	- deposit accounts	31.1	26,171,906	111,009,120
			101,430,160	291,951,343
			104,960,484	297,090,025

31.1 These carry weighted average profit of 11% per annum (2020: 5% per annum).

### 32 SALES - NET

Export sales	8,248,706,121	8,891,517,562
<b>Local sales</b>		
Rice	724,198,889	906,464,760
By-products	2,100,535,538	1,819,136,310
	2,824,734,427	2,725,601,070
	11,073,440,548	11,617,118,632
Sales discount / return	(82,749,024)	(45,188,233)
Freight	(360,920,422)	(203,506,658)
Clearing and forwarding	(43,322,987)	(62,328,156)
Sales tax	(29,827,326)	(16,133,692)
	10,556,620,789	11,289,961,893

#### 32.1 Disaggregation of sales

The Company disaggregated revenue recognised from customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

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

Major product Lines	Note	2021	2020
		-----Rupees-----	
Rice		9,893,449,787	10,807,408,760
Others		1,179,990,761	809,709,872
		11,073,440,548	11,617,118,632
<b>Primary geographical Markets</b>			
Local		2,824,734,427	2,725,601,070
Africa		374,284,303	583,556,046
Asia		3,030,259,281	2,892,851,041
Australia & New Zealand		1,456,649,113	1,313,240,873
Europe		2,290,121,196	2,973,586,295
USA & Canada		1,097,392,228	1,128,283,308
		11,073,440,548	11,617,118,632

33	COST OF SALES	Note	2021	2020
			-----Rupees-----	
	Rice consumed	33.1	8,577,211,227	9,068,715,584
	Packing materials consumed	33.2	457,437,640	375,523,643
	Stores and spares consumed	33.3	133,265,478	111,374,473
	<b>Processing expenses</b>			
	Salaries, wages and benefits	33.4	445,917,170	389,934,350
	Electricity and power		92,386,339	101,575,663
	Telephone and mobile		1,419,046	1,246,808
	Gas charges		41,990,578	30,864,582
	Insurance		8,980,473	9,227,714
	Repairs and maintenance		25,178,363	46,539,901
	Other purchases		117,381,129	32,089,541
	Provision for slow moving stock		186,342	-
	Fumigation charges		33,737,005	21,458,678
	Water charges		49,206,266	42,869,891
	Canteen		11,165,787	11,103,263
	Diesel and oil		462,820	1,810,901
	Staff welfare		2,797,963	2,700,307
	Security expenses		16,330,349	13,819,959
	Godown expenses		16,873,130	1,393,495
	Rent, rates and taxes		23,451,490	440,817
	Vehicle running expenses		7,460,610	6,696,395
	Medical		3,766,863	1,831,522
	Depreciation	19.1.1	185,993,203	182,654,122
	Depreciation on right-of-use assets		26,925,392	22,924,119
	Interest expense on lease liabilities		11,975,088	12,047,475
	Expenses related to short-term lease		-	6,308,486
	Processing charges		2,161,945	19,697,246
	Inspection charges		19,582,415	18,450,066
	<b>Cost of goods manufactured</b>		<b>10,313,244,112</b>	<b>10,533,299,001</b>
	<b>Finished goods</b>			
	Opening stock		1,141,722,539	882,395,502
	Closing stock	24	(1,545,538,885)	(1,141,722,539)
			<b>(403,816,346)</b>	<b>(259,327,037)</b>
			<b>9,909,427,766</b>	<b>10,273,971,964</b>
<b>33.1</b>	<b>Rice consumed</b>			
	Opening stock of raw material		5,435,050,944	4,282,666,523
	Purchases		8,488,184,359	10,005,112,067
	Cartage inwards		177,304,873	215,987,938
	Closing stock of raw material	24	(5,523,328,949)	(5,435,050,944)
			<b>8,577,211,227</b>	<b>9,068,715,584</b>

		2021	2020
		-----Rupees-----	
<b>33.2</b>	<b>Packing material consumed</b>		
	Opening stock	85,444,225	70,092,717
	Purchases	494,286,640	390,875,151
		579,730,865	460,967,868
	Closing stock-gross	(122,293,225)	(85,444,225)
		457,437,640	375,523,643
<b>33.3</b>	<b>Stores and spares consumed</b>		
	Opening stock	46,566,459	24,651,612
	Purchases	158,687,249	133,289,320
		205,253,708	157,940,932
	Closing stock-gross	(71,988,230)	(46,566,459)
		133,265,478	111,374,473
<b>33.4</b>	It includes provision for gratuity amounting to Rs. 20.8 million (2020: Rs. 19.89 million).		
<b>34</b>	<b>SELLING AND DISTRIBUTION EXPENSES</b>		
	Salaries and benefits	55,625,772	45,738,255
	Travelling	8,199,157	16,939,980
	Sales promotion	15,221,120	35,461,891
	Insurance	1,946,871	1,201,190
	Export charges	52,286,127	59,999,008
	Export commission	20,546,306	28,605,381
	Depreciation	11,624,575	11,415,883
	Shop rent	2,720,000	1,572,000
	General	17,827,215	6,087,267
		185,997,143	207,020,855
<b>34.1</b>	It includes provision for gratuity amounting to Rs. 2.6 million (2020: Rs. 2.33 million).		
<b>35</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Salaries and benefits	190,179,802	174,537,728
	Vehicle running	8,536,441	5,716,381
	Entertainment	936,656	1,265,054
	Printing and stationery	1,197,997	1,543,286
	Fee and subscription	20,281,570	13,814,375
	Legal and professional	1,535,000	1,709,000
	Auditor remuneration	3,465,327	3,174,570
	Postage and telegrams	1,787,505	2,420,208
	General expenses	2,913,622	3,113,139
	Newspaper and periodicals	60,309	58,960
	Electricity and gas charges	21,492,276	965,762
	Taxes, duty and fee	257,246	2,953,733
	Medical	2,162,186	1,706,874
	Insurance	2,632,037	2,638,420
	Balance c/f	257,437,974	215,617,490

		2021	2020
	Note	-----Rupees-----	
Balance b/f		257,437,974	215,617,490
Software maintenance		495,616	505,034
Computer expenses		4,574,968	4,407,794
Depreciation	19.1.1	34,873,726	34,247,648
Lease ijarah rentals		-	-
Donations	35.4	6,263,200	770,000
Advertisement		564,900	52,750
Others		5,477,901	15,768,662
		<b>309,688,284</b>	<b>271,369,378</b>

**35.1** It includes directors' remuneration amounting to Rs. 27.66 million (2020: Rs. 26.82 million) and provision for gratuity amounting to Rs. 8.890 million (2020: Rs. 8.903 million).

**35.2** It includes provision of GIDC Cess amounting to Rs. 18 million (2020: Nil).

		2021	2020
	Note	-----Rupees-----	
<b>35.3 Auditor's remuneration</b>			
- audit fee of unconsolidated financial statements		2,000,000	1,900,000
- audit fee of consolidated financial statements		100,000	100,000
- audit fee of half yearly review		484,402	492,070
- fee for review code of corporate governance		150,000	150,000
- other certifications		150,000	100,700
- out of pocket expenses		245,725	175,000
- other services	35.3.1	335,200	256,800
		<b>3,465,327</b>	<b>3,174,570</b>

**35.3.1** This represents services relating to taxation.

**35.4** Donation includes amount of Rs.5.26 million (2020:Nil) paid to Ghori Trust, which operates by Board of directors of the company and their spouse namely Mr. Jawed Ali Ghori, Mr. Khalid Sarfaz Ghori, Mr. Fazian Ali Ghori, Mrs. Naheed Jawed, Mrs. Nuzhat Khalid and Mrs. Dr. Sadaf Tariq.

		2021	2020
	Note	-----Rupees-----	
<b>36 FINANCE COST</b>			
Mark up			
- long term finances - net	36.1	26,983,531	22,754,683
- short term borrowings		235,927,358	316,443,289
- interest expense on lease liabilities		4,519,909	8,373,269
Bank charges and commission		5,400,133	2,716,749
		<b>272,830,931</b>	<b>350,287,990</b>

**36.1** The mark-up presented is net of amortization of grant amounting to Rs.4.97 million (2020: Rs. 0.12 million)

37	OTHER INCOME	Note	2021	2020
			-----Rupees-----	
	<i>From financial assets</i>			
	- Profit on bank/short term deposits		3,008,532	5,628,059
	- Interest income on account of due from related parties		3,680,954	-
			<b>6,689,486</b>	5,628,059
	<i>From non-financial assets</i>			
	- Amortization of deferred income		-	269,842
	- Reversal of Worker's Welfare Fund		-	12,780,790
	- Gain on sale of operating fixed assets		48,814,578	1,235,627
	- Reversal of provision for slow moving stock	24.1	-	10,467,381
	- Scrap sales		19,035,694	24,031,438
	- Rental income		2,490,000	2,100,000
			<b>77,029,758</b>	56,513,137

### 38 EXCHANGE GAIN - NET

This represents exchange gain incurred on foreign currency denominated trade debts, advances from customers, creditors and bank balances.

39	INCOME TAX EXPENSE	Note	2021	2020
			-----Rupees-----	
	- Current		91,744,142	94,909,803
	- Deferred		(11,323,958)	(8,329,310)
			<b>80,420,184</b>	86,580,493

**39.1** Current year taxation has been charged on the basis of provisions in Income Tax Ordinance, 2001 and accounted for after taking effect of admissible expenses in normal taxation with proportion of local sales and on final tax regime applicable to the Company based on tax withheld from export proceeds which is deemed as full and final discharge of the tax liability.

**39.2** Since the Company is chargeable to tax under FTR and minimum tax, therefore numerical reconciliation between accounting profit and income tax has not been presented in these unconsolidated financial statements.

**39.3** Return of 2015-16 filed on January 10 2017, is an assessment order under section 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The Additional Commissioner Inland Revenue (ADCIR) initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 16-02-2017 for amendment of deemed assessment. Response submitted by the representative of the Company.

Proceeding initiated u/s 122(5A) for amendment by ACIR and issued the notice u/s 122(9). In response thereof, all the requisite information/documents were submitted. However, the ADCIR passed the order and disallowed the finance cost. Against the treatment of learned ADCIR, appeal was filed on 20-09-2017. The Commissioner Inland Revenue (CIR) has rejected the grounds of appeal made by the Company and ordered to add back WWF and disallowed finance cost in the normal taxable income. But in spite of the above disallowance of expenses, the tax liability is higher in minimum tax u/s 113c of the Income Tax Ordinance as claimed under the income tax return 2016 of the Company, therefore no adverse impact on the Company due to above order.

**39.4** Return of 2016-17 filed on January 17, 2018, is an assessment order u/s 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The ADCIR initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 21-05-2018 for amendment of deemed assessment. The response of the above notice submitted by the Company till November 15, 2018, no further notice has been received.

**39.5** Return of 2019-20 filed on December 31, 2020, is an assessment order under section 120 unless amended under section 122 of the Income Tax Ordinance, 2001.

**40 NUMBER OF EMPLOYEES**

	<b>2021</b>	<b>2020</b>
Number of employees as at June 30	<b>708</b>	809
Average number of employees during the year	<b>688</b>	794

**41 TRANSACTION WITH RELATED PARTIES**

Related parties include subsidiary company, entities under common directorship, directors, major shareholders, key management personnel and retirement benefit funds. Transactions with related parties essentially entail rent expense and transactions with key management personnel. Details of transactions with related parties and the balances with them as at year end other than those which have been disclosed elsewhere are as follows:

Nature of relationship	Percentage of Holding	Transactions / Balance Outstanding	Note	2021	2020
-----Rupees-----					
<b>Directors</b>		Godown rent paid to director		<b>13,019,342</b>	15,449,118
<b>Subsidiary</b>					
JKT General Trading FZE	100%	Sales		<b>151,255,186</b>	49,568,468
Matco Marketing (Private) Limited	99.99%	Paid expense on behalf		<b>81,835</b>	136,728
<b>Common Directors</b>					
Matco Engineering (Private) Limited	0%	Paid expenses on behalf Payment received on account of expenses		<b>1,040,181</b> <b>1,085,000</b>	1,088,650 -
Faiyaz Center Owner Association		Paid expenses on behalf		<b>160,061</b>	-
<b>Joint Venture</b>					
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf Payment received on account of expenses Disposal of fixed assets Interest Income Interest received		<b>124,782,682</b> <b>85,325,438</b> - <b>3,680,954</b> <b>2,486,642</b>	29,521,063 - 236,688 - -
<b>Trust operated by the company</b>					
Ghori Trust	0%	Paid expenses on behalf Payment received on account of expenses Donation paid		<b>4,487,539</b> <b>5,946,122</b> <b>5,265,700</b>	3,671,733 - -

**41.1** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Company Name	Registered Address	Country of Incorporation	Basis of Association	Name of Chief Executive / Principal Officer / Authorized Agent	Aggregate % of shareholding	Operational Status	Auditor's Opinion
1	JKT General Trading FZE	P.O.Box 123347, Sharjah	UAE	Subsidiary Company	Jawed Ali Ghori	100%	Active	Clean

**41.2** Consideration for services is determined with mutual agreement considering the level of services provided. Expenses charged by / to the Company are determined on actual cost basis. Particulars of remuneration of chief executive officer, directors and executives are disclosed in note 41 to these unconsolidated financial statements.

**41.3** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the chief executive officer and the directors to be key management personnel.

## 42 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

For the purpose of disclosure those employees are considered as executives whose basic salary exceed twelve hundred thousands rupees in financial year.

	Chief Executive Officer		Directors		Executives		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
-----Rupees-----								
<b>Short-term employee benefits</b>								
Managerial remuneration	3,609,872	3,574,800	9,464,347	9,739,600	36,527,567	29,031,091	49,601,786	42,345,491
House rent allowances	1,624,442	1,608,660	4,258,956	4,382,820	16,437,405	13,063,991	22,320,803	19,055,471
Utilities	1,113,478	1,195,637	3,054,896	2,553,044	2,296,572	1,846,328	6,464,946	5,595,009
Bonus	385,000	396,000	950,000	2,218,500	4,475,583	1,905,635	5,810,583	4,520,135
Fuel expense	628,515	760,262	1,803,931	1,317,345	3,573,948	3,066,000	6,006,394	5,143,607
Medical expense	58,658	63,176	406,982	120,020	685,800	335,255	1,151,440	518,451
Vehicle expense	178,668	96,650	838,303	392,327	800,401	383,961	1,817,372	872,938
Other expense	89,520	575,804	633,220	438,762	-	-	722,740	1,014,566
	<b>7,688,153</b>	<b>8,270,989</b>	<b>21,410,635</b>	<b>21,162,418</b>	<b>64,797,276</b>	<b>49,632,260</b>	<b>93,896,064</b>	<b>79,065,667</b>
<b>Value of motor vehicles</b>	<b>17,906,727</b>	<b>16,885,599</b>	<b>15,434,901</b>	<b>14,801,413</b>	<b>20,810,638</b>	<b>17,993,012</b>	<b>54,152,266</b>	<b>49,680,024</b>
<b>Number of Persons</b>	<b>1</b>	<b>1</b>	<b>3*</b>	<b>2</b>	<b>19</b>	<b>17</b>		

*\*During the year the Company faced the sad demise of Mr. Tariq Ghori (Late) one of the executive directors and to fill the vacancy the Company appointed Mr. Safwan Ghori as executive director.*

**42.1** In addition to above, fees paid to 0.95 million (2020: 0.81 million) independent directors of the company for attending board of directors meeting during the year.

**42.2** In addition to the above, chief executive officer and directors are provided with the use of the Company's vehicles. Certain executives are also provided with Company maintained cars.

**42.3** The Company considers its chief executive officer and the executive director as its key management personnel i.e. the personnel having authority and responsibility for planning, directing and controlling the activities of the Company.

<b>43 PLANT CAPACITY AND PRODUCTION</b>	<b>2021 (Tons)</b>	<b>2020 (Tons)</b>
<b>Annual Plant Capacity</b>		
- Rice processing	134,700	134,700
- Rice Glucose	30,000	30,000
<b>Actual Production</b>		
- Rice processing	89,555	109,731
- Rice Glucose	11,878	9,170

**43.1** Actual production is less than installed capacity due to planned maintenance shutdown and production planned as per market demand.

## MATCO FOODS LIMITED

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

44 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED	2021	2020
	-----Rupees-----	
(Loss)/ Profit for the year	(60,866,709)	151,928,178
Number of ordinary shares	122,400,698	122,400,698
Weighted average number of ordinary shares	122,400,698	122,400,698
(Loss) / Earning per share - basic and diluted	(0.50)	1.24

There is no dilutive effect on earnings per share as the Company does not have any convertible instruments as at June 30, 2021 and June 30, 2020.

#### 45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance which are as follows:

##### 45.1 Market risk

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. Market risk comprise of currency risk, interest rate risk and price risk.

##### 45.1.1 Currency risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables, bank balances, borrowings and payables exist due to transactions entered into foreign currencies.

##### Exposure to Foreign currency risk

The Company is exposed to foreign exchange risk arising from currency value fluctuations due to the following:

	2021	2020
	----- Amount in USD -----	
Trade debts	5,905,758	7,096,661
Cash and bank balances	20,087	14,514
Advance from customer	(129,973)	(236,322)
<b>Net Exposure</b>	<b>5,795,872</b>	<b>6,874,853</b>

The following significant exchange rates were applied during the year.

	2021	2020
	Rupee per USD	
Average rate	160.33	158.02
Reporting date rate	157.54	168.06

#### Foreign currency sensitivity analysis

A 10% strengthening of the PKR against the USD at June 30, 2021 would have effect on the equity and statement of profit or loss of the company as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2021.

	2021	2020
	-----Rupees-----	
Strengthening of PKR against respective currencies	(91,308,160)	(115,536,030)
Weakening of PKR against respective currencies	91,308,160	115,536,030

A 10 percentage weakening of the PKR against the USD at June 30, 2021 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

#### 45.1.2 Price risk

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to price risk because of investments in mutual funds amounting to Rs. 379,910 (2020: Rs. 263,440) as changes in Net Assists Value (NAV) of mutual funds affect the Company. The Company is not exposed to commodity price risk.

As of June 30, 2021, if fair value (NAV) had been 1% higher/ (lower) with all the variables held constant, profit before tax for the year would have been higher / (lower) by Rs. 3,791.9 (2020: Rs. 2,634.4).

#### 45.1.3 Interest/Mark-up rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company has long term and short term finance at variable rates. The Company is exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option". Interest rate risk on short term borrowings is covered by holding "Prepayment Option" which can be exercised upon any adverse movement in the underlying interest rates. The local and foreign currency loans carry mark up at the prevailing rate of SBP plus 1% to 2.5%, KIBOR plus .75% to 2% and LIBOR plus 1.25% respectively. Applicable interest rates for financial assets and liabilities are given in respective notes.

**MATCO FOODS LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		2021				
		Mark-up / profit bearing			Non mark-up /	Total
		Less than	One year to	Over five years	profit bearing	
		one year	Five years			
		-----Rupees-----				
Note						
<b>Financial assets</b>						
<b>Amortised cost</b>						
	Long term deposits	-	-	-	16,322,284	16,322,284
22	Long term investments	-	-	-	55,582,707	55,582,707
25	Trade debts - considered goods	-	-	-	1,041,124,344	1,041,124,344
26	Loans and advances	-	-	-	14,697,971	14,697,971
27	Deposits	-	-	-	2,286,199	2,286,199
28	Short-term investment	1,200,000	-	-	-	1,200,000
30	Due from related parties	41,338,226	-	-	2,028,169	43,366,395
31	Cash and bank balances	26,171,906	-	-	78,788,578	104,960,484
		68,710,132	-	-	1,210,830,252	1,279,540,384
<b>Fair value through profit or loss</b>						
28	Short-term investment	-	-	-	379,910	379,910
<b>Financial liabilities</b>						
<b>At amortized cost</b>						
9	Long term finances - secured	175,076,206	492,910,736	-	-	667,986,942
15	Due to related party	-	-	-	7,865,756	7,865,756
13	Trade and other payables	-	-	-	508,670,823	508,670,823
14	Accrued mark-up	-	-	-	57,877,929	57,877,929
16	Short term borrowings - secured	5,533,005,240	-	-	-	5,533,005,240
17	Unpaid dividend	-	-	-	787,654	787,654
10	Lease liabilities	-	67,527,264	82,748,130	-	150,275,394
		5,708,081,446	560,438,000	82,748,130	575,202,162	6,926,469,738
<b>On balance sheet gap</b>		<b>(5,639,371,314)</b>	<b>(560,438,000)</b>	<b>(82,748,130)</b>	<b>635,628,090</b>	<b>(5,646,929,354)</b>
<b>Off balance sheet items</b>						
18.2	Guarantees	-	-	-	34,620,480	34,620,480
18.2	Letter of credit	-	-	-	912,150,112	912,150,112
18.2	Capital Expenditures	-	-	-	543,478,892	543,478,892
18.2	Cheques issued in favour of Nazir of high court in relation to SSGC case	-	-	-	1,828,689	1,828,689
		2020				
		Mark-up / profit bearing			Non mark-up /	Total
		Less than	One year to	Over five years	profit bearing	
		one year	Five years			
		-----Rupees-----				
Note						
<b>Financial assets</b>						
<b>Amortised cost</b>						
22	Long term deposits	-	-	-	12,578,078	12,578,078
25	Long term investments	-	-	-	55,582,707	55,582,707
26	Trade debts - considered goods	-	-	-	1,334,500,510	1,334,500,510
26	Loans and advances	-	-	-	10,470,682	10,470,682
27	Deposits	-	-	-	2,286,199	2,286,199
28	Short-term investment	1,200,000	-	-	-	1,200,000
30	Due from related parties	-	-	-	5,304,871	5,304,871
31	Cash and bank balances	111,009,120	-	-	186,080,905	297,090,025
		112,209,120	-	-	1,606,803,952	1,719,013,072
<b>Fair value through profit or loss</b>						
28	Short-term investment	-	-	-	263,440	263,440
<b>Financial liabilities</b>						
<b>At amortized cost</b>						
9	Long term finances - secured	57,673,116	396,447,541	-	-	454,120,657
15	Due to related party	-	-	-	6,970,908	6,970,908
13	Trade and other payables	-	-	-	988,925,817	988,925,817
14	Accrued mark-up	-	-	-	56,305,363	56,305,363
16	Short term borrowings	5,115,897,038	-	-	-	5,115,897,038
17	Unpaid dividend	-	-	-	13,555,468	13,555,468
10	Lease liabilities	21,497,206	62,035,258	58,942,183	-	142,474,648
		5,195,067,360	458,482,799	58,942,183	1,065,757,556	6,778,249,899
<b>On balance sheet gap</b>		<b>(5,082,858,240)</b>	<b>(458,482,799)</b>	<b>(58,942,183)</b>	<b>541,046,396</b>	<b>(5,059,236,827)</b>
<b>Off balance sheet items</b>						
18.2	Guarantees	-	-	-	15,397,650	15,397,650
18.2	Letter of credit	-	-	-	24,580,350	24,580,350

**MATCO FOODS LIMITED**  
**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

- (a) On balance sheet gap represents the net amounts of balance sheet items.  
 (b) Effective rates of return/mark-up on financial liabilities are as follows:

<b>Financial liabilities</b>	<b>2021</b>	<b>2020</b>
Long term finances - secured	<b>SBP rate+ 1% to 2.5% &amp; KIBOR + 1% to 1.5%</b>	SBP rate+ 0.75% to 2.5% & KIBOR + 0.75% to 1.5%
Short term borrowings	<b>SBP rate+ 1% &amp; KIBOR + 0.75% to 1.75%</b>	SBP rate+ 0.75% to 1% & KIBOR + 0.75% to 1%

**Fair value sensitivity analysis for fixed rate instruments**

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

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

At June 30, 2021, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 6.68 million (2020: Rs. 7.68 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2021, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 5.53 million (2020: Rs. 6.06 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

**45.2 Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

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

Financial assets	Note	2021	2020
		-----Rupees-----	
Long term investments		55,582,707	55,582,707
Long term deposits		16,322,284	12,578,078
Trade debts		1,041,124,344	1,334,500,510
Loans and advances		14,697,971	10,470,682
Trade deposit		2,286,199	2,286,199
Short-term investment		1,579,910	1,463,440
Due from related parties		43,366,395	5,304,871
Bank balances		101,430,160	291,951,343
		<b>1,276,389,970</b>	<b>1,714,137,830</b>

The ageing of trade debts and related movement of ECL has been disclosed in note 25.3 of these unconsolidated financial statements.

#### Bank balances

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Short-term Ratings	2021	2020
		-----Rupees-----	
MCB Bank Limited	A1+	38,391,155	42,626,019
Meezan Bank Limited	A1+	10,244,734	17,529,038
National Bank of Pakistan	A1+	2,652,575	3,576,211
Standard Chartered Bank Limited	A1+	114,953	61,200,962
United Bank Limited	A1+	6,881,097	9,888,465
Allied Bank Limited	A1+	1,247,631	10,323,377
Askari Bank Limited	A1+	7,019,543	15,566,508
Bank Alfalah Limited	A1+	15,019,069	9,095,473
Faysal Bank Limited	A1+	1,946,405	6,414,061
Habib Bank Limited	A1+	8,425,469	35,049,085
Habib Metropolitan Bank Limited	A1+	3,300,398	9,627,588
Soneri Bank Limited	A1+	570,177	341,378
Bank Al Habib Limited	A1+	3,190,623	9,551,501
JS Bank	A1+	-	93,277
MCB Islamic Bank	A1	2,733,731	62,268,399
Bank of Punjab	A1+	892,600	-
		<b>102,630,160</b>	<b>293,151,343</b>

#### Exposure to credit risk

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

	Note	2021 -----Rupees-----	2020
Due from related parties	30	43,366,395	5,304,871
Trade debts	25	1,041,124,344	1,334,500,510
Loans and advances	26	14,697,971	10,470,682
Short-term investment	28	1,200,000	1,200,000
Bank balances	31	101,430,160	291,951,343
		<b>1,201,818,870</b>	<b>1,643,427,406</b>

### 45.3 Liquidity risk

The Company finances its operations through equity and borrowings with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular continued credit lines.

As on reporting date, the Company had cash and bank balances and term deposit amounting to Rs 105 million & Rs. 1.2 million respectively (2020: Rs. 297 million & 1.2 million), and unutilized credit lines of Rs. 566 million (2020: 614 million).

## 46 FAIR VALUE HIERARCHY

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

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the:

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g.. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The following table represents the Company's assets that are measured at fair value as at June 30, 2021 and June 30, 2020:

	2021			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b><u>Non-financial assets</u></b>				
Property, plant and equipment	-	-	4,366,622,594	4,366,622,594
<b><u>Financial assets</u></b>				
Financial assets held at fair value through profit or loss	379,910	-	-	379,910
	2020			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b><u>Non-financial assets</u></b>				
Property, plant and equipment	-	-	4,708,419,995	4,708,419,995
<b><u>Financial assets</u></b>				
Financial assets held at fair value through profit or loss	263,440	-	-	263,440

Certain categories of operating fixed assets (land, buildings, plant and machinery and generators include revaluation surplus) (level 3 measurement) determined by a professional valuer based on their assessment of the market values as disclosed in note 8 to these unconsolidated financial statements. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

#### 47 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectations of the shareholders. Debt is calculated as total borrowings (short term borrowings, long term finances and current portion of long term finances as shown in the balance sheet). Capital signifies equity as reported in statement of financial position and includes share capital, share premium and unappropriated profits.

The Company's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2021 and 2020 were as follows:

	Note	2021	2020
		-----Rupees-----	
Total borrowings		6,351,267,576	5,712,492,342
Less: Cash and bank	31	(104,960,484)	(298,290,025)
Net debt		6,246,307,092	5,414,202,317
Total equity		6,651,118,485	6,768,047,701
Total equity and debt		12,897,425,577	12,182,250,018
Gearing ratio (%)		48%	44%

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

#### 48 OPERATING SEGMENTS

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

**48.1** Revenue from sale of rice represents 89.59%(2020:93.0%) of the total revenue of the Company. Whereas 9.43% (2020: 6.38%) represents revenue from sale of rice glucose and remaining represents other items.

**48.2** All non-current assets of the Company as at June 30, 2021 are located in Pakistan except for investment in JKT General Trading (FZE) which is disclosed in note 22 of these unconsolidated financial statements. Further, debtors from rice represents 90.13% (2020: 97.04%) of the total debtors.

#### 49 CORRESPONDING FIGURES

Previous year figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in the financial statements. For better presentation, material reclassification made in the financial statements were as follows:

<u>Reclassification from</u>	<u>Rupees</u>	<u>Reclassification to</u>	<u>Rupees</u>
Other receivables	123,598,158	Sales tax refundable	123,598,158
Other receivables	43,366,395	Due from related parties	43,366,395
Cash and Bank Balance	1,200,000	Short-term investment	1,200,000

#### 50 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 09, 2021.

#### 51 GENERAL

**51.1** Figures have been rounded off to the nearest Rupee.



Chief Executive Officer



Chief Financial Officer



Director

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Matco Foods Limited Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of **Matco Foods Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matters

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

Following is the Key Audit Matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Valuation of Stock in Trade</b></p> <p>As at June 30, 2021, the Group held stock in trade amounting to Rs. 7,171 million (2020: Rs. 6,642 million) as disclosed in the consolidated financial statements. The stock in trade account for 81.9% (2020: 76.2%) of the total current assets. The value of stock is based on the purchase price using weighted average method. Therefore, the Group is exposed to the risk of valuation of stock in trade as a result of volatility in prices.</p> <p>The Group is required to measure its stock in trade at the lower of cost and net realizable value (NRV). There is an element of judgement involved relating to the valuation, which is required for the estimation of the NRV and allowance for slow-moving and obsolete stock in trades. Such estimation is made after taking into consideration factors such as movement in prices, current and expected future market demands and pricing competitions.</p> <p>This was the key audit mater because of its materiality and significance in terms of judgments involved in estimating the NRV of underlying inventories.</p>	<p>As part of our audit, we have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Attended the stock counts at locations to observe the stock count process and evaluate the condition of stock in trade.</li> <li>• Tested the valuation method used by the management in valuation of stock in trade.</li> <li>• Compared on sample basis specific purchases with underlying supporting documents.</li> <li>• Evaluated the appropriateness of the basis and processes used by management in determining the net realizable value of stock in trade.</li> <li>• Performed testing on sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete stock.</li> <li>• Reviewed the adequacy of the disclosures on stock in trade in the consolidated financial statements.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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

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

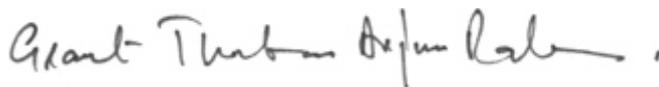
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz**.



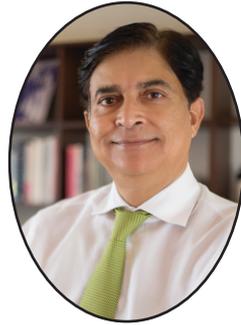
**Grant Thornton Anjum Rahman**  
Chartered Accountants

Karachi  
Dated: September 24, 2021



**MATCO FOODS LIMITED**

إِنَّا لِلّٰهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ



## **CONDOLENCE**

The Directors, Management and Staff of Matco Foods Limited express profound grief on the sad demise of

**DR. TARIQ ALI GHORI**  
Executive Director

on the 12<sup>th</sup> of April, 2021.  
May ALLAH Almighty rest his soul in peace and give courage to his family and loved ones to bear this loss with fortitude.

His services and contributions for the Company will be long remembered.

**MATCO FOODS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	2021 -----Rupees-----	2020
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital	6.1	2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	6.2	1,224,006,980	1,224,006,980
Capital reserve	7	680,467,220	680,467,220
Exchange revaluation reserve		15,811,102	19,584,625
Unappropriated profit		2,292,538,936	2,238,960,309
Surplus on revaluation of property, plant and equipment - net of tax	8	2,459,499,494	2,622,193,143
<b>Total shareholders' equity</b>		<b>6,672,323,732</b>	<b>6,785,212,277</b>
<b>Non-current liabilities</b>			
Long-term finances-secured	9	492,910,736	396,447,541
Lease liabilities	10	126,630,601	120,977,441
Deferred liabilities	11	221,768,163	205,905,853
Deferred grant	12	952,280	2,317,051
<b>Total non-current liabilities</b>		<b>842,261,780</b>	<b>725,647,886</b>
<b>Current liabilities</b>			
Trade and other payables	13	520,549,749	1,015,809,588
Advance from customers - secured		35,747,606	51,979,051
Accrued mark-up	14	57,877,929	56,305,363
Due to related party	15	989,503	-
Short-term borrowings-secured	16	5,533,005,240	5,115,897,038
Current portion of deferred grant	12	6,176,233	3,807,127
Current portion of long term finances-secured	9	175,076,206	57,673,116
Current portion of lease liabilities	10	23,644,793	21,497,206
Unpaid dividend	17	787,654	13,555,468
<b>Total current liabilities</b>		<b>6,353,854,913</b>	<b>6,336,523,957</b>
<b>Total liabilities</b>		<b>7,196,116,693</b>	<b>7,062,171,843</b>
<b>Contingencies and commitments</b>	18		
<b>Total equity and liabilities</b>		<b>13,868,440,425</b>	<b>13,847,384,120</b>

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

		2021	2020
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	19	4,907,931,000	4,938,035,706
Right-of-use assets	20	171,532,871	159,940,356
Intangible assets	21	-	-
Long term deposits		16,322,284	12,578,078
Long term investments	22	13,371,464	18,647,853
<b>Total non-current assets</b>		<b>5,109,157,619</b>	<b>5,129,201,993</b>
<b>Current assets</b>			
Stores, spares and loose tools	23	70,444,301	45,022,530
Stock in trade	24	7,171,280,359	6,642,523,350
Trade debts	25	1,060,858,614	1,374,152,042
Loans and advances	26	103,660,064	118,619,714
Trade deposits and short term prepayments	27	10,792,520	9,883,749
Short-term investment	28	1,579,910	1,463,440
Sales tax refundable	29	123,598,158	166,389,331
Due from related parties	30	43,070,564	5,009,040
Taxation - net		31,683,482	51,068,680
Cash and bank balances	31	142,314,834	304,050,251
<b>Total current assets</b>		<b>8,759,282,806</b>	<b>8,718,182,127</b>
<b>Total assets</b>		<b>13,868,440,425</b>	<b>13,847,384,120</b>

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>-----Rupees-----</b>	
Sales - net	32	<b>10,574,095,621</b>	11,296,930,227
Cost of sales	33	<b>(9,909,427,766)</b>	(10,273,971,964)
<b>GROSS PROFIT</b>		<b>664,667,855</b>	1,022,958,263
Selling and Distribution expenses	34	<b>(187,321,615)</b>	(218,475,909)
Administrative expenses	35	<b>(312,402,873)</b>	(273,160,683)
		<b>(499,724,488)</b>	(491,636,592)
		<b>164,943,367</b>	531,321,671
Impairment loss on financial assets	25.3	-	-
Finance cost	36	<b>(273,181,730)</b>	(350,646,282)
Other income	37	<b>77,035,369</b>	56,513,137
Share of loss from associated company	22	<b>(5,276,389)</b>	(5,852,147)
Exchange gain - net	38	<b>65,215,796</b>	14,015,389
Provision for worker's welfare fund	13.1	<b>(391,070)</b>	(7,113,214)
Provision for worker's profit participation fund	13.2	<b>(977,674)</b>	(12,218,347)
<b>PROFIT BEFORE TAX</b>		<b>27,367,669</b>	226,020,207
Income tax expense	39	<b>(80,420,184)</b>	(86,580,493)
<b>(LOSS)/ PROFIT FOR THE YEAR</b>		<b>(53,052,515)</b>	139,439,714
<b>Attributable to:</b>			
Shareholders of Holding Company		<b>(53,052,515)</b>	<b>139,439,714</b>
Non-controlling interest		-	-
		<b>(53,052,515)</b>	<b>139,439,714</b>
<b>(LOSS)/ EARNINGS PER SHARE - BASIC</b>			
<b>AND DILUTED</b>	44	<b>(0.43)</b>	1.14

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 -----Rupees-----	2020
<b>(LOSS)/ PROFIT FOR THE YEAR</b>		<b>(53,052,515)</b>	139,439,714
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss</i>		-	-
- Exchange difference on translation of foreign operations		<b>(3,773,523)</b>	1,223,147
<i>Items that will not to be reclassified subsequently to the consolidated statement of profit or loss</i>		-	-
- Remeasurement of defined benefits obligation	11.2.5	<b>(982,193)</b>	(1,657,557)
- Surplus on revaluation of fixed assets - net of deferred tax		-	2,196,483,270
Other comprehensive (loss) /income		<b>(982,193)</b>	2,194,825,713
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR</b>		<b>(57,808,231)</b>	<b>2,335,488,574</b>
<b>Attributable to:</b>			
Shareholders of Holding Company		<b>(57,808,231)</b>	2,335,488,574
Non-controlling interest		-	-
		<b>(57,808,231)</b>	<b>2,335,488,574</b>

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		27,367,669	226,020,207
<b>Adjustments for:</b>			
Depreciation	19	232,491,504	228,317,653
Depreciation on right of use assets		26,925,392	22,924,119
Exchange gain - net	38	(65,215,796)	(14,064,845)
Provision of doubtful debts		-	-
Short-term investment		(116,470)	(8,078)
Provision/ (Reversal) for slow moving stock		186,342	(10,467,381)
Share of loss from associate		5,276,389	5,852,147
Finance cost	36	285,156,818	362,693,757
Provision for staff gratuity	11.2	32,336,550	31,124,823
Amortization of deferred income	37	-	(269,842)
Gain on disposal of property, plant and equipment	37	(48,814,578)	(1,235,627)
		468,226,151	624,866,726
		495,593,820	850,886,933
<b>Changes in working capital</b>			
<b>(Increase) / Decrease in current assets</b>			
Stores, spares and loose tools		(25,421,771)	(21,914,848)
Stock-in-trade		(528,943,351)	(1,427,077,277)
Trade debts - considered good		378,509,224	(371,616,377)
Loans and advances		14,959,650	236,765,419
Trade deposits and prepayments		(908,771)	(4,615,278)
Sales tax refundable		42,791,173	16,637,515
Due from related parties		(38,061,524)	512,203
		(157,075,370)	(1,571,308,643)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		(495,259,839)	774,579,507
Due to related party		989,503	-
Deferred grant		1,004,335	6,124,178
Advances from customers		(16,231,445)	(6,687,443)
		(509,497,446)	774,016,242
<b>Cash (used in) / generated from operations</b>			
		(170,978,996)	53,594,532
Finance cost paid		(271,609,164)	(359,037,281)
Income taxes paid		(72,336,350)	(112,928,026)
Gratuity paid	11.2	(6,115,622)	(3,895,936)
<b>Net cash used in operating activities</b>		<b>(521,040,132)</b>	<b>(422,266,711)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure including capital work in progress		(379,010,425)	(314,791,494)
Proceeds from disposal of property, plant and equipment		216,678,100	8,454,800
Investment in Joint Venture		-	(24,500,000)
Long-term deposits		(3,744,206)	(2,639,247)
<b>Net cash used in investing activities</b>		<b>(166,076,531)</b>	<b>(333,475,941)</b>
<i>Balance carried forward</i>		<b>(687,116,663)</b>	<b>(755,742,652)</b>

**MATCO FOODS LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
		-----Rupees-----	
<i>Balance brought forward</i>		(687,116,663)	(755,742,652)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finances - net		213,866,285	102,220,459
lease rentals paid during the year		(33,932,143)	(30,739,239)
Dividend paid		(67,848,128)	(72,614,825)
Short-term borrowings - net		417,108,202	976,669,635
<b>Net cash generated from financing activities</b>		529,194,216	975,536,030
<b>Net change in cash and cash equivalents during the year</b>		(157,922,447)	219,793,378
<b>Effect of exchange rate changes on value of foreign operation</b>		(3,773,523)	1,223,147
<b>Cash and cash equivalents as at the beginning of year</b>		304,050,251	82,997,441
Effects of exchange rate changes on cash and cash equivalents		(39,447)	36,285
<b>Cash and cash equivalents as at the end of year</b>	31	<b>142,314,834</b>	<b>304,050,251</b>

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**MATCO FOODS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Issued, subscribed and paid up share capital	Capital reserve Share premium reserve	Exchange Revaluation Reserve	Unappropriate d profit	Surplus on revaluation of property, plant and equipment - net of tax	Equity attributable to the Holding Company's shareholders	Total
-----Rupees-----							
<b>Balance as on June 30, 2019</b>	1,224,006,980	680,467,220	18,361,478	2,167,423,585	445,144,929	4,535,404,192	4,535,404,192
<i>Total comprehensive income for the year</i>							
Profit for the year	-	-	-	139,439,714	-	139,439,714	139,439,714
Other comprehensive income	-	-	1,223,147	(1,657,557)	2,196,483,270	2,196,048,860	2,196,048,860
Total comprehensive income	-	-	1,223,147	137,782,157	2,196,483,270	2,335,488,574	2,335,488,574
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 8)				19,435,056	(19,435,056)		
<b>Transactions with owners</b>							
Dividend paid @ Re. 0.7 per share	-	-	-	(85,680,489)	-	(85,680,489)	(85,680,489)
<b>Balance as on June 30, 2020</b>	<u>1,224,006,980</u>	<u>680,467,220</u>	<u>19,584,625</u>	<u>2,238,960,309</u>	<u>2,622,193,143</u>	<u>6,785,212,277</u>	<u>6,785,212,277</u>
<b>Balance as on July 01, 2020</b>	1,224,006,980	680,467,220	19,584,625	2,238,960,309	2,622,193,143	6,785,212,277	6,785,212,277
<i>Total comprehensive income for the year</i>							
Loss for the year	-	-	-	(53,052,515)	-	(53,052,515)	(53,052,515)
Other comprehensive loss	-	-	(3,773,523)	(982,193)	-	(4,755,716)	(4,755,716)
Total comprehensive loss	-	-	(3,773,523)	(54,034,708)	-	(57,808,231)	(57,808,231)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 9)	-	-	-	26,422,570	(26,422,570)	-	-
Transferred from surplus on revaluation of property, plant and equipment on account of disposal of land and building net of tax	-	-	-	136,271,079	(136,271,079)	-	-
<b>Transactions with owners</b>							
Dividend paid @ Re. 0.45 per share	-	-	-	(55,080,314)	-	(55,080,314)	(55,080,314)
<b>Balance as on June 30, 2021</b>	<u>1,224,006,980</u>	<u>680,467,220</u>	<u>15,811,102</u>	<u>2,292,538,936</u>	<u>2,459,499,494</u>	<u>6,672,323,732</u>	<u>6,672,323,732</u>

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

## MATCO FOODS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### 1 STATUS AND NATURE OF BUSINESS

The 'Group' consists of:

##### **Holding Company**

- Matco Foods Limited (the Holding Group)

##### **Subsidiary Companies**

- JKT General Trading FZE
- Matco Marketing (Private) Limited

##### **Associated Company**

- Barentz Pakistan (Private) Limited

The Group is engaged in the business of processing and export of rice, glucose, protein and flour, manufacturing, general trading, exports/imports and other related activities. Brief profile of the Holding Group and its subsidiaries is as under:

##### **a) Matco Foods Limited**

Matco Foods Limited, ('the Holding Company') was incorporated on April 14, 1990 in Karachi as a private limited company under the repealed Companies Ordinance, 1984 (Now: Companies Act, 2017). The Holding Company was listed on Pakistan Stock Exchange Limited on February 13, 2018. The principal activity of the Holding Company is to carry out the business of processing and export of rice, rice glucose, rice protein and pink salt, masala and kheer. The registered office of the Holding Company is situated at B-1/A, S.I.T.E.-II Phase 1, Super Highway Industrial Area, Karachi; whereas the factories of the Holding Company are situated at (i) Plot A-15 & 16, SITE-II, Super highway Karachi; (ii) A-21, SITE-II, Super highway Karachi; (iii) G-205, SITE-II, Super highway Karachi and (iv) 50 KM G.T Road, Sadhoke, Tehsil Kamonki, District Gujranwala.

The Group has 100% ownership in JKT General Trading FZE (subsidiary) a UAE based Company and 99.9% in Matco Marketing (Private) Limited based in Pakistan.

The Group has started a new business venture of Corn Starch at Plot # 53, S.E.Z, Allama Iqbal Industrial City in Faisalabad.

##### **b) JKT General Trading FZE**

JKT General Trading FZE, ('the establishment') is a free zone establishment with limited liability registered in Saif-Zone, Sharjah, United Arab Emirates (UAE) under general trading license no. 12689. The principal activity of the establishment is purchasing and selling of processed rice.

The registered office of the establishment is at PO Box 123347, Sharjah, UAE.

The subsidiary has been established on October 8, 2013.

##### **c) Matco Marketing (Private) Limited**

The Group has incorporated another subsidiary Matco Marketing (Private) Limited through 100% ownership. The subsidiary is situated at B-01/A, S.I.T.E, Phase 1, Super Highway Industrial Area, Karachi. Matco Marketing (Private) Limited was incorporated on June 16, 2016 with authorized and paid-up share capital of PKR 10 million and PKR 7.5 million respectively. However, no business carried out by the Subsidiary Group since its incorporation.

**d) Barentz Pakistan (Private) Limited**

The Barentz Pakistan (Private) Limited (a joint venture between Barentz International B.V and Matco Foods Limited with holding of 51% and 49% respectively) has been incorporated in Pakistan on June 28, 2019 with the approval of Securities & Exchange Commission of Pakistan and Competition Commission of Pakistan.

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

During the year the Group has recognized Rs. 175 million in Capital work in progress for the Cornstarch Project, which will commence its business operation in near future.

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; 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 required of IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed in preparation of these consolidated financial statements.

**3.2 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except as stated otherwise in these consolidated financial statements.

**3.3 Functional and presentation currency**

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional currency and presentation currency.

**3.4 Standards, Amendments and Interpretations to Approved Accounting Standards**

**3.4.1 Standards, amendments and interpretations to the published standards that are relevant to the Group and adopted in the current year**

The Group has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 9, and IAS 39 - Interest Rate	January 1, 2020

Adoption of the above standards have no significant effect on the amounts for the year ended June 30, 2021.

### **3.4.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Group**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IBOR Reform and its Effects on Financial Reporting—Phase 2	January 1, 2021
Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023

The Group is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Group.

### 3.4.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17 Insurance Contracts	January 1, 2023
IFRS 1 'First-time Adoption of International Financial Reporting	January 1, 2009

## 4 CRITICAL ASSUMPTIONS AND ESTIMATES

The preparation of these unconsolidated financial statements in conformity with approved financial reporting framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

	Note
(a) useful lives of property, plant and equipment	5.1
(b) useful lives of right-of-use assets	5.2
(c) impairment of financial assets	5.5
(d) staff retirement plan	5.9
(e) income taxes	5.12
(f) contingencies	5.17
(g) provisions	5.22
(h) impairment of non-financial asset	5.24

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies have been applied on consistent basis. These policies have been adopted in the preparation of these consolidated financial statements are as follows:

### 5.1 Basis of consolidation

The consolidated financial statements consists of financial statements of the Holding Company and its subsidiary companies as disclosed in note 1 to these consolidated financial statements (here in after referred as Group).

---

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

### **Business Combination**

The Group accounts for business combination using the acquisition method when control is transferred to the Group. The consideration transferred (including contingent consideration) in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that acquire is not amortized but tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities. When the initial accounting for a business combination is incomplete at the end of a reporting period, provisional amounts are used. .

During the measurement period, the provisional amounts are retrospectively adjusted and additional assets and liabilities may be recognized, to reflect new information obtained about the facts and circumstances that existed at the acquisition date which would have affected the measurement of the amounts recognized at that date, had they been known the measurement period does not exceed twelve months from the date of acquisition.

### **Subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity generally accompanying Grouping a shareholding of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and up to the date when the control ceases. Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interests are presented as a separate item in the consolidated financial statements.

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

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

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

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

## 5.1 Property, plant and equipment

Items of property, plant and equipment other than land, factory buildings, plant and machinery and generators are measured at cost less accumulated depreciation and impairment loss (if any).

Land, factory buildings, plant and machinery and generators are measured at the revalued amount less accumulated depreciation and impairment loss (if any).

### Revaluation model

Any revaluation increase arising on the revaluation of land, factory buildings, plant and machinery and generators is recognised in statement of other comprehensive income and presented as a separate component of equity as “Surplus on revaluation of property, plant and equipment - net of tax”, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in consolidated statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to consolidated statement of profit or loss to the extent that it exceeds the balance, if any, held in the Surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset. The Surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit. Impairment losses if any are recorded on the basis as defined in note 5.24.

### Depreciation

Depreciation is charged so as to write off the cost or revalued amount of assets (other than land and capital work in progress) over their estimated useful lives, using the diminishing balance method at rates specified in note 19.1 to the consolidated financial statements. Depreciation on addition is charged from the day an asset is available for use upto the day prior to its disposal.

Gains and losses on disposal of assets are taken to the consolidated statement of profit or loss, and related surplus on revaluation of property and plant is transferred directly to retained earnings / unappropriated profits.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The Group's estimate of residual value of property, plant and equipment as at June 30, 2021 did not require any adjustment.

### Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing cost. These are transferred to specific assets as and when assets are available for use.

## 5.2 Right-of-use assets and related liabilities

After the commencement date, the Group measures the right-of-use asset applying a cost model whereby the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated on straight line basis in case of Godown and written down value method in case of vehicles, from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option in which case the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

The estimated useful lives of assets are determined on the same basis as that for owned assets. The right-of-use asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

### **5.3 Intangible assets**

Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment losses (if any). However, Intangible assets having indefinite life are stated at cost less impairment losses (if any). Impairment losses (if any) are recorded on the basis as defined in note 5.24.

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the consolidated statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets are charged from the month in which an asset is acquired or capitalized while no amortization is charged in the month in which the asset is disposed of.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists than the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell.

Useful lives of intangibles assets are reviewed at each reporting date and us adjusted if the impact on amortization is material.

### **5.4 Investments**

#### **5.4.1 Investment in Associates & Joint Venture**

Associates are all entities of which the Holding Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship.

Investment in associated companies and Joint ventures is accounted for using the equity method of accounting. It is initially recognized at cost. The Group's share in its associate's & joint venture is post acquisition profits or losses and other consolidated statements if profit or loss and other comprehensive income. The cumulative post acquisition movements are adjusted against the carrying amount of the instrument. Impairment loss is recognized whenever the carrying amount of investment exceeds its recoverable amount. An impairment loss is recognized in a statement of profit or loss.

#### 5.4.2 Other investments

All regular way purchases / sales of investment are recognized on the trade date, i.e., the date the Group commits to purchase / sell the investments. Regular way purchases or sales of investment require delivery of securities within the time frame generally established by regulation or convention in the market place.

#### 5.5 IFRS 9 - Financial Instruments - initial recognition and subsequent measurement

##### Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

##### Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL")
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Group determines the classifications of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

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

By default, all other financial assets are subsequently measured at FVTPL.

##### Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instrument held for trading or derivatives) or the Group has opted to measure them at FVTPL.

## **Subsequent measurement**

### **i) Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in consolidated statement of other comprehensive income.

### **ii) Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

### **iii) Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss in the period in which they arise.

Where the management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

## **Impairment of financial assets**

The Group recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determine to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determined to have low or there was no credit risk since initial recognition and at the reporting date:

- bank balances;
- due from related parties;
- deposits; and
- loan and advances

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

## **Derecognition**

### **i) Financial assets**

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity.

On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of profit or loss, but is transferred to consolidated statement of changes in equity.

### **ii) Financial liabilities**

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss account. The Group's financial liabilities include long term finances, trade and other payables, accrued mark-up and short term borrowing.

## **5.6 Derivative financial instruments**

Derivative financial instruments are initially recognized at fair value on the dates on which the derivative contracts are entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments is taken to the consolidated statement of profit or loss.

## **5.7 Stores, spares and loose tools**

These are valued at the cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon, up to the reporting date.

## **5.8 Stock-in-trade**

These are valued at lower of cost and net realizable value less impairment loss, if any. Raw material is valued at moving weighted average cost, packing material is valued at cost, work in process is valued at manufacturing cost and finished goods is valued at cost allocated on sales value of finish and by-product for each job completion or net realizable value (NRV) whichever is lower.

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

## 5.9 Staff retirement benefits

### Defined benefit plan

The Group operates an unapproved gratuity scheme for its employees completing the eligibility period of service as defined under the plan. The scheme provides for a graduated scale of benefits dependent on the length of service of an employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn gross salary.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation carried out annually by an external expert, using the 'Projected Unit Credit Method'. All re-measurement gains and losses are recognized in 'Statement Of Other Comprehensive Income' as these occur. The amount recognized in the consolidated statement of financial position represents the present value of defined benefit obligations. The past service cost, current service cost and interest cost are recognized in the consolidated statement of profit or loss when they incur.

## 5.10 Trade debts

These are measured at original invoice amount less an estimate made for allowance for expected credit loss based on the probability of default at reporting period. Bad debts are written off when identified.

## 5.11 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of statement cash flows, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

## 5.12 Taxation

### Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance or Alternate Corporate Tax (ACT) under section 113C of the said Ordinance, whichever is higher.

### Deferred

Deferred tax is recognized using the consolidated statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

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

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

### 5.13 Borrowings and their costs

All borrowings are recorded at the proceeds received net of transaction cost. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to consolidated statement of profit or loss in the period in which these are incurred.

### 5.14 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *i. Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU assets when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options).

#### *ii. Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### 5.15 Deferred grant

The Group has obtained long term financing facility under State Bank of Pakistan Refinance Scheme for payment of wages and salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). It carries mark-up rate of SBP plus 1%, payable on quarterly basis, which is below prevailing market-rate. The government's underlying objective for introducing the said Refinance Scheme for businesses is to support the employment of workers in the face of economic challenges posed by the spread of novel coronavirus (COVID-19).

The Refinance Scheme shall be considered as the transfer of resources from government as reflected by below-market mark-up rate on the loans obtained under the Refinance Scheme. The said transfer shall be accounted for as Government grant in accordance with the circular # 11 of 2020 issued by Institute of Chartered Accountants of Pakistan (ICAP).

Government grants are first recognised in the statement of financial position and then subsequently accounted for in the consolidated statement of profit or loss on a systematic basis over the periods in which the Group recognises as expense the related cost for which the grants were intended to compensate.

#### **5.16 Trade and other payables**

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

#### **5.17 Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non- occurrence of the uncertain future event(s).

#### **5.18 IFRS 15 'Revenue from Contracts with Customers'**

The Group is in the business of the manufacture and sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and thereby the performance obligations are satisfied, at amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The Group has concluded that based on the contractual arrangement control of goods are transferred and performance obligations are satisfied at a point in time when the goods are dispatched to the customers.

In case of export the control is transferred when the goods are shipped to the destination and Bill of Lading has been prepared, thus completing the performance obligation. Whereas in case of local sales, control is transferred when the goods are dispatched to customers from the warehouse.

#### **5.19 Interest income**

Interest income is recognized on a time proportion basis that takes into account the effective yield.

#### **5.20 Foreign currency transaction & translation**

Transactions in foreign currencies are accounted for in Pak Rupee at the rate of exchange prevailing on the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the reporting date are expressed in Rupee at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the consolidated statement of profit or loss.

#### **5.21 Off-setting of financial assets and financial liabilities**

Financial assets and financial liabilities are off-set and the net amount is reported in the consolidated financial statements only when the Group has a legally enforceable right to off-set the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **5.22 Provisions**

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### **5.23 Operating segments**

Operating segment is component of the Group that engages in business activities from which it may earn revenues and incurred expenses. Board of Directors has been identified as chief operating decision maker and is responsible for performance, allocation of resources and assessment of results.

Operating Segment are reported in manner consistent with the internal reporting provided to the Chief operating decision maker.

### **5.24 Impairment of non-financial assets**

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and accordingly an impairment loss is recognized in the consolidated statement of profit or loss for the carrying amount of the asset that exceeds its recoverable amount.

### **5.25 Related party transactions**

All related party transactions are carried out by the Group on arm's length basis.

### **5.26 Earnings per share**

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

### **5.27 Dividend**

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which such dividends are approved by the Board.

**MATCO FOODS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**6 SHARE CAPITAL**

**6.1 Authorized Share Capital**

2021	2020		2021	2020
Number of shares			-----Rupees-----	
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 each (2020: Rs. 10)	<u>2,000,000,000</u>	<u>2,000,000,000</u>

**6.2 Issued, Subscribed And Paid Up Share Capital**

2021	2020		2021	2020
Number of shares			-----Rupees-----	
		Ordinary shares of Rs. 10 each:		
50,340,213	50,340,213	- fully paid in cash	503,402,130	503,402,130
6,002,950	6,002,950	- issued for consideration other than cash	60,029,500	60,029,500
66,057,535	66,057,535	- issued as fully paid bonus shares	660,575,350	660,575,350
<u>122,400,698</u>	<u>122,400,698</u>		<u>1,224,006,980</u>	<u>1,224,006,980</u>

**6.3** On April 30, 2008, the Group entered into an agreement to takeover the running business of Matco Marketing Group (the "Firm"), a sole proprietorship firm against the issuance of shares. The firm's capital account as per the audit conducted by M/S Rafiq & Co, Chartered Accountant was Rs. 60 million, against which shares were issued to Mr. Tariq Ghori in lieu of this takeover in accordance with the regulation 8 of Companies (Issue of Capital) Rules, 1996.

**6.4 Shares held by the related parties of the Group**

**Director and their spouse**

	2021	2020
	--Number of Shares--	
Mr. Jawed Ali Ghori	23,964,021	23,795,021
Mr. Khalid Sarfaraz Ghori	24,031,271	24,031,271
Mr. Faizan Ali Ghori	523,250	378,250
Ms. Naheed Jawed	448,875	448,875
Ms. Nuzhat Khalid Ghori	448,875	448,875
Ms. Sadaf Tariq	425,250	425,250
Mrs. Faryal Murtaza	342,973	340,473
Mr. Safwan Ghori	5,250	5,250
Mr. Syed Kamran Rasheed	500	500
Mr. Abdul Samad Khan	500	500
Ms. Umme Habibah	500	500
Mr. Agha Ahmed Shah	500	-

**Substantial shareholder**

Mr. Tariq Ghori (Late)	6.5	24,054,896	24,054,896
International Finance Corporation		18,360,109	18,360,109

**6.5** Due to the sad demise of Mr. Tariq Ghorī (Late), Executive Director of the Group, in April 2021, the process of share transfer to his nominee Ms Sadaf Tariq was initiated which has completed after year end.

**6.6 Reconciliation of number of shares outstanding is as under:**

	2021	2020
	-----Rupees-----	
Shares at the beginning of the year	122,400,698	122,400,698
Shares issued during the year in cash	-	-
Bonus shares issued during the year	-	-
<b>Shares at the end of the year</b>	<b>122,400,698</b>	<b>122,400,698</b>

**6.7** The Group has issued 15% shares to International Finance Corporation (IFC) (registered with World Bank) under an agreement with the Group. During the year 2012, the Group offered shares as fully paid right shares which were declined by the existing members and the directors issued those shares to the IFC. These shares have been issued at a price of Rs. 39.28 per share resulting in overall premium from IFC on issue of shares amounting to Rs. 341.311 million.

		2021	2020
	Note	-----Rupees-----	
<b>7 CAPITAL RESERVE</b>			
Share premium	7.1	680,467,220	680,467,220

**7.1** - premium received over and above face value of the shares issued to IFC amounting to Rs. 341 million out of which Rs. 22.9 million had been utilized under section 83 of the repealed Companies Ordinance, 1984 (now section 81 of the Companies Act, 2017) during the year ended June 30, 2014.

- premium received over and above face value of the shares issued to general public through IPO amounting to Rs. 466.3 million out of which Rs. 45.9 million had been utilized under section 81 of the Companies Act, 2017 during the year ended June 30, 2019.

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

This represents surplus arising on revaluation of land, buildings, plant and machinery and generators, net of deferred tax. The revaluation was carried by Oceanic Surveyors (Private) Limited on June 29, 2020.

		2021	2020
	Note	-----Rupees-----	
Surplus on revaluation at the beginning of the year		2,722,227,888	515,233,189
Surplus on revaluation recognized during the year		-	2,234,759,065
Transferred to unappropriated profit in respect of disposal of property, plant and equipment		(136,271,079)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(37,746,528)	(27,764,366)
Surplus on revaluation of operating fixed assets as at June 30		2,548,210,281	2,722,227,888
Less: related deferred tax liability:			
- at beginning of the year		(100,034,745)	(70,088,260)
- on surplus arising on revaluation during the year		-	(38,275,795)
- on incremental depreciation charged during the year		11,323,958	8,329,310
		<b>2,459,499,494</b>	<b>2,622,193,143</b>

## 9 LONG TERM FINANCES - SECURED

From banking companies and financial institution:

LTFF/ILTFF	9.1	316,751,724	292,145,382
TERF/ITERF	9.2	111,690,996	-
FFSAP	9.3	60,455,042	18,128,786
Demand Finance	9.4	56,989,128	74,213,252
Salary Refinance	9.5	122,100,052	69,633,237
		<b>667,986,942</b>	<b>454,120,657</b>
Current portion of long term finances		<b>(175,076,206)</b>	<b>(57,673,116)</b>
		<b>492,910,736</b>	<b>396,447,541</b>

**9.1** The Group has obtained Long Term Financing/Islamic Long Term Financing Facility (LTFF/ILTFF) under SBP Schemes from various commercial banks. The effective rates of mark-up on these facilities vary from SBP rate+ 1% to 2.5% per annum (2020: SBP rate+ 0.75% to 2.5% per annum).

The Group has obtained Long Term Financing/Islamic Long Term Financing Facility (LTFF/ILTFF) under SBP Schemes from various commercial banks. The effective rates of mark-up on these facilities vary from SBP rate+ 1% to 2.5% per annum (2020: SBP rate+ 0.75% to 2.5% per annum).

**9.2** The Group has obtained Temporary Economic/Islamic Temporary Economic Refinance Facility (TERF/ITERF) under SBP Schemes from various commercial banks and islamic banks. The effective rates of mark-up on these facilities vary from SBP rate+ 1.50% to 2% per annum (2020: Nil).

**9.3** The Group has obtained Financing Facility for Storage of Agricultural Produce (FFSAP) under SBP Scheme from various financial institutions. The effective rates of mark-up on these facilities vary from SBP rate+ 1% to 2.5% per annum (2020: SBP rate+ 1.25% per annum).

**9.4** The Group has obtained Demand Finance Facility (DF) from various commercial banks. The effective rates of mark-up on these facilities vary from KIBOR+ 1% to 1.5% per annum (2020: KIBOR+ 0.75% to 1.75% per annum).

**9.5** The Group has obtained Diminishing Musharakah Islamic Long Term Financing Facility(ILTFF) under SBP Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees as per the SBP Circular # 06 of 2020 dated: April 10, 2020. The effective rate of mark-up on the facility is SBP rate plus 1% (2020: SBP rate plus 1% per annum).

**9.6** These facilities are secured by way of hypothecation charge of present/future fixed assets (land, building, plant & machinery) of the Group with 25% margin / 1st Exclusive charge over specific Machinery Assets.

**9.7** The maximum available amount from above mentioned facilities amounts to Rs. 674 million (2020:Rs. 454 million).

## 10 LEASE LIABILITIES

Note	2021			2020		
	Vehicle	Godown	Total	Vehicle	Godown	Total
	-----Rupees-----					
Opening balance	53,104,121	89,370,526	142,474,647	57,858,703	-	57,858,703
Impact of adoption of IFRS-16	-	-	-	-	92,397,538	92,397,538
Reassessment of lease liability	-	3,225,802	3,225,802	-	-	-
<b>At July 1</b>	<b>53,104,121</b>	<b>92,596,328</b>	<b>145,700,449</b>	<b>57,858,703</b>	<b>92,397,538</b>	<b>150,256,241</b>
Additions for the year	26,532,000	-	26,532,000	10,910,170	-	10,910,170
Accrued interest during the year	4,519,909	11,975,088	16,494,997	8,373,269	12,047,475	20,420,744
	84,156,030	104,571,416	188,727,446	77,142,142	104,445,013	181,587,155
Payment made during the year	(21,996,169)	(16,455,883)	(38,452,052)	(24,038,021)	(15,074,487)	(39,112,508)
	62,159,861	88,115,533	150,275,394	53,104,121	89,370,526	142,474,647
Current portion of lease liabilities	18,277,390	5,367,403	23,644,793	16,876,805	4,620,401	21,497,206
Non-current	43,882,471	82,748,130	126,630,601	36,227,316	84,750,125	120,977,441

### 10.1 Maturity analysis of lease liabilities

Upto one year	18,277,390	5,367,403	23,644,793	16,876,805	4,620,401	21,497,206
After one year	43,882,471	82,748,130	126,630,601	36,227,316	84,750,125	120,977,441
<b>Lease liabilities</b>	<b>62,159,861</b>	<b>88,115,533</b>	<b>150,275,394</b>	<b>53,104,121</b>	<b>89,370,526</b>	<b>142,474,647</b>

## 11 DEFERRED LIABILITIES

Note	2021	2020	
	-----Rupees-----		
Deferred tax liability	11.1	88,710,787	100,034,745
Staff gratuity scheme - unfunded	11.2	132,804,676	105,601,555
Employees' end of service benefit	11.3	252,700	269,553
		<b>221,768,163</b>	<b>205,905,853</b>

**11.1** This represent deferred tax on surplus on revaluation of property, plant and equipment. Further, the Group has deferred tax asset amounting to Rs. 13.83 million (2020: Rs. 12.93 million). However, the Group has not recorded deferred tax asset in of these consolidated financial statements.

### 11.2 Staff gratuity scheme - unfunded

Note	2021	2020	
	-----Rupees-----		
Balance at beginning of the year	105,601,555	76,715,111	
Charge for the year	11.2.7	32,336,550	31,124,823
Actuarial losses	982,193	1,657,557	
Payments made during the year	(6,115,622)	(3,895,936)	
Balance at end of the year	11.2.3	<b>132,804,676</b>	<b>105,601,555</b>

#### 11.2.1 Staff retirement benefits - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2021, using the "Projected Unit Credit Method". Provision has been made in these consolidated financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation in respect of above-mentioned schemes are as follows:

		2021	2020
	Discount rate - per annum	10.00%	8.50%
	Expected rate of increase in salaries - per annum	9.00%	7.50%
	Mortality rate	SLIC (2001-05)	SLIC (2001-05)
		<b>2021</b>	<b>2020</b>
		-----Rupees-----	
<b>11.2.2</b>	<b>The amounts recognized in the consolidated statement of financial position are as follows:</b>	<b>Note</b>	
	Present value of defined benefit obligation	11.2.3	132,804,676 / 105,601,555
<b>11.2.3</b>	<b>Movements in the net liability recognized in the consolidated statement of financial position are as follows:</b>		
	Opening liability	11.2.4	105,601,555 / 76,715,111
	Charge for the year		32,336,550 / 31,124,823
	Actuarial losses		982,193 / 1,657,557
	Benefits paid		(6,115,622) / (3,895,936)
	Balance at end of the year		132,804,676 / 105,601,555
<b>11.2.4</b>	<b>The amounts recognized in the consolidated statement of profit or loss against defined benefit scheme are as follows:</b>		
	Current service cost		23,620,332 / 20,470,505
	Interest cost		8,716,218 / 10,654,318
	Charge for the year		32,336,550 / 31,124,823
<b>11.2.5</b>	<b>The amounts recognized in the other comprehensive income against defined benefit scheme are as follows:</b>		
	Actuarial loss arising from - experience adjustment		982,193 / 1,657,557
			982,193 / 1,657,557
<b>11.2.6</b>	<b>Expense chargeable to consolidated statement of profit or loss for the next year</b>		
	Current service cost		28,190,867 / 21,793,588
	Interest cost		13,280,468 / 8,893,344
	Charge for the year		41,471,335 / 30,686,932
<b>11.2.7</b>	<b>The expense for the staff retirement benefit scheme has been allocated as follows:</b>		
	Cost of sales	33.4	20,845,668 / 19,889,269
	Selling and distribution	34.1	2,600,385 / 2,332,958
	Administrative expenses	35.1	8,890,497 / 8,902,596
			32,336,550 / 31,124,823

### 11.2.8 Sensitivity analysis of actuarial assumptions

The sensitivity analysis is prepared using same computation model and assumptions as used to determine defined benefit obligation based on Projected Credit Unit Method . There is no change from prior year in respect of methods and assumptions used to prepare sensitivity analysis . The impact of 1% change in following variables on defined benefit obligation is as follows :

	Increase in assumptions -----Rupees-----	Decrease in assumptions
Discount rate	121,430,096	145,247,946
Expected salary increase	145,244,734	121,428,604

### 11.2.9 Risks on account of defined benefit scheme

The Group faces the following risks on account of defined benefit scheme:

#### Final salary risk

The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

#### Discount rate fluctuation

The defined benefit liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase defined benefit liabilities.

### 11.2.10 Maturity profile

	2021	2020
Average expected remaining working lifetime of members	10 Years	11 Years
Average duration of liability	09 Years	10 Years

### 11.3 Employees' end of service benefits

	2021	2020
	-----Rupees-----	
Opening liability	269,553	282,724
Charge for the year	-	-
Payment during the year	(16,853)	(13,171)
Closing liability	<u>252,700</u>	<u>269,553</u>

## 12 DEFERRED GRANT

In Prior year, State Bank of Pakistan introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns to support payment of salaries and wages under economic challenges due to COVID -19.

The Group has availed this facility from MCB Islamic Bank . The loan carries mark-up rate of SBP plus 1% per annum. However, the effective interest rate is calculated as 8.95% per annum and the loan has been recognised at the present value . The differential mark -up has been recognised as government grant which will be amortised to interest income over the period of facility .

		2021	2020
	Note	-----Rupees-----	
Opening Balance		6,124,178	-
Grant recognized during the year		5,973,613	6,247,476
Amortization of grant	36.1	(4,969,278)	(123,298)
		<b>7,128,513</b>	6,124,178
Less: current portion of deferred grant		(6,176,233)	(3,807,127)
		<b>952,280</b>	<b>2,317,051</b>

- 12.1** The grant is conditional upon the fact that the Group would not terminate any employee, due/owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

		2021	2020
	Note	-----Rupees-----	
<b>13 TRADE AND OTHER PAYABLES</b>			
Creditors		459,431,401	962,037,573
Accrued liabilities		49,901,115	26,888,244
Tax deducted at source and payable to statutory authorities		2,722,837	6,432,888
Sales tax payable		-	466,053
Worker's welfare fund	13.1	7,504,284	7,113,214
Worker's profit participation fund	13.2	990,112	12,234,103
		<b>520,549,749</b>	<b>1,015,172,075</b>

**MATCO FOODS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2021</b>	<b>2020</b>
	-----Rupees-----	
<b>13.1 Worker's welfare fund</b>		
Opening balance	7,113,214	14,415,070
Allocation for the year	391,070	7,113,214
Reversal of WWF	-	(12,780,790)
Amount paid	-	(1,634,280)
Closing balance	<u>7,504,284</u>	<u>7,113,214</u>
<b>13.2 Worker's profit participation fund</b>		
Opening balance	12,234,103	23,388,267
Allocation for the year	977,674	12,218,347
Amount paid	(12,221,665)	(23,372,511)
Closing balance	<u>990,112</u>	<u>12,234,103</u>
<b>14 ACCRUED MARK-UP</b>		
Mark-up on long term finances	8,243,265	4,895,627
Mark-up on short term borrowings	49,634,664	51,409,736
	<u>57,877,929</u>	<u>56,305,363</u>

**15 DUE TO RELATED PARTY**

This represents amount received from Ghori Trust for the purpose of expenses to be incurred by the Group on their behalf. . The maximum aggregate amount at the end of any month during the year was Rs. 0.98 million (2020: Nil).

		<b>2021</b>	<b>2020</b>
		-----Rupees-----	
<b>16 SHORT-TERM BORROWINGS</b>	<b>Note</b>		
<b>SECURED</b>			
Export re-finance	16.1	4,331,949,000	3,931,349,000
Own resource	16.2	1,201,056,240	893,066,241
FE-25 Scheme	16.3	-	266,615,306
Foreign bills purchased/negotiated	16.4	-	24,866,491
		<u>5,533,005,240</u>	<u>5,115,897,038</u>

**16.1** The Group has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from Commercial banks and Islamic banks. The effective rates of mark-up on these facilities at SBP rate plus 1% per annum (2020: SBP rate plus 0.75% to 1% per annum).

**16.2** The Group has short term running finance facility under own resource from Commercial banks and Islamic banks. The effective rates of mark-up on these facilities vary from 3-month/6-month KIBOR plus 0.75% to 2% per annum(2020: 3-month/6-month KIBOR plus 0.75% to 1% per annum).

**16.3** The Group has no longer short term running finance facility under FE-25 loan scheme of the State Bank of Pakistan from commercial banks, the facility has been repaid during the year. The effective rates of mark-up on these facilities is Nil (2020: 3.85% to 5.25% ).

**16.4** It carries mark-up that is to be negotiated on case to case basis. (2020: to be negotiated on case to case basis). This facility is secured by ranking hypothecation charge over stocks and receivables duly insured in bank's favour covering all risks with premium payment receipt.

**16.5** The facilities available from various banks amount to Rs. 6,150million (2020:Rs.5,730 million). These facilities are secured by way of hypothecation charge of all present and future cash collateral/TDR, receivable, stocks & current assets. These facilities are registered by mortgage charge of land, building, plant and machinery and all present & future fixed assets.

**16.6** As at June 30, 2021, the unavailed facilities from above borrowings amounting to Rs. 617 million (2020: 614 million).

## **17 UNPAID DIVIDEND**

This represents part of interim dividend for the half year ended December 31, 2017 and final dividend for the year ended June 30, 2018, June 30, 2019 and June 30, 2020 which remained unpaid to the shareholders who have not provided their valid Central Depository System (CDS) Account no. and International Bank Account Number (IBAN). The Group has already sent letters to those shareholders for the purpose of above stated information.

## **18 CONTINGENCIES AND COMMITMENTS**

### **18.1 Contingencies**

**18.1.1** The Group has filed a civil suit No. 1061 of 2021, for declaration and permanent injunction against Sindh Industrial Trading Estates Limited (SITE). The SITE issued an impugned notice to the Group cancelling the Group's lease of plot H/162 SITE ("Subject Property) in alleged compliance of a Supreme Court order, declaring the plot in question to be an amenity plot. The Group has opposed such cancellation of its lease on the basis that the Master Plan of site shows the Subject Property to be an industrial plot. Furthermore, it is contended that the SITE has issued the impugned notice in defiance of the Group's proprietary rights in the land and such notice is illegal and in excess of their authority. The Group has a stay order in favour of the Group dated April 29, 2021 restraining the SITE from taking any coercive action in pursuance of the notice. The matter is fixed for hearing and the management of the Group believes that the matter will be decided in favour of the Group.

**18.1.2** The Group had filed the civil suit no. 1635 of 2009 for possession of land which was illegally dispossessed by the Syed Alay Sadaqain Naqvi (defendants) and to issue a permanent injunction to restrain the defendants from alienation or transferring the land. The Honorable Sindh High Court (SHC) passed an order on November 19, 2009, in which SHC has granted permanent injunction in above suit on December 11, 2018. The matter is fixed for hearing and the management of the Group believes that the matter will be decided in favour of the Group.

**18.1.3** Suit no. 2141 of 2015 has been filed against the Group for declaration, possession, damages, mesne profit and injunction before the Senior Civil Judge (west) at Karachi. The plaintiff claims to be the lawful owner of a piece of land measuring 10 acres ("Subject Land"), which also includes the land which is also subject matter of suit no. 1635 of 2009. The plaintiff has sought declaration as to the ownership and occupation of Subject Land. The Group has filed an application under Order 7 Rule 11 starting therein that the instant suit is barred by law as the plaintiff's earlier suits raising the same dispute were dismissed.

On August 29, 2017, the learned Judge was pleased to allow the application of the Group and the plaintiff appeal was rejected accordingly. The Plaintiff aggrieved by the said order appealed the same matter before IVth Additional and District Judge (ADJ) bearing Appeal No. 311 of 2017 ("Appeal"). On September 09, 2018, the learned Appellate Court decided the Appeal in favor of the Plaintiff and against the Group, set aside the order dated August 29, 2017 and restored the above suit. Aggrieved by the order of ADJ in Appeal no. 311 of 2017 the Group filed appeal no 157 of 2018. The Group contended that the order passed by ADJ was bad in law as the law does not permit fresh proceedings on the same cause of action of which issue has already been adjudicated upon by the Courts and the suit 2141 of 2015 was rightly rejected by the trial court. The learned Judge after hearing the Group's submission and arguments was pleased to suspend the operation of the impugned Judgement (passed in Appeal no. 311 of 2017) via order dated December 17, 2018. The matter is fixed for hearing and the management of the Group believes that the matter will be decided in favor of the Group.

**18.1.4** The Group has filed suit no. 1378 of 2019 and suit 1820 of 2020 in SHC against Sui Southern Gas Group Limited. The case has been filed on the ground that the gas tariff/price has been increased by SSGC illegally. The case is pending before SHC and is fixed for hearing, however, SHC has directed the Group to pay their bills according to previous judgement by either bank guarantee or deposit cheque ready to encash to the satisfaction of the Nazir of the court and SSGC shall issue revised bills, further the management of the Group in consultation of legal advisor is of the view that based on the merit of the case, the same will be decided in favor of the Group.

**18.1.5** The Group has filed a suit for declaration and permanent injunction against the Syed Alay Sadaqain Naqvi (defendants) for continuously interfering with the peaceful possession of the extended portion of 0.5 acres of land that was regularized in favor of the Group on February 07, 2020 by virtue of a registered deed of Addenda of lease. The Group has pleaded that the Group is the absolute and lawful owner in possession of an immovable property, name Plot. No. G-205 SITE Super Highway Phase II Karachi measuring 4.5 acres by virtue of lease deed dated November 10, 2008 executed by Sindh Industrial Trading Estate Limited. The Group intends to utilize the 0.5 acres of land that was regularized recently in favor of the Group however, the defendants is interfering with the possession of the property. The Group has asked the SHC to declare that the defendant is wrongfully and illegally claiming to be the owner of the property and requested SHC to stop interfering with the Group's peaceful possession on the extended portion measuring 0.5 acres. SHC through an order dated May 19, 2020 restrained the defendant from creating any interference in the Group's extended portion of the property. Being aggrieved from the decision the defendant has filed an appeal H.C.A D-10 of 2020 in SHC, in which defendant has pleaded that SHC entertained the suit despite clear instructions from Honorable Chief Justice, High Court not to entertain civil matters during COVID-19 pandemic. Defendant has also alleged that the bench failed to examine the documents relied upon by the Group as the title of Sindh Industrial Trading Estate Limited cannot be established on the basis of such documents. Further, it is contended that the Group misled the Honourable bench and obtained the Order by not disclosing the pendency of earlier suit bearing No. 1635/2009 for possession of the same subject property. Based on the merit of case the management of the Group believes that the matter will be decided in favor of the Group.

**18.1.6** The Petition No. 3358/2011 and 1823/2013 were filed on December 13, 2011 and April 29, 2013 by the Group against Federal Board of Revenue (FBR) and Others, whereby, the chargeability of the customs duty against import of storage silos has been challenged. It is pertinent to point out that the said import was exempt from duties and taxes vide SRO No. 575(I) 2006. Now through SRO dated October 23, 2012, the said silos have been added as clarificatory being exempt. The said chargeability of customs duty has been challenged of the intervening period through Writ Petition No. 3358/11 and 1823/13. The Group has filed intra court appeal ICA no. 84/2015 and 85/2015 both are pending in honorable Islamabad High Court, Islamabad as notice are issued and no proceeding till to date. Management of the Group in consultation of legal advisor is of the view that based on the merit of the case, the same will be decided in favor of the Group.

**18.1.7** In prior years Government of Sindh imposed infrastructure cess @ 0.85% of import value on all imports into Pakistan. A large number of importers including the Group challenged the matter in the SHC. The SHC has issued an interim order allowing release of imported goods on 50% payment and 50% bank guarantee. This suit no. 2173 of 2013 was filed on June 10, 2013, the SHC has passed the judgement in the subject matter wherein SHC has declared the imposition of cess valid piece of Legislation. The Group alongwith other industries affected by the SHC order has challenged the judgement of SHC in Honorable Supreme Court of Pakistan (SCP). The management is of the view that the Group is not likely to suffer any losses due to above suit.

**18.1.8** In 2011, Government of Pakistan (GoP) impose a levy on gas consumers in the industrial sector, known as The Gas Infrastructure Development Cess (GIDC). The amount collected was to be used for the construction of infrastructure projects.

GIDC was challenged in Honourable Peshawar High Court (PHC) in December 2013, PHC declared the levy of GIDC unconstitutional. PHC further directed the GoP to return the collected amount, GoP challenged the decision of PHC in the Honourable Supreme Court of Pakistan (SCP), however, SCP upheld the decision of PHC by declaring GIDC a fee and not a tax that can be charged.

In 2015, the Gas Infrastructure Development Cess Act, 2015 was introduced which re-imposed the GIDC. The affected industries again approached the SCP stating that the earlier tax money was not used for the construction of infrastructure projects. SCP granted stay order against payment of any GIDC levies.

In their judgement dated August 13, 2020, SCP dismissed all petitions against the GIDC levy and ruled in favour of the GoP which would collect the GIDC from different companies. The affected industries filed a review petition against the judgement of SCP which has also been dismissed by SCP vide its order dated November 03, 2020.

On October 15, 2020, the filed suit no. 1531 of 2020 in Honourable High Court of Sindh (SHC), with a plea that the Group did not pass on the GIDC burden to the end consumer, therefore in accordance with section 8 (2) of Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) the GIDC is not applicable on the Group, which is pending for decision, however, the SHC has issued sustaining order to Gas companies from taking any coercive action against the Group.

The management of the Group in consultation of its legal advisor is of the view that since the Group has not passed on the burden to its consumer/clients, it is not liable to pay GIDC as they clearly falls within the ambit of the exception in line with section 8 (2) of GIDC Act, 2015.

**18.1.9** The Group has filed suit No. 730 of 2015 before SHC against the imposition of Captive Power Plant rate instead of Industrial Consumer rate. The Group contends that they do not fall into the category of Captive Power Plant, but rather an Industrial Consumer, so the rate charged by the SSGC i.e. Rs.200 per MMBTU, is not applicable in the case of the Group. The case has been decreed in favour of the Group vide order dated February 02, 2020. SSGC has challenged the Judgment before the Divisional bench of SHC which is pending for adjudication. Based on the merit of case the management of the Group believes that the matter will be decided in favor of the Group.

18.2 Commitments	Note	2021	2020
		-----Rupees-----	
Letter of credit		912,150,112	24,580,350
Letter of guarantees		34,620,480	15,397,650
Capital Expenditures		543,478,892	-
Cheques issued in favour of Nazir of high court in relation to SSGC case	18.1.4	1,828,689	-
		<b>1,492,078,173</b>	<b>39,978,000</b>

**MATCO FOODS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**19 PROPERTY PLANT AND EQUIPMENT**

	Note	2021 -----Rupees-----	2020
Operating fixed assets	19.1	<b>4,643,667,656</b>	4,876,056,124
Capital work in progress	19.2	<b>264,263,344</b>	61,979,582
		<b>4,907,931,000</b>	<b>4,938,035,706</b>

19.1 Operating fixed assets

Particulars	Cost / Revaluation					Depreciation					Book value at June 30, 2021	Rate per annum %
	Cost at July 01, 2020	Additions	Transfers in / (out)	Revaluation surplus	Disposals	Cost at June 30, 2021	Accumulated depreciation at July 01, 2020	Depreciation for the year	Depreciation on disposals	Accumulated depreciation at June 30, 2021		
<b>Owned Assets</b>												
Factory land	2,643,880,001	-	-	-	165,000,000	2,478,880,001	-	-	-	-	2,478,880,001	-
Factory building	1,285,887,301	7,000,009	-	-	-	1,292,887,310	461,887,298	82,763,202	-	544,650,500	748,236,810	10
Plant and machinery	1,858,701,081	23,885,436	39,063,026	-	-	1,921,649,543	680,188,090	119,228,018	-	799,416,109	1,122,233,435	10
Electric cables and fitting	58,666,318	-	-	-	-	58,666,318	25,510,468	3,315,585	-	28,826,053	29,840,265	10
Furniture and fixture	14,146,903	462,080	-	-	-	14,608,983	6,799,108	753,239	-	7,552,347	7,056,636	10
Motor vehicles	84,445,341	6,536,741	-	-	18,028,640	72,953,442	67,842,801	3,237,228	15,202,072	55,877,957	17,075,485	20
Office equipment	27,705,353	3,966,723	5,514,660	-	-	37,186,736	13,711,774	1,835,074	-	15,546,848	21,639,889	10
Factory equipment	82,144,680	18,110,093	60,797,245	-	-	161,052,018	14,150,878	10,465,002	-	24,615,880	136,436,138	10
Computers	20,879,567	1,016,550	-	-	-	21,896,117	15,755,511	1,705,221	-	17,460,731	4,435,386	33
Camera	4,344,524	36,000	-	-	-	4,380,524	3,514,554	274,031	-	3,788,585	591,939	33
Godown & Shops	33,036,051	-	-	-	-	33,036,051	11,941,736	2,109,431	-	14,051,168	18,984,883	10
Sewing machine	1,369,205	-	-	-	-	1,369,205	873,636	49,557	-	923,193	446,012	10
Mobile phone	3,640,479	1,053,995	-	-	149,560	4,544,914	2,641,827	540,290	112,606	3,069,511	1,475,403	33
Generator	103,100,806	524,000	-	-	-	103,624,806	41,073,806	6,215,626	-	47,289,431	56,335,374	10
<b>Total</b>	<b>6,221,947,609</b>	<b>62,591,627</b>	<b>105,374,931</b>	<b>-</b>	<b>183,178,200</b>	<b>6,206,735,968</b>	<b>1,345,891,486</b>	<b>232,491,504</b>	<b>15,314,678</b>	<b>1,563,068,312</b>	<b>4,643,667,656</b>	

Particulars	Cost / Revaluation					Depreciation					Book value at June 30, 2020	Rate per annum %
	Cost at July 01, 2019	Additions	Transfers in / (out)	Revaluation surplus	Disposals	Cost at June 30, 2020	Accumulated depreciation at July 01, 2019	Depreciation for the year	Depreciation on disposals	Accumulated depreciation at June 30, 2020		
<b>Owned Assets</b>												
Factory land	531,894,744	4,812,176	-	2,107,173,081	-	2,643,880,001	-	-	-	-	2,643,880,001	-
Factory building	1,170,181,171	57,782,848	-	57,923,282	-	1,285,887,301	379,089,995	82,797,303	-	461,887,298	824,000,003	10
Plant and machinery	1,716,823,306	109,965,534	5,112,482	38,345,012	11,545,253	1,858,701,081	570,579,117	117,713,843	8,104,870	680,188,090	1,178,512,991	10
Electric cables and fitting	40,151,420	18,514,898	-	-	-	58,666,318	21,883,690	3,626,778	-	25,510,468	33,155,850	10
Furniture and fixture	11,293,730	2,482,404	370,769	-	-	14,146,903	6,062,631	736,477	-	6,799,108	7,347,795	10
Motor vehicles	74,579,303	10,942,938	-	-	1,076,900	84,445,341	59,943,473	8,734,768	835,440	67,842,801	16,602,540	20
Office equipment	23,256,790	4,311,935	136,628	-	-	27,705,353	12,298,813	1,412,961	-	13,711,774	13,993,579	10
Factory equipment	54,298,987	27,329,250	516,443	-	-	82,144,680	8,212,426	5,938,452	-	14,150,878	67,993,802	10
Computers	17,709,621	3,070,946	99,000	-	-	20,879,567	14,171,775	1,583,736	-	15,755,511	5,124,056	33
Camera	3,498,668	838,295	7,561	-	-	4,344,524	3,311,574	202,980	-	3,514,554	829,970	33
Godown & Shops	23,881,972	9,154,079	-	-	-	33,036,051	10,146,279	1,795,457	-	11,941,736	21,094,315	10
Sewing machine	1,319,205	50,000	-	-	-	1,369,205	822,775	50,861	-	873,636	495,569	10
Mobile phone	3,113,419	511,860	15,200	-	-	3,640,479	2,274,832	366,995	-	2,641,827	998,652	33
Generator	68,738,366	3,044,750	-	31,317,690	-	103,100,806	37,716,763	3,357,043	-	41,073,806	62,027,000	10
<b>Total</b>	<b>3,740,740,702</b>	<b>252,811,912</b>	<b>6,258,083</b>	<b>2,234,759,065</b>	<b>12,622,153</b>	<b>6,221,947,609</b>	<b>1,126,514,143</b>	<b>228,317,653</b>	<b>8,940,310</b>	<b>1,345,891,486</b>	<b>4,876,056,124</b>	

**MATCO FOODS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

	Note	2021 -----Rupees-----	2020
Cost of sales	33	185,993,203	182,654,122
Selling and distribution expenses	34	11,624,575	11,415,883
Administrative expenses	35	34,873,726	34,247,648
		<b>232,491,504</b>	<b>228,317,653</b>

**19.1.2** Factory land includes a plot in which a law suit has been filed by the plaintiff who is claiming the possession and injunction of the property. The case is in process under the Honourable High Court Sindh Karachi (*refer note 18.1.1, 18.1.2, 18.1.3 & 18.1.5*).

**19.1.3** Operating fixed assets include assets that are subject to mortgage with various banks against long-term finances and short-term borrowings (*refer note 09 and 16*).

**19.1.4 Details of forced sale value of revalued property, plant and equipment**

Description of Assets	Forced sale value Rupees
Land	2,230,524,000
Building	700,400,000
Plant and machinery	886,259,750
Generators	46,645,250

The above forced sale value has been taken from revaluation report of Oceanic Surveyors (Private) Limited as on June 29, 2020.

**19.1.5** Following items of property, plant and equipment having book value above Rs. 500,000 were disposed off during the year:

	Cost / Revaluation	Accumulated depreciation	Net book amount	Sale proceeds	Gain / Loss	Mode of disposal	Particulars of buyer
	----- Rupees -----						
<b>Vehicles</b>							
Toyota Vigo	4,923,380	4,209,192	714,188	4,300,000	3,585,812	Tender	Mr. Amir Zaib Khan
Toyota Vigo	4,653,380	3,797,201	856,179	4,800,000	3,943,821	Tender	Mr. Amir Zaib Khan
Toyota Vigo	4,998,380	4,281,408	716,972	4,375,000	3,658,028	Tender	Mr. Malik Usman
<b>Land</b>							
G-06, Eastern Industrial Zone, Bin Qasim	165,000,000	-	165,000,000	200,000,000	35,000,000	Agreement	M/S Asif Rice Mills

**19.1.6** Buyer of the disposed vehicle has no relation with the Group and its directors.

**19.1.7** Particulars of immovable property (i.e. land and building) in the name of Group are as follows:

Locations	Total Area in Acres	Covered Area in Square Feet
Plot A-15 & 16, SITE-II, Super highway Karachi	2	79155
A-21, SITE-II, Super highway, Karachi	1.5	49631
G-205, SITE-II, Super highway, Karachi	4	76566
50 KM G.T Road, Sadhoke District, Gujranwala	15	133024
B1-A, SITE-II, Super highway, Karachi	0.97	34850
Plot H-162, SITE-II, Super highway, Karachi	2.5	-
Plot F-193, SITE-II, Super highway, Karachi	2	60871
50 KM G.T Road, Sadhoke District, Gujranwala	3.38	-
Plot # 53, S.E.Z, Allama Iqbal Industrial City, Faisalabad	20	723358
House # 87, Block K, Street # 24, Al Bairuni Road, WAPDA City, Faisalabad	0.063	2723

19.2 Capital work in progress	Note	2021	2020
		-----Rupees-----	
<b>Tangibles</b>			
Plant and machinery		154,616,058	-
Electric cables and fitting		4,182,422	-
Office equipment		1,242,250	4,225,158
Factory equipment		17,982	57,754,424
Furniture & Fixture		180,100	-
Generator		715,522	-
Land		40,133,739	-
Factory Building		62,902,671	-
Computers		272,600	-
		<b>264,263,344</b>	<b>61,979,582</b>

19.3 Movement in capital work in progress is as under:

	Cost			
	As at July 01, 2020	Additions / (adjustment) during the year	(Transferred) to Property, plant and equipment	As at June 30, 2021
	-----Rupees-----			
Plant and machinery	-	193,679,084	(39,063,026)	154,616,058
Electric cables and fitting	-	4,182,422	-	4,182,422
Office equipment	4,225,158	2,531,752	(5,514,660)	1,242,250
Factory equipment	57,754,424	3,060,803	(60,797,245)	17,982
Furniture & Fixture	-	180,100	-	180,100
Generator	-	715,522	-	715,522
Land	-	40,133,739	-	40,133,739
Factory Building	-	62,902,671	-	62,902,671
Computers	-	272,600	-	272,600
	<b>61,979,582</b>	<b>307,658,693</b>	<b>(105,374,931)</b>	<b>264,263,344</b>

	Cost			As at June 30, 2020
	As at July 01, 2019	Additions / (adjustment) during the year	(Transferred) to Property, plant and equipment	
	-----Rupees-----			
Plant and machinery	3,901,110	-	(3,901,110)	-
Civil works	2,356,973	-	(2,356,973)	-
Office equipment	-	4,225,158	-	4,225,158
Factory equipment	-	57,754,424	-	57,754,424
	<u>6,258,083</u>	<u>61,979,582</u>	<u>(6,258,083)</u>	<u>61,979,582</u>

**19.4** Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have been amounted to:

Net book value	2021	2020
	-----Rupees-----	
Land	<b>233,230,637</b>	261,959,558
Building	<b>574,646,438</b>	631,496,033
Plant and machinery	<b>988,805,928</b>	1,030,260,205
Generators	<b>23,297,704</b>	25,318,478
	<u><b>1,819,980,707</b></u>	<u>1,949,034,273</u>

## 20 RIGHT-OF-USE ASSETS

	2021			2020		
	Vehicle	Godown	Total	Vehicle	Godown	Total
	-----Rupees-----					
<b>Cost</b>						
Opening balance	115,124,413	92,397,539	207,521,952	110,430,143	-	110,430,143
Impact of adoption of IFRS-16	-	-	-	-	92,397,539	92,397,539
Reassessment of lease liability	-	3,225,802	3,225,802	-	-	-
<b>As at July 1</b>	<b>115,124,413</b>	<b>95,623,341</b>	<b>210,747,754</b>	110,430,143	92,397,539	202,827,682
Additions during the year	35,292,105	-	35,292,105	10,910,170	-	10,910,170
Disposal during the year	-	-	-	(6,215,900)	-	(6,215,900)
<b>Total</b>	<b>150,416,518</b>	<b>95,623,341</b>	<b>246,039,859</b>	115,124,413	92,397,539	207,521,952
<b>Accumulated depreciation</b>						
Opening balance	39,181,819	8,399,776	47,581,595	27,336,046	-	27,336,046
Charge for the year	18,203,036	8,722,356	26,925,392	14,524,343	8,399,776	22,924,119
Disposal adjustment	-	-	-	(2,678,570)	-	(2,678,570)
<b>Closing</b>	<b>57,384,855</b>	<b>17,122,133</b>	<b>74,506,988</b>	39,181,819	8,399,776	47,581,595
<b>Net book value</b>	<b>93,031,663</b>	<b>78,501,208</b>	<b>171,532,871</b>	75,942,594	83,997,762	159,940,356
<b>Lease term</b>	<u>5 Years</u>	<u>10 Years</u>		<u>5 Years</u>	<u>10 Years</u>	

**20.1** The following are the amounts recognised in consolidated statement of profit or loss:

		2021	2020
		-----Rupees-----	
	Note		
Depreciation expense of right-of-use assets	33	26,925,392	22,924,119
Interest expense on lease liabilities on Godown	33	11,975,088	12,047,475
Interest expense on lease liabilities on vehicles	36	4,519,909	8,373,269
Expenses related to short-term leases	33	-	6,308,486
<b>Total amount recognised in consolidated statement of profit or loss</b>		<b>43,420,389</b>	<b>49,653,349</b>
<b>21 INTANGIBLE ASSETS</b>			
<b>Cost</b>			
Opening		14,710,766	14,710,766
Addition during the year		-	-
Closing		14,710,766	14,710,766
<b>Amortization</b>			
Opening		(14,710,766)	(14,710,766)
Charge for the year		-	-
Closing		(14,710,766)	(14,710,766)
Balance as at June 30		-	-
<b>22 LONG TERM INVESTMENTS</b>			
		2021	2020
		-----Rupees-----	
<b>Unquoted</b>	Note		
Associate - equity accounted investment	22.1	13,371,464	18,647,853
Others - available for sale		-	-
		<b>13,371,464</b>	<b>18,647,853</b>
<b>22.1 Equity accounted investment - Barentz International B.V</b>			
Balance at beginning of the period		18,647,853	-
Investment in associate		-	24,500,000
Share of loss for the year - net of tax		(5,276,389)	(5,852,147)
Dividend received during the year		-	-
		<b>13,371,464</b>	<b>18,647,853</b>

**22.1.1** On June 28, 2019, the Company has been incorporated in Pakistan as per agreement between Barentz International B.V. and Matco Foods Limited. Matco Foods Limited has subscribed 49% of total shareholding of Rs. 50 Million, thereby, constituting a Joint Venture.

The following table provides summarized financial information for the joint venture. The information disclosed reflects the amounts presented in the financial statements of the associates and not the Group's share of those amounts. The financial information presented below are based on the interim financial statements for the period ended June 30, 2021.

	2021	2020
	-----Rupees-----	
Assets	142,508,771	63,591,014
Liabilities	115,220,069	25,534,172
Revenues	144,620,437	52,694,578
Loss for the period	(7,425,089)	(1,221,003)
Other comprehensive income	-	-

**22.1.2** Further, no such terms and conditions has been made at the time of investment. The Group has beneficial ownership of the investee companies. No return on investment has been made since incorporation. There are no litigation against the subsidiaries and associates of the Group that may impact the interest of the Group.

		2021	2020
		-----Rupees-----	
<b>23</b>	<b>STORES, SPARES AND LOOSE TOOLS</b>		
	Stores and spares	71,988,230	46,566,459
	Provision for slow moving / obsolete items	(1,543,929)	(1,543,929)
		<u>70,444,301</u>	<u>45,022,530</u>
<b>23.1</b>	<b>Movement in provision for slow moving / obsolete items</b>		
	Balance at beginning of the year	1,543,929	1,543,929
	Charge for the year	-	-
	Balance at end of the year	<u>1,543,929</u>	<u>1,543,929</u>
<b>24</b>	<b>STOCK IN TRADE</b>		
	Raw materials	5,523,328,949	5,435,050,944
	Packing materials	122,293,225	85,444,225
	Finished goods	1,545,538,885	1,141,722,539
		<u>7,191,161,059</u>	<u>6,662,217,708</u>
	Provision for slow moving / obsolete items	(19,880,700)	(19,694,358)
		<u>7,171,280,359</u>	<u>6,642,523,350</u>
<b>24.1</b>	<b>Movement in provision for slow moving / obsolete items</b>		
	Opening balance	19,694,358	30,161,739
	Charge / (Reversal) for the year	186,342	(10,467,381)
	Closing balance	<u>19,880,700</u>	<u>19,694,358</u>

**MATCO FOODS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**24.2** This includes pledged raw material with various banks under long term and short term borrowing arrangements (refer note 09 and 16).

**24.3** This includes by product amounting to Rs. 116.43 million (2020: Rs. 87.7 million) and stock-in-transit amounting to Rs. 54.31 million (2020: Rs. 92 million)

25	TRADE DEBTS	Note	2021	2020
			-----Rupees-----	
	Considered good			
	Export - secured		950,127,308	1,232,249,716
	Local - unsecured		110,731,306	141,902,326
	Considered doubtful			
	Local - unsecured		13,567,967	13,567,967
	Less: Allowance for expected credit losses	25.3	(13,567,967)	(13,567,967)
			<b>1,060,858,614</b>	<b>1,374,152,042</b>

**25.1** Borrowings are secured by way of charge over book debts of the Group (refer notes 09 and 16).

25.2	As of June 30, 2021, the age analysis of trade debts is as follows:	Note	2021	2020
			-----Rupees-----	
	Not yet due		-	-
	Past due:			
	- Up to 3 months		852,661,820	1,325,548,538
	- 3 to 6 months		170,189,719	48,600,034
	- 6 to 12 months		34,767,261	3,470
	- More than 12 months		3,239,814	-
			<b>1,060,858,614</b>	<b>1,374,152,042</b>
	Trade debts - Gross		<b>1,060,858,614</b>	<b>1,374,152,042</b>

**25.3** Allowance for expected credit losses

Opening balance	13,567,967	13,567,967
Charge during the year	-	-
Closing balance	<b>13,567,967</b>	<b>13,567,967</b>

**26 LOANS AND ADVANCES**

**Loans**

Staff - unsecured, considered good 26.1 14,697,971 10,470,682

**Advances**

- against services and others 1,338,081 2,160,875

- against purchases 26.3 82,457,247 105,369,356

- to contractors 166,765 618,801

- against shares 26.4 5,000,000 -

**103,660,064** **118,619,714**

**26.1** It represent interest free loans to various staff in accordance with the Group's policy.

**26.2** The maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.62 million (2020: Rs. 0.64 million).

**26.3** It represents the amount provided to suppliers of rice, stores & spares and packaging which is adjustable against future purchases.

**26.4** It represents the amount paid to Pakistan Aluminium Beverage Cans Limited for purchase of shares in IPO.

27	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2021	2020
			-----Rupees-----	
	<b>Deposits</b>			
	- Capital management account		681,549	681,549
	- Guarantee margin		1,604,650	1,604,650
			<b>2,286,199</b>	2,286,199
	<b>Prepayments</b>			
	- Prepaid expense	27.1	3,889,906	3,533,365
	- Prepaid insurance		4,616,415	4,064,185
			<b>8,506,321</b>	7,597,550
			<b>10,792,520</b>	9,883,749

**27.1** This include prepaid expense relating to godown rent and system maintenance charges.

28	SHORT-TERM INVESTMENT	Note	2021	2020
			-----Rupees-----	
	CDC Trustee Meezan Islamic Fund	28.1	379,910	263,440
	Term deposit certificates	28.2	1,200,000	1,200,000
			<b>1,579,910</b>	1,463,440

**28.1** It represent mutual funds unit 5,643 (2020: 5,643).

**28.2** These represent term deposit certificates of Askari Bank Limited amounting to Rs. 1.2 million (2020: Rs. 1.2 million) respectively. The rate of profit on these certificates is 6.5% per annum (2020: 11%) these term deposit certificates will mature on June 2022.

29	SALES TAX REFUNDABLE	Note	2021	2020
			-----Rupees-----	
	Sales tax refundable	29.1	123,598,158	166,389,331
<b>29.1</b>	<b>Movement in sales tax refundable is as under:</b>			
	Balance at beginning of the year		166,389,331	183,026,846
	Refunds claim for the year		127,104,175	87,903,560
	Received during the year		(160,604,293)	(99,412,295)
	Adjusted during the year		(9,291,055)	(5,128,780)
	Balance at end of the year		<b>123,598,158</b>	166,389,331

30	DUE FROM RELATED PARTIES	Note	2021	2020
			-----Rupees-----	
	<i>Unsecured</i>			
	Matco Engineering Company (Private) Limited	30.1	1,572,277	1,617,096
	Barentz Pakistan (Private) Limited	30.2 & 30.3	41,338,226	686,671
	Ghori Trust	30.4	-	2,705,273
	Faiyaz Centre Owner Association	30.5	160,061	-
			<b>43,070,564</b>	<b>5,009,040</b>

**30.1** The maximum aggregate amount due from Matco Engineering Company (Private) Limited. at the end of any month during the year was Rs. 1.62 million (2020: Rs. 1.6 million).

**30.2** The maximum aggregate amount due from Barentz Pakistan (Private) Limited at the end of any month during the year was Rs. 43.36 million (2020: Rs. 0.7 million).

**30.3** During the year loan with limit of Rs. 50 million has been given to associated company. The amount will be utilized by the associated company to meet the working capital requirement of the associated company as they have recently been awarded a distribution contract of Oily Blend Vitamin to Oil and Ghee industry by multinational company which will surely increase the top and bottom line of the associated company. The effective rates of mark-up on this receivable is KIBOR + 2%.

**30.4** The maximum aggregate amount due from Ghori Trust at the end of any month during the year was Rs. 4.58 million (2020: Rs. 2.7 million).

**30.5** The maximum aggregate amount due from Faiyaz Centre Owner Association at the end of any month during the year was Rs. 0.2 million (2020: Nil).

**30.6** All above dues are payable on demand.

**30.7** Aging analysis of receivables from related parties past due but not impaired are as follows:

	Matco Engineering Company (Private) Limited	Barentz Pakistan (Private)	JKT General Trading FZE	Faiyaz Centre Owner Association
Up to 3 Months	34,986	41,338,226	-	147,511
3 to 6 Months	1,000,060	-	-	8,000
06 to 12 Months	4,000	-	-	4,550

31	CASH AND BANK BALANCES	Note	2021	2020
			-----Rupees-----	
	Cash in hand		3,530,324	5,138,682
	Cash at bank			
	- current accounts		112,612,604	187,902,449
	- deposit accounts	31.1	26,171,906	111,009,120
			<b>138,784,510</b>	<b>298,911,569</b>
			<b>142,314,834</b>	<b>304,050,251</b>

**31.1** These carry weighted average profit of 11% per annum (2020: 5% per annum).

32 SALES - NET	Note	2021	2020
		-----Rupees-----	
Export sales		8,266,180,953	8,898,485,896
<b>Local sales</b>			
Rice		724,198,889	906,464,760
By-products		2,100,535,538	1,819,136,310
		<b>2,824,734,427</b>	2,725,601,070
		<b>11,090,915,380</b>	11,624,086,966
Sales discount / return		(82,749,024)	(45,188,233)
Freight		(360,920,422)	(203,506,658)
Clearing and forwarding		(43,322,987)	(62,328,156)
Sales tax		(29,827,326)	(16,133,692)
		<b>10,574,095,621</b>	11,296,930,227

### 32.1 Disaggregation of sales

The Group disaggregated revenue recognised from customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

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

Major product Lines	Note	2021	2020
		-----Rupees-----	
Rice		9,893,449,787	10,814,377,094
Others		1,179,990,761	809,709,872
		<b>11,073,440,548</b>	11,624,086,966

Primary geographical Markets	Note	2021	2020
		-----Rupees-----	
Local		2,824,734,427	2,725,601,070
Africa		374,284,303	583,556,046
Asia		3,030,259,281	2,892,851,041
Australia & New Zealand		1,456,649,113	1,313,240,873
Europe		2,290,121,196	2,973,586,295
USA & Canada		1,097,392,228	1,128,283,308
		<b>11,073,440,548</b>	11,617,118,632

33 COST OF SALES		2021	2020
Rice consumed	33.1	8,577,211,227	9,068,715,584
Packing materials consumed	33.2	457,437,640	375,523,643
Stores and spares consumed	33.3	133,265,478	111,374,473
<b>Processing expenses</b>			
Salaries, wages and benefits	33.4	445,917,170	389,934,350
Electricity and power		92,386,339	101,575,663
Telephone and mobile		1,419,046	1,246,808
Gas charges		41,990,578	30,864,582
Insurance		8,980,473	9,227,714
<i>Balance c/f</i>		<b>9,758,607,951</b>	10,088,462,817

	Note	2021 -----Rupees-----	2020
<i>Balance b/f</i>		9,758,607,951	10,088,462,817
Repairs and maintenance		25,178,363	46,539,901
Other purchases		117,381,129	32,089,541
Provision for slow moving stock		186,342	-
Fumigation charges		33,737,005	21,458,678
Water charges		49,206,266	42,869,891
Canteen		11,165,787	11,103,263
Diesel and oil		462,820	1,810,901
Staff welfare		2,797,963	2,700,307
Security expenses		16,330,349	13,819,959
Godown expenses		16,873,130	1,393,495
Rent, rates and taxes		23,451,490	440,817
Vehicle running expenses		7,460,610	6,696,395
Medical		3,766,863	1,831,522
Depreciation	19.1.1	185,993,203	182,654,122
Depreciation on right-of-use assets		26,925,392	22,924,119
Interest expense on lease liabilities		11,975,088	12,047,475
Expenses related to short-term lease		-	6,308,486
Processing charges		2,161,945	19,697,246
Inspection charges		19,582,415	18,450,066
<b>Cost of goods manufactured</b>		<b>10,313,244,112</b>	<b>10,533,299,001</b>
<b>Finished goods</b>			
Opening stock		1,141,722,539	882,395,502
Closing stock	24	(1,545,538,885)	(1,141,722,539)
		<b>(403,816,346)</b>	<b>(259,327,037)</b>
		<b>9,909,427,766</b>	<b>10,273,971,964</b>
<b>33.1 Rice consumed</b>			
Opening stock of raw material		5,435,050,944	4,282,666,523
Purchases		8,488,184,359	10,005,112,067
Cartage inwards		177,304,873	215,987,938
Closing stock of raw material	24	(5,523,328,949)	(5,435,050,944)
		<b>8,577,211,227</b>	<b>9,068,715,584</b>
<b>33.2 Packing material consumed</b>			
Opening stock		85,444,225	70,092,717
Purchases		494,286,640	390,875,151
		579,730,865	460,967,868
Closing stock-gross	24	(122,293,225)	(85,444,225)
		<b>457,437,640</b>	<b>375,523,643</b>
<b>33.3 Stores and spares consumed</b>			
Opening stock		46,566,459	24,651,612
Purchases		158,687,249	133,289,320
		205,253,708	157,940,932
Closing stock-gross	23	(71,988,230)	(46,566,459)
		<b>133,265,478</b>	<b>111,374,473</b>

**33.4** It includes provision for gratuity amounting to Rs. 20.8 million (2020: Rs. 19.89 million).

34	SELLING AND DISTRIBUTION EXPENSES	Note	2021	2020
			-----Rupees-----	
	Salaries and benefits	34.1	55,625,772	45,738,255
	Travelling		8,199,157	16,939,980
	Sales promotion		16,545,593	46,916,945
	Insurance		1,946,871	1,201,190
	Export charges		52,286,127	59,999,008
	Export commission		20,546,306	28,605,381
	Depreciation	19.1.1	11,624,575	11,415,883
	Shop rent		2,720,000	1,572,000
	General		17,827,214	6,087,267
			<b>187,321,615</b>	<b>218,475,909</b>

**34.1** It includes provision for gratuity amounting to Rs. 2.6 million (2020: Rs. 2.33 million).

35	ADMINISTRATIVE EXPENSES	Note	2021	2020
			-----Rupees-----	
	Salaries and benefits	35.1	190,179,802	174,537,728
	Vehicle running		8,536,441	5,716,381
	Entertainment		936,656	1,265,054
	Printing and stationery		1,197,998	1,543,286
	Fee and subscription		22,403,229	14,816,609
	Legal and professional		1,535,000	1,709,000
	Auditor remuneration	35.3	3,894,400	3,627,810
	Postage and telegrams		1,787,505	2,420,208
	General expenses		2,913,622	3,113,139
	Newspaper and periodicals		60,309	58,960
	Electricity and gas charges	35.2	21,492,276	965,762
	Taxes, duty and fee		257,246	2,953,733
	Medical		2,162,186	1,706,874
	Insurance		2,632,037	2,638,420
	Software maintenance		495,616	505,034
	Computer expenses		4,574,968	4,407,794
	Depreciation	19.1.1	34,873,726	34,247,648
	Lease ijarah rentals		-	-
	Donations	35.4	6,263,200	770,000
	Advertisement		564,900	52,750
	Others		5,641,757	16,104,493
			<b>312,402,873</b>	<b>273,160,683</b>

**35.1** It includes directors' remuneration amounting to Rs. 27.66 million (2020: Rs. 26.82 million) and provision for gratuity amounting to Rs. 8.890 million (2020: Rs. 8.903 million).

**35.2** It includes provision of GIDC Cess amounting to Rs. 18 million (2020: Nil)

35.3 Auditor's remuneration	Note	2021	2020
		-----Rupees-----	
- audit fee of unconsolidated financial statements		2,429,073	2,297,512
- audit fee of consolidated financial statements		100,000	100,000
- audit fee of half yearly review		484,402	492,070
- fee for review code of corporate governance		150,000	150,000
- other certifications		150,000	100,700
- out of pocket expenses		245,725	175,000
- other services	35.3.1	335,200	312,528
		<b>3,894,400</b>	<b>3,627,810</b>

35.3.1 This represents services relating to taxation.

35.4 Donation includes amount of Rs.5.26 million (2020: Nil) paid to Ghori Trust, which is operated by Board of directors of the Holding company and their spouse namely Mr. Jawed Ali Ghori, Mr. Khalid Sarfaz Ghori, Mr. Fazian Ali Ghori, Mrs. Naheed Jawed, Mrs. Nuzhat Khalid and Mrs. Dr. Sadaf Tariq.

36 FINANCE COST	Note	2021	2020
		-----Rupees-----	
Mark up			
- long term finances - net	36.1	26,983,531	22,754,683
- short term borrowings		235,927,358	316,443,289
- interest expense on lease liabilities		4,519,909	8,373,269
Bank charges and commission		5,750,932	3,075,041
		<b>273,181,730</b>	<b>350,646,282</b>

36.1 The mark-up presented is net of amortization of grant amounting to Rs.4.97 million (2020: Rs. 0.12 million).

37 OTHER INCOME	Note	2021	2020
		-----Rupees-----	
<i>From financial assets</i>			
- Profit on bank/short term deposits		3,014,143	5,628,059
- Interest income on account of due from related parties		3,680,954	-
<i>From non-financial assets</i>			
- Amortization of deferred income		-	269,842
- Reversal of Worker's Welfare Fund		-	12,780,790
- Gain on sale of operating fixed assets		48,814,578	1,235,627
- Reversal of provision for slow moving stock	24.1	-	10,467,381
- Scrap sales		19,035,694	24,031,438
- Rental income		2,490,000	2,100,000
		<b>77,035,369</b>	<b>56,513,137</b>

### 38 EXCHANGE GAIN - NET

This represents exchange gain incurred on foreign currency denominated trade debts, advances from customers, creditors and bank balances.

39	INCOME TAX EXPENSE	Note	2021	2020
			-----Rupees-----	
	- Current		91,744,142	94,909,803
	- Deferred		(11,323,958)	(8,329,310)
			<b>80,420,184</b>	<b>86,580,493</b>

**39.1** Current year taxation has been charged on the basis of provisions in Income Tax Ordinance, 2001 and accounted for after taking effect of admissible expenses in normal taxation with proportion of local sales and on final tax regime applicable to the Group based on tax withheld from export proceeds which is deemed as full and final discharge of the tax liability.

**39.2** Since the Group is chargeable to tax under FTR and minimum tax, therefore numerical reconciliation between accounting profit and income tax has not been presented in these consolidated financial statements.

**39.3** Return of 2015-16 filed on January 10 2017, is an assessment order under section 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The Additional Commissioner Inland Revenue (ADCIR) initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 16-02-2017 for amendment of deemed assessment. Response submitted by the representative of the Company.

Proceeding initiated u/s 122(5A) for amendment by ACIR and issued the notice u/s 122(9). In response thereof, all the requisite information/documents were submitted. However, the ADCIR passed the order and disallowed the finance cost. Against the treatment of learned ADCIR, appeal was filed on 20-09-2017. The Commissioner Inland Revenue (CIR) has rejected the grounds of appeal made by the Company and ordered to add back WWF and disallowed finance cost in the normal taxable income. But in spite of the above disallowance of expenses, the tax liability is higher in minimum tax u/s 113c of the Income Tax Ordinance as claimed under the income tax return 2016 of the Company, therefore no adverse impact on the Company due to above order.

**39.4** Return of 2016-17 filed on January 17, 2018, is an assessment order u/s 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The ADCIR initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 21-05-2018 for amendment of deemed assessment. The response of the above notice submitted by the Group till November 15, 2018, no further notice has been received.

**39.5** Return of 2019-20 filed on December 31, 2020, is an assessment order under section 120 unless amended under section 122 of the Income Tax Ordinance, 2001.

40	NUMBER OF EMPLOYEES	2021	2020
		Number of employees as at June 30	708
Average number of employees during the year	688	794	

#### 41 TRANSACTION WITH RELATED PARTIES

Related parties include subsidiary company, entities under common directorship, directors, major shareholders, key management personnel and retirement benefit funds. Transactions with related parties essentially entail rent expense and transactions with key management personnel. Details of transactions with related parties and the balances with them as at year end other than those which have been disclosed else where are as follows:

Nature of relationship	Percentage of Holding	Transactions / Balance Outstanding	Note	2021	2020
-----Rupees-----					
<b>Directors</b>		Godown rent paid to director		<b>13,019,342</b>	15,449,118
<b>Common Directors</b>					
Matco Engineering (Private) Limited	0%	Paid expenses on behalf Payment received on account of expenses		<b>1,040,181</b> <b>1,085,000</b>	1,088,650 -
Faiyaz Center Owner Association		Paid expenses on behalf		<b>160,061</b>	-
<b>Joint Venture</b>					
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf Payment received on account of expenses Disposal of fixed assets Interest Income Interest received		<b>124,782,682</b> <b>85,325,438</b> - <b>3,680,954</b> <b>2,486,642</b>	29,521,063 - 236,688 - -
<b>Trust operated by the company</b>					
Ghori Trust	0%	Paid expenses on behalf Payment received on account of expenses Donation paid		<b>4,487,539</b> <b>5,946,122</b> <b>5,265,700</b>	3,671,733 - -

**41.1** Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place:

S. No.	Company Name	Registered Address	Country of Incorporation	Basis of Association	Name of Chief Executive / Principal Officer / Authorized Agent	Aggregate % of shareholding	Operational Status	Auditor's Opinion
1	JKT General Trading FZE	P.O.Box 123347, Sharjah	UAE	Subsidiary Company	Jawed Ali Ghori	100%	Active	Clean

**41.2** Consideration for services is determined with mutual agreement considering the level of services provided. Expenses charged by / to the Group are determined on actual cost basis. Particulars of remuneration of chief executive officer, directors and executives are disclosed in note 41 to these consolidated financial statements.

**41.3** Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of its management team, including the chief executive officer and the directors to be key management personnel.

## 42 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

For the purpose of disclosure those employees are considered as executives whose basic salary exceed twelve hundred thousands rupees in financial year.

	Chief Executive Officer		Directors		Executives		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	-----Rupees-----							
<b>Short-term employee benefits</b>								
Managerial remuneration	3,609,872	3,574,800	9,464,347	9,739,600	36,527,567	29,031,091	49,601,786	42,345,491
House rent allowances	1,624,442	1,608,660	4,258,956	4,382,820	16,437,405	13,063,991	22,320,803	19,055,471
Utilities	1,113,478	1,195,637	3,054,896	2,553,044	2,296,572	1,846,328	6,464,946	5,595,009
Bonus	385,000	396,000	950,000	2,218,500	4,475,583	1,905,635	5,810,583	4,520,135
Fuel expense	628,515	760,262	1,803,931	1,317,345	3,573,948	3,066,000	6,006,394	5,143,607
Medical expense	58,658	63,176	406,982	120,020	685,800	335,255	1,151,440	518,451
Vehicle expense	178,668	96,650	838,303	392,327	800,401	383,961	1,817,372	872,938
Other expense	89,520	575,804	633,220	438,762	-	-	722,740	1,014,566
	<b>7,688,153</b>	<b>8,270,989</b>	<b>21,410,635</b>	<b>21,162,418</b>	<b>64,797,276</b>	<b>49,632,260</b>	<b>93,896,064</b>	<b>79,065,667</b>
<b>Value of motor vehicles</b>	<b>17,906,727</b>	<b>8,406,800</b>	<b>15,434,901</b>	<b>32,004,000</b>	<b>20,810,638</b>	<b>50,917,531</b>	<b>54,152,266</b>	<b>91,328,331</b>
<b>Number of Persons</b>	<b>1</b>	<b>1</b>	<b>3*</b>	<b>2</b>	<b>19</b>	<b>17</b>		

\*During the year the Group faced the sad demise of Mr. Tariq Ghori (Late) one of the executive directors and to fill the vacancy the Group appointed Mr. Safwan Ghori as executive director.

- 42.1** In addition to above, fees paid to 0.95 million (2020: 0.81 million) independent directors of the Group for attending board of directors meeting during the year.
- 42.2** In addition to the above, chief executive officer and directors are provided with the use of the Group's vehicles. Certain executives are also provided with Group maintained cars.
- 42.3** The Group considers its chief executive officer and the executive director as its key management personnel i.e. the personnel having authority and responsibility for planning, directing and controlling the activities of the Group.

## 43 PLANT CAPACITY AND PRODUCTION

	2021 (Tons)	2020 (Tons)
<b>Annual Plant Capacity</b>		
- Rice processing	134,700	134,700
- Rice Glucose	30,000	30,000
<b>Actual Production</b>		
- Rice processing	89,555	109,731
- Rice Glucose	11,878	9,170

- 43.1** Actual production is less than installed capacity due to planned maintenance shutdown and production planned as per market demand.

**MATCO FOODS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

44 (Loss) / EARNINGS PER SHARE - BASIC AND DILUTED	2021	2020
	-----Rupees-----	
(Loss)/ Profit for the year	(53,052,515)	139,439,714
Number of ordinary shares	122,400,698	122,400,698
Weighted average number of ordinary shares	122,400,698	122,400,698
(Loss) / Earning per share - basic and diluted	(0.43)	1.14

There is no dilutive effect on earnings per share as the Group does not have any convertible instruments as at June 30, 2021 and June 30, 2020.

**45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance which are as follows:

**45.1 Market risk**

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. Market risk comprise of currency risk, interest rate risk and price risk.

**45.1.1 Currency risk**

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables, bank balances, borrowings and payables exist due to transactions entered into foreign currencies.

**Exposure to Foreign currency risk**

The Group is exposed to foreign exchange risk arising from currency value fluctuations due to the following:

	2021	2020
	----- Amount in USD -----	
Trade debts	6,031,023	7,096,661
Cash and bank balances	255,442	14,514
Advance from customer	(129,973)	(236,322)
<b>Net Exposure</b>	<b>6,156,491</b>	<b>6,874,853</b>

The following significant exchange rates were applied during the year.

	2021	2020
	Rupee per USD	
Average rate	160.33	158.02
Reporting date rate	157.54	168.06

#### Foreign currency sensitivity analysis

A 10% strengthening of the PKR against the USD at June 30, 2021 would have effect on the equity and statement of profit or loss of the Group as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2021.

	2021	2020
	-----Rupees-----	
Strengthening of PKR against respective currencies	(96,989,367)	(115,536,030)
Weakening of PKR against respective currencies	96,989,367	115,536,030

A 10 percentage weakening of the PKR against the USD at June 30, 2021 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

#### 45.1.2 Price risk

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is exposed to price risk because of investments in mutual funds amounting to Rs. 379,910 (2020: Rs. 263,440) as changes in Net Assists Value (NAV) of mutual funds affect the Group. The Group is not exposed to commodity price risk.

As of June 30, 2021, if fair value (NAV) had been 1% higher/ (lower) with all the variables held constant, profit before tax for the year would have been higher / (lower) by Rs. 3,791.9 (2020: Rs. 2,634.4).

#### 45.1.3 Interest/Mark-up rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Group has long term and short term finance at variable rates. The Group is exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option". Interest rate risk on short term borrowings is covered by holding "Prepayment Option" which can be exercised upon any adverse movement in the underlying interest rates. The local and foreign currency loans carry mark up at the prevailing rate of SBP plus 1% to 2.5%, KIBOR plus .75% to 2% and LIBOR plus 1.25% respectively. Applicable interest rates for financial assets and liabilities are given in respective notes.

**MATCO FOODS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		2021				
		Mark-up / profit bearing			Non mark-up /	Total
Note		Less than	One year to	Over five	profit bearing	
		one year	Five years	years		
-----Rupees-----						
<b>Financial assets</b>						
<b>Amortised cost</b>						
		-	-	-	16,322,284	16,322,284
	22	-	-	-	13,371,464	13,371,464
	25	-	-	-	1,060,858,614	1,060,858,614
	26	-	-	-	14,697,971	14,697,971
	27	-	-	-	2,286,199	2,286,199
	28	1,200,000	-	-	-	1,200,000
	30	41,338,226	-	-	1,732,338	43,070,564
	31	26,171,906	-	-	116,142,928	142,314,834
		68,710,132	-	-	1,225,411,798	1,294,121,930
<b>Fair value through profit or loss</b>						
	28	-	-	-	379,910	379,910
<b>Financial liabilities</b>						
<b>At amortized cost</b>						
	9	175,076,206	492,910,736	-	-	667,986,942
	15	-	-	-	989,503	989,503
	13	-	-	-	509,332,516	509,332,516
	14	-	-	-	57,877,929	57,877,929
	16	5,533,005,240	-	-	-	5,533,005,240
	17	-	-	-	787,654	787,654
	10	-	67,527,264	82,748,130	-	150,275,394
		5,708,081,446	560,438,000	82,748,130	568,987,602	6,920,255,178
<b>On balance sheet gap</b>						
		(5,639,371,314)	(560,438,000)	(82,748,130)	656,424,196	(5,626,133,248)
		2020				
		Mark-up / profit bearing			Non mark-up /	Total
Note		Less than	One year to	Over five years	profit bearing	
		one year	Five years			
-----Rupees-----						
<b>Financial assets</b>						
<b>Amortised cost</b>						
		-	-	-	12,578,078	12,578,078
	22	-	-	-	55,582,707	55,582,707
	25	-	-	-	1,334,500,510	1,334,500,510
	26	-	-	-	10,470,682	10,470,682
	27	-	-	-	2,286,199	2,286,199
	28	1,200,000	-	-	-	1,200,000
	30	-	-	-	5,009,040	5,009,040
	31	111,009,120	-	-	186,080,905	297,090,025
		112,209,120	-	-	1,606,508,121	1,718,717,241
<b>Fair value through profit or loss</b>						
	28	-	-	-	263,440	263,440
<b>Financial liabilities</b>						
<b>At amortized cost</b>						
	9	57,673,116	396,447,541	-	-	454,120,657
	15	-	-	-	6,970,908	6,970,908
	13	-	-	-	988,925,817	988,925,817
	14	-	-	-	56,305,363	56,305,363
	16	5,115,897,038	-	-	-	5,115,897,038
	17	-	-	-	13,555,468	13,555,468
	10	21,497,206	62,035,258	58,942,183	-	142,474,648
		5,195,067,360	458,482,799	58,942,183	1,065,757,556	6,778,249,899
<b>On balance sheet gap</b>						
		(5,082,858,240)	(458,482,799)	(58,942,183)	540,750,565	(5,059,532,658)
<b>Off balance sheet items</b>						
	18.2	-	-	-	15,397,650	15,397,650
	18.2	-	-	-	24,580,350	24,580,350

**MATCO FOODS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

- (a) On balance sheet gap represents the net amounts of balance sheet items.
- (b) Effective rates of return/mark-up on financial liabilities are as follows:

<b>Financial liabilities</b>	<b>2021</b>	<b>2020</b>
Long term finances - secured	<b>SBP rate+ 1% to 2.5% &amp; KIBOR + 1% to 1.5%</b>	SBP rate+ 0.75% to 2.5% & KIBOR + 0.75% to 1.5%
Short term borrowings	<b>SBP rate+ 1% &amp; KIBOR + 0.75% to 1.75%</b>	SBP rate+ 0.75% to 1% & KIBOR + 0.75% to 1%

**Fair value sensitivity analysis for fixed rate instruments**

The Group 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 balance sheet would not affect profit or loss of the Group.

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

At June 30, 2021, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 6.68 million (2020: Rs. 7.68 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2021, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 5.53 million (2020: Rs. 6.06 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

**45.2 Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

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

Financial assets	Note	2021	2020
		-----Rupees-----	
Long term investments		13,371,464	18,647,853
Long term deposits		16,322,284	12,578,078
Trade debts		1,060,858,614	1,374,152,042
Loans and advances		14,697,971	10,470,682
Trade deposit		2,286,199	2,286,199
Short-term investment		1,579,910	1,463,440
Due from related parties		43,070,564	5,009,040
Bank balances		138,784,510	298,911,569
		<b>1,290,971,516</b>	<b>1,723,518,903</b>

The ageing of trade debts and related movement of ECL has been disclosed in note 25.3 of these consolidated financial statements.

#### Bank balances

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Short-term Ratings	2021	2020
		-----Rupees-----	
MCB Bank Limited	A1+	38,391,155	49,586,246
Meezan Bank Limited	A1+	10,244,734	17,529,038
National Bank of Pakistan	A1+	2,652,575	3,576,211
Standard Chartered Bank Limited	A1+	114,953	61,200,962
United Bank Limited	A1+	6,881,097	9,888,465
Allied Bank Limited	A1+	1,247,631	10,323,377
Askari Bank Limited	A1+	7,019,543	14,366,508
Bank Alfalah Limited	A1+	15,019,069	9,095,473
Faysal Bank Limited	A1+	1,946,405	6,414,061
Habib Bank Limited	A1+	8,425,469	35,049,085
Habib Metropolitan Bank Limited	A1+	3,300,398	9,627,588
Soneri Bank Limited	A1+	570,177	341,378
Bank Al Habib Limited	A1+	3,190,623	9,551,501
JS Bank	A1+	-	93,277
MCB Islamic Bank	A1	2,733,731	62,268,399
Bank of Punjab	A1+	892,600	-
		<b>102,630,160</b>	<b>298,911,569</b>

#### Exposure to credit risk

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

	Note	2021 -----Rupees-----	2020
Due from related parties	30	43,070,564	5,009,040
Trade debts	25	1,060,858,614	1,374,152,042
Loans and advances	26	14,697,971	10,470,682
Short-term investment	28	1,200,000	1,200,000
Bank balances	31	138,784,510	298,911,569
		<b>1,258,611,659</b>	<b>1,689,743,333</b>

### 45.3 Liquidity risk

The Group finances its operations through equity and borrowings with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular continued credit lines.

As on reporting date, the Group had cash and bank balances and term deposit amounting to Rs 105 million & Rs. 1.2 million respectively (2020: Rs. 297 million & 1.2 million), and unutilized credit lines of Rs. 566 million (2020: 614 million).

### 46 FAIR VALUE HIERARCHY

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

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the:

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g.. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The following table represents the Group's assets that are measured at fair value as at June 30, 2021 and June 30, 2020:

	2021			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>Non-financial assets</b>				
Property, plant and equipment	-	-	4,366,622,594	4,366,622,594
<b>Financial assets</b>				
Financial assets held at fair value through profit or loss	379,910	-	-	379,910
<b>2020</b>				
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>Non-financial assets</b>				
Property, plant and equipment	-	-	4,708,419,995	4,708,419,995
<b>Financial assets</b>				
Financial assets held at fair value through profit or loss	263,440	-	-	263,440

Certain categories of operating fixed assets (land, buildings, plant and machinery and generators include revaluation surplus) (level 3 measurement) determined by a professional valuer based on their assessment of the market values as disclosed in note 8 to these consolidated financial statements. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

#### 47 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectations of the shareholders. Debt is calculated as total borrowings (short term borrowings, long term finances and current portion of long term finances as shown in the balance sheet). Capital signifies equity as reported in statement of financial position and includes share capital, share premium and unappropriated profits.

The Group's strategy is to maintain leveraged gearing. The gearing ratios as at June 30, 2021 and 2020 were as follows:

	Note	2021	2020
		-----Rupees-----	
Total borrowings		6,351,267,576	5,712,492,342
Less: Cash and bank	31	(142,314,834)	(304,050,251)
Net debt		6,208,952,742	5,408,442,091
Total equity		6,672,323,732	6,785,212,277
Total equity and debt		12,881,276,474	12,193,654,368
Gearing ratio (%)		48%	44%

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

#### 48 OPERATING SEGMENTS

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

**48.1** Revenue from sale of rice represents 89.59% (2020: 93.0%) of the total revenue of the Group. Whereas 9.43% (2020:6.38%) represents revenue from sale of rice glucose and remaining represents other items.

**48.2** All non-current assets of the Group as at June 30, 2021 are located in Pakistan. Further, debtors from rice represents 90.13% (2020: 97.04%) of the total debtors.

#### 49 CORRESPONDING FIGURES

Previous year figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in the financial statements. For better presentation, material reclassification made in the financial statements were as follows:

Reclassification from	Rupees	Reclassification to	Rupees
Other receivables	123,598,158	Sales tax refundable	123,598,158
Other receivables	43,070,564	Due from related parties	43,070,564
Cash and Bank Balance	1,200,000	Short-term investment	1,200,000

#### 50 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Group and authorized for issue on September 09, 2021.

#### 51 GENERAL

**51.1** Figures have been rounded off to the nearest Rupee.



Chief Executive Officer



Chief Financial Officer



Director

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the members that Annual General Meeting of Matco Foods Limited will be held on Thursday, October 21, 2021 at 11:30 am at Registered Office of the Company at B-1/A, S.I.T.E. Phase 1, Super Highway Industrial Area, Karachi through Video Conference to transact the following business:

### A. Ordinary Business:

1. To read and confirm the minutes of the previous annual general meeting held on October 24, 2020.
2. To receive, consider and adopt the Audited Annual Financial Statements of the Company together with the Directors' and Auditors' reports thereon for the year ended June 30, 2021 along with the Audited Consolidated Financial Statements of the company and Auditor's report thereon for the year ended June 30, 2021.
3. To appoint Auditors of the Company for the year ending June 30, 2022 at a mutually agreed rate of remuneration. The Board of Directors on the recommendation of the Audit Committee has proposed appointment of M/s Grant Thornton Anjum Rehman Chartered Accountants. The retiring Auditors being eligible offer themselves for re-appointment.
4. To elect 9 (nine) directors of the Company, as fixed by the Board of Directors in accordance with the provisions of Section 159(1) of the Companies Act, 2017, for a period of three years commencing from November 01, 2021. The retiring Directors are:

- |                                |                           |
|--------------------------------|---------------------------|
| i. Mr. Jawed Ali Ghori         | ii. Mr. Abdul Samad Khan  |
| iii. Mr. Khalid Sarfaraz Ghori | iv. Mrs. Faryal Murtaza   |
| v. Mr. Faizan Ali Ghori        | vi. Ms. Umme Habibah      |
| vii. Mr. Safwan Khalid Ghori   | viii. Mr. Agha Ahmed Shah |
| ix. Syed Kamran Rasheed        |                           |

The retiring Directors are eligible to offer themselves for re-election.

### B. Any Other Business

5. To transact any other business with the permission of the Chairman.

Karachi  
September 30, 2021

**By order of the Board**  
Danish Ahmed  
Company Secretary

**NOTES:**

**1) CLOSURE OF SHARE TRANSFER BOOK**

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from October 14, 2021 to October 21, 2021 (both days inclusive). Transfers received in order at the Company's Registrar Office at CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S. Main Shakra-e-Faisal, Karachi - 74400, by the close of business on October 13, 2021 will be treated in time for the purpose of payment of the final cash dividend, if approved by the shareholders.

**2) PARTICIPATION IN THE ANNUAL GENERAL MEETING**

(a) In view of the prevailing & worsening situation and ensuring the health safety of our shareholder due to pandemic COVID-19 and in line with the direction issued to listed companies by the Securities & Exchange Commission of Pakistan, vide its Circular No.4 of 2021 dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 03, 2021, the Company intends to convene this AGM virtually via video conference facility while ensuring compliance with the quorum requirements and request to the Members to consolidate their attendance and voting at the AGM through proxies. In this regard, special arrangements have been made for the AGM which are as under:

(i) AGM will be held through Zoom application - a video link facility.

(ii) Shareholders interested in attending the AGM through Zoom application will be requested to get themselves registered with Share Registrars of the Company M/s. CDC Share Registrar Services Limited at least 48 hours before the time of AGM at [cdcsr@cdcsrsl.com](mailto:cdcsr@cdcsrsl.com) by providing the following details:

CDC Participant ID / Folio No.	Company	Name of Shareholder	CNIC No. / NTN No.	Cell No.	Email address
	Matco Foods Limited				

Video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.

Login facility will be opened sixty (60) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

(iii) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary Office at least two (2) working days before the AGM, at the given email address [cdcsr@cdcsrsl.com](mailto:cdcsr@cdcsrsl.com) or WhatsApp on 0321-8200864. Shareholders are requested to mention their full name, CNIC # and Folio/CDC Account # for this purpose.

(iv) Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

- (b) A member entitled to attend the meeting may appoint any other member as his/her proxy to attend the meeting through video-link. A proxy form is annexed in the Annual Report.
- (c) The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Share Registrar of the Company M/s. CDC Share Registrar Services Limited at least 48 hours before the time of the AGM (i.e., latest by Tuesday, October 19, 2021 at 11:00 a.m.).
- (d) For appointing proxies, the shareholders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:
  - (i) In case of individuals having physical shareholding or the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form accordingly.
  - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
  - (iii) Notarized copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - (iv) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

### **3) CNIC/NTN NUMBER ON DIVIDEND WARRANT (MANDATORY)**

As it has already been notified from time to time, SECP has directed vide its Notification S.R.O. 831(1)/2012 dated July 5, 2012 that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of non-availability of a copy of valid CNIC (for individuals) and National Tax Number (for corporate entities).

Accordingly, shareholders who have not yet submitted a copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or Share Registrar, CDC Share Registrar Services Limited.

### **4) DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT**

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission.

The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

**5) UNCLAIMED DIVIDEND/SHARES**

Information of unclaimed dividend/shares has been placed at the website of the Company [www.matcofoods.com](http://www.matcofoods.com). Respective shareholders are requested to contact Share Registrar of the Company to collect their unclaimed dividend/shares.

**6) TRANSMISSION OF ANNUAL AUDITED ACCOUNTS THROUGH EMAIL**

The Securities and Exchange Commission of Pakistan through its notification SRO787(1)/2014 dated 8<sup>th</sup> September 2014 has permitted / allowed companies to circulate Annual Financial Statements along with the Notice of Annual General Meeting to its members through email. Accordingly, members are requested to send written request to the company's registered office at mentioned above along with your valid email address to provide you the financial statements at your valid email address. In case you don't wish to avail this facility, the financial statements will be sent to you at your registered address as per normal practice.

**7) ELECTION OF DIRECTORS**

Any person who seeks to contest the election of Directors shall, whether he/she is a retiring director or otherwise, file with the Company the following documents and information at its registered office not later than fourteen days before the day of the above said meeting:

- a) Notice of his/her intention to offer himself/herself for the election of Directors in terms of Section 159(3) of the Companies Act, 2017.
- b) Consent to act as Director as prescribed under Section 167 of the Companies Act, 2017.
- c) Declaration in respect of being compliant with the requirements of the Code of Corporate Governance and the eligibility criteria as set out in the Companies Act, 2017 to act as Director of a listed Company.

**8) PLACEMENT OF FINANCIAL ACCOUNTS ON WEBSITE**

Pursuant to the notification of the SECP (SRO 634(I)/2014) dated July 10, 2014, the financial statements of the Company have been placed on the Company's website at [www.matcofoods.com](http://www.matcofoods.com).

**9) CHANGE OF ADDRESS (IF ANY)**

The shareholders are requested to notify the Company at its registered office at aforesaid address if there is any change in their addresses and update zakat status with their participants immediately.

**STATEMENT UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017**

**Agenda Item # 4 – ELECTION OF DIRECTORS**

The term of office of the present Directors of the company will expire on October 31, 2021. In terms of Section 159(1) of the Companies Act, 2017 (“Act”), the Board of Directors in its Board meeting held on September 09, 2021 has fixed the number of elected Directors at 9 (nine) to be elected in the Annual General Meeting of the Company for the period of next three years.

Any person who seeks to contest the election to the office of a Director, whether he is retiring director or otherwise, shall file with the Company Secretary, at the Registered Office of the Company located at B -1/A, S.I.T.E. Phase 1, Super Highway Industrial Area, Karachi not later than fourteen (14) days before the date of Annual General Meeting, the following documents:

- 1) His/her Folio No./CDC Investors Account No./CDC Sub-Account No. and number of shares held.
- 2) Notice of his/her intention to offer himself/herself for the election of Directors in terms of Section 159(3) of the Companies Act, 2017.
- 3) Consent to act as Director as prescribed under Section 167 of the Companies Act, 2017.
- 4) Detailed Profile along with his/her address to be placed on the website of the Company.
- 5) A director must be a member of the Company at the time of filing of his / her consent for contesting election of Directors except a person representing a member, which is not a natural person.
- 6) An attested copy of Computerized National Identity Card (CNIC)/Passport (in case of foreigner).
- 7) A declaration that:
  - He/she is not ineligible to become a director of the Company under the Companies Act, 2017 or other applicable laws/rules/regulations.
  - He/she is not serving as a director including as an alternate director of more than seven listed companies including this Company (when elected/appointed as Director). Provided that this limit shall not include the directorships in the listed subsidiaries.
  - He/she is not engaged in the business of brokerage, or is not a spouse of such person or is not a sponsor, director or officer of a corporate brokerage house.
  - He/she has not been declared by a court of competent jurisdiction as defaulter in repayment of loan to a financial institution.
  - He/she is aware of the duties and powers of a Director under the applicable laws/rules/regulations etc.

- 8) Person contesting as Independent Director shall also submit:
- A declaration that he/she qualifies the criteria of independence notified under the Companies Act, 2017 and that his/her name is listed on the data bank of independent directors maintained by an institute/organization duly notified by the Securities and Exchange Commission of Pakistan.
  - An undertaking on non-judicial stamp paper that he/she meets the requirements of Sub-Regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018 along with relevant supporting information supporting the undertaking.
- 9) Any other document/information he/she thinks necessary and/or the Company may require.

The Final list of contesting directors will be circulated not later than seven days before the date of said meeting, in term of section 159 (4). Further, the website of the Company will be updated with the required information.

کی جانب سے، ہم اپنے تمام قابل قدر گراہوں، تقسیم کاروں، اسٹاکسٹس، ڈیلروں اور بینکروں سے کمپنی میں موجود اعتماد اور اعتماد کے لئے اظہار تشکر کرتے ہیں اور آنے والے سالوں میں کمپنی کی ترقی کو برقرار رکھنے میں ان کی مسلسل حمایت اور شراکت کے منتظر ہیں۔

ڈائریکٹرز کی طرف سے:



فیضان علی غوری۔  
ڈائریکٹر



خالد سرفراز غوری  
چیف ایگزیکٹو

ملک بھر میں ابھرنے والے COVID-19 کے ڈیلٹا ویرینٹ کے مثبت کیسز میں اضافے کے ساتھ وبائی امراض کا خطرہ اب بھی موجود ہے۔ اس سے مقامی مارکیٹ کی فروخت کا حجم متاثر ہو سکتا ہے۔

درحقیقت، یہ کمپنی کے لیے ایک مشکل وقت ہے اور جہاں تک چاول کے تمام برآمد کنندگان کے لیے واحد مثبت نقطہ آپ کی کمپنی کے لیے تنوع ہے۔ چاول گلو کو زکی برآمدات میں معمولی اضافہ اور کارن سٹارچ پروجیکٹ کی جاری تعمیر اور ترتیب ہمارے لیے گیم چینجر ثابت ہوگی۔ انشاء اللہ۔

### ریٹائرمنٹ فنڈ

کمپنی نان فنڈڈ گریجویٹ فنڈ چلارہی ہے، اس سال کے دوران کمپنی نے (Actuarial Valuation) کی بنیاد پر 32.34 ملین روپے گریجویٹ فنڈ کیلئے مختص کیے ہیں

### متعلقہ پارٹی کے ساتھ ٹرانزیکشن

متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز (معاملات) کی تفصیل مالی گوشواروں کے نوٹس کے ساتھ مہیا کی گئی ہیں۔

### کمپنی کے حصص میں تجارت

ڈائریکٹر/متعلقہ پارٹی	شیر	ٹرانزیکشن کی قسم
جناب فیضان علی غوری	30,000	خرید
جناب آغا احمد شاہ	500	خرید
میسرز غوری ٹرسٹ	420,000	فروخت

### اعتراف

ڈائریکٹرز سال بھر انتظامیہ اور کمپنی کے ملازمین کی طرف سے دکھائی جانے والی محنت اور لگن کے لئے ان کی مخلصانہ تعریف کو ریکارڈ کرنا چاہتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز اور ملازمین

چاول دونوں کے لیے مارکیٹ میں مزید توسیع کی جائے گی۔ کچھ ممالک میں کوویڈ کے بعد استحکام سے طلب میں اضافہ بھی ہو سکتا ہے لیکن فریٹ کی قیمت دنیا میں نئی قیمتوں کا تعین ضرور کرے گی ورنہ اس سال پاکستان کو فروخت میں بڑی کمی کا سامنا کرنا پڑ سکتا ہے۔

پاکستان دنیا میں چاول کے سب سے بڑے پیداواری اور برآمد کنندگان میں شامل ہے۔ فوڈ اینڈ ایگریکلچر آرگنائزیشن (ایف اے او) کے اعداد و شمار کے مطابق، پاکستان دنیا کی چاول کی پیداوار کا 10 فیصد فراہم کرتا ہے، انٹرنیشنل ٹریڈنگ سینٹر (آئی ٹی سی) کے اعداد و شمار کے مطابق چاول پاکستان کی چھٹی بڑی برآمدی شے اور سب سے بڑی غیر ٹیکسٹائل برآمدی اجناس ہے۔

فریٹ / یوٹیلیٹیز کے ذریعے کاروبار کرنے کی لاگت میں اضافے کے موجودہ چیلنجز اور فروخت کی جمود کی قیمتیں بنیادی مسائل ہیں اور آنے والے سال میں ہماری برآمد کے حجم کو متاثر کریں گے۔

### بعد از رونما ہونے واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔

### مستقبل کا نقطہ نظر

وبائی امراض کے بعد پاکستان کی معیشت نے معاشی بحالی کے نمایاں نشانات دکھائے ہیں جس سے معاشی حرکیات تیزی سے بحال ہو رہی ہیں۔ حالیہ بجٹ 2021-22 میں، حکومت نے ترقی پر مبنی اقدامات کیے ہیں اور مثبت اصلاحی رفتار پر عمل پیرا ہیں گے جس سے پاکستان کی معیشت کی مسابقت کو بڑھانے میں مدد ملے گی اور زیادہ مضبوط، جامع اور پائیدار بحالی کی مضبوط بنیاد رکھی جائے گی۔

پالیسیوں اور فیصلوں میں یقین کسی بھی کاروبار کی پائیدار ترقی کے لیے ضروری ہے۔ اسی مناسبت سے، کمپنی کو یقین ہے کہ حکومت مطلوبہ افادیت اور خدمات کو مسلسل اور اقتصادی انداز میں فراہم کرتی رہے گی تاکہ صنعت کی طویل مدتی ترقی کے ساتھ ساتھ مجموعی معیشت کو یقینی بنایا جاسکے۔ اسٹیٹ بینک کی مانیٹری پالیسی کے ذریعے 7 فیصد شرح سود کو حالیہ برقرار رکھنا ایک اچھی علامت ہے۔

• کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاونٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شہریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

• بین الاقوامی مالیاتی رپورٹنگ معیارات، جیسا کہ پاکستان میں قابل اطلاق ہیں، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

• اندرونی کنٹرول کا نظام مستحکم ہے اور اسے موثر انداز میں لاگو کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔

• کمپنی کے کاروبار کو رواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔

• لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کسی بھی پہلو کو نظر انداز نہیں کیا گیا۔

• گزشتہ چھ سال کا اہم کاروباری اور مالیاتی معلومات اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

• ٹیکسوں اور محصولات کے بارے میں معلومات مالیاتی گوشوارے کے نوٹس میں دی گئی ہیں۔ اور یہ مالیاتی گوشواروں کا حصہ ہیں۔

• کسی بھی ادائیگی کی تاخیر کا کوئی امکان نہیں ہے اور کسی قرض میں نادہندہ ہونے کا بھی کوئی امکان نہیں ہے۔

### صنعت کا جائزہ

چاول کی عالمی مانگ اب بھی بڑھ رہی ہے۔ جس میں، افریقہ اور ایشیا کے غریب علاقوں میں عام چاول کی مانگ آبادی میں اضافے کے ساتھ پیش گوئی کی جاتی ہے، جبکہ ایشیا کے زیادہ ترقی یافتہ علاقوں میں اعلیٰ درجے کے خوشبودار چاولوں میں دلچسپی ظاہر کرنے کی توقع کی جاتی ہے۔ اس لیے توقع کی جاتی ہے کہ پاکستان کی طرف سے برآمد ہونے والے عام چاول اور باسستی

کوویڈ 19 کے بارے میں صنعتی ایس او پی پر عمل کرتے ہوئے ایک جامع حکمت عملی نافذ کی گئی ہے۔ ضرورت کی اس گھڑی میں برادریوں کی حمایت کا ہمارا عزم غیر متزلزل ہے۔ ان میں احاطے کے اندر اور باہر مختلف علاقوں میں باقاعدگی سے آگاہی سیشن، ہینڈ سینیٹائزر کی فراہمی، داخلی راستوں پر درجہ حرارت کی نگرانی، احاطے کی باقاعدگی سے جراثیم کشی اور عملے کو ہر وقت ماسک پہننے کے ساتھ ساتھ سماجی فاصلے پر عمل کرنے کی ہدایات شامل ہیں۔

### اندرونی مالیاتی کنٹرول

ڈائریکٹر داخلی مالیاتی کنٹرول کے حوالے سے اپنی ذمہ داری سے آگاہ ہیں۔ مینجمنٹ اور آڈیٹرز (اندرونی اور بیرونی دونوں) کے ساتھ بات چیت کے ذریعے تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرول نافذ کیا گیا ہے۔

### کارپوریٹ گورننس کا کوڈ

30 جون 2021 کو ختم ہونے والے سال کے لیے متعلقہ پاکستان اسٹاک ایکسچینج کی جانب سے اس کے لسٹنگ ریگولیشنز میں کوڈ آف کارپوریٹ گورننس کی ضروریات کو کمپنی نے اپنایا ہے اور اس کی مناسب طریقے سے تعمیل کی گئی ہے۔ اس حوالے سے ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

ضابطہ اخلاق کی تعمیل میں، بورڈ ممبران درج ذیل بیان کو ریکارڈ پر رکھ کر خوش ہیں:

• کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اور اس کے معاملات اس کی کاروباری سرگرمیوں کے نتائج اور کیش فلوز اور ایکویٹی میں تبدیلی کی شفاف اور منصفانہ عکاسی کرتے ہیں۔

• کمپنی نے اپنے اکاؤنٹس کے کھاتوں کو محفوظ اور درست انداز میں رکھا ہوا ہے۔

ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے حصص کا کوئی لین دین نہیں کیا، سوائے ان کے جو شیئر ہولڈنگ کے انداز میں رپورٹ کیے گئے ہیں۔

ایگزیکٹوز کا مطلب ہے چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، اندرونی آڈٹ کا سربراہ، کمپنی سیکرٹری اور دیگر ایگزیکٹوز (جیسا کہ بورڈ نے وضاحت کی ہے)۔

### صحت، سلامتی اور ماحول

کمپنی اپنی ورک فورس، انفراسٹرکچر اور آپریشن کو محفوظ اور محفوظ رکھنے کی کوشش کرتی ہے اور صحت مند کام کے ماحول اور طریقوں کی حوصلہ افزائی کرتی ہے۔ سال کے دوران، آگاہی سیشن اور مشقیں مسلسل جاری رکھی جاتی ہیں تاکہ HSE میں تازہ ترین ترقی ہو، قانونی تقاضوں کی تعمیل کو یقینی بنایا جاسکے اور HSE چیلنجوں کا انتظام کیا جاسکے۔

مزید یہ کہ، کارپوریٹ آفس اور پروڈکشن کی سہولت پر جارحانہ اقدامات کیے گئے تاکہ تمام ٹیم ممبروں کو COVID-19 کے خلاف ویکسین کیا جاسکے۔ اب تک، تقریباً 100% ملازمین اور کارکنوں کو کم از کم ایک خوراک کے ساتھ ویکسین دی گئی ہے۔ اسی طرح، کمپنی نے وبائی امراض کے دوران ملازمین کو اپنے آپ کو محفوظ رکھنے کے بارے میں تعلیم دینے کے لیے اقدامات کیے اور اس مہم کو کوویڈ 19 سے متعلقہ ذاتی حفاظتی مواد جیسے چہرے کے ماسک، صابن، سینڈائزر، دستانے وغیرہ کی موثر تقسیم کے ساتھ مکمل کیا۔

### کاروباری و سماجی ذمہ داری

آپ کی کمپنی معاشرے کے سماجی اور ماحولیاتی مقصد کے لیے پر عزم ہے اور معاشرے کے تمام طبقات کے ساتھ مضبوط تعلقات استوار کرنے پر یقین رکھتی ہے۔ اس سلسلے میں، کمپنی نے تعلیم کو زیادہ آسانی سے دستیاب کرنے اور ملازمین کے بچوں کے لیے مالی مدد فراہم کرنے کے لیے مستقل طور پر عزم ظاہر کیا ہے۔ ایک اور ہدف یہ ہے کہ صحت کی دیکھ بھال کو بغیر کسی امتیاز کے تمام مریضوں تک پہنچایا جائے، ان کی ادائیگی کی اہلیت سے قطع نظر۔

## انسانی وسائل اور معاوضہ کمیٹی

زیر نظر سال کے دوران، ایک (01) انسانی وسائل اور معاوضہ کمیٹی کا اجلاس منعقد ہوا اور ہر رکن کی حاضری ذیل میں دی گئی ہے۔

حاضری	ممبران کے نام
1	محترمہ امہ حبیبہ، چیئر مین
1	جناب جاوید علی غوری
1	جناب خالد سرفراز غوری
1	مسز فریال مرتضیٰ
1	جناب فیضان علی غوری

## ڈائریکٹرز کے تربیتی پروگرام

کمپنی کے آٹھ (8) ڈائریکٹرز ڈائریکٹرز کے تربیتی پروگرام کی ضرورت کے مطابق تصدیق شدہ ہیں۔ کمپنی کے ڈائریکٹرز اپنے فرائض کی انجام دہی کے لیے مناسب تربیت یافتہ ہیں اور کمپنیز ایکٹ، 2017 اور پی ایس ایس رول بک کے ریگولیشنز کے تحت اپنے اختیارات اور ذمہ داریوں سے آگاہ ہیں۔

## آڈیٹرز کی تقرری

موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجمن رحمن، چارٹرڈ اکاؤنٹینٹس رواں سال ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسرز گرانٹ تھورنٹن انجمن رحمن کو جون 2021-22 ختم ہونے تک بطور کمپنی آڈیٹرز تعینات کرنے کی سفارش کی ہے۔ جس کا فیصلہ باہمی طے شدہ فیس کی بنیاد پر عام اجلاس میں حصص داران کی منظوری سے مشروط ہے۔

## حصص داران کی تفصیل

کمپنی کے حصص داران کی تفصیل اس رپورٹ کے ساتھ منسلک ہے۔

## بورڈ کے اجلاس اور حاضری

مذکورہ سال میں بورڈ کے چار اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

5	جناب جاوید علی غوری، چیئرمین۔
5	جناب خالد سرفراز غوری
3	جناب ڈاکٹر طارق غوری
5	جناب فیضان علی غوری
5	جناب سید کامران رشید
5	جناب عبدالصمد خان
5	مسز فریال مرتضیٰ
4	محترمہ امہ حبیبہ
5	جناب آغا احمد شاہ

غیر حاضری کی رخصت ان ڈائریکٹرز کو دی گئی جو بورڈ کے کچھ اجلاسوں میں شرکت نہیں کر سکے۔

## بورڈ آڈٹ کمیٹی

زیر نظر سال کے دوران، بورڈ آڈٹ کمیٹی کے چار (04) اجلاس ہوئے اور ہر ممبر کی حاضری ذیل میں دی گئی ہے۔

### حاضری

### ممبران کے نام

4	سید کامران رشید—چیئرمین
4	جناب عبدالصمد خان
4	جناب آغا احمد شاہ

## بورڈ کی کمپوزیشن

بورڈ کا متنوع درج ذیل سات (7) مرد اور دو (2) خواتین ڈائریکٹرز پر مشتمل ہے۔ جن کی تفصیل یہ ہے:

- 4 خود مختار ڈائریکٹرز
- 2 نان ایگزیکٹو ڈائریکٹرز
- 3 ایگزیکٹو ڈائریکٹرز
- 9 ڈائریکٹرز کی مجموعی تعداد

مذکورہ ڈائریکٹرز کا انتخاب سالانہ عام اجلاس میں 31 اکتوبر 2018ء کو ہوا تھا۔

12 اپریل 2021ء کو، مرحوم ڈاکٹر طارق غوری انتقال کر گئے، جس نے بورڈ پر عارضی خالی جگہ پیدا کر دی، اس کے بعد، 19 مئی 2021ء کو جناب صفوان خالد غوری کو بورڈ آف ڈائریکٹرز نے بطور ایگزیکٹو ڈائریکٹر قرارداد سرکلر کے ذریعے مقرر کیا۔

### نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی

بورڈ ممبران کی تنخواہ بورڈ کی طرف سے ہی منظور کی جاتی ہے۔ تاہم، لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس)، 2017ء کے مطابق، اس بات کو یقینی بنایا گیا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ ہم نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتے سوائے بورڈ کے اجلاسوں میں شرکت کی فیس کے۔ بہترین ٹیلنٹ کو برقرار رکھنے کے لیے، ہماری معاوضے کی پالیسیاں صنعت کے مروجہ رجحانات اور بہترین کاروباری طریقوں کے مطابق ہیں۔

### چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی

چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹرز کے معاوضے کا پیکیج نوٹ 41 میں مالی بیانات میں ظاہر کیا گیا ہے۔

## چاول گلو کوز ڈویژن پر بریفنگ

سال کے دوران، رائس گلو کوز ڈویژن نے تسلی بخش کارکردگی کا مظاہرہ کیا۔ تاہم، اس طبقہ میں بھی کمپنی کو زیادہ بین الاقوامی مال برداری کی وجہ سے شدید چیلنجوں کا سامنا کرنا پڑا۔ ملکی سطح پر، چار اضافی چاول گلو کوز کمپنیوں نے اس سال پاکستان میں کام شروع کیا جس کی وجہ سے قیمتوں میں کمی کا دباؤ خاص طور پر لاگت کے حساس کنفییکشنری طبقے میں ہے۔ اس دوران چاول گلو کوز ڈویژن کے لیے خام مال کی قیمتوں میں نمایاں اضافہ ہوا جس کی وجہ پاکستان میں پولٹری سیکٹر کی متوازی اور غیر متوقع مانگ ہے۔

## کارن اسٹارچ ڈویژن پر بریفنگ

الحمد للہ، کمپنی نے فروری 2021 میں 200 ٹی پی ڈی کے کارن اسٹارچ پلانٹ کی فراہمی کے لیے مین مشینری سپلائر کے ساتھ معاہدہ کیا۔ کمپنی نے اسپیشل اکنامک زون علامہ اقبال انڈسٹریل سٹی فیصل آباد میں FIEDMC سے منظور شدہ 20 ایکڑ اراضی حاصل کی ہے۔ سال 2022 میں اس منصوبے کو آن لائن لانے کے لیے سول ورکس اور دیگر پروجیکٹ پر عملدرآمد جاری ہے۔

## Barentz پاکستان (پرائیویٹ) لمیٹڈ پر بریفنگ

سال کے دوران، ایسوسی ایٹ کمپنی Barentz پاکستان (پرائیویٹ) لمیٹڈ نے سیلز ریونیو میں 174 فیصد اضافہ دیکھا ہے لیکن یہ اب بھی خالص منافع حاصل کرنے میں ناکام ہے کیونکہ کمپنی کم سے کم مارجن رکھ کر اور کسٹمر بیس بڑھانے پر توجہ مرکوز کر رہی ہے۔

اس عرصے کے دوران، Barentz نے پاکستان میں اپنی مصنوعات کی تقسیم کے لیے Givaudan (ذائقوں، خوشبوؤں اور فعال کاسمیٹک اجزاء کی ایک سوئس کثیر القومی صنعت کار) کے ساتھ تقسیم کا معاہدہ بھی کیا ہے۔ اب تک، کاروبار کمپنی کے لیے اچھا منافع بخش ہے اور ہمیں امید ہے کہ یہ بڑھتا رہے گا اور Barentz پاکستان (پرائیویٹ) لمیٹڈ کے مجموعی منافع کو حاصل کرنے میں بہت بڑا حصہ ڈالے گا۔

30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کی مالی کارکردگی اور لیکویڈٹیٹی کی کمی کو مد نظر رکھتے ہوئے، ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے لیے کسی قسم کے منافع کی سفارش نہیں کی ہے۔

### بنیادی خطرات اور غیر یقینی

فی الحال، کمپنی بین الاقوامی فریٹ ریٹ میں غیر یقینی صورتحال کے سب سے بڑے خطرے کا سامنا کر رہی ہے۔ پچھلی سہ ماہی کے دوران، فریٹ کی شرح میں نمایاں اضافہ ہوا ہے جس کے نتیجے میں مال برداری کی قیمت میں گزشتہ سال کے مقابلے میں 88 فیصد اضافہ ہوا ہے۔ کچھ مقامات پر، مال برداری میں دس گنا زیادہ اضافہ ہوا ہے۔ بین الاقوامی برداری کی شرح کے علاوہ، کمپنی کو بعض موروثی خطرات اور غیر یقینی صورتحال کا سامنا ہے، جیسے:

- مقامی اور برآمدی چاول کی قیمتوں میں زیادہ اتار چڑھاؤ؛
- حکومتی قواعد؛
- غیر ملکی زر مبادلہ کی شرح میں منفی اتار چڑھاؤ؛
- سالوں میں افراط زر کی بلند شرح؛
- چاول کی فصل کی مجموعی پیداوار اور کٹائی؛ اور
- فروخت کی طرف COVID 19 سے متعلق غیر یقینی صورتحال۔

کمپنی خطرے کو قابل قبول سطح تک کم کرنے اور اندرونی اور بیرونی اسٹیک ہولڈرز کے ساتھ مذکورہ خطرات کے ممکنہ اثرات کے لیے سرگرم عمل ہے۔

سطح پر خرید تازہ ترین آرڈر دینے سے پہلے موجودہ اسٹاک کی سطح کو نیچے جانے دے رہے ہیں۔ اور بہت سے معاملات میں تصدیق شدہ آرڈرز تاخیر یا ملتوی کر دیے گئے ہیں۔

یہ دیکھنا باقی ہے کہ عالمی سطح پر مال برداری کب معمول پر آئے گی، جبکہ کچھ صنعت کے ماہرین کا خیال ہے کہ بین الاقوامی مال برداری کو عقلی سطح پر لانے کے لیے اضافی ترسیل کے حجم کو شامل کرنے میں کم از کم مزید 2 سال کا عرصہ لگے گا۔ پچھلی سہ ماہی میں، کمپنی نے فریٹ چارجز کی شرحوں میں بے قابو اوپر کی تبدیلی کے ساتھ ساتھ FX کے نرخوں میں انتہائی اتار چڑھاؤ کی وجہ سے نقصان اٹھایا جو مجموعی طور پر برآمد کنندگان کے لیے شدید مسائل ہیں۔

اس سال کمپنی کی کارکردگی کو متاثر کرنے والے دیگر عوامل افادیت کے اخراجات، پیداوار کی لاگت جو پیکیجنگ مواد سے متعلق ہیں، اور GIDC کے لیے ایک Provision فراہمی سے متعلق ہیں۔

### پوسٹ کوویڈ 19 کے اثرات اور تدابیر

موجودہ مدت کے دوران ملک میں COVID کی دوسری اور تیسری لہریں پھیل گئیں جس نے کاروبار میں دوبارہ غیر یقینی صورتحال پیدا کی۔ الحمد للہ، ہم نے اسے اچھی طرح سنبھال لیا ہے اور حکومتی ہدایات کے مطابق ہم نے اپنے تقریباً تمام عملے کے لیے ویکسینیشن کا انتظام کیا ہے۔ وبائی امراض کی وجہ سے درپیش چیلنجوں سے نمٹنے کے لیے دنیا بھر کے کاروباری اداروں کو چست اور فیصلہ کن طریقوں سے رد عمل ظاہر کرنا پڑا۔ جیسا کہ ہم اگلے مرحلے میں جاتے ہیں، اب وقت آگیا ہے کہ کاروباری اداروں کو تلاش کریں اور بازیابی میں ابھرنے والے مواقع سے فائدہ اٹھائیں۔ اس میں وبائی امراض سے سیکھے گئے اسباق کے بارے میں ڈیٹا اور بصیرت جمع کرنے کے لیے "عمل کے بعد جائزہ" کا انعقاد شامل ہے، اور پھر ان کا استعمال آج کی کاروباری قدر کو بڑھانے اور کل کے لیے اسٹریٹجک چک پیدا کرنے کے لیے اقدامات کو ترجیح دینے کے لیے ہے۔ وہ کاروبار جو اب یہ اقدامات کرتے ہیں، کوویڈ 19 کے بعد کی بحالی میں بڑھتے ہوئے مواقع پر زیادہ مؤثر طریقے سے فائدہ اٹھانے کے لیے اچھی طرح سے رکھے جائیں گے۔ اور اپنے بازاروں میں جیت کو مزید یقینی اور استحکام کی واپسی کے طور پر جاری رکھیں گے۔

کوویڈ 19 کے بعد اس سال کا بڑا چیلنج فریٹ چارجز میں اضافہ تھا۔ ایک ایسے وقت میں، جب برآمد کنندگان عالمی تجارتی بحالی کی تلاش میں ہیں، کنٹینرز کی قلت اور بڑھتے ہوئے کنٹینر فریٹ کی شرحیں برآمد کنندگان کو شدید متاثر کرتی رہیں۔ کنٹینر فریٹ کی شرح دوگنی اور پھر تین گنا ہو گئی تھی، اور سال کے اختتام تک بیشتر مقامات میں کنٹینر فریٹ کی پچھلے سال کی اسی مدت میں شرح 5 گنا تھی۔

صورتحال مزید خراب ہو گئی ہے کیونکہ فریٹ چارجز میں اضافہ کا سلسلہ مسلسل جاری ہے۔ شینگن لائنوں نے پاکستان میں ان کی کالوں کی فریکوئنسی کو بھی کم کر دیا ہے جس کی وجہ سے کمپنی کی ترسیل متاثر ہوئی ہے اور اس سال حجم کم ہو گیا ہے۔ کمپنی نے اپنی پوری کوشش کی ہے کہ گاہکوں کو فریٹ کے بڑھتے ہوئے اخراجات کا بوجھ بانٹنے پر راضی کیا جائے اور آگے سے صرف ایف او بی انکوٹر مزید تازہ آرڈر بک کرنا ہے تاکہ فریٹ میں انتہائی اتار چڑھاؤ سے بچا جاسکے۔

مال کی قیمتوں میں اضافہ ملکی مصنوعات کو بھی متاثر کرتا ہے اور گھریلو قیمتوں کو غیر متوقع بنا دیتا ہے۔ بہر حال، بہت سی گھریلو تیار شدہ مصنوعات میں درآمد شدہ خام مال یا نیم تیار شدہ مصنوعات کی شراکت ہوتی ہے۔ مینوفیکچرنگ میں ان پیٹ، اگر درآمد کیا جاتا ہے، یہاں تک کہ پیداوار کے عمل کے چھوٹے حصے میں بھی، مینوفیکچرنگ کے پورے عمل کو متاثر کرے گا اور لاگت میں اضافہ کرے گا۔ یہ یقینی طور پر ہماری فروخت کی لاگت میں اضافہ کرے گا اور اس طرح ہماری کمپنی کے لیے کم خالص مارجن بنج جائے گا۔

مجموعی طور پر بین الاقوامی مارکیٹ میں پاکستان سے باسیتی چاول کی مانگ گزشتہ سال کے مقابلے میں کم رہی ہے۔ پاکستان میں مجموعی طور پر چاول کی برآمدات میں قیمت میں 26 فیصد اور مقداری لحاظ سے 27 فیصد کمی واقع ہوئی جبکہ میٹھونے برآمدات کی فروخت میں 13 فیصد کمی اور مقدار کے لحاظ سے 21 فیصد کمی ریکارڈ کی۔ موجودہ دور میں کم مانگ کی وجہ عالمی سطح پر درآمدی مقامات پر اسٹاک کے ڈھیر لگنا ہے۔ یہ نوٹ کیا گیا ہے کہ مارچ 2020 میں COVID-19 عالمی وبا کے فوراً بعد اس عرصے میں ضرورت سے زیادہ حجم کی فروخت اور نمودار سمبر 2020 تک تھی۔ تاہم، جنوری 2021 کے بعد فریٹ میں اضافہ کے ساتھ، عالمی

# بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

## ڈائریکٹرز کی رپورٹ

اللہ (SWT) کے فضل سے اور بورڈ آف ڈائریکٹرز (BOD) کی جانب سے، مجھے 30 جون 2021 کو ختم ہونے والے سال کے لیے میٹکو فوڈز لمیٹڈ کی سالانہ رپورٹ کے ساتھ آڈٹ شدہ مالی بیانات اور آڈیٹرز کی رپورٹ پیش کرنے پر خوشی ہے۔

### مالیاتی نتائج

کمپنی کی خالص آمدنی 10,557 ملین روپے رہی جو کہ پچھلے سال 11,290 ملین روپے رہی تھی جو آمدن میں 6.5 فیصد کمی ظاہر کرتی

	Unconsolidated		Consolidated	
	2021	2020	2021	2020
	-----Rupees-----			
Sales - net	10,556,620,789	11,289,961,893	10,574,095,621	11,296,930,227
Cost of sales	(9,909,427,766)	(10,273,971,964)	(9,909,427,766)	(10,273,971,964)
<b>GROSS PROFIT</b>	<b>647,193,023</b>	<b>1,015,989,929</b>	<b>664,667,855</b>	<b>1,022,958,263</b>
Distribution expenses	(185,997,143)	(207,020,855)	(187,321,615)	(218,475,909)
Administrative expenses	(309,688,284)	(271,369,378)	(312,402,873)	(273,160,683)
	(495,685,427)	(478,390,233)	(499,724,488)	(491,636,592)
<b>OPERATING PROFIT</b>	<b>151,507,596</b>	<b>537,599,696</b>	<b>164,943,367</b>	<b>531,321,671</b>
Finance cost	(272,830,931)	(350,287,990)	(273,181,730)	(350,646,282)
Other income	77,029,758	56,513,137	77,035,369	56,513,137
Share of loss from associated company	-	-	(5,276,389)	(5,852,147)
Exchange gain - net	65,215,796	14,015,389	65,215,796	14,015,389
Provision for worker's welfare fund	(391,070)	(7,113,214)	(391,070)	(7,113,214)
Provision for worker's profit participation fund	(977,674)	(12,218,347)	(977,674)	(12,218,347)
<b>PROFIT BEFORE TAX</b>	<b>19,553,475</b>	<b>238,508,671</b>	<b>27,367,669</b>	<b>226,020,207</b>
Income tax expense	(80,420,184)	(86,580,493)	(80,420,184)	(86,580,493)
<b>(LOSS)/ PROFIT FOR THE YEAR</b>	<b>(60,866,709)</b>	<b>151,928,178</b>	<b>(53,052,515)</b>	<b>139,439,714</b>
<b>(LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED</b>	<b>(0.50)</b>	<b>1.24</b>	<b>(0.43)</b>	<b>1.14</b>

ہے۔ اس سال مجموعی منافع 647 ملین روپے رہا جو پچھلے سال 1,016 ملین روپے تھا جو پچھلے سال کی نسبت 36.32 فیصد کمی ظاہر کرتی ہے۔ جبکہ خالص منافع میں 140.06 فیصد کمی واقع ہوئی جو کہ اس سال 60.87 ملین روپے نقصان ہوا جبکہ پچھلے سال 151.93 ملین روپے خالص منافع ہوا تھا۔ سال کے دوران، کمپنی کی باسٹمی کی اوسط برآمد کی قیمتیں 961 امریکی ڈالر تھیں جو گزشتہ سال 980 ڈالر تھیں۔

نان ایگزیکٹو اور آزاد ڈائریکٹرز اہم فیصلوں میں برابر کے شریک ہیں۔

ہم اپنے سرشار ملازمین، قابل قدر صارفین، ہمارے بینکرز، معزز شیئرز اور ملڈرز اور مقامی انتظامیہ کے انتہائی شکر گزار ہیں جنہوں نے رپورٹ کی مدت کے دوران کمپنی میں ان کی قیمتی شراکت کی۔



جاوید علی غوری

چیئرمین

کراچی: 09 ستمبر 2021۔

## چیئر مین کا جائزہ

مجھے 30 جون 2021 کو ختم ہونے والے سال کے لیے میٹکو فوڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز کے چیئر مین کی حیثیت سے سالانہ جائزہ پیش کرنے پر خوشی ہے۔

یہ میٹکو فوڈز کے لیے ایک افسوسناک سال تھا کیونکہ اس سال ہمارے پیارے ڈائریکٹر اور بانی ڈاکٹر طارق غوری کے انتقال پر ایک دورِ اختتام ہوا۔ ڈاکٹر طارق غوری (مرحوم) نے پاکستان میں چاول کی صنعت کی ترقی میں نمایاں کردار ادا کیا تھا۔ انہیں میٹکو فوڈز کی مصنوعات کے لیے نئی منڈیاں تیار کرنے اور اسٹریٹجک مقامات پر ڈسٹری بیوٹرز مقرر کرنے کا وسیع تجربہ تھا۔ وہ 35 سے زائد ممالک میں فلک باسمنی چاول کی برانڈ ڈویلپمنٹ اور پوزیشننگ میں اہم کردار ادا کر چکے ہیں۔ اس کے علاوہ، ڈاکٹر طارق غوری رائس ایکسپورٹرز ایسوسی ایشن آف پاکستان (REAP) کے بانی رکن تھے اور REAP کی بیجنگ کمیٹی کے رکن کے ساتھ ساتھ REAP کی پاکستان باسمنی چاول پرموشن کمیٹی کے صدر کے طور پر بھی خدمات انجام دے چکے ہیں۔

جیسا کہ لسٹڈ کمپنیاں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت ضرورت کے مطابق میٹکو فوڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ تشخیص کی جاتی ہے۔ اس تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور تاثیر کو کمپنی کے لیے مقرر کردہ مقاصد کے تناظر میں توقعات کے مقابلے میں ناپا اور بیچ مارک کیا جائے۔

بورڈ نے بہترین کارپوریٹ طریقوں اور حکمرانی کی تعمیل کی بھی نگرانی کی، تنوع اور اخلاقی رویے کی حوصلہ افزائی کی اور ترقی اور عمدگی حاصل کرنے کے لیے مہارت حاصل کی۔ بورڈ اپنی کارپوریٹ سماجی ذمہ داری سے بھی بخوبی واقف ہے خاص طور پر تعلیم، صحت کی حفاظت اور ماحول۔ ہم اپنی کارپوریٹ سماجی ذمہ داری کو یقینی بنانے کی طرف اپنی کوششوں سے بہت مطمئن ہیں اور امید کرتے ہیں کہ ہر گزرتے سال کے ساتھ اپنی کوششوں کو بہتر بنائیں گے۔

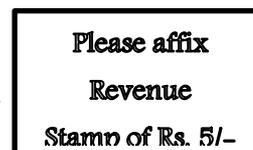
آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے ایجنڈا اور معاون تحریری مواد حاصل کیا جس میں بورڈ اور اس کی کمیٹی کے اجلاسوں سے پہلے مناسب وقت میں فالو اپ مواد بھی شامل ہے۔ بورڈ اپنی ذمہ داریوں کو مناسب طریقے سے نبھانے کے لیے کثرت سے ملتا ہے۔

The Company Secretary  
**Matco Foods Limited**  
B-1/A, S.I.T.E., Phase 1  
Super Highway Industrial Area  
Karachi

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of MATCO FOODS LIMITED and holder of \_\_\_\_\_ number of shares as per Share Register Folio No. \_\_\_\_\_ and/or CDC Participant ID No. \_\_\_\_\_ and Account / Sub-Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the Shareholders of the Company to be held on the 21<sup>st</sup> day of October 2021 via video-conferencing facility and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2021.



Witness 1

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

Witness 2

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

Notes:

- The proxy must be a member of the company.
- The signature must tally with the specimen signature/s registered with the Company.
- If a proxy is granted by a member who has deposited his/her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
- The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

www.jamapunji.pk

**Jama  
Punji**  
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk)

[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices



**MATCO FOODS LIMITED**

Head Office: B-1/A S.I.T.E Phase 1 Super Highway Industrial Area Karachi,-75340, Pakistan.

Tel: +92-300-8610651, +92-345-2002403

Email: [contact@matcofoods.com](mailto:contact@matcofoods.com) | Website: [www.matcofoods.com](http://www.matcofoods.com)