VISION AND MISSION STATEMENT

VISION

Make quality food for better life.

MISSION

Product innovation with optimal quality, taste and nutrition. To create value, inspire moments and deliver wellness.

COMPANY PROFILE

Board of Directors	Mrs. Saadia Omar	Chairman
	Mr. Haroon Shafiq Chaudhry	Chief Executive
	Mr. Omar Shafiq Chaudhry	Director
	Miss Mahnoor Chaudhry	Director
	Miss Mahnan Omar	Director
	Mr. Rafi Uz Zaman Awan	Director
	Mr. Syed Muhammad Adnan Raza Naqvi	Director
	Mr. Rehan Mobin	Director
Audit Committee	Mr. Rafi Uz Zaman Awan	Chairman
	MissMahnoor Chaudhry	Member
	Mrs. Saadia Omer	Member
Chief Financial Officer	Mr. Muhammad Shafique	
Company Secretary	Mr. Muhammad Zubair	
Auditors	Aslam Malik & Co. Chartered Accountants	
Bankers	Samba Bank Limited Bank Al Habib Limited Meezan Bank Limited PAIR Investment Bank Limited First Women Bank Limited	
Share Registrar	F.D. Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 Ph# 9921-35478192-93, Dir# 9221-32271905-6, Fax# 9221-32621233	
Legal Advisor	Ahmed & Qazi	
Head Office	105/A, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore	
Email	info@bunnys.com.pk	
Website	www.bunnys.com.pk	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Bunny's Limited (the "Company") will be held on Wednesday, 28 October 2020 at 12:00 PM, at 105/A, Quaid-e-Azam, Industrial Estate, Kot Lakhpat, Lahore to transact the following Business:

Ordinary Business:

1. To receive, consider and adopt the Chairman's Review Report, the Report of Directors and Auditors together with Audited Annual Financial Statements for the year ended 30 June 2020;
2. To appoint Company's auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of directors have recommended the name of retiring auditors M/s Aslam Malik & Co., Chartered Accountants for appointment as auditors of the Company

BY ORDER OF THE BOARD

Muhammad Zubair
Company Secretary

Registered office
105/A, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
05 October, 2020

Notes:

1. Book Closure:

The Share Transfer Books of the Company will remain closed from **October 21, 2020 to October 28, 2020 (**both days inclusive**)**. Transfers received at M/s F.D. Registrar Services (SMC-Pvt) Ltd., the Company's Share Registrar and Transfer Agent's Office at Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi at the close of business hours on October 20, 2019, will be treated in time for the purposes of entitlement to attend, speak and vote at the annual general meeting (AGM).

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Annual General Meeting as are available to the Member. A Proxy must be a member of the Company.

3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

Due to current COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 of 2020 issued on March 17, 2020 has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large. Considering the SECP's directives, the Company has decided to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance at the AGM through proxies.

The Shareholders can provide their comments and questions for the agenda items of the AGM on WhatsApp Number +92334-6405402 and email at bunnys@brain.net.pk. Members are, further, encouraged to attend the AGM by consolidating their attendance through proxies.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. CNIC/IBAN for E-Dividend Payment

The provisions of Section 242 of the Companies Act, 2017, read alongside the Companies (Distribution of Dividend) Regulations, 2017, require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

6. Zakat Declarations:

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.

7. Unclaimed Dividend and Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or pending shares, if any.

8. Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least ten (10) days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website.

9. Placement of Financial Statements

The Company has placed a copy of the Notice of AGM and Annual Financial Statements for the year ended 30 June 2020 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: www.bunnys.com.pk

10. Deposit of Physical Shares into CDC Account

The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-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 stock exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by the SECP, a company having share capital, shall have shares in book-entry form only. Every existing 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 SECP, within a period not exceeding four years from the commencement of the Act.

Chairman's message

I will start this message with paying tribute to our respected ex-chairman who extended his untiring efforts and dedication to bring your Company to its current prosperous status. May his soul rest in eternal peace.

I am pleased by the performance of Bunny's Limited for the financial year 2020. Operating in an environment of increasing competition and despite the impacts of COVID – 19, the Company posted increase in sales by 8.68% as compared to previous year. Net profit margin for the year has improved from 4.37% to 4.58% as compared to the previous year.

The year 2020 has remained a challenging year and business has faced many external hardships in the form of rising inflation leading to high flour cost, energy expenses and other input costs. COVID – 19 has mild to moderate effect on the overall business of the company due to closer of schools, colleges and universities that always lead reduction in consumption of bakery items. However, doing business through a proactive approach mitigated this adverse environment and delivered good, though not formidable, results in the year.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the field of business, banking and finance. The Board provides strategic directions to the management and available for guidance. The Board ensures that a competent team is in place to achieve the strategic goals and ensures compliance of all regulatory requirements by the management. As required under the Code of Corporate Governance, the Board evaluates its own performance through a mechanism developed by it.

The Board is ably assisted by its committees. The Audit Committee reviews the financial statements and ensures that these fairly represent financial position and performance of the Company. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of the senior management team. An important role of the Committee is succession planning.

I am glad to inform you that your Company's shares are now being actively traded on PSX.

During the year, the Company has made investments in upgradation and modernization of plant and equipment that will ensure sustainability

I pray to Almighty that the Company continues maintain its momentum of growth in future.

In the end I would like to acknowledge the enormous contribution and commitment of each member of the leadership team and the employees of the company.

BUNNY'S LIMITED LAHORE

Mrs. Saadia Omar
Chairman

October05, 2020

Building better together.

Aslam Malik & Co.
Chartered Accountants

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Fax : +92-42-35856019
e-mail : info@aslammalik.com
aslammalik@brain.net.pk
web : www.aslammalik.com

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Central Plaza, Civic Centre,
New Garden Town, Lahore-Pakistan.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bunny's 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 **Bunny's Limited** for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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 ensued compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the statement of Compliance.

Paragraph Reference	Description
9	The company has not arranged the directors training program or obtained the exemption from directors training program from the commission as required under clause 19 of the Regulations.

(Aslam Malik & Co.)
Chartered Accountants

Lahore

Date:

Engagement Partner: Hafiz Muhammad Ahmad

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

Name of Company	Bunny's Limited
Year ending	June 30, 2020

Bunny's Limited (the "**Company**") has complied with the requirement of the Regulations in the following manner:

1. The total number of Directors are 08 as per the following:
   a. Male 05
   b. Female 03

2. The composition of the Board is as follows:
   a. Independent Directors 01
   b. Non-Executive Directors 03
   c. Executive Directors 02
   d. Nominee Directors 02

Name	Category
Mr. Muhammad Rafi Uz Zaman Awan	Independent Director
Mrs. Saadia Omar	Non-Executive Director - Chairman
Miss. Mahnan Omar	Non-Executive Director
Miss Mahnoor Chaudhry	Non-Executive Director
Mr. Haroon Shafiq Chaudhry	Chief Executive
Mr. Omar Shafiq Chaudhry	Executive Director
Mr. Syed Muhammad Adnan Raza Naqvi	Nominee Director
Mr. Rehan Mobin	Nominee Director

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved, updated 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 her absence, by a Director elected by the Board for this purpose. The Board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. The Directors were appraised of their duties and responsibilities from time to time. All of the Directors will duly comply with the requirement of Code of Corporate Governance with respect of Directors' Training Program and the Company is planning to arrange this program for the Directors.

9. The Directors were appraised of their duties and responsibilities from time to time. All of the Directors will duly comply with the requirement of Code of Corporate Governance with respect of Directors' Training Program and the Company is planning to arrange this program for the Directors.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of appointment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising members given below:
    I. Audit Committee:
        i. Mr. Muhammad Rafi Uz Zaman Awan – Chairman
        ii. Miss. Mahnan Omar
        iii. Mrs. Saadia Omer
    II. HR and Remuneration Committee:
        i. Mr. Muhammad Rafi Uz Zaman Awan – Chairman
        ii. Miss. Mahnan Omar
        iii. Mr. Haroon Shafiq Chaudhry

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
    a) Audit Committee 5
    b) HR and Remuneration Committee 4

15. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulation 3, 6, 7, 8, 27, 32, and 36 of the Regulations have been complied with.

For BUNNY'S LIMITED

BUNNY'S LIMITED LAHORE

Chief Executive **Chairman**

Lahore: October 05, 2020

BUNNY'S LIMITED
DIRECTORS REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2020

Dear Shareholders,

In the name of ALLAH, the most gracious and most merciful, your Directors are pleased to present the Directors' Report and the Audited Financial Statements of the Company for the year ended June 30, 2020.

FINANCIAL PERFORMANCE

The financial results of the Company for the year under review are as follow: -

OPERATING RESULTS

	2020	2019
Revenue – net	**2,791,857,589**	**2,568,870,049**
Gross profit	**766,748,895**	**688,481,019**
Operating expenses	**500,243,621**	**475,367,969**
Operating profit	**266,505,274**	**213,113,050**
Financial charges	**93,547,781**	**64,819,299**
Other (loss) / income	**6,610,811**	**406,849**
Profit before taxation	**179,568,304**	**148,700,601**
Taxation	**51,765,996**	**36,324,293**
Profit after taxation	**127,802,309**	**112,376,307**
Earning per share	**2.49**	**2.19**

(As percentage of sales)

	2020	2019	Increase / (Decrease
Revenue - net	**100.00%**	100.00%	0.00%
Gross profit	**27.46%**	26.08%	1.38%
Operating expenses	**17.92%**	18.49%	-0.57%
Operating profit	**9.55%**	8.31%	1.24%
Finance cost	**3.35%**	2.52%	0.83%
Other income	**0.24%**	0.02%	0.22%
Profit before taxation	**6.43%**	5.80%	0.63%
Taxation	**1.85%**	1.42%	0.43%
Profit after tax	**4.58%**	4.38%	0.20%
Earning per share (Rs.)	**2.49**	2.19	30.00%

BUISINESS REVIEW

Revenue has increased by almost 9% in comparison to last year. Net margin has increased from 4.38% to 4.58% in comparison the previous year. During the year the finance cost has remained on the higher side mainly due to higher KIBOR rate, this has affected the net margin during the year. In comparison to previous year, earning per share has increased by 30%. Being in a very competitive industry, Company always adopt a proactive approach to remain one of the industry leader

DIVIDEND PAYMENT

Currently your Company is working on the installation of state of the art fully automated bun and burger line and basic infrastructure is being setup at the factory for which Company has already made huge investments.

Keeping in view the expansion plan and the funds requirements, your directors have decided to skip the dividend for the year 2020.

STATUTORY PAYMENTS

There is no outstanding statutory payment due on account of taxes, duties, levies and charges except of normal and routine nature.

BUNNY'S LIMITED

Bunny's Limited is one of the leading companies in the bakery industry in Pakistan. It was established in 1984. The Company has well experienced leaders on the Board of Directors and Management.

One of the key reasons behind the continued trust of some of the leading industry players is the high-quality standard being maintained at Bunny's.

Bunny's Limited was the first baking unit in Pakistan to get an ISO certification and is a member of the American Institute of Baking. Bunny's Limited has secured HACCP (Hazard Analysis and Critical Control Point) certification for its snack foods division. Moreover, Bunny's Limited is now also ISO 22000 -2005 certified. This signifies the quality and standard associated with Bunny's products.

List of certifications is as follows:

1. AIB International
2. TUV Austria – Food Safety System Certification 22000
3. Punjab Food Authority
4. Management Association of Pakistan
5. Pakistan Standards and Quality Control Authority

BOARD OF DIRECTORS

Total Number of Directors:

Male:	05
Female:	03

Composition of Directors:

Independent:	01
Non-Executive:	03
Executive:	02
Nominee:	02

Name	Category
Mr. Muhammad Rafi Uz Zaman Awan	Independent Director
Mrs. Saadia Omar	Non-Executive Director - Chairman
Mrs. Mahnan Omar	Non-Executive Director

Miss Mahnoor Chaudhry	Non-Executive Director
Mr. Haroon Shafiq Chaudhry	Chief Executive
Mr. Omer Shafiq Chaudhry	Executive Director
Mr. Syed Muhammad Adnan Raza Naqvi	Nominee Director
Mr. Rehan Mobin	Nominee Director

REMUNERATION POLICY OF THE DIRECTORS

The policy on the remuneration of Non-Executive Directors and Independent Director for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

EXPANSION AND MODERNIZATION PROJECTS

To ensure its role as one of the industry leader, your Company is in a continuous process to update its plant and equipment with latest technology. This ensures sustainability of Company's operations in the most efficient and cost effective manner.

Company's Management is hopeful that the Letter of Credit for the import of fully automated bun line which will be opened in the next month.

PRINCIPAL RISKS AND UNCERTAINTIES

Given the structure of demand for food items, the future for bakery and associated products appears to hold considerable promise. Population growth, urbanization, altering tastes and preferences and rising incomes provide producers with the incentive to deliver high quality goods. Bakery items such as bread, buns, rusks and naans are considered to be semi-staple food and therefore, enjoy relatively inelastic demand. Moreover, moving from urban to rural areas, there is a significant difference in eating and consumption patterns with more local goods being preferred in the rural areas.

Going forward, the Company is expected to continue with consistent growth trend except for one off capacity enhancement wherein the sales will likely jump up by 20-30% on completion.

CREDIT RATINGS

The long-term entity rating of the Company is A- and short-term entity rating have been maintained at A-2 by VIS Credit Rating Company Limited (VIS). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

OUR PEOPLE AND TRAINING

The Company believes that our employees are most valuable asset who mobilize all resources of the Company. We prefer to hire young and motivated professional people who give new ideas. The Company remains committed to investing in human capital and encourages employees to attend training session/ seminars / workshops / development courses to keep themselves fully aware with up to date knowledge and skills for creating and sustaining a culture of high performance.

TRANSACTIONS WITH RELATED PARTIES

All related party transactions have been disclosed in the notes 33 and 34 to the financial statements of the company.

AUDITORS

The present auditors M/s Aslam Malik & Co., Chartered Accountants retire and being eligible offers themselves for re-appointment. The Board has received recommendations from its Audit Committee for re-appointment of M/s Aslam Malik & Co., Chartered Accountants as Auditors of the Company.

COMMITTEES OF THE BOARD

1. The Board has formed committees comprising members given below:
   I. Audit Committee:
      i. Mr. Muhammad Rafi Uz Zaman Awan – Chairman

ii. Miss Mahnan Omar
iii. Mrs. Saadia Omar

II. HR and Remuneration Committee:
   i. Mr. Muhammad Rafi Uz Zaman Awan – Chairman
   ii. Miss Mahnan Omar
   iii. Mr. Haroon Shafiq Chaudhry

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors of the Company are pleased to confirm that the Company has made compliance of the provisions of the Listed Companies (Code of Corporate Governance) Regulations 2019, issued by the Securities and Exchange Commission of Pakistan and there is no material departure from the best practices as detailed in the listing regulations. Our statements on corporate and financial reporting are as follows:

1. The financial statements prepared by the Management of the Company presents fairly its state of affairs, the results of its operations, cash flow and changes in equity;
2. Proper books of accounts of the Company have been maintained;
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
4. International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements; and any departure thereof has been adequately disclosed and explained;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. There are no significant doubts upon the Company's ability to continue as a going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
8. No trade in the shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children except that mentioned in "Pattern of Shareholding".

SYSTEM OF INTERNAL FINANCIAL CONTROL

The system of internal control is sound in design and has been effectively implemented. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system. The Audit Committee regularly reviews the Internal Audit Report and the system of internal controls.

CORPORATE SOCIAL RESPONSIBILITY

Your Company understands its corporate responsibility towards society and fulfills its obligation by providing financial support to under privileged members of the society and its deserving employees as well as doing philanthropy work. The Company is also contributing considerable amounts to the National Exchequer, applying solutions for energy conservation and environment protection, providing the highest quality products to its valued customers.

Your Company regularly donates amounts to hospitals, trusts and to various institutions constituted for dealing with natural calamities as part of its philanthropic activities. Your Company also provide its products at subsidized rate to hospitals like Ghulab Devi Hospital. Your Company is providing healthy, safe and learning work environment to its employees and sends them on training courses, seminars, workshops and conferences both within country and abroad. It lends regular support to the special persons by offering them jobs in various departments of the organization. It also offers apprenticeship to fresh graduates, post graduates and engineers, on a regular basis, to elevate their professional and technical skills.

Your Company has also installed an environmentally friendly gas-based power plant with a view to reduce power cost.

During the year, your Company has contributed a huge amount to the National Exchequer by way of payment of various duties, levies and taxes.

MEASURES TAKEN TO PREVENT COVID – 19

The Management of the Company adopted a number of measures for preventing transmission of COVID-19 among its employees. Company's operations, being essential food items, were conducted with minimum staff and compliance with SOPs issued by Federal and Provincial Governments was ensured. These included, placement of sanitizer gate, hand sanitizers, checking of temperature at entry points, compulsory face mask and ensuring social distancing at work places. Work places are sprayed with disinfectants on regular basis. Anybody having symptoms of COVID-19 were not allowed to enter the Company premises whereas employees having such symptoms were asked to remain in quarantine at home for at least 2 weeks. Employees over the age of 55 years were restricted to work from home where possible. Awareness sessions were also held by the Company Doctor to educate employees on prevention from COVID-19

PATTERN OF SHAREHOLDING

Pattern of shareholding is attached at the end of the financial statements.

ADDITIONAL INFORMATION

Recently, the suspension in trading of shares of your company on Pakistan Stock Exchange has been removed and shares are now being actively traded.

There have been no other material changes since June 30, 2020 to the date of this report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the company.

CHAIRMAN'S REVIEW

The Directors of your Company fully endorse the Chairman's Review report on the performance of the Company for the year ended June 30, 2020.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage which has enabled the Company to continue its efforts for constant improvement. The Directors acknowledge the dedicated service, loyalty and hard work of all the employees of the Company and hope this spirit of devotion will continue.

Lahore: October 05, 2020 **CHAIRMAN**

BUNNY'S LIMITED LAHORE

building
better
together.

Aslam Malik & Co.
Chartered Accountants

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e-mail : info@aslammalik.com
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web : www.aslammalik.com

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Central Plaza, Civic Centre,
New Garden Town, Lahore-Pakistan.

INDEPENDENT AUDITOR'S REPORT

To the members of Bunny's Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

amc

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in Our Audit
1.	**Application of IFRS 16 'Leases'** (Refer note 2.3.1, 3.12, 12.6 and 12.7 to the financial statements) IFRS 16 'Leases' became effective for the Company for the first time for the current year and replaces IAS 17 'Leases'. The Company has chosen to apply the new standard using the modified retrospectivetransition approach as permitted under IFRS 16. During the year company enter into sale and lease back transactions. As per IFRS 15'Revenue From Contracts with Customers', the transfer was not a sale. The Asset continues to be recognized and a financial liability is recorded equal to the proceeds received.The financial liability is accounted for in accordance with IFRS 9 'Financial Instruments'. The initial application of IFRS 16 and the assessment of the impact of the new standard and determination of Sale as per IFRS 15is significant to our audit, as the amounts recorded are material. Therefore, we have considered this as a key audit matter.	Our audit procedures included the following: ➢ Obtained an understanding of the Company's adoption of IFRS 16 and identified the internal controls adopted by the Company for the accounting, processes and systems under the new accounting standard; ➢ Evaluated the management's assessment used; ➢ Reviewed the updated accounting policy in accordance with IFRS 16; ➢ Assessed the sale and lease back agreements for specific terms and conditions and considering the impact of the same on management's assessment; ➢ Assessed the adequacy of disclosures as required under the applicable financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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Report on Other Legal and Regulatory Requirements

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

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

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

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is **Hafiz Muhammad Ahamd**.

(Aslam Malik & Co.)
Chartered Accountants

Place: Lahore
Date:

BUNNY'S LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		---- Rupees ----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**1,897,667,189**	1,786,642,338
Intangible assets	5	**70,255,380**	70,275,902
Long term security deposits		**7,147,338**	6,697,338
		1,975,069,907	1,863,615,578
Current assets			
Stores, spares and loose tools		**15,103,041**	15,248,961
Stock-in-trade	6	**273,734,710**	265,660,671
Trade debts - unsecured	7	**270,067,974**	246,307,071
Advances, deposits and prepayments	8	**142,472,317**	98,077,047
Cash and bank balances	9	**426,512**	7,589,352
		701,804,554	632,883,102
Total assets		**2,676,874,461**	2,496,498,680
EQUITY AND LIABILITIES			
Capital and reserves			
Authorized share capital			
54,000,000 Ordinary shares of Rs.10/- each		**540,000,000**	540,000,000
Issued, subscribed and paid up share capital	10	**513,886,690**	513,886,690
Capital reserves	11	**461,850,397**	461,850,397
Un-appropriated profits		**625,911,925**	500,304,643
		1,601,649,012	1,476,041,730
Non-current liabilities			
Long term finances - secured	12	**312,188,812**	263,333,350
Deferred grant	13	**6,610,401**	-
Lease Liabilities	14	**12,355,471**	30,837,975
Deferred income	15	**2,614,781**	5,229,562
Long term advances - unsecured	16	**10,274,923**	13,351,765
Deferred liabilities	17	**229,956,156**	207,243,093
		574,000,544	519,995,745
Current liabilities			
Trade and other payables	18	**167,632,339**	206,281,272
Contract liability		**11,435,483**	21,282,026
Unclaimed dividend		**765,699**	765,699
Accrued mark-up on secured loans	19	**13,024,687**	12,968,046
Short term borrowings	20	**113,615,212**	135,415,508
Current portion of long term finances and leases - secured		**174,235,703**	117,764,916
Provision for taxation - net		**20,515,782**	5,983,738
		501,224,905	500,461,205
Contingencies and commitments	21		
Total equity and liabilities		**2,676,874,461**	2,496,498,680

The annexed notes from 1 to 43 form an integral part of these financial statements.

Chief Executive | **Director** | **Chief Financial Officer**

BUNNY'S LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		------------- Rupees -------------	
Revenue - net	22	**2,791,857,589**	2,568,870,049
Cost of sales	23	**(2,025,108,694)**	(1,880,389,030)
Gross profit		**766,748,895**	688,481,019
Operating expenses			
Administrative and general	24	**159,505,441**	154,755,050
Selling and distribution	25	**328,530,985**	310,633,637
		(488,036,425)	(465,388,687)
Operating profit		**278,712,470**	223,092,332
Other operating expenses	26	**(12,207,195)**	(9,979,282)
Other income	27	**6,610,811**	406,849
Finance cost	28	**(93,547,781)**	(64,819,298)
		(99,144,165)	(74,391,731)
Profit before taxation		**179,568,304**	148,700,600
Taxation	29	**(51,765,996)**	(36,324,293)
Profit after tax		**127,802,309**	112,376,307
Earning per share - basic & diluted	30	**2.49**	2.19

The annexed notes from 1 to 43 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

BUNNY'S LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	------------- Rupees -------------	
Profit after taxation	**127,802,309**	112,376,307
Other comprehensive income		
Items that may not be subsequently reclassified to profit or loss		
Remeasurement of post employee benefit obligation	**(3,091,587)**	(2,386,713)
Impact of deferred tax	**896,560**	692,147
	(2,195,027)	(1,694,566)
Total comprehensive income for the year	**125,607,282**	110,681,741

The annexed notes from 1 to 43 form an integral part of these financial statements.

Chief Executive | **Director** | **Chief Financial Officer**

BUNNY'S LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		------------- Rupees -------------	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	31	**247,663,267**	182,118,264
Finance cost paid		**(93,491,140)**	(62,581,218)
Income tax paid		**(21,890,113)**	(13,036,404)
Staff gratuity paid		**(14,660,396)**	(10,082,300)
Payment of Workers' profit participation fund		**(7,913,652)**	(8,293,137)
Payment of Workers' welfare fund		**(2,065,630)**	-
Net decrease in long term advances		**(3,076,842)**	(66,215)
Net increase in security deposits		**(450,000)**	(258,000)
		(143,547,773)	(94,317,274)
Net cash generated from operating activities		**104,115,494**	87,800,989
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		**(189,485,346)**	(123,774,455)
Proceeds from disposal of Property, Plant and Equipment		**6,182,921**	-
Net cash used in investing activities		**(183,302,425)**	(123,774,455)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds less repayment of long term loans		**116,474,005**	122,504,024
Proceeds less repayment of lease liabilities		**(22,649,618)**	(6,460,822)
Dividend paid during the year		-	(50,622,970)
Net cash generated from financing activities		**93,824,387**	65,420,232
Net Increase in cash and cash equivalents		**14,637,456**	29,446,766
Cash and cash equivalents at the beginning of the year		**(127,826,156)**	(157,272,922)
Cash and cash equivalents at end of the year		**(113,188,700)**	(127,826,156)
Cash and cash equivalents comprise of the following items:			
Cash and bank balances		**426,512**	15,581,185
Running finances from banks		**(113,615,212)**	(143,407,341)
		(113,188,700)	(127,826,155)

The annexed notes from 1 to 43 form an integral part of these financial statements.

Chief Executive	**Director**	**Chief Financial Officer**

BUNNY'S LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

Particulars	Note	Share Capital	Capital Reserves			Revenue Reserve	Total Equity
			Capital maintenance reserve	Share premium reserve	Total	Un-appropriated profit	
		----------------------- Rupees -----------------------					
As at July 01, 2018		513,886,690	412,136,727	49,713,670	461,850,397	441,011,571	1,416,748,65
Total comprehensive income for the year							
Profit for the year		-	-	-	-	112,376,307	112,376,30
Other comprehensive loss		-	-	-	-	(1,694,566)	(1,694,56
		-	-	-	-	110,681,741	110,681,74
Transactions with owners of the Company							
Interim Dividend paid		-	-	-	-	(51,388,669)	(51,388,66
As at June 30, 2019		513,886,690	412,136,727	49,713,670	461,850,397	500,304,643	1,476,041,73
Total comprehensive income for the year							
Profit for the year		-	-	-	-	**127,802,309**	**127,802,30**
Other comprehensive loss		-	-	-	-	**(2,195,027)**	**(2,195,02**
		-	-	-	-	**125,607,282**	**125,607,28**
As at June 30, 2020		**513,886,690**	**412,136,727**	**49,713,670**	**461,850,397**	**625,911,925**	**1,601,649,01**

The annexed notes from 1 to 43 form an integral part of these financial statements.

Chief Executive **Director** **Chief Financial Officer**

1 STATUS AND NATURE OF BUSINESS

1.1 Bunny's Limited ("the Legal Acquiree" or "the Economic Acquirer" or "the Company") was incorporated in Pakistan as a private limited Company on October 22, 1980 under the repealed Companies Act 1913 (now Companies Act, 2017) and was later on converted into a Public Listed Company. The Company is principally engaged in manufacturing of bakery and other food products. The registered office and manufacturing facility of the Company is situated at 105/A Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.

1.2 The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID–19. The company's operations were not affected as it fell under the exemption provided by the Government of Punjab to providers of essential foods. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

2 BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except that the Company's liability under defined benefit plan (gratuity) is determined on the present value of defined benefit obligations as determined by an independent actuary.

2.2 Statement of compliance

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

International Financial Reporting Standard (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 IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Changes in accounting Policies

The Company has adopt IFRS 16 "Leases" from July 01, 2019 which is effective from the annual period beginning on or after January 01, 2019. The detail of new accounting policy adopted and the nature and effect of the changes from the previous

2.3 New standards, amendments to accounting and reporting standards and new interpretations

2.3.1 Amendments to accounting and reporting standards and interpretations which are effective during the year ended June 30, 2020

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 16 'Leases' replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. It results in almost all leases being recognized on the statement of financial position, as the distinction between operating and fi nance leases is removed. Under IFRS 16, a new concept of right to use leased item is introduced requiring recognition of right of use asset and a financial liability to pay rentals. The only exceptions are short-term and low-value leases.

The Company has adopted IFRS 16 from July 1, 2019, and has not restated comparatives for the 2019 reporting period, using modified retrospective approach

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 at 1 July 2019 did not have an effect on the financial statements of the Company except the reclassification of some leased assets as Right-of-use assets (refer note 5.1).

The accounting policies relating to the Company's right-of-use assets and lease liabilities are disclosed in note 4.10.

2.3.2 Standards, interpretations and amendments to published accounting and reporting standards

There are certain new standards, interpretations and amendments to approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

Further, IFRS 17 'Insurance contracts' is yet to be adopted by the Securities & Exchange Commission of Pakistan (The SECP).

2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards 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 historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

	Note
- assumptions and estimates used in determining the recoverable amount, residual values and useful lives of operating fixed assets	4.1
- assumptions and estimates used in determining lease term and incremental borrowing rate of right-of-use assets and corresponding lease liabilities	2.3.1
- assumptions and estimates used in determining the useful lives and residual values of intangible assets	5.2
- assumptions and estimates used in calculating the provision for impairment for trade debts	7
- assumptions used in determination deferred tax	17.1
- assumptions and estimates used for valuation of present value of defined benefit obligation	17.2
- assumptions and estimates used in determining current income	29

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment and depreciation

These are stated at cost less accumulated depreciation thereon except freehold land and capital work in progress which are stated at cost. Currently, depreciation is charged to income applying reducing balance method at the rates given in Note 5 to write off the cost of operating fixed assets including the related exchange differences and borrowing cost over their expected useful life. Depreciation on additions is charged from the date when the assets is available for use and on deletions up to the date when the assets is deleted.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are written off. Gains and losses on disposal of assets, if any are included in the profit and loss amount currently.

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The depreciable amount of intangible asset is amortized over the estimated useful life using the reducing balance method at the rate stated in the relevant note to the financial statements.

3.3 Capital work in progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when assets are available for use.

3.4 Stores, spares and loose tools

Stores, spares and loose tools except items-in-transit, are valued at lower of moving average cost or net realizable value less allowances for obsolete and slow moving items. Items-in-transit are valued at invoice price plus other charges incurred thereon.

3.5 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined according to the following basis:

Raw material	- in hand	FIFO basis
	- in transit	At cost accumulated to statement of financial position date
Work-in-process		Weighted average basis
Finished goods		Weighted average basis

Cost in relation to work-in-process and finished goods represents annual average cost which consist of prime cost and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost necessary, if required to be incurred in order to make such sale.

3.6 Trade and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.7 Trade and other payables

Trade and other payables are recognized initially at fair value net of directly attributable cost, if any.

3.8 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.9 Provisions

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

3.10 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction form accumulated profit in the statement of changes in equity and as a liability in the Company's financial statements in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

3.11 Staff retirement benefits

The Company operates approved un-funded gratuity scheme for its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to statement of profit or loss.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.12 Leases

a) Right of Use Assets

The right-of-use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

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

b) Lease Liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

3.13 Revenue recognition

The Company recognizes revenue when it transfers control over goods to its customers, being when the products are delivered to the customer and there is no unfulfilled obligation that could effect the customer's acceptance of the product. Revenue is recognized at an amount that reflects the consideration, to which the Company expects to be entitled in exchange for transferring of goods to its customers net of discount and sales related indirect taxes. The sales related indirect taxes are regarded as collected on behalf of statutory authorities. The Company generates revenue by supplying products to the customers, including export product.

i) Revenue from sales is recognized on delivery of products to the customers with the exception that export sales if any are recognized at the time of issuance of bill of lading.

ii) Dividend income is recognized when the right to receive dividend is established.

iii) Income on bank deposits and short term investments are recognized using the effective yield method.

Revenue from contracts with customers

Sale of Goods

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise running finances, cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3.15 Foreign currency transactions

Foreign currency transactions are recorded at the official exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into rupees using official exchange rates applicable at the statement of financial position date. All gains and losses on settlement and transaction at year-end are recognized in the income statement.

3.16 Financial instruments

3.16.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

3.16.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash

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

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets measured at amortized cost comprise of long term deposit, cash and bank balances, trade debts, deposits and other receivables.

Debt Instrument - FVOCI

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

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

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

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. There are no any asset that is measured at FVOCI in the Company.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. The Company has no equity instruments that are measured at FVOCI.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. The Company made investments in mutual funds. Under IAS 39, these investments were designated as held for trading because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities comprise long term finance, lease liabilities, trade and payable, accrued mark-up on borrowing, current portion of long term finances and lease and short term borrowing

3.16.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.16.4 Trade Debts, deposits and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.16.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.16.6 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except other financial assets at amortized cost excluding trade debts for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition., which are measured at 12-month ECLs.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

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

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

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

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.17 Taxation

Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if, enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.18 Goodwill and its impairment

Goodwill on merger of companies is included in 'intangible assets'. Goodwill is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The carrying values of goodwill and intangible assets are contingent on future cash flows and there is risk if these cash flows do not meet the company's expectations that the assets will be impaired. The impairment reviews performed by the company contained a number of significant judgments and estimates including revenue growth, the success of new product launches, patent expiry dates, profit margins, cash conversion, terminal values and discount rate. Changes in these assumptions might lead to a change in the carrying value of intangible assets and goodwill.

3.19 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

3.20 Government Grants

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

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

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

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

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

3.21 Earnings per share ("EPS")

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

3.22 Operating segment

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

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		---- Rupees ----	
Operating fixed assets	4.1	1,754,334,474	1,705,776,143
Capital work in progress	5.3	143,332,715	80,866,195
		1,897,667,189	1,786,642,338

4.1 Operating fixed assets

(Amounts in Rupees)

	Owned Assets								Right-of-use Assets / Lease assets		
	Land - freehold	Building on freehold land	Plant and machinery	Electric installation and appliances	Office equipment	Furniture and fixtures	Motor vehicles	Total Owned	Plant and machinery	Motor vehicles	Total Assets
Cost											
Balance as at July 01, 2019	530,000,000	625,339,847	963,273,250	16,892,528	17,795,836	9,964,225	49,490,347	2,212,756,033	50,000,000	67,840,908	2,330,596,941
Additions during the year	-	6,288,075	107,712,671	1,401,459	3,607,621	38,500	156,500	119,204,826	-	7,814,000	127,018,826
Disposals during the year	-	-	-	-	(1,599,000)	-	(1,413,000)	(3,012,000)	-	(2,728,000)	(5,740,000)
Balance as at June 30, 2020	530,000,000	631,627,922	1,070,985,921	18,293,987	19,804,457	10,002,725	48,233,847	2,328,948,859	50,000,000	72,926,908	2,451,875,767
Balance as at July 01, 2018	530,000,000	620,240,768	856,478,912	15,158,280	13,347,359	9,673,330	47,025,319	2,091,923,968	50,000,000	51,129,846	2,193,053,814
Additions during the year	-	5,099,079	106,794,338	1,734,248	4,448,477	290,895	2,465,028	120,832,065	-	11,481,500	132,313,565
Transfer during the year	-	-	-	-	-	-	10,500,000	10,500,000	-	5,229,562	15,729,562
Disposals during the year	-	-	-	-	-	-	(10,500,000)	(10,500,000)	-	-	(10,500,000)
Balance as at June 30, 2019	530,000,000	625,339,847	963,273,250	16,892,528	17,795,836	9,964,225	49,490,347	2,212,756,033	50,000,000	67,840,908	2,330,596,941
Depreciation											
Balance as at July 01, 2019	-	178,386,318	365,355,004	6,056,562	11,340,641	4,584,230	36,420,502	602,143,257	4,677,581	17,999,960	624,820,798
Charge for the year	-	22,376,595	33,243,981	1,180,964	2,597,082	540,709	2,625,477	62,564,808	2,266,121	11,072,433	75,903,362
Depreciation on Disposals	-	-	-	-	(1,251,209)	-	(1,324,259)	(2,575,468)	-	(607,399)	(3,182,867)
Balance as at June 30, 2020	-	200,762,913	398,598,985	7,237,526	12,686,514	5,124,939	37,721,720	662,132,597	6,943,702	28,464,994	697,541,293
Balance as at July 01, 2018	-	155,027,737	338,853,399	4,983,922	10,111,357	4,001,612	29,219,306	542,197,333	2,292,191	12,494,350	556,983,873
Charge for the year	-	23,358,581	26,501,605	1,072,640	1,229,284	582,618	4,012,456	56,757,184	2,385,390	8,694,351	67,836,925
Adjustment during the year							3,459,151	3,459,151		(3,459,151)	-
Disposals during the year	-	-	-	-	-	-	(270,411)	(270,411)	-	270,411	-
Balance as at June 30, 2019	-	178,386,318	365,355,004	6,056,562	11,340,641	4,584,230	36,420,502	602,143,257	4,677,581	17,999,960	624,820,798
Rate of depreciation		5%	5%	10%	30%	10%	20%		5%	20%	
Net book value as at June 30, 2020	530,000,000	430,865,009	672,386,936	11,056,461	7,117,943	4,877,786	10,512,128	1,666,816,262	43,056,298	44,461,914	1,754,334,474
Net book value as at June 30, 2019	530,000,000	446,953,529	597,918,246	10,835,966	6,455,195	5,379,995	13,069,846	1,610,612,777	45,322,419	49,840,948	1,705,776,143

4.2 Depreciation charged for the year has been allocated as under:

	2020	2019
	---- Rupees ----	
Cost of sales	59,067,661	53,318,215
Administrative and general expenses	16,835,701	14,518,708
	75,903,362	67,836,924

4.3 Capital work in progress

	Note	2020	2019
Opening balance		80,866,195	89,405,305
Additions during the year		62,466,520	86,154,973
Transfers (Plant and machinery)		-	(94,694,083)
Closing balance	4.3.1	143,332,715	80,866,195

4.3.1 This comprise plant and machinery

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

Location / Address	Usage of immovable property	Total Area (In Kanal)	Appro. Covered Area (In sq. ft.)
85,86,87 &105 Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore	Production unit	21.4	50,510

4.5 The detail of operating assets disposed off during the year are as follows:

2020							
Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain / (Loss) on Disposal	Buyer Name	Mode of Disposal
Motor vehicles	669,000	605,590	63,410	1,170,000	1,106,590	Ali Raza	Negotiation
Motor vehicles	95,000	79,079	15,921	40,000	24,079	Zafar Ahmed	Negotiation
Motor vehicles	649,000	639,590	9,410	1,000,000	990,590	Asif Saeed Qureshi	Negotiation
Motor vehicles	2,728,000	607,399	2,120,601	2,622,921	502,320	Usman Munir	Negotiation
Office equipment	1,599,000	1,251,209	347,791	1,350,000	1,002,209	Global Links Technology	Negotiation
2020	5,740,000	3,182,867	2,557,133	6,182,921	3,625,788		

		Note	2020	2019
			Rupees	
5	**INTANGIBLE ASSETS**			
	Goodwill on acquisition	5.1	**70,173,290**	70,173,290
	ERP Software	5.2	**82,090**	102,612
			70,255,380	70,275,902

5.1 This represents goodwill arisen at time of merger of Moonlite (PAK) Limited in 2018. Management has tested the goodwill for impairment at year end and concluded that no impairment is required.

		Note	2020	2019
			Rupees	
	5.2 ERP SOFTWARE			
	Cost		**375,000**	375,000
	Accumulated amortization		**(292,910)**	(272,388)
			82,090	102,612
	Amortization rate		**20%**	20%
6	**STOCK-IN-TRADE**			
	Raw materials		**207,409,149**	199,632,986
	Packing materials		**59,461,107**	58,772,013
	Work-in-process		**1,616,315**	1,713,183
	Finished goods		**5,248,139**	5,542,489
			273,734,710	265,660,671
7	**TRADE DEBTS - UNSECURED**			
	Considered good		**270,067,974**	246,307,071
			270,067,974	246,307,071
8	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Advances to staff against salary-Unsecured		**4,595,690**	5,978,790
	Advances to suppliers		**135,259,611**	89,766,200
	Bank guarantee margin		**966,597**	966,597
	Prepaid expenses		**1,650,419**	1,365,460
			142,472,317	98,077,047
9	**CASH AND BANK BALANCES**			
	Cash in hand		**6,535,995**	8,093,324
	Cash at bank (current accounts)		**7,009,355**	7,487,861
	Book overdraft		**(13,118,838)**	(7,991,833)
			426,512	7,589,352

10 **ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

2020	2019		2020	2019
Number of shares			Rupees	
2,159,586	2,159,586	Ordinary shares of Rs.10/- each fully paid in cash.	**21,595,860**	21,595,860
49,229,083	49,229,083	Ordinary shares of Rs. 10/- each issued to the shareholders of economic acquirer as per the approved scheme of arrangement.	**492,290,830**	492,290,830
51,388,669	51,388,669		**513,886,690**	513,886,690

		Note	2020	2019
			------------- Rupees -------------	
11	**CAPITAL RESERVES**			
	- share premium		**49,713,670**	49,713,670
	- capital maintenance reserves	11.1	**412,136,727**	412,136,727
			461,850,397	461,850,397

11.1 Share Premium Reserve can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

		Note	2020	2019
12	**LONG TERM FINANCES - SECURED**			
	Orix Leasing Pakistan Limited		**-**	347,500
	Samba Bank Limited - Term Finance - I	12.1	**129,152,059**	179,166,678
	Samba Bank Limited - Term Finance - II	12.1	**17,500,002**	22,500,000
	Samba Bank Limited - Term Finance - III	12.2	**24,166,666**	-
	Samba Bank Limited - SBP TERF	12.3	**120,000,000**	-
	PAIR Investment Company Limited	12.5	**122,222,220**	150,000,000
	Orix Leasing Pakistan Limited - Sale And Leaseback - I	12.6	**29,000,183**	-
	Orix Leasing Pakistan Limited - Sale And Leaseback - II	12.6	**6,162,665**	-
	Primus Leasing - Sale And Leaseback	12.7	**20,284,388**	-
			468,488,184	352,014,178
	Less: current portion shown under current liabilities		**(144,050,614)**	(88,680,828)
	Less: Deferred grant	12.3	**(12,248,758)**	-
			312,188,812	263,333,350

12.1 This term finance facility-I carries markup at the rate of 3 month KIBOR + 2.25% with a sanction limit of Rs. 250 million. The principal is payable on monthly basis while markup is payable on quarterly basis with the last installment payable on September 30, 2022.

Term Finance - II carries markup at the rate of 1 month KIBOR + 2.25% with a sanction limit of Rs. 25 million. The principal is payable on monthly basis while markup is payable on quarterly basis with the last installment payable on December, 2023.

12.2 Term Finance - III carries markup at the rate of 1 month KIBOR + 2.25% with a sanction limit of Rs. 30 million. The principal is payable on monthly basis while markup is payable on quarterly basis with the last installment payable on December, 2023.

12.3 In addition to the above, the Company has also obtained long term loans of Rs. 120 million for financing its salaries and wages under SBP Refinance Scheme for payment of wages and salaries, earmarked from running finance limit, which is secured against first Joint Pari Passu Hypothecation charge over stock and book debts. The rate of markup on these loans are at 1% per annum. These loans are for two and half years and are repayable in eight equal quarterly instalments of Rs. 15 million commencing from 1 January 2021. The facility available under the above arrangement amounted to Rs. 120 million of which the amount remained unutilized as at 30 June 2020 was Nil (2019: Nil).

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

The company has obtained the said borrowing from a commercial bank at subsidized rate in three tranches on 11 May 2020, 8 June 2020 and 29 June 2020 at 3% concessional interest rate which is repayable by October 2022 in 8 quarterly installments to a commercial bank under the SBP scheme.

Government grant amounting to Rs. 12,248,758 has been recorded during the year ended 30 June 2020 and Rs. 370,242 million has been amortized during the year. In accordance with the terms of the grant, the company is prohibited to lay-off the employees atleast for three months from the period of the grant.

This represents sale and leaseback arrangement from Orix Leasing Pakistan Limited. The Sale and Leaseback does not meet the criteria of IFRS-15, and hence this arrangement is classified as Financing Arrangement under IFRS 9. Interest rate is chargeable @ 3 month KIBOR + 5% spread. The loan is secured against fixed assets of Rs. 50 Million subject to the sale and leaseback arrangement

12.4 All of the above facilities form Samba Bank Limited are secured against first pari passu charge on present and future fixed assets of the company amounting to Rs. 467 million, a ranking charge on present and future fixed assets of the company amounting to Rs. 243 million and personal guarantees of sponsoring directors and chief executive of the company.

12.5 This long term loan carries markup at the rate of 6 month KIBOR + 2.25% with a sanction limit of Rs. 150 million. The principal and markup are payable on monthly basis after six months grace period with last installment payable in October, 2023. This facility is secured against first pari passu charges on present and future fixed assets of the company amounting to Rs. 200 million.

12.6 This represents sale and leaseback arrangements from Orix Leasing Pakistan Limited. The Sale and Leaseback does not meet the criteria of IFRS-15, and hence this arrangement is classified as Financing Arrangement under IFRS 9. Interest rate is chargeable @ 3 month KIBOR + 5% spread. The loan is secured against specific fixed assets.

12.7 This represents sale and leaseback arrangement from Primus Leasing Limited. The Sale and Leaseback does not meet the criteria of IFRS-15, and hence this arrangement is classified as Financing Arrangement under IFRS 9. Interest rate is chargeable @ 6 month KIBOR + 4.5% spread. The loan is secured against fixed assets of Rs. 30 Million subject to the sale and leaseback arrangement

		Note	2020	2019
			---- Rupees ----	
13	**Deferred grant**			
	As at 01 July		-	-
	Received during the year		12,248,758	-
	Amortization		(370,242)	-
			11,878,516	
	Current potion		(5,268,115)	-
	As at 30 June		6,610,401	-

14 **LEASE LIABILITIES**

The amount of future minimum lease payments along with their present value and the period during which they fall due are as under:

	Note	2020	2019
		---- Rupees ----	
Present value of minimum lease payments		37,272,445	59,922,063
Less: Current portion shown under current liabilities		(24,916,974)	(29,084,088)
		12,355,471	30,837,975
Payable within one year		24,916,974	29,084,088
Payable after one year		12,355,471	30,837,975
		37,272,445	59,922,063

14.1 The Company entered into lease agreements with financial institutions to acquire vehicles. The liabilities under the lease agreements are payable in equal monthly installments and are subject to finance charges at the rates ranging from 6 months KIBOR + 2.5% to 3.95% and 22% per annum (June 30, 2019 : 6 months KIBOR + 2.5% to 3.95% and 22% per annum). The lease liabilities are secured against security deposits, post dated cheques, personal guarantee of all the directors of the Company and also secured against financed vehicles.

		Note	2020	2019
			---- Rupees ----	
15	**DEFERRED INCOME**			
	Opening balance		5,229,562	-
	Addition during the period		-	5,229,562
	Amortized during the year		(2,614,781)	-
			2,614,781	5,229,562

15.1 This amount represents gain on sale and lease back of fixed assets. According to IFRS 16 "Leases" this gain is deferred and amortized over the lease term.

		Note	2020	2019
			---- Rupees ----	
16	**LONG TERM ADVANCES - UNSECURED**			
	Against vehicles from contractors		-	2,408,787
	From contractors against recovery of sales proceeds		10,274,923	10,942,978
			10,274,923	13,351,765
17	**DEFERRED LIABILITIES**			
	Deferred taxation	17.1	188,194,892	173,747,614
	Staff retirement benefits - gratuity	17.2	41,761,264	33,495,479
			229,956,156	207,243,093

	Note	2020	2019
		------------- Rupees -------------	
17.1 Deferred taxation			
Opening deferred tax liability		**173,747,614**	164,799,915
Deferred tax charged / (reversal) to profit or loss			
Accelerated tax depreciation		**25,516,125**	8,249,195
Liabilities against assets subject to finance lease		**4,351,294**	4,830,664
Sales and lease back		**(16,079,698)**	-
Intangible assets		**(5,951)**	(4,875)
Unused tax losses / credits		**3,062,586**	(854,777)
Employees' retirement benefits		**(1,500,518)**	(2,580,361)
Deferred tax reversal to other comprehensive income			
Employees' retirement benefits		**(896,560)**	(692,147)
		14,447,278	8,947,699
	17.1.1	**188,194,892**	173,747,614

17.1.1 Deferred taxation liability

		2020	2019
taxable temporary differences:			
- accelerated tax depreciation		**220,598,853**	195,082,728
- liabilities against assets subject to finance lease		**14,571,272**	10,219,978
- Sales and Lease Back		**(16,079,698)**	-
- intangible assets		**23,806**	29,757
		219,114,233	205,332,463
deductible temporary differences:			
- unused tax losses / credits		**18,808,574**	21,871,160
- employees' retirement benefits		**12,110,767**	9,713,689
		30,919,341	31,584,849
		188,194,892	173,747,614

17.2 STAFF RETIREMENT BENEFITS - GRATUITY

The latest actuarial valuation of gratuity was carried out as at June 30, 2020 under the projected unit credit method as per the requirements of approved accounting standards - International Accounting Standard 19, the details of which are as follows:

	Note	2020	2019
		------------- Rupees -------------	
Present value of Defined Benefits Obligations as at 30 June		**41,761,264**	33,495,479
The movement in defined benefit obligation is as follows:			
As at 01 July		**33,495,479**	23,856,226
Current service cost		**16,563,934**	15,641,483
Interest cost		**3,270,660**	1,693,357
Amount recognized in profit and loss		**19,834,594**	17,334,840
Benefits paid		**(14,660,396)**	(10,082,300)
Actuarial losses		**3,091,587**	2,386,713
As at 30 June		**41,761,264**	33,495,479
Amount charged to profit and loss			
Current service cost		**16,563,934**	15,641,483
Interest cost		**3,270,660**	1,693,357
		19,834,594	17,334,840
Amount charged to Other Comprehensive Income			
Actuarial losses		**3,091,587**	2,386,713
Reconciliation of Defined Benefits Liability			
As at 01 July		**33,495,479**	23,856,226
Amount charged to profit and loss		**19,834,594**	17,334,840
Amount charged to Other Comprehensive Income		**3,091,587**	2,386,713
Benefits paid		**(14,660,396)**	(10,082,300)
		41,761,264	33,495,479

	Note	2020	2019
		------------- Rupees -------------	
17.2.1 Principal actuarial assumptions used in the actuarial valuations			
Financial assumptions			
Discount rate used for year end obligation		**8.50%**	12.50%
Expected rate of increase in salary		**5.50%**	9.50%
Demographic Assumptions			
Mortality rate		**SLIC (2001-05)**	SLIC (2001-05)

17.2.2 Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to the following assumptions. The below information summarized how the defined benefit obligation at the end of the reporting period would have been increased/(decreased) as a result of change in respective assumptions by 100 basis points.

	Increase in assumptions	Decrease in assumptions
Discount rate	**(38,286,653)**	38,286,653
Increase in future salaries	**45,972,611**	(45,972,611)

	Note	2020	2019
		------------- Rupees -------------	
18 TRADE AND OTHER PAYABLES			
Trade Creditors - unsecured		**93,181,338**	138,425,294
Accrued expenses		**62,243,806**	57,876,697
Workers' welfare fund		**2,948,961**	2,065,630
Workers' profit participation fund	18.1	**9,258,234**	7,913,652
		167,632,339	206,281,272
18.1 Workers' (profit) participation fund			
As at 01 July		**7,913,652**	8,293,137
Allocation for the period		**9,258,234**	7,913,652
		17,171,886	16,206,789
Less: Payment made during the period		**(7,913,652)**	(8,293,137)
As at 30 June		**9,258,234**	7,913,652
19 ACCRUED MARK-UP ON SECURED LOANS			
Long term finances and leases		**6,975,940**	8,097,639
Short term borrowings		**6,048,747**	4,870,407
		13,024,687	12,968,046
20 SHORT TERM BORROWINGS			
Running finance	20.1	**113,615,212**	135,415,508
		113,615,212	135,415,508

20.1 Running Finance facilities has been obtained form different banks to meet the working capital requirements with aggregate sanction limit of Rs. 205 million (2019: 75 million) and carries markup ranging from 1 month KIBOR + 2.5% to 3 month KIBOR + 2.25% and is secured against ranking and first pari passu charges on present and future current assets of the company amounting to Rs. 274 million.

21 CONTINGENCIES AND COMMITMENTS

21.1 Letter of guarantee amounting to Rs 2.552 million (2019: Rs.2.552 million) has been issued in favor of Sui Northern Gas Pipeline Limited. There are no other known contingencies as at balance sheet date.

21.2 There are no major commitments outstanding as at balance sheet date.

	Note	2020	2019
		------------- Rupees -------------	
22 REVENUE - NET			
Gross Revenue		**3,025,253,331**	2,789,863,803
Trade Discounts		**(132,882,297)**	(113,261,014)
Sales tax		**(100,513,445)**	(107,732,740)
		2,791,857,589	2,568,870,049

22.1 Revenue has been recognized at a point in time for local sales made during the year.

22.2 During the year the Company has recognized revenue, amounting to Rs. 21.28 million out of contract liability as at 01 July 2019.

		Note	2020	2019
			Rupees	
23	**COST OF SALES**			
	Raw materials consumed			
	Opening Inventory		199,632,986	163,562,535
	Purchases		1,314,377,293	1,260,871,638
	Closing Inventory		(207,409,149)	(199,632,986)
			1,306,601,130	1,224,801,186
	Wages and salaries	23.1	276,648,023	251,683,825
	Fuel and power		151,474,459	121,941,117
	Repair and maintenance		20,387,042	23,458,343
	Packing material consumed	23.2	198,073,774	177,447,222
	Other indirect expenses		9,828,985	7,096,970
	Insurance		2,636,402	2,505,354
	Depreciation	4.2	59,067,661	53,318,215
			441,468,323	385,767,222
	Manufacturing cost		2,024,717,476	1,862,252,233
	Work-in-process			
	Opening balance		1,713,183	2,146,870
	Closing balance		(1,616,315)	(1,713,183)
			96,868	433,687
	Finished goods			
	Opening balance		5,542,489	20,922,750
	Purchases		-	2,322,850
	Closing balance		(5,248,139)	(5,542,489)
			294,350	17,703,110
	Cost of sales		2,025,108,694	1,880,389,030

23.1 These include staff retirement benefits amounting to Rs. 6,223,321 (2019: Rs. 4,240,528).

23.2	**Packing material consumed**		
	Opening inventory	58,772,013	55,119,025
	Purchases	198,762,868	181,100,210
	Closing Inventory	(59,461,107)	(58,772,013)
	Packing material consumed	198,073,774	177,447,222

		Note	2020	2019
24	**ADMINISTRATIVE AND GENERAL**			
	Directors' remuneration		23,354,188	18,327,863
	Salaries and benefits	24.1	59,319,816	57,382,686
	Printing and stationery		3,687,081	4,168,232
	Traveling and conveyance		2,754,150	5,684,251
	Telephone, postage and telegram		4,330,638	4,392,598
	Fee and subscription		9,660,697	10,660,771
	Vehicle running, maintenance and insurance		16,477,238	16,425,895
	Rent, rates and taxes		1,493,769	1,031,873
	Insurance		3,187,867	2,668,534
	Entertainment		6,282,858	6,713,749
	Repair and maintenance		2,418,321	3,749,580
	Charity and donation	24.2	1,178,030	1,260,723
	Legal and professional		752,920	404,200
	Auditors' remuneration	24.3	1,300,000	1,100,000
	Newspaper and periodicals		23,350	10,354
	Depreciation	4.2	16,835,701	14,518,708
	Amortization of intangible assets		20,522	25,653
	Miscellaneous expenses		6,428,295	6,229,380
			159,505,441	154,755,050

24.1 These include staff retirement benefits amounting to Rs. 8,260,521 (2019: Rs. 8,652,526)

24.2 None of the directors or their spouses have any interest in the donee. No donation exceeding Rs. 500,000 has been paid to a single institute during the year.

		Note	2020	2019
			Rupees	
24.3	**Auditors' remuneration**			
	Audit fee		**900,000**	650,000
	Half year review		**350,000**	350,000
	Others		**50,000**	100,000
			1,300,000	1,100,000
25	**SELLING AND DISTRIBUTION**			
	Salaries and benefits	25.1	**38,424,410**	39,114,739
	Commission and other sales incentives		**113,886,715**	109,809,246
	Vehicle running and maintenance		**160,791,428**	146,359,396
	Advertisement		**7,124,313**	7,145,280
	Sales promotion expenses		**8,304,119**	8,204,976
			328,530,985	310,633,637

25.1 These include staff retirement benefits amounting to Rs. 5,350,752 (2019: Rs. 4,441,786)

		Note	2020	2019
26	**OTHER OPERATING EXPENSES**			
	Workers' welfare fund		**2,948,961**	2,065,630
	Workers' profit participation fund	18.1	**9,258,234**	7,913,652
			12,207,195	9,979,282
27	**OTHER INCOME**			
	Gain on sale of fixed assets	4.5	**3,625,788**	-
	Amortization of deferred income	15	**2,614,781**	-
	Amortization of deferred grant	13	**370,242**	-
	Other		**-**	406,849
			6,610,811	406,849
28	**FINANCE COST**			
	Mark up on:			
	-Long term finances		**51,407,304**	33,949,183
	-Short term finances		**21,787,590**	19,426,598
	Lease financial charges		**14,615,673**	8,070,848
	Bank charges and others		**5,737,214**	3,372,670
			93,547,781	64,819,299
29	**TAXATION**			
	Current tax expense		**36,422,157**	26,684,446
	Deferred tax expense		**15,343,838**	9,639,847
			51,765,996	36,324,293

29.1

Provision for current year taxation represents minimum tax under the provisions of Income Tax Ordinance, 2001. Therefore, reconciliation of tax charge is not required. However, sufficient provision has been incorporated in these financial statements.

			Note	2020	2019
				Rupees	
30	**EARNING PER SHARE - BASIC & DILUTED**				
	Net profit after taxation	**Rupees**		**127,802,309**	112,376,307
	Weighted average number of shares outstanding during the year	**Numbers**		**51,388,669**	51,388,669
	Earning per share	**Rupees**		**2.49**	2.19

There is no dilutive effect on the earnings per share of the company.

		Note	2020	2019
			------------- Rupees -------------	
31	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**179,568,304**	148,700,600
	Adjustments for:			
	Depreciation		**75,903,362**	67,836,924
	Finance cost		**93,547,781**	64,819,299
	Provision for workers' profit participation fund		**9,258,234**	7,913,652
	Provision for workers' welfare fund		**2,948,961**	2,065,630
	Provision for gratuity		**19,834,594**	17,334,840
	Amortization of deferred income		**(2,614,781)**	-
	Amortization of deferred grant		**(370,242)**	-
	Amortization of intangible assets		**20,522**	25,653
	Gain on disposal of fixed assets		**(3,625,788)**	-
			194,902,644	159,995,997
	Operating profit before working capital changes		**374,470,948**	308,696,598
	Changes in working capital			
	(Increase)/ decrease in current assets:			
	Stores, spares and loose tools		**145,920**	24,260
	Stock-in-trade		**(8,074,039)**	(23,909,491)
	Trade debts - unsecured		**(23,760,903)**	(35,030,816)
	Advances, deposits and prepayments		**(44,395,270)**	(12,632,412)
	Decrease in current liabilities			
	Trade and other payables		**(40,876,846)**	(64,109,501)
	Contract liability		**(9,846,542)**	9,079,627
			(126,807,681)	(126,578,334)
	Cash generated from operations		**247,663,267**	182,118,264

32 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

32.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

32.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	Note	2020	2019
		---- Rupees ----	
At Amortized Cost			
Long term security deposit		**7,147,338**	6,697,338
Trade debts		**270,067,974**	246,307,071
Other receivable		**966,597**	966,597
Bank balances		**7,009,355**	7,487,861
		285,191,264	261,458,867

32.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2020	2019
Customers	**270,067,974**	246,307,071
Banking companies	**7,975,952**	8,454,458
Others	**7,147,338**	6,697,338
	285,191,264	261,458,867

32.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

32.1.3(a) ***Counterparties with external credit ratings***

These include banking companies and financial institutions, which are counterparties are bank balances. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating			2020	2019
Bank	**Short term**	**Long term**	**Rating agency**	**Rupees**	Rupees
Allied Bank Limited	A1+	AAA	PACRA	**6.707.213**	6.125.886
Bank Islamic Limited	A1	A+	PACRA	**11.096**	361.167
Bank Al-Habib	A1+	AA+	PACRA	**291.047**	856.903
Faysal Bank Limited	A-1+	AA	PACRA	-	78.578
Metropolitan Bank Limited	A-1+	AA+	PACRA	-	6.227
Summit Bank	A-3	BBB-	VIS	-	16.995
Al Baraka Bank	A-1	A	PACRA	-	42.104
				7,009,355	7,487,861
Bank guarantee margin					
Bank Al-Habib	A1+	AA+	PACRA	**966,597**	966,597

32.1.3(b) ***Counterparties without external credit ratings***

These include customers which are counter parties to trade debts. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts of the Company as at the reporting date is as follows:

	Note	2020	2019
		---- Rupees ----	
Past due 1 - 30 Days		**153,329,640**	110,380,006
Past due 31 - 60 Days		**80,711,127**	97,021,081
Past due 61 - 120 Days		**6,384,826**	8,597,288
Past due above 121 Days		**29,642,381**	30,308,696
		270,067,974	246,307,071

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

32.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavorable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital 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 committed credit lines.

32.2.1 Exposure to liquidity risk

32.2.1 (a) ***Contractual maturities of financial liabilities, including estimated interest payments***

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

	Note	2020					
		Carrying amount	**Contractual cash flows**	**One year or less**	**One to three years**	**Three to five years**	More than five years
		---- Rupees ----					
Non-derivative financial liabilities							
Long term finance	12	**468,488,184**	**535,512,214**	**187,867,439**	**347,644,775**	-	-
Lease liability	14	**37,272,445**	**42,739,000**	**28,650,605**	**14,088,395**	-	-
Short term borrowing	20	**113,615,212**	**113,615,212**	**113,615,212**	-	-	-
Accrued mark-up	19	**13,024,687**	**13,024,687**	**13,024,687**	-	-	-
Trade and other payable	18	**155,425,144**	**155,425,144**	**155,425,144**	-	-	-
		787,825,671	**860,316,257**	**498,583,087**	**361,733,170**	-	-

	Note	2019					
		Carrying amount	**Contractual cash flows**	**One year or less**	**One to three years**	**Three to five years**	More than five years
		---- Rupees ----					
Non-derivative financial liabilities							
Long term finance	12	352,014,178	446,312,622	132,460,484	288,218,780	25,633,358	-
Lease liability	14	59,922,063	71,540,235	34,727,606	36,812,629	-	-
Short term borrowing	20	135,415,508	135,415,508	135,415,508	-	-	-
Accrued mark-up	19	12,968,046	12,968,046	12,968,046	-	-	-
Trade and other payable	18	196,301,990	196,301,990	196,301,990	-	-	-
		756,621,785	862,538,401	511,873,634	325,031,409	25,633,358	-

32.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

32.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which advances, sales and purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The

32.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

32.3.2 (a) Mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	Financial liability	
	2020	2019
	------------- Rupees -------------	
Fixed rate instruments	**120,000,000**	-
Variable rate instruments	**499,375,840**	547,351,749
	619,375,840	547,351,749

32.3.2 (b) Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Effect on profit before taxation	
	2020	2019
	------------- Rupees -------------	
Increase of 100 basis points	**(4,993,758)**	(5,473,517)
Decrease of 100 basis points	**4,993,758**	5,473,517

32.3.2 (c) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in

32.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market. The Company is not exposed to any price risk.

33 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other
- to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

34 Fair value of financial instruments

34.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify 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 following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

	Note	Carrying Amount					Fair Value		
		Fair value through other comprehensive income	Fair value through profit and loss	Financial Assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-Balance sheet financial instruments		---------- Rupees ----------					---------- Rupees ----------		
30 June 2020									
Financial assets measured at fair value		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Financial assets at amortized cost									
Long term security deposit		-	-	7,147,338	-	7,147,338	-	-	-
Trade debts		-	-	270,067,974	-	270,067,974	-	-	-
Other receivable		-	-	966,597	-	966,597	-	-	-
Cash and bank balances		-	-	426,512	-	426,512	-	-	-
	34.2	-	-	278,608,421	-	278,608,421	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Financial liabilities measured at amortized cost									
Long term finance		-	-	-	468,488,184	468,488,184	-	-	-
Lease liability		-	-	-	37,272,445	37,272,445	-	-	-
Short term borrowing		-	-	-	113,615,212	113,615,212	-	-	-
Trade and other payable		-	-	-	155,425,144	155,425,144	-	-	-
	34.2	-	-	-	787,825,671	787,825,671	-	-	-

	Note	Carrying Amount					Fair Value		
		Fair value through other comprehensive income	Fair value through profit and loss	Financial Assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		----------------	Rupees	----------------			----------	Rupees	----------
On-Balance sheet financial instruments									
30 June 2019									
Financial assets measured at fair value		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Financial assets not measured at fair value									
Long term security deposit		-	-	6,697,338	-	6,697,338	-	-	-
Trade debts		-	-	246,307,071	-	246,307,071	-	-	-
Other receivable		-	-	966,597	-	966,597	-	-	-
Cash and bank balances		-	-	7,589,352	-	7,589,352	-	-	-
	34.2	-	-	261,560,358	-	261,560,358	-	-	-
Financial liabilities measured at fair value		-		-	-	-	-	-	-
		-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value									
Long term finance		-	-	-	352,014,178	352,014,178	-	-	-
Lease liability		-	-	-	59,922,063	59,922,063	-	-	-
Short term borrowing		-	-	-	135,415,508	135,415,508	-	-	-
Accrued mark-up		-	-	-	12,968,046	12,968,046	-	-	-
Trade and other payable		-	-	-	196,301,990	196,301,990	-	-	-
	34.2	-	-	-	756,621,785	756,621,785	-	-	-

34.2 Fair value versus carrying amounts

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

35 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

	2020			
	Chief Executive	**Executive Director**	**Non-Executive Director**	**Executives**
Managerial remuneration	**23,354,188**	**-**	**-**	**31,380,504**
No. of persons	**1**	**1**	**6**	**13**

	2019			
	Chief Executive	Executive Director	Non-Executive Director	Executives
Managerial remuneration	18,327,863	-	-	26,028,900
No. of persons	1	1	6	11

35.1 The chief executive and executive director are provided with Company maintained cars in accordance with their terms of employment.

35.2 No meeting fee has been paid to any director of the Company during the year (June 30, 2019: Nil).

36 TRANSACTION WITH ASSOCIATED UNDERTAKINGS

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carried out transactions with related parties. Detail of transactions with key management personnel are disclosed in Note 34. Balances of related parties if any are shown in the relevant notes. There are no other significant related party transactions.

	2020	2019
	Number of Employees	
37 NUMBER OF EMPLOYEES		
Average number of employees during the year	**714**	671
Total number of employees at year end	**682**	669

38 Operating segment

The Company's chief decision maker reviews the Company's performance on single segment accordingly the financial information has been prepared on basis of single reportable segment.

38.1 Revenue from sale of bakery and snacks items represent 91% and 9% of total revenue of the Company respectively.

38.2 All of the Company sales are local.

38.3 All assets of the Company as at 30 June 2020 are located in Pakistan.

39 PRODUCTION CAPACITY

	2020	**2020**	2019	2019
	Maximum Capacity	**Actual Production**	Maximum Capacity	Actual Production
	All units in Metric Tons			
- Bakery Division	**13,500**	**11,400**	13,500	11,150
- Snacks Division	**1,800**	**565**	1,800	550

39.1 Actual production in snacks division is lesser due to lower demand.

40 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2020			
	Long term finances	**Leases**	**Dividend Payable**	**Total**
As at 01 July	**352,014,178**	**59,922,063**	**765,699**	**412,701,941**
Changes from financing activities				
Repayment during the year	**(96,525,994)**	**(30,463,618)**	-	**(126,989,612)**
Disbursement of long term finances	**213,000,000**	-	-	**213,000,000**
Addition of new leases	-	**7,814,000**	-	**7,814,000**
As at 30 June	**468,488,184**	**37,272,445**	**765,699**	**506,526,329**

	2019			
	Long term finances	Leases	Dividend Payable	Total
As at 01 July	229,510,154	66,382,885	-	295,893,039
Changes from financing activities				
Repayment during the year	(52,495,976)	(17,942,322)	-	(70,438,298)
Disbursement of long term finances	175,000,000	-	-	175,000,000
Addition of new leases	-	11,481,500	-	11,481,500
Dividend declared	-	-	51,388,669	51,388,669
Dividend paid	-	-	(50,622,970)	(50,622,970)
As at 30 June	352,014,178	59,922,063	765,699	412,701,940

41 EVENTS AFTER THE REPORTING PERIOD

There are no other significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the board of directors of the Company on 05 OCT 2020.

43 GENERAL

The figures have been rounded off to the nearest rupee.

Chief Executive **Director** **Chief Financial Officer**

BUNNY'S LIMITED.

Pattern Of Share Holding - Form "34"
Share Holders Statistics As At June 30, 2020

Number of Shareholders	Shareholdings				Total Shares Held
1968	Shareholding From	1	To	100	59,374
185	Shareholding From	101	To	500	36,772
15	Shareholding From	501	To	1000	11,761
18	Shareholding From	1001	To	5000	32,621
1	Shareholding From	5001	To	10000	9,500
2	Shareholding From	10001	To	15000	20,863
1	Shareholding From	15001	To	20000	17,325
2	Shareholding From	20001	To	25000	45,000
4	Shareholding From	30001	To	35000	127,242
1	Shareholding From	45001	To	50000	48,500
1	Shareholding From	55001	To	60000	58,846
1	Shareholding From	115001	To	120000	115,477
1	Shareholding From	120001	To	125000	123,793
3	Shareholding From	125001	To	130000	381,288
2	Shareholding From	130001	To	135000	263,393
1	Shareholding From	145001	To	150000	146,437
1	Shareholding From	185001	To	190000	189,829
1	Shareholding From	230001	To	235000	234,318
1	Shareholding From	235001	To	240000	237,247
1	Shareholding From	1475001	To	1480000	1,476,871
1	Shareholding From	1965001	To	1970000	1,969,163
1	Shareholding From	2050001	To	2055000	2,051,150
3	Shareholding From	2460001	To	2465000	7,384,363
3	Shareholding From	2950001	To	2955000	8,861,235
1	Shareholding From	4895001	To	4900000	4,900,000
1	Shareholding From	4920001	To	4925000	4,922,908
1	Shareholding From	5355001	To	5360000	5,356,122
1	Shareholding From	12305001	To	12310000	12,307,271
2222					**51,388,669**

Categories Shareholders as on June 30, 2020

S. No.	Categories Shareholders	Shares Held	Total
1	**Directors and their spouse(s) and minor children**	**24,132,250**	**46.96**
	Mr. Omer Shafiq Chaudhry	12,307,271	

	Mr. Yunus Shafiq Chaudhry	2,461,454	
	Mrs. Saadia Omer	2,461,454	
	Miss Mahnoor Chaudhry	4,922,908	
	Mr. Haroon Shafiq Chaudhry	2,500	
	Ms. Amira Haroon - Spouse of Haroon shafiq Chaudhry	1,969,163	
	Mr. Muhammad Rafi Uz Zaman Awan	2,500	
	Mr. Syed Muhammad Adnan Raza Naqvi	2,500	
	Mr. Rehan Mobin	2,500	
2	**Associate Companies, Undertakings and related parties**	-	-
3	**NIT and ICP**	**115,477**	**0.22**
4	**Banks, Development Finance Institutions, Non-Banking Finance Institutions**	**10,335,524**	**20.11**
5	**Insurance Companies**	-	-
6	**Modarabas and Mutual Fund**	**2,051,150**	**3.99**
8	**Others**	**11,294**	**0.02**
7	**General Public**	**14,742,974**	**28.69**
	Total	**51,388,669**	**100.00**

Shareholders Holding 10% or More In The Company

	Number of Shares	%
Omer Shafiq Chaudhry	12,307,271	23.95
Pak Brunei Investment Company Limited	5,356,122	10.42