



**MACPAC**  
**FILMS**<sub>ltd.</sub>

**Registered Office**  
**Plot No. 21 Maqboolabad,**  
**Jinnah Cooperative Housing**  
**Society (J.C.H.S.), Karachi**

**Factory Plot No. EZ/1/P-10 Eastern**  
**Industrial Zone Port Qasim Area**  
**info@macpacfilms.com**  
**www.macpacfilms.com**  
**UAN # 111-MFL(635)-111**



**MACPAC  
FILMS** Ltd.

**MACREBUR**  
*The plastic road company*

**THIS ROAD IS MADE FROM  
WASTE PLASTICS**  
WWW.MACREBUR.COM



**REDUCE  
REUSE  
RECYCLE**



**ANNUAL REPORT 2019**

# PLASTIC CODES FOR RECYCLING






 1 PET	 2 PE-HD	 3 PVC	 4 PE-LD	 5 PP	 6 PS	 7 O
Polyethylene Terephthalate (PET, PETE)	High Density Polyethylene (HDPE)	Polyvinyl Chloride (V)	Low Density Polyethylene (LDPE)	Polypropylene (PP)	Polystyrene (PS)	Other (O)
Soft drink. Water and salad dressing bottles; peanut butter and jam jars	Milk, juice and water bottles; yogurt and margarine tubs; trash and retail bags.	Juice bottles; cling films; PVC piping	Frozen food bags; squeezable bottles, e.g. honey, mustard; cling films; flexible container lids.	Reusable microwaveable ware; kitchenware; yogurt containers; margarine tubs; microwaveable disposable take-away containers; disposable cups and plates.	Egg cartons; packing peanuts; 'Styrofoam'; disposable cups, plates, trays and cutlery; disposable take-away containers; yogurt and margarine containers	Beverage bottles; baby milk bottles.
						

Figure 1 Types of plastics used for packaging food and beverages items (Mitte, 2019)



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

## REUSE, REDUCE, RECYCLE

This year in 2019 Macpac has emphasized on Wastage Reduction, Reusing its recycled plastic in some products, Energy Efficiency, Water Conservation, Educating its team, Suppliers and Customers towards basics of Environmental Conservation, mainly by understanding and implementing a lifestyle of a Circular Economy.

Macpac is a socially and ethically responsible corporation and propagates reduction of natural resources utilization and reusing of all possible items in its lifecycle. Simply;

Reduce-Reuse-Recycle





# ALWAYS SEGREGATE YOUR TRASH



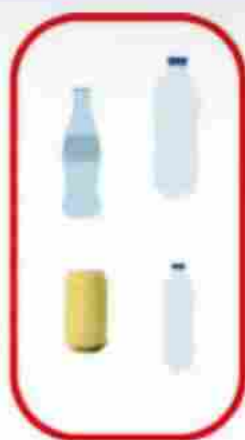
Paper products and empty paper containers



Empty plastic containers, Styrofoam, plastic material and metals



Food waste and paper napkins



Bottles and aluminium cans



Non-recyclable waste and mixed materials





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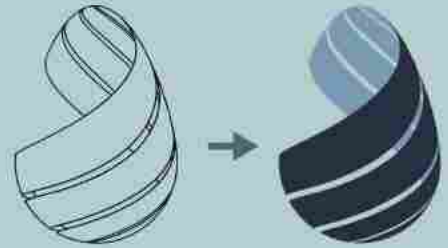
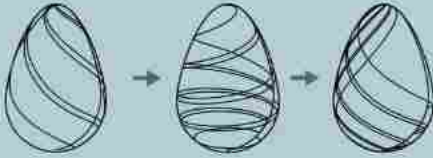
# LOGO ANATOMY

## DESIGN CONCEPT

2D reduction to simplify complex shape



Convert 2D shape to 3D to add depth and curve



Relating shapes to define color, form and negative space



**MACPAC**  
**FILMS** Ltd.

## LOGO ANATOMY

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This logo takes the shape of a humble cocoon and simplifies it into a basic shape, which is then converted to a morphing and layered graphic denoting a thin film layer and how it would shape itself into a cocoon. A small incision is made into the left handside which makes way for an arrow pointing forward, symbolic of movement in a straight direction. The font used is a classic font, by the name of Frankling Gothic, which balances the organic shape by anchoring it on to either of its sides.



**MACPAC**  
**FILMS** Ltd.





## COMPANY INFORMATION

### Board of Directors

Mr. Naeem Munshi (Chairman - Non-Executive Director)  
Mr. Maqbool Elahi Shaikh (Chief Executive)  
Mr. Ehtesham Maqbool Elahi (Executive Director)  
Mr. Shariq Maqbool Elahi (Non-Executive Director)  
Mr. Fahad Munshi (Non-Executive Director)  
Mr. Mansoor Younus (Independent Director)  
Mr. Muhammad Omer Sabir (Independent Director)

### Audit Committee of the Board

Mr. Mansoor Younus (Committee Chairman)  
Mr. Naeem Munshi  
Mr. Shariq Maqbool Elahi

### HR & Remuneration Committee

Mr. Shariq Maqbool Elahi (Committee Chairman)  
Mr. Ehtesham Maqbool Elahi  
Mr. Naeem Munshi

### Chief Financial Officer & Company Secretary

Mr. Zohaib Yakoob

### **Auditors**

EY Ford Rhodes  
Chartered Accountants

### **Legal Advisor**

Abdul Ghaffar Khan  
F-72/1, KDA Scheme 5,  
Kehkashan, Clifton, Karachi

### **Share Registrar**

Central Depository Company Pakistan Ltd  
CDC House, 99 – B, Block 'B', S.M.C.H.S.,  
Main Shahra-e-Faisal, Karachi-74400  
Customer Support Service: 0800-CDCPL  
(23275)  
Fax: (+92-21) 34326053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

### **Bankers (in alphabetical order)**

Bank Alfalah Limited  
Bank Al Habib Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metro Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
Soneri Bank Limited  
United Bank Limited

### **Registered Office**

Plot # 21 Maqboolabad, Jinnah Cooperative  
Housing Society (J.C.H.S.), Tipu Sultan  
Road, Karachi, Pakistan

### **Email**

info@macpacfilms.com

### **Website**

www.macpacfilms.com

### **Factory**

Plot No. EZ/1/P-10  
Eastern Industrial Zone  
Port Qasim Area, Karachi, Pakistan

### **UAN**

111-MFL(635)-111



**REDUCE**



**REUSE**



**RECYCLE**

# VISION

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To be the market leader, recognized locally and internationally as a premium quality manufacturer of multilayer packaging materials.



# MISSION

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- ▶ Maintain the highest level of quality in the manufacture of our products, thereby adding value for all our stakeholders.
- ▶ Be ethical in practice and fulfill our social responsibilities by contributing towards the environment as good corporate citizens.
- ▶ Gain the confidence of our stakeholders by earning a reputation of a responsible and progressive enterprise that is prepared to change for them.
- ▶ Focus on the changing customer needs and requirements and strive to improve and innovate the product line for the benefit of our clients.



"THE GREATEST THREAT TO OUR PLANET IS THE BELIEF THAT SOMEONE ELSE WILL SAVE IT."

**ROBERT SWAN**







## CORE VALUES

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▶ **Accountability**

We trust accountability in business and disclose the result in a transparent manner. Our actions are conducted in a responsible, timely and professional manner.

▶ **Passion**

We have enthusiasm towards our work, our operation team is eager to serve the best product to our valuable customers.

▶ **Honesty**

All our business dealings are based upon honesty, truthfulness, straightforwardness, and transparency and all our dealing based on moral principles.



## CORE VALUES

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### ▶ Quality

Our commitment to quality is a never-ending quest to find new and better ways to meet and exceed our customers' expectations. We satisfy our customers in the best possible manner. And are committed towards continuous improvement

### ▶ Innovation

We believe in innovation to meet new era requirements and fulfil the wants of our valued customers and needs of whole Industry. Macpac's stance as pioneers of Bopp and Cpp emphasize this for many more innovations to come

### ▶ Caring

We have an environment of understanding, community, and support, can nurture positive relationships, and social aspect of workplace where employees are engaged in external and internal activities.



## STATEMENT OF ETHICS

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### ▶ Ethical Standards

Macpac Films Ltd will conduct its business honestly and ethically. Personal interests must never be permitted to conflict, or appear to conflict, with the interests of the Company, its clients or its affiliates.

All applicable laws and regulations including labor laws and equal opportunity must be complied with. Directors, officers and employees must respect and act responsibly with others in all of their dealings. All Company policies and procedures including Company's Code of Conduct must be followed. The Company's core values must be upheld at all times.



## BUSINESS STRENGTHS

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Macpac is the Pioneer of BOPP and CPP films in Pakistan, having rich expertise, a strong brand identity and history of nurturing customers

Complete automated Bruckner and SML high-performance extrusion plants, which produces superior quality films with minimum wastage & higher accuracy.

We have strong belief in Research and Development. We work to obtain new knowledge & technology in order to develop best quality films to serve to our customers. The goal is to strengthen company's bottom line with long term sustainability.

Strong relationship with our stakeholder. Our suppliers are committed to provide quality services with minimum lead time. Hardcore, Professional and focused team who always in search of room for improvement. We are strongly emphasized on customer relationship management by creating a 360° view of the customer, capturing their interactions with the business, and by surfacing the information needed to have better conversations with customers.



# ORGANIZATION STRUCTURE





## INTEGRATED MANAGEMENT SYSTEM (IMS) POLICY

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MACPAC FILMS LTD emphasizes on excellence in all aspects of business activities. The Company constantly strives to maintain its reputation as a successful, dynamic and responsible organization.

We are committed to:

- ▶ Provide on time quality Product with the compliance of international standards ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007.
- ▶ Strive for the most comprehensive recognition and satisfaction of its esteemed customers.
- ▶ Reduce environmental and Occupational Health and Safety risks to a minimum level, and conducting its business activities in a manner that protects the environment and improves Occupational Health and Safety of our employees and Quality of our products.
- ▶ Make and strive to achieve Quality, Occupational Health & Safety and Environmental Objectives related to our scope of work.
- ▶ To provide all resources needed for the continual improvement of quality, health, safety and environmental issues.
- ▶ Fulfill all the legal and statutory requirements that are necessary to follow within our scope of work.
- ▶ Management and Supervisory Staff of MACPAC FILMS LTD have the responsibility for implementing this policy throughout the Company.

Operational Director

# WHISTLE BLOWING POLICY

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## **“SPEAK UP” WITH CONFIDENCE**

MACPAC Films Ltd is committed to conducting its business and dealing with all stakeholders together with staff, suppliers, customers, and shareholders in a very manner that's lawful and ethically accountable. Therefore, Whistle processing Policy has been issued to permits all stakeholders to create honest and prompt speech act of circumstances wherever it's genuinely believed that the Company's business is being administered in an inappropriate manner or in violation of applicable laws, Company's policies, procedures and moral values.

### **Actions coated beneath the Policy**

This Policy covers any action which ends up, or is probably going to result, in any misconduct which fits against Company's values, like fraud, breach of Code of Conduct, theft, any action endangering the health and/or safety of any person, etc.

### **Method of filing Whistle processing criticism**

Various modes of Whistle processing criticism filing or being introduced beneath the Policy, which has direct email to the concern at [whistle.blowing@macpacfilms.com](mailto:whistle.blowing@macpacfilms.com)

### **Confidentiality and Protection Mechanism**

The Policy assures that each one complaints are going to be handled in complete confidence, which the identity of the plaintiff won't be unconcealed to Management. Within the unlikely event that the identity of Whistle Blower is unconcealed to any individual within the Company, it'll be ensured that the plaintiff isn't subjected to any style of prejudicial treatment.

### **Success of the Policy and its implementation**

All stakeholders are liable for the success of this Policy and may make sure that they use it to disclose suspected danger or wrongdoing. If a neutral has any question regarding the content or application of this Policy, he or she might contact the interior Audit Department for getting necessary clarification.

# MS. NARGIS- CHANDI GHARR PAKISTAN

Started business with name of Chandi Ghar. She recycled metalized waste, convert into bricks and provide shelter to low income housing, it can also be used for water reservoirs, mobile clinic, and relief camps etc...







# CORPORATE SOCIAL RESPONSIBILITY

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For a business to take responsibility for its actions, it must be fully accountable. Here at Macpac Films Ltd, we have gone beyond the legal requirements to enhance transparency and credibility, and strengthened our management infrastructure. All this is done to ensure that we fulfill our social responsibility as it is the least we can do. The Company's utmost priority has always been conducting ethical and sustainable business with an aim to build stronger relations with its stakeholders and to make contributions for the welfare of the society. The goal of our CSR is to embrace responsibility for the Company's actions and create a positive impact through its activities on the environment, employees, communities and stakeholders.

Being socially responsible is more than just a corporate requirement for us; the Company continuously takes multifaceted initiatives to fulfill this moral obligation.

## Employee Welfare

Macpac Films Ltd respects the dignity and rights of its human capital. The work environment is friendly and steps are taken to ensure a family-like environment. To uplift the living standards of our employees and improve their lives is our motive. We provide interest-free loans and medical facility to our employees and their families. Training and development is considered to be an integral part of our Human Resource Policy. Apart from on-the-job training, we encourage our employees to attend seminars, workshops, short courses and lectures. We are an equal opportunity employer and provide employment opportunities to young graduates with an aim to nurture a highly talented lot of future leaders for the country.

## Safety and Health

We are committed to the health and safety of our employees, subcontractors, customers and the general public. We are also dedicated to safeguard our natural environment. Our health, safety and environment objectives are equal in status to our other business activities. Line management and supervision is responsible for implementing these objectives. Regular workshops and trainings are conducted to educate our employees about the various safety and health issues.

## Social Services

While CSR is a corporate responsibility, keeping in line with the values of the Company and our traditions, we also make philanthropic contributions to institutions that are making significant efforts to help the underprivileged, e.g., Shaukat Khanum Hospital, The Citizens Foundation, Heart Care Society, Civil Hospital etc. Apart from such institutions, a significant contribution is made every year towards various educational organizations as part of our CSR initiatives.

## Water Saving

We save water by aggressively implementing water conservation project initiated by our team. We educate our employees through in house and external trainings and we have successfully reduced water consumption by approximately 1 million gallons per year.

We further plan to reduce our consumption by implementing efficient systems and recovery of boring water through reverse osmosis plant in the upcoming year.



## INTERNAL INITIATIVE

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Macpac's some of Internal Initiatives of Wastage reduction and Environment impact improvement measures

1. 111 tons online waste reduce which is 19.6% less as compared to last year. We have saved film which can cover around 748 football ground field and 401 Cricket ground fields.
2. Average offline waste for 2018-19 is 7.88% while that for Jan-18 to Jun-18 was 9.56%
3. Recycle all of our wastage into granules to protect environment pollution due to loose plastic films.
4. Sell other left overs to end users which certify use of ethical reuse of post industrial waste.
5. Compacting all wastage before shipping in order to save on energy use in outbound logistics throughout the recycling value chain.
6. Comply the regulatory requirement of Pakistan nuclear regulatory authority (PNRA) to protect the environment as well as our employees.
7. In Process of certifying for Environment Management System (ISO 14001:2015) in this year.
8. Working on clean and green environment for that planted trees and green belts outside the plant area and reusing own waste water for plant growth.
9. Upgraded Energy Investments to save minimum of 10 % fossil fuel usage in terms of reduction in consumption of natural gas in the year.
10. We saved 1,382,400 liter water this year.



# PROFILE OF THE BOARD

## MR. NAEEM MUNSHI - CHAIRMAN

He has been serving as a Non-Executive Director at Macpac Films Ltd ever since its inception and currently holds the office of CEO at Hilal Food (Pvt) Ltd. A graduate of Sindh University, Hyderabad, his experience of successfully managing one of the largest confectionary businesses gives Macpac an integral insight deep into the customer demands and trends of the end users. He is also the member of the HR & Remuneration Committee and a member of the Audit Committee of the Board.

## MR. MUHAMMAD OMER SABIR – INDEPENDENT DIRECTOR

Mr Omer Sabir is serving as an independent director and having vast experience and knowledge in handling business and marketing affairs. He is also serving as director on the board of a private limited company.

## MR. FAHAD MUNSHI – NON-EXECUTIVE DIRECTOR

He is serving as a Non-Executive Director at Macpac Films Limited. After completing his graduation from Bentley University in Waltham, Massachusetts, he joined Hilal Food (Pvt) Ltd as a Director. Having a dynamic personality and an achievement-oriented approach, he started off his career in management operations with a focus towards process improvement and innovation. With his determination and inherent passion, he developed himself in human resource management.

## MR. MAQBOOL ELAHI SHAIKH - CHIEF EXECUTIVE OFFICER

He is the pioneer of BOPP Films in Pakistan and his contributions to the packaging films industry of Pakistan are recognized by all. Major contributions include introducing vast ranges of packaging films starting from cellophane, BOPP, metalized and CPP films in Pakistan. He introduced BOPP films in 1980 and bought the country's first line of BOPP films machinery in 1985, first metalizer in 1985 and the first CPP machine in 2001. He is one of the major founders of Macpac Films Ltd. His in-depth industry knowledge combined with four decades of experience rightly fits him as the commander-in-chief of the Company. His strategic commitment is to steer the Company through modern management techniques under his strong leadership.



## MR. SHARIF MAQBOOL ELAHI – NON-EXECUTIVE DIRECTOR

He is the technical mind of the Board pertaining to the packaging industry. Serving as a Non-Executive Director and a Chairman of the HR & Remuneration Committee, he adds immense value to the Board by his understanding of the business from his first-hand experience of printing and packaging.

## MR. EHTESHAM MAQBOOL ELAHI – EXECUTIVE DIRECTOR

Having more than a decade's experience with the Company as part of senior management, he joined the Board in 2012. A certified director from PICG and a management graduate of American University in Dubai, his role as an Executive Director is to help take the Company to new heights. Sharing and taking forward the vision of the CEO and the Board, he is committed to take the Company forward via newly adapted management practices. He is also a member of the HR & Remuneration Committee of the Board.

## MR. MANSOOR YOUNUS – INDEPENDENT DIRECTOR

He has done his MBA from Institute of Business Administration, Karachi in 1981 and possesses vast experience in international business, finance and marketing. Being an Independent Director on the Board, he is also serving as the Chairman of the Audit Committee. Currently, he holds the position of Managing Partner at Oriental Sales Corporation.

# MANAGEMENT TEAM

## MR. HABIB MAQBOOL ELAHI - OPERATIONS DIRECTOR

He Graduated from the University of Manchester, Manchester Business School In 2013, Habib Elahi joined Corporate world immediately after his graduation. Having qualification of BSc Honors Operations Management and Technology. We believe that his addition to Macpac Films Ltd as a Operations Director has added value towards the company's operations and improve operational efficiency and reduce wastage significantly.

## MR. NAJIM-UL-HASSAN CHIEF OPERATING OFFICER

A Member of ICMAP & MBA from IBA, Mr. Najam ul Hasan has an extensive experience of over 22 years in different sectors and has significant experience in handling corporate related matters and increasing efficiencies. As COO he now leads most of the matter of Macpac

## MR. ZOHAIB YAKOOB CHIEF FINANCIAL OFFICER/ COMPANY SECRETARY

A member of Institute of Chartered Accountants of Pakistan and being associated with multiple companies in past is equipped with more than a decade of experience of leading the finance departments and handling the corporate affairs.

## MR. ZAFFAR ULLAH MANAGER PRODUCTION

A qualified chemical engineer from UET lahore, Mr Zaffar carries with him experienced of more then one decade including 5 years international experience as well. He is very keen to provide quality product by using his expertise.

## MS. UM-E- FARWA HEAD OF INTERNAL AUDIT

Ms. Um-e Farwa has been associated with Macpac Films Limited since 2014, A Professional Accountant committed to financial accountability and transparency. She is an associate member of Institute of Cost & Management Accountants of Pakistan (ICMAP) & Institute of Certified Public Accountants of Pakistan(ICPAP).

## MS. MEHREEN SHAH KHALID HUMAN RESOURCES MANAGER

An MBA in human resource management and MA in economics, Ms. Mehreen spearheads all HR duties; Conducting performance appraisal and other surveys, while ensuring a tight-knit organization. She has been with the Company since 2011.

## MR. UMER TARIQ SULTAN REGIONAL MANAGER NORTH

Mr. Umer Tariq Sultan is the Regional Manager North of Macpac Films Limited since May, 2017. He has done Masters In Economics from Government College University and then afterwards M.B.A. from Lahore School of Economics. He has an extensive experience of 18 years in B2B Industry especially related to Plastics and Flexible Packaging.



## MR. SALMAN KHAN REGINAL MANAGER CENTRAL

Mr. Salman Khan is the Regional Manager Central of Macpac Films Limited since July, 2015. He has completed his Masters in Business Administration (MBA) from Al-Khair University in year 1999

## MR. FAISAL JAVED REGIONAL MANAGER SOUTH & EXPORT

Mr Faisal Javed is the Regional Manager South of Macpac Films Its since July, 2012. He has completed his Masters in Business Administration (MBA) from IBA in year 2004.



# PAVERS MADE FROM WASTE OF PLASTIC

these pavers are three times more resistant than those made with cement: The price per cubic meter of pavers, which comprises between 26 and 33 pavers are about 1110 Rs instead of up to 6460 Rs with other materials. ”

These made from recycle waste, like polybags, chips packets, plastic bottles, bottle caps and so on.



# CHAIRMAN'S REVIEW REPORT

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## Dear Stakeholders:

This report is being presented in terms of Section 192(4) of Companies Act, 2017 on overall performance of the board and effectiveness of the role played by the board in achieving the Company's objectives. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations), the annual evaluation of the Board of Directors (the "Board") has been carried out under the Code of Corporate Governance to ensure that the Board's overall performance is in line with the objectives set for the Company. The Board was fully involved in the strategic planning, remained updated regularly on the overall progress of the organization through interactive presentations by the management and accordingly provided appropriate direction and oversight on a timely basis. The Board will continue to play its role in setting the direction of the Company and ensuring high standards of governance in every aspect of the Company's business.

Operating in an environment of increasing competition, the Company posted increase in sales by 14% as compared to last year. However, profitability showed a decline mainly owing eroding value of Rupee and increased raw material costs; and the fact that it was not fully passed on to the customers.

Alhamdulillah the Company has started the commercial production of its newly installed CPP plant and enhanced Company's product portfolio, which added back the original portfolio of films which were part of the Company in the last decade and will help serve customers and the markets with better and varied options.

Leading this organization, I believe that human capital plays a vital role in the growth of this Company. We put in efforts to retain the best talent, train them and develop them to become future leaders. For this purpose, an employee appreciation ceremony was conducted where the efforts of each and every one of our staff members were recognized. This was done to instill the motivation and sense of ownership in our people.

On behalf of the board, I would like to acknowledge the continued sincere efforts and cooperation of all our employees, who work day in, day out to create the success story that we are a part of today. Meeting challenges was not easy without them. I take this opportunity to thank our stakeholders for the trust and continued support being reposed on us.

**NAEEM MUNSHI**

Chairman

September 27, 2019



## DIRECTORS' REPORT TO THE MEMBERS

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In the name of Allah, the Most Gracious, the Most Benevolent  
and the Most Merciful

-Assalam-o-alaikum

### DEAR VALUED MEMBERS,

The Directors of your Company are pleased to present their Report and Audited Financial Statements of the Company for the year ended June 30, 2019.

### Composition of Board of directors

The total number of Directors are 7 as per the following:

- a. Male: 7
- b. Female: \_

The composition of board is as follows:

Category	Names
a) Independent Director	Mr. Mansoor Younus Mr. Muhammad Omer Sabir
b) Non-Executive Director	Mr. Naeem Munshi Mr. Shariq Maqbool Elahi Mr. Fahad Munshi
c) Executive Director	Mr. Maqbool Elahi Shaikh Mr. Ehtesham Maqbool Elahi

# DIRECTORS' REPORT TO THE MEMBERS

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Names of persons who, at any time during the financial year were directors of the Company

S.No.	Name	Title
1	Mr. Naeem Munshi	Chairman of the Board
2	Mr. Maqbool Elahi Shaikh	Chief Executive Officer
3	Mr. Muhammad Sadiq Khan	Executive director
4	Mr. Ehtesham Maqbool Elahi	Executive director
5	Mr. Shariq Maqbool Elahi	Non -Executive director
6	Mr. Mansoor Younus	Independent director
7	Mr. Fahad Munshi	Non -Executive director
8	Mr. Muhammad Omer Sabir	Independent director

## Audit Committee of the Board

S.No.	Name	Title
1	Mr. Mansoor Younus	Chairman of the Committee
2	Mr. Naeem Munshi	Member
3	Mr. Shariq Maqbool Elahi	Member

## HR & Remuneration Committee

S.No.	Name	Title
1	Mr. Shariq Maqbool Elahi	Chairman of the Committee
2	Mr. Ehtesham Maqbool Elahi	Member
3	Mr. Naeem Munshi	Member



# DIRECTORS' REPORT TO THE MEMBERS

## Director's remuneration

As per current remuneration policy approved by the board, non-executive directors including independent directors are entitled for no remuneration.

## Principal Activity

The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

## Geographical location and address of business:

The registered office of the Company is situated at plot # 21, Maqboolabad, Jinnah Cooperative Housing Society (J.C.H.S), Tipu Sultan Road, Karachi, the production plants are located at Eastern Industrial Zone, Port Qasim, Karachi and North Sales office is situated at Lahore Center, Gulberg Lahore Pakistan.

## Major Capital Expenditure

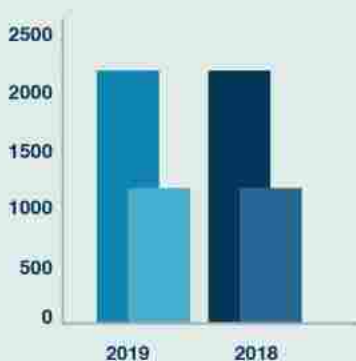
Capital expenditure incurred in respect of Cast Poly Propylene (CPP) plant, which has increased the overall capacity of the Company by 40% and commercial production has started from third quarter of the financial year. Good market response is received from the market. We are expecting a decent demand which with certainty in dollar parity, increased production, would reasonably contribute towards profitability of the Company and will prove a profitable investment decision for the Company in the coming time.



## Production

The Company's BOPP and CPP production during the year was 8,069 metric tons and 1,121 respectively as compared to BOPP production of 10,532 metric tons in the previous year.

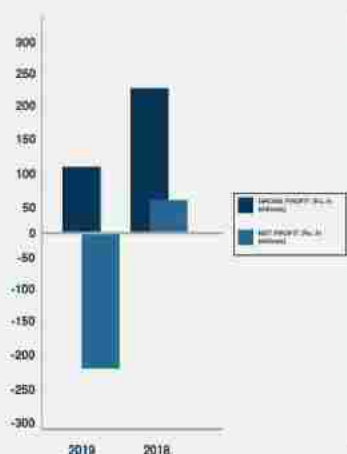
The management of the Company is continuously devoting efforts to further enhance the capacity utilization. Therefore, the focus in the coming times would be enhancing capacity utilization further to yield better results.



## Sales Performance

The Company has achieved 14% growth in net sales resulting in highest sale in Company's history amounting to Rs 2,415 million as compared to Rs 2,125 million last year.

# DIRECTORS' REPORT TO THE MEMBERS



## Profitability

The gross profit of the Company is Rs 103.4 million for the current year as compared to Rs. 222.8 million last year, a decrease of 53%, which is mainly due to increase in petrochemical landed cost due to PKR devaluation and significant increase in gas tariff as compare to previous year and sales average pricing not being able to keep up with the increased overall cost due to stern competition in the market.

The net loss for the current year is Rs 233.9 million as compared to net profit Rs.54.8 million in the previous year, which is firstly due to increased landed cost and production cost and also because of the significant impact of exchange loss amounting to Rs 112 million due to PKR devaluation and increased finance cost due to increase in policy rate to 12.75% from 8% last year.

## Earnings per Share

The earnings per share for the current year is Rs. -3.94 as compared to Rs. 0.99 in the past year.

## Comparative Financial Results

Broad comparative financial results of three years are given hereunder. Key performance indicators for the last six years are also summarized on page ...58....of the Annual Report 2019.

	2019		2018	
	Rs (millions)	% of sales	Rs (millions)	% of sales
Sales (net)	2,415		2125	
Gross Profit	103.4	4.8%	222.8	10.5%
Profit before tax	(200.6)	-8.3%	66.1	3.1%
Profit after tax	(233.9)	-9.5%	54.8	2.6%
Earnings/(Loss) per share (rupees)	(3.94)		0.99	

# DIRECTORS' REPORT TO THE MEMBERS

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## Future Outlook

After change of government, strict monetary policies were introduced to address the widening trade deficit. Tight monetary policy along with more than 30 pct. devaluation of Pak Rupee couple with increased interest rates, resulted in overall decline in growth and business environment. Policy rates increased from 8% to 12.75% which affected the overall cost of doing business significantly. This also resulted in decline in foreign net investments, local buying power resulted in reduced demand, and overall sentiment of the economy. Banks also adopted strict policies due to fear of non-performing loans and divert their funds towards government borrowings.

On the positive side, government with its tight monetary control, managed to address the alarming trade deficit gap. This significant devaluation also resulted in reducing import whereas exports become viable and competitive. Foreign worker's remittances also increased with decent growth rate. Rupee Dollar parity is now out of uncertainty which would give some confidence to the industry.

Alhamdulillah, despite all challenges, your company managed to increase its market share. New Cast Poly Propylene (CPP) Plant has also started its commercial production from February 2019 and good market response was received from the market. This expansion resulted in 40 pct. increase in overall capacity of the Company. We are expecting a decent demand which with certainty in dollar parity, increased production, would reasonably contribute towards profitability of the Company.

We also would like to assure our shareholders that your company implemented the strategies to increase efficiencies, target new market segments, increase investments in research and development and is confident that with all these measures we will be not only managed our profitability again but also will reap the benefit of our increased market share and decent growth in customer demand and confidence. In Sha Allah.

## Auditor

The present auditor, M/s EY Ford Rhodes, are retiring and have offered themselves for reappointment for the year ending June 30, 2020.

## Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance contained in the Listing Regulations, relevant for the year ended June 30, 2019 have been adopted by the Company and have been duly complied with. A separate statement of compliance with the Code of Corporate Governance, duly signed by the Chairman is also included in the Annual Report 2019 on page ...<sup>39</sup>....

## Statement of Ethics and Business Practices

The Board has prepared and adopted 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.



# DIRECTORS' REPORT TO THE MEMBERS

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## Corporate and Financial Reporting Framework

- ▶ The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 2017. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- ▶ Proper books of accounts have been maintained by the Company.
- ▶ Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- ▶ The International Accounting Standards/International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- ▶ The system of internal control is sound in design and has been effectively implemented and monitored.
- ▶ There are no doubts upon the Company's ability to continue as a going concern.
- ▶ There has been no departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- ▶ There is no other significant and material change from last year's operating and financial results except as explained in the Directors' Report.
- ▶ The key performance indicators for the last six years are summarized on page .....<sup>58</sup> of the Annual Report 2019.

## Audit Committee and Internal Control System

The management of your Company believes in good corporate governance, implemented through a well-defined and efficiently applied system of checks and balances and the provision of transparent, accurate and timely financial information. The Board of Directors has established a system of sound internal control which is effectively implemented at all levels within the Company.

The Board has formed an Audit Committee which comprises of three (3) members; all are non-executive directors including the Chairman of the Committee, who is an independent director. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

## HR and Remuneration Committee

The Board has formed an HR and Remuneration Committee. It comprises of three (3) members, including two non-executive directors and one executive director. The Chairman of the Committee is a non-executive director.



# DIRECTORS' REPORT TO THE MEMBERS

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## Corporate Social Responsibility (CSR)

For a business to take responsibility for its actions, it must be fully accountable. Here at Macpac Films Limited, we have gone beyond the legal requirements to enhance transparency and credibility and strengthened our management infrastructure. All this is done to ensure that we fulfill our social responsibility as it is the least we can do.

Being socially responsible is more than just a corporate requirement for us. The Company continuously takes multifaceted initiatives to fulfill this moral obligation.

## Human Capital and Employee Relations

The human capital of the Company is the driving force to integrate other resources, like equipment and technology systems, to produce the performance desired by the Company. The directors of the Company wish to record their appreciation for the dedicated hard and focused work put in by the Company's employees in achieving the performance during the year.

The need of the Company changes all the time and it is changing at a faster pace now because of the increasingly demanding business environment. Effective human resource management requires constant analysis of the pool of human assets in the Company to track any shortcoming in skills which would require training and development efforts so that the human capital can be better utilized and rewarded for their efforts.

## Pattern of Shareholding

The total number of Company's shareholders as on June 30, 2019 was 949. The pattern of shareholding as on June 30, 2019, along with necessary disclosures as required under the Code of Corporate Governance, is disclosed in the Annual Report 2019.

## Acknowledgement

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, the shareholders, partners, customers, government authorities, autonomous bodies, financial institutions and bankers for their co-operation and continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the staff of the Company.

For and on behalf of the Board

**MAQBOOL ELAHI SHAIKH**  
Chief Executive Officer

**EHTESHAM MAQBOOL ELAHI**  
Director

Karachi  
September 27, 2019

# BAMBOO HOUSE COMPANY

Each tile was made with more than 600 polybags, plastic waste and plastic bottles as well. A single tile weighs around 300 gram and can withstand a force of 20 tonnes. The entire pathway, spread over an area of 3,100 sq ft, consumed over 24 lakh kgs of plastic.





## HEALTH, SAFETY AND ENVIRONMENT

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As a company and as individuals, we take great pride in contributing to the communities where we live and work. We also care about the environment and are proud of the many ways in which our employees work to safeguard it. As a part of our core values and business ethics, Macpac Films Ltd provides a safe and healthy working environment which ensures an atmosphere of minimal accidents and work-related illnesses. The organization is certified with ISO 9001:2008 certification.

We believe that a safe and healthy workplace is a fundamental right of every person and also a business imperative. All of our workplaces are fully equipped with modern safety gear, fire safety equipment and safety attire, as per international safety requirements. The HSE policy has been designed to ensure compliance with applicable laws. It aims to concurrently achieve continuous performance improvement, aligned with QMS 9001. We remain committed to providing a safe and healthy working environment to our employees and other stakeholders. HSE Policy It is our policy that we are committed to the health and safety of employees, subcontractors, hired personnel, customers and general public. We are also committed to safeguard our natural environment. Our health, safety and environment objectives are equal in status to our other business activities. Line management and supervision is responsible for implementing these objectives. HSE Objectives Remaining within the framework of the Health, Safety and Environment policy, Pakistan's legislative requirements and standards required from our customers, we progressively strive to

- ▶ Prevent all production incidents
- ▶ Prevent other incidents/accidents at our business sites, machines and installations
- ▶ Prevent all occupational diseases and promote the health of our employees and the people who work with us
- ▶ Minimize the impact of our operation on the environment
- ▶ Adopt work practices that are safe and environment-friendly
- ▶ Develop systems and individual personal responsibilities for health, safety and environment
- ▶ Encourage involvement of employees in health, safety and environment al affairs.





## BOPP ADVANTAGES

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Macpac is known to invest in Environmentally sustainable technology . In the same thought Macpac has usually always invested in PP based, or Multi layer films so that products are either recyclable, bio degradable (if the client requires) or at least reusable. Our Bopp films products have severe advantages over complimentary BoPet films which are following:

### **BOPP Advantages over BOPET:-**

- **Recyclable**
- **Reusable**
- **Biodegradable** Ready
- Wide sealing range
- Diversified products for special applications
- High water vapour/moisture barrier
- Low process cost (ink)

In Pakistan Alone, the FMCG industry using BoPet substrates for Printing of Laminates can replace the same with Bopp Substrates and promote recyclability mainly due to being same Plastic family.

### **Estimated:**

Over 500 tons (monthly) minimum of Bopet Film can be replaced with PP based film or specifically Bopp in the Biscuits, Cake and Chips industry alone.



# PRODUCT PROFILE

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## BOPP

Macpac produces co-extruded multiple grades of BOPP Films which conform to International Standards of quality process involving biaxial orientation of the films at high speed. We focus on various applications:

- ▶ Food (confectionery, biscuits, cookies, snacks, tea, baked products)
- ▶ Labels (opaque and transparent)
- ▶ Other Applications (overwrapping, textile bags, tobacco, decorative purpose, pharmaceutical items, adhesive tapes, etc.)

Macpac is committed to product quality leadership. To meet that commitment, the mission of its experts is to create value-added products for valuable customers and provide them with innovative and effective solutions that allow them to succeed in their businesses.

Keeping in view the needs of our customers, Transparent, Matte, Pearlized & Metallized films are produced in different varieties and thickness ranging from 10 to 60 microns. We also make specialized films having unique characteristics to suit well in specialized applications while creating a niche market. We excel in producing the following grades:

- ▶ Plain
- ▶ Sealable
- ▶ Pearlized
- ▶ Pearl white opaque
- ▶ Pearl white for labels
- ▶ Hologramable
- ▶ Overwrap
- ▶ Matte
- ▶ Metalized
- ▶ Metallizable
- ▶ Biodegradable BOPP
- ▶ Sheet Lamination

The most valuable property of our film is its versatility as a packaging carrier. We carefully craft our films to ensure good barrier properties against moisture, gas and odors. Excellent optical properties distinguish our films from the rest. Trouble free printing and sealability makes our products, the first choice of converters.

Packaging is the first introduction of a product to its consumer; we produce and deliver high quality films in the market having following key features:

- ▶ Excellent Optic (High Gloss & Clarity)
- ▶ Good Barrier to Water Vapor
- ▶ Improved Stiffness
- ▶ Excellent Performance on High Speed Machines
- ▶ Good Dimension Stability and Flatness
- ▶ Good Scuff Resistance and Great Acid Resistance
- ▶ Excellent resistance to UV light
- ▶ Not affected by moisture and does not wrinkle or shrink with environmental changes
- ▶ High Tensile Strength
- ▶ Good puncture and flex-crack resistance over a wide range of temperatures
- ▶ Biodegradable
- ▶ Low Electrostatic Charge
- ▶ Excellent Chemical and Abrasion Resistance
- ▶ Recyclable and Reusable



**BEVERAGES**



**TEA**



**ICE CREAM**



**CHIPS & SNACKS**



**TEXTILES**



**OVERWRAPPING**



**CONFECTIONARY  
ITEMS**



**MATCH**



**SHEET LAMINATION**

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**WE ALSO MANUFACTURE CUSTOMIZED  
PRODUCTS AS PER CUSTOMER REQUIREMENTS**



## CPP FILMS

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Cast Polypropylene (CPP) films intend to offer high performance, great look and easy transforming for flexible packaging and other applications. It is a mono oriented film based on polypropylene polymers. CPP film forms the basis for a variety of packaging as it possesses excellent seal ability and transparency for subsequent printing or lamination. It also offers minimal gauge variation and a low gel level for better metallizing. We excel in producing the following grades:

- ▶ Transparent
- ▶ Opaque/ Milky
- ▶ Metalized
- ▶ And other specialized films

CPP films are also produced from a combination of various grades of PP polymer. Various constructions of CPP are available (multi-layer options) which are used to cater several applications in general packaging, as a sealant layer in conjunction with other plastic substrates for packaging of food products, twist wrap usage in candies, etc. Key characteristics of CPP films are:

- ▶ High Clarity, Smoothness and Gloss
- ▶ Higher seal strength
- ▶ Good hot tack strength
- ▶ Good anchoring of inks and adhesive to Treated Surface
- ▶ Good machinability on Packaging line
- ▶ Resistance to grease and oil
- ▶ Good resistance to tears & puncture
- ▶ Good moisture barrier
- ▶ Low static properties
- ▶ Can be metal processing
- ▶ Higher than the PE film stiffness
- ▶ Multi-functional, composite materials can be used as the base film.





## CPP FILMS

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MACPAC Films Ltd. conforms to global quality standards and with our in-house R&D facilities it seeks to provide product development that satisfies customer's requirement. MACPAC's diverse portfolio of BOPP films and multi-layered CPP film, combined with knowledge, technology and analytical capabilities provides the opportunity to develop new products targeting highly customized applications. We believe that this will enhance efforts to differentiate our customer from its competition. Our CPP production process is accomplished with the contribution of the most sophisticated and advanced technologies to produce a wide range of Cast Poly Propylene films. The art machinery supplied by S.M.L - Certified

European manufactures is a high end 5-layer machine that is capable of making diverse range of barrier films as well. Our production facility is led by the team of experts that ensure high production quality that meet customer's demand. We offer a wide range of multilayered CPP films, including: Metalized, lamination, Milky/White (micron range: 15-200). The high barrier range comprises of EVOH and Nylon based film that provides excellent barrier properties. We at MACPAC are committed for excellence in quality and focused on growth and innovations that will help you grow your business.







# PRODUCT CATEGORIES

## **BOPP**

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**SEALABLE FILMS**

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**PLAIN FILMS**

---

**METALIZED FILMS**

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**MATTE FILMS**

---

**PEARLIZED FILMS**

---

**WHITE FILMS**

## **CPP**

---

**OPAQUE/ MILKY FILMS**

---

**TRANSPARENT FILMS**

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**SPECIALIZED FILMS**

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**METALIZED FILMS**

# DIAMOND HEADS RECYCLED T-SHIRT

Super-soft carbon-gray made from 6 1/2  
recycled plastic bottles

50% cotton, 50% recycled plastic



# BOARD COMMITTEES

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## HR & REMUNERATION COMMITTEE

Mr. Shariq Maqbool Elahi (Committee Chairman)  
Mr. Ehtesham Maqbool Elahi (Executive Director)  
Mr. Naeem Munshi (Non-Executive Director)

### Purpose

The HR & Remuneration Committee is appointed by the Board to assist the Board in fulfilling its responsibilities relating to leadership development and compensation of the Company's directors, executive officers and other key management personnel.

### Composition

The HR & Remuneration Committee shall have at least three members comprising a majority of non-executive directors

### Responsibilities

The HR & Remuneration Committee has the following responsibilities:

- ▶ Recommend significant human resource management policies to the Board
- ▶ Recommend to the Board, the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO
- ▶ Recommend to the Board, the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit
- ▶ Consider and approve, on recommendation of the CEO, matters regarding key management positions which report directly to the CEO or COO
- ▶ Consider and approve recommendations of the HR Executive Committee
- ▶ Report regularly to the Board following meetings of the Committee

### Meetings

The Committee shall meet on a needs basis or when directed by the Board.

The Company Secretary sets the agenda, time, date and venue of the meeting in consultation with the Chairman of the Committee.

The Secretary of the Committee shall submit the minutes of the meeting duly signed by its Chairman to the Company Secretary. These minutes are then circulated within the Board.



# BOARD COMMITTEES

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## AUDIT COMMITTEE

Mr. Mansoor Younus (Committee Chairman & Independent Director)

Mr. Shariq Maqbool Elahi (Non-Executive Director)

Mr. Naeem Ali Munshi (Non-Executive Director)

### Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities for the:

- ▶ Integrity of the Company's financial statements
- ▶ Company's compliance with legal and regulatory requirements
- ▶ Independent auditor's qualifications and independence
- ▶ Performance of the Company's internal audit function and independent auditors.

### Authority

The Audit Committee has the authority to conduct or authorize investigations into any matter within its scope of responsibility. It is empowered to:

- ▶ Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision by external auditors of any service to the Company in addition to audit of the financial statements
- ▶ Resolve any disagreements between management and the external auditors regarding financial reporting
- ▶ Meet with Company officers, external auditors, or outside counsel, as necessary
- ▶ Seek any information it requires from any employee (and all employees are directed to cooperate with any request made by the Audit Committee) and external parties.
- ▶ Obtain outside legal or other professional advice

### Meetings

The Audit Committee shall meet at least once every quarter of the financial year. The provisions of the Code of Corporate Governance 2017 shall be complied with in this regard.

# BOARD COMMITTEES

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## Responsibilities

In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

- ▶ Determination of appropriate measures to safeguard the Company's assets
- ▶ Review of preliminary announcements of results prior to publication
- ▶ Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - ▶ Major judgmental areas
  - ▶ Significant adjustments resulting from the audit
  - ▶ The going concern assumption
  - ▶ Any change in accounting policies and practices
  - ▶ Compliance with applicable accounting standards
  - ▶ Compliance with listing regulations and other statutory and regulatory requirements
- ▶ Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
- ▶ Review of Management Letter issued by external auditors and management's response thereto
- ▶ Ensuring coordination between the internal and external auditors of the Company
- ▶ Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company
- ▶ Consideration of major findings of internal investigations and management's response thereto
- ▶ Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective
- ▶ Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors
- ▶ Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body
- ▶ Determination of compliance with relevant statutory requirements
- ▶ Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof



## HUMAN RESOURCE DEVELOPMENT

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The human capital of the company is the driving force to integrate the company's other vital resources, e.g., equipment, technology and systems to produce the desired performance. Our human assets and their ability to achieve and enhance our organization's success are our pride. We hire staff with the right personal attitude and professional skills enabling them to develop a long-term relationship with the company. Our main focus is to nurture and further improve our teams by our exemplary HR policies, development programs and Compensation Packages.

### Recruitment & Selection

We are an equal opportunity employer and strictly prohibit discrimination on any ground - religion, cast, color, creed or gender. We hire individuals through a process that is professional and Consideration of any other issue or matter as may be assigned by the Board of Directors consistent; one that reflects the company's commitment to the principles of hiring the best possible candidates and ensuring employment equity.

Selection is made on the basis of merit in view of the job requirements and on a salary which is competitive and in line with the compensation structure of the company.

### Training & Development

Learning is part of the company culture and training and development is an integral part of our HR policy. Each employee, at all levels, is conscious of the need to upgrade continuously his/her knowledge and skills.

The willingness to learn is therefore a non-negotiable condition. The company imparts focused training and development to enhance the competency of its employees. Motivational drills and corporate retreats are also a regular feature of our HR policy.

### Performance Appraisals

Annual appraisals are aimed to align employee skills with the company's strategic objectives. A benchmark has been set to compare the performance of each employee and feedback is then provided to improve the overall efficiency. Employees are rewarded on the basis of their performance and attitude towards work.

### Succession Planning

Succession planning is considered to be an HR priority for key positions to ensure employees' development and a sustainable leadership model.



# ADIDAS RECYCLING PLAN FOR 2020

Each shoe repurposes approximately 11 plastic bottles intercepted before they could enter the ocean. Adidas's goal is to phase recycled plastic into all of its shoes by 2020.





# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Year ended June 30, 2019

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

1. The total number of Directors are 7 as per the following:

- |    |         |   |
|----|---------|---|
| a. | Male:   | 7 |
| b. | Female: | - |

2. The composition of board is as follows:

Category	Name
a) Independent Director	Mr. Mansoor Younus Mr. Muhammad Omer Sabir
b) Non-Executive Director	Mr. Naeem Munshi Mr. Shariq Maqbool Elahi Mr. Fahad Munshi
c) Executive Director	Mr. Maqbool Elahi Shaikh Mr. Ehtesham Maqbool Elahi

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

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decision on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Year ended June 30, 2019

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

9. The Company is compliant with the training requirements of the board as per section 20(1a) of the CCG, as half of the Directors have either completed the Director's certification from authorized institutions or have prescribed qualification and experience pursuant to Regulation 20 of the CCG.

The remaining directors shall obtain certification under the Directors' Training Program in due course of time.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. However, the CFO and Company Secretary of the Company is the same person. The Company is in the process of appointing a separate person as Company Secretary.

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

12. The board has formed committees comprising of members given below:

a) Audit Committee of the Board

S.No.	Name	Title
1	Mr. Mansoor Younus	Chairman of the Committee
2	Mr. Naeem Munshi	Member
3	Mr. Shariq Maqbool Elahi	Member

b) HR & Remuneration Committee

S.No.	Name	Title
1	Mr. Shariq Maqbool Elahi	Chairman of the Committee
2	Mr. Ehtesham Maqbool Elahi	Member
3	Mr. Naeem Munshi	Member

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Year ended June 30, 2019

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The committee comprising a majority of non-executive directors and board is in process of reconstituting the committee to appoint an Independent Director as a member of committee to comply with the section 20(1) of the CCG.

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 of the committee were as per following:

a) Audit Committee	Quarterly
b) HR & Remuneration Committee	Annually

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. We confirm that all other requirements of the Regulations have been complied with.

**NAEEM MUNSHI**

Chairman  
Board of Directors



## Independent Auditors' Review Report To the members of MACPAC Films Limited Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (here-in-after referred to as 'Code'), prepared by the Board of Directors of MACPAC Films Limited (the Company) for the year ended 30 June 2019 in accordance with the requirements of Regulation 40 of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

The responsibility for compliance with the Code 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 Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires 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 and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 Code as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instance of non-compliance with the requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2017 as reflected in the paragraph reference where it is stated in the Statement of Compliance:

<u>Reference</u>	<u>Description</u>
i. 10	Chief Financial Officer and Company Secretary are the same person.
ii. 12	Human Resource and Remuneration Committee does not have any independent Director.

*EY Ford Rhodes*

**Chartered Accountants**

**Place:** Karachi

**Date:** 03 October 2019



## To the members of MACPAC Films Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **MACPAC Films Limited (the Company)**, which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and 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, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the loss 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

*ETM*

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<p><b>1. Existence and Valuation of stock in trade</b></p> <p>As disclosed in note 11 to the accompanying financial statements, the stock in trade balance constitutes 15% of total assets of the Company. The cost of Work in Process (WIP) and finished goods is determined at average manufacturing cost including a proportion of production overheads.</p> <p>We have considered stock in trade as a key audit matter as it is a significant portion of company's total assets and it requires management judgment in determining an appropriate costing basis and assessing its valuation.</p>	<p>We performed a range of audit procedures with respect to inventory items including, amongst others physical observation of inventory counts, testing valuation methods and their appropriateness in accordance with the applicable accounting standards. We also tested the calculations of per unit cost of finished goods and WIP and assessed the appropriateness of management's basis for the allocation of cost and production overheads.</p> <p>We also assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the Company at the year end.</p>
<p><b>2. Contingencies</b></p> <p>The Company has contingent liabilities in respect of income tax matters, sales tax matters and other gas tariff matters which are pending adjudication before the taxation authorities and the courts of law, details of which are disclosed in notes 27 to the annexed financial statements.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.</p>	<p>Our key audit procedures on contingencies included, amongst others, obtaining an understanding of the management's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee.</p> <p>Reviewed correspondence of the Company with the relevant authorities, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Company's external legal counsel.</p> <p>Obtained and reviewed confirmations from Company's external legal and tax advisor for their views on the pending cases. Where relevant, also assessed external legal / tax advices obtained by the Company.</p> <p>Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company.</p> <p>We also evaluated the adequacy of disclosures made in respect of the contingent tax liabilities in accordance with the requirements of the financial reporting standards as applicable in Pakistan.</p>

Key audit matter	How our audit addressed the key audit matter
<b>3. First time adoption of IFRS 9 - Financial Instruments</b>	
<p>As referred to in note 4.1 to the financial statements, the Company has adopted IFRS 9 with effect from 1 July 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company.</p> <p>Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p> <p>We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.</p>	<p>Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.</p> <p>Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose.</p> <p>We checked the mathematical accuracy of the ECL model by performing recalculation on test basis.</p> <p>In addition to above, we assessed the adequacy of disclosures in the financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.</p>

### Information Other than the Financial Statements and Auditors' 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 auditors' 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.

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

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

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

*EM*



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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is **Shariq Ali Zaidi**.



**Chartered Accountants**

**Place:** Karachi

**Date:** 03 October 2019

# COLOMBIA'S PLASTIC WASTE BRICK HOMES

Conceptos Plasticos crushes and then melts the plastic into Lego-like bricks that are used to build new houses. The strong, durable bricks make the houses safe against natural disasters and are also energy efficient.

In Pakistan alone, we can save 5000 tons of post consumer waste per month at a minimum, if we re use in such initiatives. Including single use plastics like shopping bags and packaging materials.



# SHAREHOLDERS' INFORMATION

## REGISTERED OFFICE

Plot# 21, Maqboolabad, Jinnah  
Cooperative Housing Society (J.C.H.S) ,  
Tipu Sultan Road, Karachi  
Tel: 021-34305811-13  
Fax: 021-34305810  
Email: info@macpacfilms.com

## LISTING ON STOCK EXCHANGES

Shares of Macpac Films Limited are listed on  
Pakistan Stock Exchange.

## STOCK CODE

The stock code for dealing in equity shares of  
Macpac Films Limited at PSX is 'MACFL'.

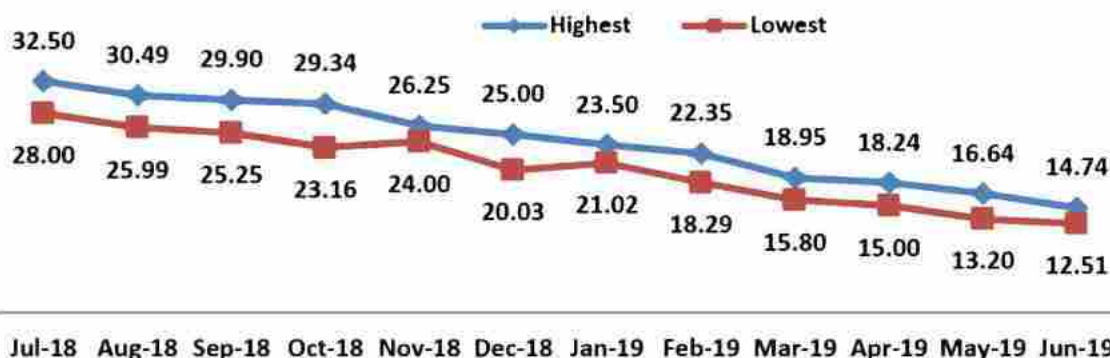
## SHARES REGISTRAR

Central Depository Company Pakistan  
Limited CDC House, 99-B, Block B,  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi-74400 Tel: Customer Support  
Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

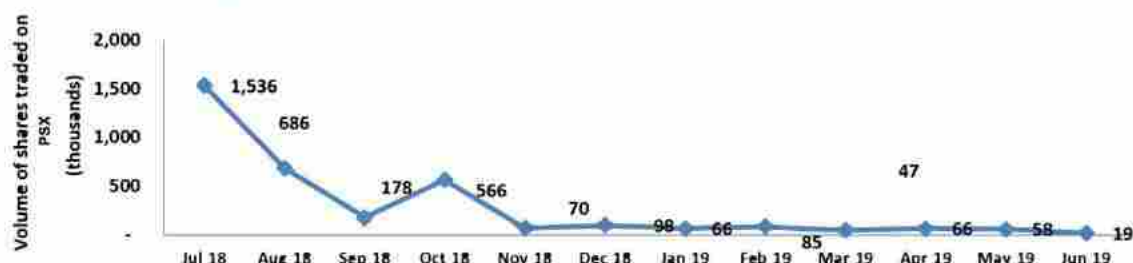
## CONTACT PERSON

Mr. Zohaib Yakoob  
Company Secretary  
Email: zohaib.yakoob@macpacfilms.com  
Tel: +92-21-111-MFL-111

## SHARE PRICE MOVEMENT



## TRADING VOLUMES



# PATTERN OF SHAREHOLDING

As of June 30, 2019

# Of Shareholders	Shareholdings'Slab			Total Shares Held
132	1	to	100	1,375
367	101	to	500	175,141
159	501	to	1000	141,284
189	1001	to	5000	473,551
33	5001	to	10000	245,474
9	10001	to	15000	112,250
12	15001	to	20000	209,725
7	20001	to	25000	162,887
2	25001	to	30000	56,314
5	30001	to	35000	155,000
6	35001	to	40000	225,375
3	40001	to	45000	131,500
1	45001	to	50000	46,000
2	60001	to	65000	126,574
1	75001	to	80000	79,000
1	80001	to	85000	84,789
2	85001	to	90000	176,537
1	135001	to	140000	137,250
1	155001	to	160000	157,900
1	275001	to	280000	277,768
2	390001	to	395000	787,941
1	455001	to	460000	457,500
1	700001	to	705000	700,125
2	760001	to	765000	1,525,000
1	1115001	to	1120000	1,116,518
1	1195001	to	1200000	1,197,671
1	1325001	to	1330000	1,326,500
1	1450001	to	1455000	1,451,193
1	2075001	to	2080000	2,076,500
1	4665001	to	4670000	4,666,000
1	5325001	to	5330000	5,326,000
1	9100001	to	9105000	9,103,783
1	26390001	to	26395000	26,390,725
<b>TOTAL</b>	<b>949</b>			<b>59,301,150</b>



# CATEGORIES OF SHAREHOLDERS

As of June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Government of Pakistan</b>			
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	4,666,000	7.87
<b>Directors and their spouse(s) and minor children</b>			
MR. MAQBOOL ELAHI	3	27,596,455	46.54
MR. SHARIQ MAQBOOL	2	735,268	1.24
MR. NAEEM ALI MOHAMMAD MUNSHI	1	9,103,783	15.35
MR. EHTESHAM MAQBOOL ELAHI	1	394,441	0.67
MR. MANSOOR YOUNUS	1	675	0.00
MR. MUHAMMAD OMAR SABIR	1	4,000	0.01
MR. FAHAD MUNSHI	1	500	0.00
			-
<b>Associated Companies, undertakings and related parties</b>			
	-	-	-
<b>Executives</b>			
	1	157,900	0.27
<b>Public Sector Companies and Corporations</b>			
	-	-	-
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
	1	6,500	0.01
<b>Mutual Funds</b>			
	-	-	-
<b>General Public</b>			
a. Local	922	15,002,706	25.30
Foreign Investors	-	-	-
<b>OTHERS</b>	14	1,632,922	2.75
<b>Total</b>	<b>949</b>	<b>59,301,150</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage
EMPLOYEES OLD AGE BENEFITS INSTITUTION	4,666,000	7.87
MR. MAQBOOL ELAHI	27,596,455	46.54
MR. NAEEM ALI MOHAMMAD MUNSHI	9,103,783	15.35
MR. MUNAF IBRAHIM	5,326,000	8.98

# NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

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NOTICE is hereby given that the 24th Annual General Meeting of MACPAC Films Limited will be held on Thursday, October 24, 2019 at 03:15 p.m. at Registered Office of the Company, Plot No. 21, Maqboolabad, J.C.H.S, Tipu Sultan Road, Karachi, to transact the following ordinary businesses:

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019, together with the Auditors' Report and Directors' Report thereon.
2. To appoint auditors of the Company for the year ending June 30, 2020 and fix the remuneration.
3. To transact any other business with the permission of the Chair.

By order of the Board

Karachi  
October 03, 2019

Zohaib Yakoob  
Company Secretary

## Notes:

1. The share transfer books of the Company will remain closed from October 17, 2019 to October 24, 2019 (both days inclusive). Transfers received at the Company's Share Registrar, M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, at the close of business on October 17, 2019 will be treated in time.
2. Members are requested to notify any change in their addresses immediately to Company's Share Registrar.
3. A member entitled to attend and vote at the meeting shall be entitled to appoint another member as his/her proxy to attend and vote on his/her behalf. The instrument of appointing proxy duly signed and stamped must be deposited to Company' Share Registrar at CDC House, 99-B, Block B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi, not less than 48 hours before the meeting.
4. CDC shareholders or their proxies must bring their original Computerized National Identity Card (CNIC)/original passport along with CDC participant ID and account number at the time of attending meeting. In case of representative of corporate member, the board of directors' resolution/power of attorney with specimen signature and attested copy of CNIC of the nominee shall be produced, unless it has been provided earlier, at the time of the meeting.

Notice of mandatory submission of CNIC/NTN

## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

5. As directed by the Securities and Exchange Commission of Pakistan (SECP) vide its different notification that dividend counters in electronic form should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate member. In the absence of a member's valid CNIC or NTN in case of corporate entities, the Company will be constrained to withhold credit of dividend as per law. All such members who have not complied are hereby requested to submit copy of their CNIC or NTN in case corporate entities to the Company's Share Registrar at CDC House, 99-B, Block B, S.M.C.H.S. Main Shakra-e-Faisal, Karachi.

Notice of payment of cash dividend through electronic mode

6. In accordance with the provisions of Section 242 of the Companies Act, 2017, and the Companies (Distribution of Dividend) Regulations, 2017, a listed company is required to pay any dividend payable in cash only through electronic mode directly into the bank account designated by the entitled shareholders. In this matter, Company's Registrar has already requested and sent letters vide reference no. CDC/RTA/MACPAC/Letter/17 dated September 25, 2017 to members to provide their International Bank Account Number (IBAN). The members who have still not provided their IBAN are once again requested to provide information as per below format and send it duly signed alongwith copy of valid CNIC to Company's Registrar. Members who hold share in electronic form are advised to send it to concerned participant/CDC.

Members detail	
Name	
Folio no./CDC Account No.	
CNIC No.	
Contact No.	
Bank detail	
Title of Bank Account	
their International Bank Account	
Number (IBAN)	
Name of Bank	
Branch name and address	

**Circulation of annual audited accounts and notices through CD/DVD**

7. Company is circulating annual balance sheet and profit and loss account, auditor's report and directors report etc. (annual audited accounts) along with the notice of annual general meeting (Notice) through CD/DVD to all members at their registered addresses, as permitted by Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 2016, in continuation with the SRO 787(I)/2014 dated September 08, 2014. The approval of the same has also been obtained by the member in annual general meeting held on October 31, 2016.

## NOTICE OF 24<sup>th</sup> ANNUAL GENERAL MEETING

Members detail	
Name	
Folio no./CDC Account No.	
CNIC No.	
Contact No.	
Bank detail	
Title of Bank Account	
their International Bank Account	
Number (IBAN)	
Name of Bank	
Branch name and address	

Circulation of annual audited accounts and notices through CD/DVD

8. Company is circulating annual balance sheet and profit and loss account, auditor's report and directors report etc. (annual audited accounts) along with the notice of annual general meeting (Notice) through CD/DVD to all members at their registered addresses, as permitted by Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 2016, in continuation with the SRO 787(I)/2014 dated September 08, 2014. The approval of the same has also been obtained by the member in annual general meeting held on October 31, 2016. Video Conference facility

9. In accordance with the provisions of Section 134(1)(b) of the Companies Act, 2017 and the SECP's circular No. 10 of 2014 dated May 21, 2014, if a company receive request/demand from members having shareholding in aggregate 10% or more residing at a geographical location, to participate in the meeting through video conference at least 10 days prior the meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city. If the members wish to take benefit of the said facility, please fill the below form and submit to the registered address of the Company accordingly.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of Macpac Films Limited, holder of \_\_\_\_\_ Ordinary share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of member

The Company will initiate members regarding venue of video conference facility at least 5 days before the date of meeting alongwith complete information necessary to enable them to access such facility



# HOUSE MADE OF PLASTIC BOTTLES

This house is made from empty plastic bottles to whom we usually throw away considering garbage. This is a motivational picture for creative minds and leads us to the concept that garbage is a such stuff that is not use for someone. This is up to you what things you can convert into workable.



## Balance Sheet

	2019		2018		2017		2016		2015		2014	
	R\$	%	R\$	%	R\$	%	R\$	%	R\$	%	R\$	%
Property, Plant and Equipment	1,415,678,096	26.25	1,177,261,267	45.66	808,213,675	1.10	799,407,426	(3.57)	828,644,006	8.9	760,901,866	13.0
Intangible assets	797,985	-12.1	967,435	-20.0	1,134,294	-13.4	1,309,534	38.2	947,828	145.1	386,660	126.3
Other non-current assets	6,401,418	-36.7	10,118,273	1.4	9,981,451	-4.3	10,428,500	62.2	6,428,500	(89.6)	61,551,921	7.2
Current assets	1,073,282,055	2.8	1,043,934,040	40.8	741,461,399	-0.6	745,619,885	38.8	537,326,144	16.9	459,610,413	(7.6)
<b>Total assets</b>	<b>2,496,159,544</b>	<b>11.8</b>	<b>2,232,221,015</b>	<b>43.0</b>	<b>1,560,790,819</b>	<b>0.3</b>	<b>1,556,765,345</b>	<b>13.4</b>	<b>1,373,346,478</b>	<b>7.1</b>	<b>1,282,450,860</b>	<b>4.4</b>
Share capital	593,011,500	-	593,011,500	52.5	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-
Reserves	173,566,620	-	173,566,620	117.1	79,930,000	-	79,930,000	-	79,930,000	-	79,930,000	-
Unappropriated profits / (losses)	(113,939,276)	(182.3)	138,524,948	11.1	124,667,909	46.5	85,695,494	119.9	38,700,327	274.3	(22,201,851)	(1,101.7)
Non-current liabilities	446,942,396	198.5	149,717,278	(11.0)	168,233,792	(49.6)	334,999,524	(12.0)	380,661,442	28.8	295,455,623	24.7
Current liabilities	1,396,578,305	16.6	1,177,400,669	47.3	799,079,118	19.6	667,880,327	37.7	483,194,709	(10.2)	540,407,088	3.8
<b>Total equity and liabilities</b>	<b>2,496,159,544</b>	<b>11.8</b>	<b>2,232,221,015</b>	<b>43.0</b>	<b>1,560,790,819</b>	<b>0.3</b>	<b>1,556,765,345</b>	<b>13.4</b>	<b>1,373,346,478</b>	<b>7.1</b>	<b>1,282,450,860</b>	<b>4.4</b>

## Operating Results

	2019		2018		2017		2016		2015		2014	
	R\$	%	R\$	%	R\$	%	R\$	%	R\$	%	R\$	%
Net sales R\$:	2,415,339,316	13.65	2,126,139,243	40.21	1,515,691,745	15.71	1,309,860,044	(2.45)	1,342,753,084	12.4	1,195,122,436	(18.2)
Cost of sales	2,311,924,882	21.53	1,902,336,855	50.62	1,283,002,642	16.88	1,080,579,539	(1.40)	1,095,500,647	1.7	1,077,139,093	(10.5)
<b>Gross profit / (loss)</b>	<b>103,414,435</b>	<b>(53.59)</b>	<b>222,822,388</b>	<b>(11.82)</b>	<b>252,689,103</b>	<b>10.21</b>	<b>228,280,505</b>	<b>(7.10)</b>	<b>246,802,437</b>	<b>109.2</b>	<b>117,983,343</b>	<b>(54.3)</b>
Marketing and selling expenses	29,607,769	19.23	24,832,852	9.50	22,678,984	0.28	22,615,359	70.32	13,377,804	37.3	9,669,009	(4.1)
Administrative expenses	65,002,331	13.61	78,339,177	10.18	71,102,447	25.33	56,734,135	16.13	48,855,135	17.9	41,449,140	0.7
<b>Operating profit / (loss)</b>	<b>(15,195,666)</b>	<b>(112.70)</b>	<b>119,650,359</b>	<b>(24.70)</b>	<b>158,907,672</b>	<b>5.99</b>	<b>149,931,011</b>	<b>(18.81)</b>	<b>184,669,498</b>	<b>176.2</b>	<b>66,865,154</b>	<b>(67.7)</b>
Finance Costs	88,709,026	293.67	22,533,650	(15.43)	26,643,492	14.71	23,226,828	(37.27)	37,027,629	79.2	20,607,414	183.1
Other Income	20,020,390	170.91	7,390,107	17.91	6,267,715	(3.85)	6,518,626	280.32	1,714,007	(3.3)	1,772,529	(98.6)
Other expenses	110,788,605	202.95	38,424,138	208.91	12,438,732	(27.12)	17,066,515	(17.36)	20,650,522	24.3	16,607,661	(48.2)
<b>Profit / (loss) before taxation</b>	<b>(200,672,908)</b>	<b>(403.67)</b>	<b>66,093,678</b>	<b>(47.59)</b>	<b>126,093,163</b>	<b>8.55</b>	<b>116,156,294</b>	<b>(9.75)</b>	<b>128,705,354</b>	<b>310.4</b>	<b>31,362,648</b>	<b>(89.4)</b>
Taxation	33,344,791	195.93	11,234,120	(76.51)	47,821,568	60.56	29,794,267	(55.47)	66,682,013	20.0	55,714,220	(31.7)
<b>Net profit / (loss) for the year</b>	<b>(233,917,701)</b>	<b>(526.48)</b>	<b>54,848,558</b>	<b>(29.92)</b>	<b>78,271,565</b>	<b>(9.38)</b>	<b>86,372,027</b>	<b>39.71</b>	<b>1,822,341</b>	<b>353.9</b>	<b>(24,351,572)</b>	<b>(111.4)</b>

## Balance Sheet

	2019		2018		2017		2016		2015		2014	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Property, Plant and Equipment	1,415,678,086	90.9	1,177,261,267	75.6	808,213,675	51.9	799,407,426	51.4	828,644,006	60.3	760,901,866	59.3
Intangible assets	797,985	0.1	907,435	0.1	1,134,294	0.1	1,309,534	0.1	947,828	0.1	386,660	0.03
Other non-current assets	6,401,418	0.4	10,118,273	0.6	9,981,451	0.6	10,428,500	0.7	6,428,500	0.5	61,551,921	4.8
Current assets	1,073,282,055	68.9	1,043,934,040	67.1	741,461,399	47.6	745,619,885	47.9	537,326,144	39.1	459,610,413	35.8
<b>Total assets</b>	<b>2,496,159,544</b>	<b>160.3</b>	<b>2,232,221,015</b>	<b>143.4</b>	<b>1,560,790,819</b>	<b>100.3</b>	<b>1,556,765,345</b>	<b>100.0</b>	<b>1,373,346,478</b>	<b>100.0</b>	<b>1,282,450,860</b>	<b>100.0</b>
Share capital	593,011,500	38.1	593,011,500	38.1	388,860,000	25.0	388,860,000	25.0	388,860,000	28.3	388,860,000	30.3
Reserves	173,566,620	11.1	173,566,620	11.1	79,930,000	5.1	79,930,000	5.1	79,930,000	5.8	79,930,000	6.2
Unappropriated profits / (losses)	(113,939,276)	(7.3)	138,524,948	8.9	124,687,909	8.0	85,095,494	5.5	38,700,327	2.8	(22,201,851)	(1.7)
Non-current liabilities	446,944,396	28.7	149,717,278	9.6	168,233,792	10.8	334,999,524	21.5	380,661,442	27.7	295,455,623	23.0
Current liabilities	1,396,578,305	89.7	1,177,400,669	75.6	799,079,118	51.3	667,880,327	42.9	485,194,709	35.3	540,407,088	42.1
<b>Total equity and liabilities</b>	<b>2,496,159,544</b>	<b>160.3</b>	<b>2,232,221,015</b>	<b>143.4</b>	<b>1,560,790,819</b>	<b>100.3</b>	<b>1,556,765,345</b>	<b>100.0</b>	<b>1,373,346,478</b>	<b>100.0</b>	<b>1,282,450,860</b>	<b>100.0</b>

## Operating Results

Net sales	2,415,339,316	184.4	2,125,159,243	162.2	1,515,691,745	115.7	1,309,860,044	100.0	1,342,753,084	100.0	1,195,122,436	100.0
Cost of sales	2,311,924,882	176.5	1,902,336,855	145.2	1,263,002,642	96.4	1,080,579,539	82.5	1,095,950,647	81.6	1,077,139,093	90.1
<b>Gross profit / (loss)</b>	<b>103,414,435</b>	<b>7.9</b>	<b>222,822,388</b>	<b>17.0</b>	<b>252,689,103</b>	<b>19.3</b>	<b>229,280,505</b>	<b>17.5</b>	<b>246,802,437</b>	<b>18.4</b>	<b>117,983,343</b>	<b>9.9</b>
Marketing and selling expenses	29,607,769	2.3	24,832,852	1.9	23,678,984	1.7	23,615,359	1.7	13,277,804	1.0	9,669,009	0.8
Administrative expenses	89,002,331	6.8	78,339,177	6.0	71,102,447	5.4	56,734,135	4.3	48,855,135	3.6	41,449,140	3.5
<b>Operating profit / (loss)</b>	<b>(15,195,666)</b>	<b>(1.2)</b>	<b>119,650,359</b>	<b>9.1</b>	<b>158,907,672</b>	<b>12.1</b>	<b>149,931,011</b>	<b>11.4</b>	<b>184,669,498</b>	<b>13.8</b>	<b>66,865,194</b>	<b>5.6</b>
Finance Costs	88,709,026	6.8	22,533,650	1.7	26,643,492	2.0	23,226,828	1.8	37,027,629	2.8	20,667,414	1.7
Other income	20,020,390	1.5	7,390,107	0.6	6,267,715	0.5	6,518,626	0.5	1,714,007	0.1	1,772,529	0.1
Other expenses	116,788,805	8.9	38,424,138	2.9	12,438,732	0.9	17,066,515	1.3	20,650,522	1.5	16,607,661	1.4
<b>Profit / (loss) before taxation</b>	<b>(200,672,908)</b>	<b>(15.9)</b>	<b>66,082,678</b>	<b>5.0</b>	<b>126,093,163</b>	<b>9.6</b>	<b>116,156,294</b>	<b>8.9</b>	<b>128,705,354</b>	<b>9.6</b>	<b>31,362,648</b>	<b>2.6</b>
Taxation	33,244,793	2.5	11,234,120	0.9	47,821,598	3.7	29,784,267	2.3	66,882,013	5.0	55,714,220	4.7
<b>Net profit / (loss) for the year</b>	<b>(233,917,701)</b>	<b>(17.9)</b>	<b>54,848,558</b>	<b>4.2</b>	<b>78,271,565</b>	<b>6.0</b>	<b>86,372,027</b>	<b>6.6</b>	<b>61,823,341</b>	<b>4.6</b>	<b>(24,351,572)</b>	<b>(2.0)</b>

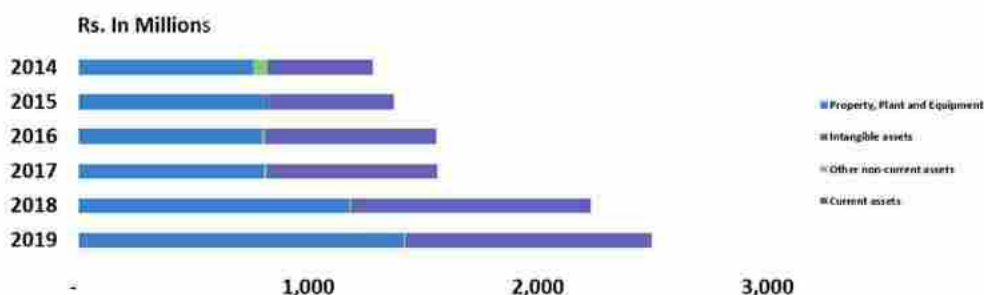


# HORIZONTAL ANALYSIS

## ASSETS

	2019	2018	2017	2016	2015	2014
Property, Plant and Equipment	1,415,678,086	1,177,261,267	808,213,675	799,407,426	828,644,006	760,901,866
Intangible assets	797,985	907,435	1,134,294	1,309,534	947,828	386,660
Other non-current assets	6,401,418	10,118,273	9,981,451	10,428,500	6,428,500	61,551,921
Current assets	1,073,282,055	1,043,934,040	741,461,399	745,619,885	537,326,144	459,610,413

## BALANCE SHEET ANALYSIS-ASSETS



## EQUITY AND LIABILITIES

	2019	2018	2017	2016	2015	2014
Equity	652,638,844	905,103,068	593,477,909	553,885,494	507,490,327	446,588,149
Non-current liabilities	446,942,396	149,717,278	168,233,792	334,999,524	380,661,442	295,455,623
Current liabilities	1,396,578,305	1,177,400,669	799,079,118	667,880,327	485,194,709	540,407,088

## BALANCE SHEET ANALYSIS-EQUITY AND LIABILITIES



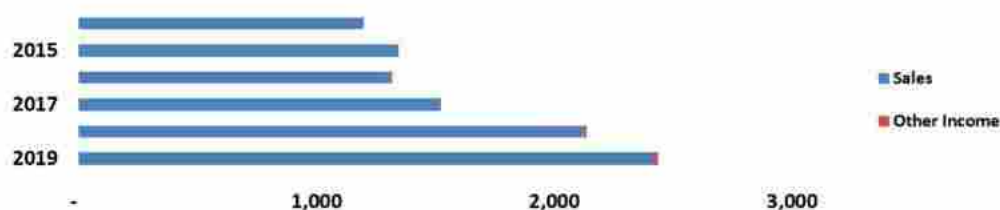


## PROFIT OR LOSS

Income	2019	2018	2017	2016	2015	2014
Sales	2,415,339,316	2,125,159,243	1,515,691,745	1,309,860,044	1,342,753,084	1,195,122,436
Other Income	20,020,390	7,390,107	6,267,715	6,518,626	1,714,007	1,772,529

## PROFIT OR LOSS ANALYSIS -INCOME

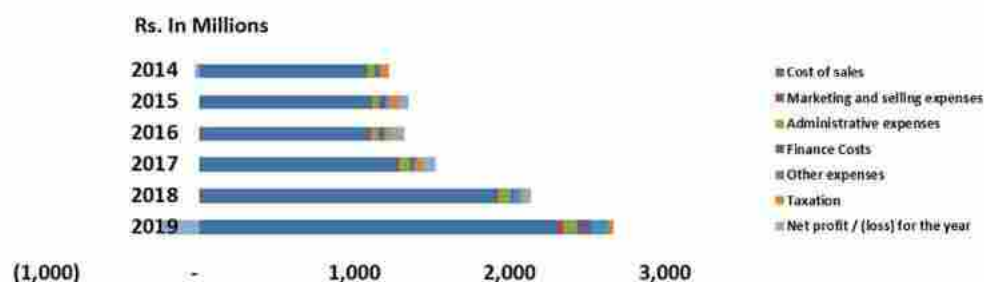
Rs. In Millions



## PROFIT OR LOSS

Expenses	2019	2018	2017	2016	2015	2014
Cost of sales	2,311,924,882	1,902,336,855	1,263,002,642	1,080,579,539	1,095,950,647	1,077,139,093
Marketing and selling expenses	29,607,769	24,832,852	22,678,984	22,615,359	13,277,804	9,669,009
Administrative expenses	89,002,331	78,339,177	71,102,447	56,734,135	48,855,135	41,449,140
Finance Costs	88,709,026	22,533,650	26,643,492	23,226,828	37,027,629	20,667,414
Other expenses	116,788,605	38,424,138	12,438,732	17,066,515	20,650,522	16,607,661
Taxation	33,244,793	11,234,120	47,821,598	29,784,267	66,882,013	55,714,220
Net profit / (loss) for the year	(233,917,701)	54,848,558	78,271,565	86,372,027	61,823,341	(24,351,572)

## PROFIT OR LOSS ANALYSIS -EXPENSES



# ROADS MADE FROM RECYCLED PLASTIC

In order to lay a 1-km-long road, 1 tonne of shredded plastic waste is required along with 9 tonnes of bitumen. In the traditional method, over 10 tonne of bitumen is used in laying the same length of road. Thus, with the use of plastic waste, we can save that 1 tonne of bitumen, which in turn would result in a saving of at least RS 120,000

This is three times stronger than traditional bitumen.

**MACREBUR**  
*The plastic road company*

**THIS ROAD IS MADE FROM  
WASTE PLASTICS**  
WWW.MACREBUR.COM



# KEY PERFORMANCE INDICATORS SIX YEARS AT GLANCE

Profitability Ratios		2019	2018	2017	2016	2015	2014
Gross Profit to Sales	%	4%	10%	17%	16%	18%	10%
Operating Profit to Sales	%	-1%	6%	10%	11%	14%	6%
Net Profit to Sales	%	-10%	3%	5%	7%	5%	-2%
EBITDA Margin to Sales	%	3%	9%	15%	17%	18%	10%
Operating leverage ratio	times	-8.25	-0.61	0.38	7.68	14.26	3.71
Return on Equity	%	-36%	6%	13%	16%	12%	-5%
Return on Capital employed	%	-25%	7%	13%	14%	11%	-5%
Return on Fixed Assets	%	-17%	5%	10%	11%	7%	-3%
Liquidity Ratios							
Current ratio	times	0.77	0.89	0.93	1.12	1.11	0.85
Quick ratio	times	0.50	0.47	0.37	0.42	0.60	0.39
Cash to Current Liabilities	times	0.04	0.03	0.01	0.02	0.03	0.02
Cash to Current Assets	%	4.94%	3.24%	0.75%	1.78%	2.72%	2.47%
Cash flow from Operations to Sales	%	8%	23%	10%	14%	6%	5%
Turnover/Management Efficiency Ratios							
Inventory turnover ratio	times	5.33	4.07	2.78	3.05	4.45	4.42
No. of Days in Inventory	days	67	88	130	118	81	81
Debtor turnover ratio	times	5.44	6.21	5.85	4.83	5.77	6.34
No. of Days in Receivables	days	66	58	62	74	62	57
Creditor turnover ratio	times	2.73	3.30	2.70	2.43	2.75	2.29
No. of Days in Creditors	days	132	109	133	148	131	157
Operating Cycle	days	134	146	191	193	143	138
Cash conversion Cycle	days	2	37	58	45	13	-19
Total Assets turnover ratio	times	0.97	0.95	0.97	0.84	0.98	0.93
Fixed Assets turnover ratio	times	1.71	1.81	1.88	1.64	1.62	1.57
Market Ratios							
Earnings per share (EPS)	Rs.	-3.94	0.99	1.83	2.02	1.45	-0.57
Price Earnings ratio	times	-3.45	29.72	16.92	9.39	12.63	-29.65
Price to Book ratio	times	0.32	0.73	0.85	0.52	0.57	0.56
Break-up value per share	Rs.	11.01	16.41	13.91	12.98	11.89	10.47
Capital Structure Ratios							
Net Assets per share	Rs.	11.01	16.41	13.91	12.98	11.89	10.47
Financial leverage ratio	times	0.60	0.02	0.09	0.21	0.29	0.18
Debt to Equity ratio	times	0.446	0.004	0.03	0.08	0.18	0.14

## SUMMARY OF CASH FLOWS

	2019	2018	2017	2016	2015	2014
	Rupees					
Cash & cash equivalents - Opening	25,620,515	5,562,050	13,243,508	14,632,523	11,336,312	4,869,753
Net cash flows from Operating activities	(13,655,596)	397,123,139	70,634,959	121,048,030	102,017,520	68,701,417
Net cash flows used in Investing activities	(404,758,370)	(442,506,424)	(79,308,674)	(3,694,750)	(124,014,305)	(98,064,341)
Net cash flows (used in) generated from Financing activities	435,788,678	73,656,542	(9,007,639)	(118,742,295)	25,292,996	35,829,483
Changes in cash & cash equivalents	17,374,712	28,273,257	(17,681,355)	(1,389,015)	3,296,211	6,466,599
Cash & cash equivalents - Closing	42,995,227	33,835,307	(4,437,847)	13,243,508	14,632,523	11,336,312



# DIY

(DO IT YOURSELF)  
WITH PLASTIC BOTTLES





# STATEMENT OF FINANCIAL POSITION

## AS AT YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,415,678,086	1,177,261,267
Intangible assets	9	797,985	907,435
Long-term deposits	10	6,401,418	10,118,273
		<u>1,422,877,489</u>	<u>1,188,286,975</u>
<b>CURRENT ASSETS</b>			
Stock-in-trade	11	375,659,628	491,245,840
Trade debts	12	437,176,473	398,482,218
Loans and advances	13	13,113,411	16,950,759
Trade deposit and short term prepayments	14	25,648,365	16,604,521
Tax refund due from Government - net	15	168,701,573	86,815,395
Cash and bank balances	16	52,982,605	33,835,307
		<u>1,073,282,055</u>	<u>1,043,934,040</u>
<b>TOTAL ASSETS</b>		<u><b>2,496,159,544</b></u>	<u><b>2,232,221,015</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
70,000,000 (2018: 70,000,000) ordinary shares of Rs.10/- each		<u>700,000,000</u>	<u>700,000,000</u>
Issued, subscribed and paid-up capital	17	593,011,500	593,011,500
Reserves	18	59,627,344	312,091,568
		<u>652,638,844</u>	<u>905,103,068</u>
<b>NON-CURRENT LIABILITIES</b>			
Diminishing musharika	19	251,197,120	-
Liabilities against assets subject to finance leases	20	39,928,324	3,623,788
Deferred income	21	10,839,956	-
Deferred taxation	22	119,565,120	120,749,918
Staff retirements benefits – staff gratuity	23	25,411,876	25,343,572
		<u>446,942,396</u>	<u>149,717,278</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	848,601,291	892,469,652
Short term borrowings	25	438,729,003	267,583,462
Accrued mark-up	26	7,712,228	3,036,745
Unclaimed dividend		1,192,953	870,316
Current portion of non-current liabilities	19&20	100,342,830	13,440,494
		<u>1,396,578,305</u>	<u>1,177,400,669</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	27		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,496,159,544</b></u>	<u><b>2,232,221,015</b></u>

The annexed notes 1 to 49 form an integral part of these financial statements.

# STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Turnover - net	28	2,415,339,316	2,125,159,243
Cost of sales	29	(2,311,924,882)	(1,902,336,855)
<b>Gross profit</b>		<b>103,414,435</b>	<b>222,822,388</b>
Administrative expenses	30	(89,002,331)	(78,339,177)
Marketing and selling expenses	31	(29,607,769)	(24,832,852)
Finance costs	32	(88,709,026)	(22,533,650)
Other operating expenses	33	(116,788,605)	(38,424,138)
Other income	34	20,020,390	7,390,107
<b>(Loss) / profit before taxation</b>		<b>(200,672,908)</b>	<b>66,082,678</b>
Taxation	35	(33,244,793)	(11,234,120)
<b>(Loss) / profit after taxation</b>		<b>(233,917,701)</b>	<b>54,848,558</b>
		<b>2019 Rupees</b>	<b>2018 Rupees</b>
<b>(Loss) / earnings per share - basic and diluted</b>	36	<b>(3.94)</b>	<b>0.99</b>

The annexed notes 1 to 49 form an integral part of these financial statements.

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**

**DIRECTOR**

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
(Loss) / profit after taxation	(233,917,701)	54,848,558
<b>Other comprehensive income</b>		
<b>Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods</b>		
Re-measurement gain on defined benefit plan	988,401	703,220
Income tax effect	286,636	(203,934)
Net comprehensive income not to be reclassified to statement of profit or loss in subsequent periods	1,275,037	499,286
<b>Total comprehensive (loss) / income for the year (net of tax)</b>	<b>(232,642,663)</b>	<b>55,347,844</b>

The annexed notes 1 to 49 form an integral part of these financial statements.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

\_\_\_\_\_  
DIRECTOR



# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2019

	Reserves				Total
	Issued, subscribed and paid - up capital	Capital reserve - share premium	Revenue reserve - unappropriated profit	Total	
	Rupees				
<b>Balance as at July 01, 2017</b>	388,860,000	79,930,000	124,687,909	204,617,909	593,477,909
Final dividend @ Re. 1/ ordinary share for the year ended June 30, 2017	-	-	(41,510,805)	(41,510,805)	(41,510,805)
Issue of further 20,415,150 ordinary shares at premium of Rs. 5/ share (Note 17)	204,151,500	102,075,750	-	102,075,750	306,227,250
Share issuance cost	-	(8,439,130)	-	(8,439,130)	(8,439,130)
Profit for the year	-	-	54,848,558	54,848,558	54,848,558
Other comprehensive income - net of tax	-	-	499,286	499,286	499,286
Total comprehensive income for the year - net of tax	-	-	55,347,844	55,347,844	55,347,844
<b>Balance as at June 30, 2018</b>	<b>593,011,500</b>	<b>173,566,620</b>	<b>138,524,948</b>	<b>312,091,568</b>	<b>905,103,068</b>
Impact of initial application of IFRS 9 (note 4)	-	-	(11,213,142)	(11,213,142)	(11,213,142)
Related deferred tax impact	-	-	3,251,811	3,251,811	3,251,811
	-	-	(7,961,331)	(7,961,331)	(7,961,331)
<b>Balance as at July 01, 2018 - Restated</b>	<b>593,011,500</b>	<b>173,566,620</b>	<b>130,563,617</b>	<b>304,130,237</b>	<b>897,141,737</b>
Final dividend @ Re. 1/ ordinary share for the year ended June 30, 2018	-	-	(11,860,230)	(11,860,230)	(11,860,230)
Loss for the year	-	-	(233,917,701)	(233,917,701)	(233,917,701)
Other comprehensive income - net of tax	-	-	1,275,037	1,275,037	1,275,037
Total comprehensive loss for the year - net of tax	-	-	(232,642,663)	(232,642,663)	(232,642,663)
<b>Balance as at June 30, 2019</b>	<b>593,011,500</b>	<b>173,566,620</b>	<b>(113,939,276)</b>	<b>59,627,344</b>	<b>652,638,844</b>

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	183,194,584	494,055,243
Long term deposit received / (paid)		3,716,855	(136,822)
Income tax paid		(105,959,848)	(72,666,685)
Gratuity paid	23.2	(10,517,566)	(3,631,102)
Zakat paid on dividend		(56,078)	(229,394)
Finance costs paid		(84,033,543)	(20,268,101)
		(196,850,180)	(96,932,104)
<b>Net cash (used in) / generated from operating activities</b>		<b>(13,655,596)</b>	<b>397,123,139</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed asset expenditure		(569,344,770)	(448,500,424)
Proceeds from disposal of fixed assets		164,658,438	5,994,000
Additions in intangibles		(72,038)	-
<b>Net cash used in investing activities</b>		<b>(404,758,370)</b>	<b>(442,506,424)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from diminishing musharika arrangement		325,150,788	-
Repayment of finance lease-net		(42,825,265)	(37,852,401)
Proceeds from right issue - net of adjustment of directors loan and share issuance cost		-	154,527,663
Proceeds from short term borrowings-net		169,372,953	-
Proceeds from loan from a director		-	19,000,000
Repayment of loan from a director		-	(19,000,000)
Dividend paid		(15,909,799)	(41,233,616)
<b>Net cash generated from financing activities</b>		<b>435,788,678</b>	<b>75,441,646</b>
<b>Net increase in cash and cash equivalents</b>		<b>17,374,712</b>	<b>30,058,361</b>
Cash and cash equivalents at the beginning of the year		25,620,515	(4,437,847)
<b>Cash and cash equivalents at the end of the year</b>	45	<b>42,995,225</b>	<b>25,620,515</b>

The annexed notes 1 to 49 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2018

### 1. THE COMPANY AND ITS OPERATIONS

1.1 Macpac Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability company under the repealed Companies Ordinance, 1984 [now Companies act, 2017 (the Act)] and is listed on the Pakistan stock exchange Limited. The registered office of the Company is situated at Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society, (J.C.H.S), Tipu Sultan Road, Karachi. The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging.

1.2 Geographical location and address of business unit/plant is as follows:

Location and address	Purpose
Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society, Tipu Sultan Road, Karachi.	Head Office
Plot # Ez/1/P-10 East Industrial Zone, Karachi	Production Plant
Room # 21, Second floor, Lahore Centre, Gulberg	North Sale Office

### 2. Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under the Act and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

### 3. BASIS OF PREPARATION

The financial statements have been prepared under "historical cost" convention except for defined benefit obligation - staff gratuity which is carried at present value in accordance with "Employees benefit" under IAS-19

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

### 4. STANDARDS, INTERPRETATIONS AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

#### 4.1 New Standards, Interpretations and Amendments

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

IFRS 2	Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration

#### Improvements to accounting standard issued by IASB in December 2016

IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 9 and IFRS 15 is given below:

### IFRS 9 Financial Instrument

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together three aspects of accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 using modified retrospective approach with initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. The impact of adoption of IFRS 9 on the classification and carrying amounts of the financial assets is explained below.

Financial Asset	Category under IAS 39	Category under IFRS 9	Carrying amount under IAS 39 as at 1 July 2018	Impact of ECL in opening equity as at 1 July 2018	Carrying amount under IFRS 9 as at 1 July 2018
Long term deposits	Loans and receivables	Amortized cost	10,118,273	-	10,118,273
Trade debts	Loans and receivables	Amortized cost	398,482,218	(11,213,142)	387,269,075
Loans to employees	Loans and receivables	Amortized cost	1,813,953	-	1,813,953
Bank balances	Loans and receivables	Amortized cost	33,741,396	-	33,741,396

The management of the Company has assessed and concluded that the Company is in compliance with the requirements of IFRS 9. The new accounting policy in respect of financial instruments and impairment of financial assets is stated in note 6.11.1 to these financial statements respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 and related interpretations and it applies, with limited exceptions, to all revenue arising from contract with customers. IFRS 15 establishes a five-step model to account for revenue arising from contract with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires an entity to exercise judgment, taking into consideration all of the relevant facts and circumstances while applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental cost of obtaining a contract and the costs directly related to fulfilling the contract.

The Company has applied IFRS 15 using modified retrospective approach with initial application date of 1 July 2018 as notified by the SECP. The first-time application of IFRS 15 has not had any significant effects with regard to the amount of revenue recognized and when it is recognized. Hence, no cumulative adjustment amounts have been recognized to adjust the opening retained earnings as at 1 July 2018. Accordingly, the information presented for previous years has not been restated, as previously reported, under IAS 18 and related interpretations.

The management of the Company has assessed and concluded that the Company is in compliance with the requirements of IFRS 15. The new accounting policy in respect of revenue recognition is stated in note 6.11.2 to these financial statements.

#### 4.2 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective.

The following standards, amendments and interpretations with respect to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the

Standard or interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Company is currently evaluating the impact of these standards.

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

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

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

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 Regulatory Deferral Accounts	1-Jan-16
IFRS 17 Insurance Contracts	1-Jan-21

### 5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments 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 expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

- (a) determining the impairment, residual values, useful lives, method of depreciation of property, plant and equipment and intangible assets (notes 8.1 & 9.1 );
- (b) provision for expected credit loss of certain financial assets (note 12);
- (c) recognition of staff retirement benefits (note 23);
- (d) recognition of taxation and deferred tax (notes 15 and 22);
- (e) estimation of net realizable value of stock in trade (note 11);
- (f) provision and contingencies (note 27).



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

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### 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 6.1 Property, plant and equipment

##### 6.1.1 Owned

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, which is stated at cost.

Depreciation is charged to statement of profit or loss using the reducing balance method at the rates specified in note 8 to the financial statements. Depreciation on additions are charged from the month the assets are available for use while no depreciation is charged for the month in which the asset is derecognized.

Maintenance and normal 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 retired.

Assets residual values, useful lives and method of depreciation are reviewed and adjusted prospectively, if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefit are expected to arise from continued use of asset. Gain or losses on disposal or retirement of an asset represent the difference between the sale proceed and the carrying amount is charged to statement of profit or loss.

##### 6.1.2 Leased

Finance leases which transfers to the company, all the risks and benefits incidental to ownership of leased items are capitalized at the inception of the lease. Assets subject to finance lease are initially recorded at lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligation under the lease less financial charges allocated to future period are shown as a liability. Income arising from sale and leaseback, if any, is deferred and is amortized equally over the lease period.

Financial charges are calculated at the interest rate implicit in the lease and are charged to statement of profit or loss. Leased asset are depreciated on reducing balance method at the same rate as Company's owned assets as disclosed in note 8 to financial Statements.

##### 6.1.3 Capital work-in-progress

Capital work-in progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their erection, acquisition and installation. The assets are transferred to relevant category of operating fixed assets or intangible assets when they are available for use.

#### 6.2 Intangible assets

Intangible assets are measured on initial recognition at cost. Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefit beyond one year are recognized as intangible assets. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization on additions is charged from the month in which the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Assets residual values, useful lives and method of amortization are reviewed and adjusted prospectively, if appropriate at each reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

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### 6.3 Stock-in-Trade

These are stated at the lower of net realizable value (NRV) and cost of the inventory which is determined using weighted average cost method.

Weighted average cost in relation to work in process and finished goods constitute average manufacturing cost including direct material, labour and proportionate share of related direct overheads.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

### 6.4 Taxation Current

Provision for current taxation is based on taxability of certain income streams of the Company under normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for current tax includes adjustments to charge for prior years, if any. The tax charge as calculated above is compared with turnover tax under Section 113 and alternate Corporate tax under Section 113C of the Income Tax Ordinance, 2001 and whichever is higher is provided in the financial statements.

#### Deferred

Deferred tax is provided using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized directly in the other comprehensive income or equity is recognized in other comprehensive income or equity and not in statement of profit or loss.

### 6.5 Cash and cash equivalents

These are carried at cost. Cash and cash equivalents comprise of cash in hand and current and deposit accounts held with banks, which are subject to insignificant risk of change. Short term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

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### 6.6 Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset 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 costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss.

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 the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 6.7 Staff retirement benefits

#### Defined benefit plan - staff gratuity scheme

The Company operated gratuity scheme for management and non-management staff which are unfunded. The gratuity plans are final salary plans. The contributions to the unfunded gratuity scheme are made in accordance with the independent actuarial valuation. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

An actuarial valuation of defined benefit scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income.

All past service costs are recognized at the earlier of when the amendment or curtailment occurs and when the Company has recognized related restructuring or termination benefits.

### 6.8 Provisions

Provisions are recognized when the Company has present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### 6.9 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistani Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported using the exchange rate as of the reporting date, except where forward exchange purchases have been made for payment of liabilities, in that case the contracted rates are applied. Exchange gains and losses are included in statement of profit or loss in the year in which it occurs.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### 6.10 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statement are authorized for issue, disclosure is made in the financial statements.

### 6.11 New accounting policies under IFRS 9 and IFRS 15 effective for period beginning on July 01, 2018

During the year, the Company has adopted IFRS 9 and IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Company for financial instruments and revenue recognition.

The new accounting policies for financial instruments and revenue recognition are as follows:

#### 6.11.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### i) Financial assets

##### Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset (debt instrument) is classified and measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVTPL). A financial asset (equity instrument) is classified and measured at Fair Value through Other Comprehensive Income or Fair Value through Profit or Loss.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

A debt instrument 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.

On initial recognition of a debt instrument 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

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

### Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of comprehensive income.

Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any.

Interest income, foreign exchange gains and losses and impairment are recognized in statement of comprehensive income. Any gain or loss on derecognition is recognized in statement comprehensive income.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment / expected credit losses on financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the respective asset. The calculation of expected credit losses reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in Note 40.1.

### ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### Financial liabilities at fair value through profit or

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

#### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

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### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### 6.11.2 Revenue from contracts with customers

The Company is in the business of manufacturing packing products. The revenue is recognized on delivery of the products to the customers. The normal credit term is 45 to 60 days upon delivery. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the rendering of services, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### Performance obligations

Information about the Company's performance obligations are summarized below:

The performance obligation is satisfied when the product is delivered to the customer. Payment is generally due within 45 to 60 days from delivery.

Interest on bank deposits are recognized on effective interest rate basis.

### 6.12 Following accounting policies were effective for the period ended on or before June 30, 2018

#### Trade debts and other receivable

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on management's assessment of customers outstanding, and credit worthiness. Bad debts are written off as and when identified.

#### 6.12.1 Impairment

##### Financial assets

Financial Assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss has occurred after the initial recognition of the asset, and the loss has negative effect on the estimated cash flows of that financial assets are impaired may include default or delinquency of a debtor, indication that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

#### 6.12.2 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### 6.12.3 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet when there is a legal enforceable right to set-off the transactions is available and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income and expenditure, if any, are also netted of and reported on a net basis in the statement of profit or loss.

### 6.12.4 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangement. The following are the specific recognition criteria that must be met before revenue is recognized.

Sales are recorded when risks and rewards are transferred to customers which generally coincide with the dispatch of goods to customers and in case of exports when the goods are shipped.

Other income is recognized on accrual basis.

## 7 DETAILS OF RELATED PARTIES OF THE COMPANY

Details of related parties with whom the Company has entered into transactions with or has arrangements / agreements in place during the year are as follows:

Name of related party	Basis of relationship
Hilal Foods (Private) Limited	Common Directorship
Kings Foods (Private) Limited	Common Directorship
Shalimar Foods Products	Common Directorship
Toyo Packaging (Private) Limited	Common Directorship
Maqbool Elahi (Chief Executive Officer)	Key management personnel
Ehtesham Maqbool Elahi (Executive Director)	Key management personnel
Habib Elahi (Director Operations)	Key management personnel
Zohaib Yaqoob (Chief Financial Officer)	Key management personnel

8 PROPERTY, PLANT AND EQUIPMENT	Note	2019	2018
		Rupees	Rupees
Operating fixed assets	8.1	1,303,968,285	749,944,910
Capital work in progress	8.5	111,709,801	427,316,357
		<u>1,415,678,086</u>	<u>1,177,261,267</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### 8.1 Operating fixed assets

#### Net carrying value basis

Opening net book value (NBV) as at July 01, 2018	OWNED						LEASED				Total			
	Buildings on leasehold land	Plant and machinery*	Furniture and fixtures	Electric installations	Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles	Sub Total		Plant and machinery - leased**	Generators and fittings - leased**	Motor vehicles - Leased
21,200,000	67,744,638	398,838,864	5,105,880	676,696	4,065,128	1,208,429	8,354,707	1,666,849	16,179,357	527,899,758	128,065,568	87,381,088	6,998,475	740,944,009
Additions/transfers (at cost)***	184,516,808	186,236,552	337,914	4,192,399	393,642	107,293,692	1,692,792	320,000	12,747,424	421,525,123	385,692,203	73,000,000	4,734,000	884,951,338
Disposals (at NBV)****	-	(12,231,408)	-	(60,464,951)	-	(80,464,951)	-	-	(3,307,043)	(76,553,003)	(126,065,988)	(30,860,080)	-	(235,476,738)
Depreciation charge (Note 8.2)	(5,203,149)	(54,918,572)	(590,067)	(226,259)	(465,294)	(255,144)	(827,649)	(453,220)	(4,492,381)	(67,369,823)	(12,925,740)	(12,987,209)	(2,165,439)	(95,449,232)
Net book value (NBV) as at June 30, 2019	167,058,297	521,226,436	4,935,797	4,642,736	4,023,476	47,781,416	8,919,850	1,562,629	24,161,357	805,510,994	372,766,463	116,923,792	9,167,036	1,303,968,285

#### Gross carrying value basis

Cost	Accumulated depreciation	Net book value (NBV) as at June 30, 2019
21,200,000	291,952,036	1,224,092,858
-	(34,893,730)	(705,887,522)
21,200,000	257,058,306	1,529,980,380

#### Rate of depreciation

5%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	20%
----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

\* This includes assets against which the lease liability has been fully paid and the assets are transferred from leased to owned assets.

\*\* Represents assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the names of the Company due to their late payment penalty. The Company has shown these into payment charges as contingencies (note 27.1.3). The management is of the view that a substantial portion of these charges will be waived off by the leasing companies.

\*\*\*Additions to plant and machinery, buildings and motor vehicles include transfer from capital work-in-progress.

\*\*\*\* Disposals includes sale and lease back transaction.

#### Net carrying value basis

Opening net book value (NBV) as at July 01, 2017	OWNED						LEASED						Total	
	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Electric installations	Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles	Sub Total	Plant and machinery - leased**	Generators and fittings - leased**		Motor vehicles - Leased
21,200,000	60,150,047	395,759,730	4,254,142	390,056	3,307,484	1,335,091	8,442,452	1,762,414	15,479,337	512,191,713	141,594,635	96,612,307	3,766,465	754,165,350
Additions/transfers (at cost)***	11,079,831	47,335,884	1,270,868	350,630	1,121,607	-	662,576	404,443	8,982,018	71,206,692	-	-	4,026,700	75,232,392
Disposals (at NBV)****	-	(3,419,333)	-	(63,595)	-	-	-	-	(1,796,055)	(6,215,388)	-	-	-	(6,215,388)
Depreciation charge (Note 8.2)	(3,484,000)	(41,077,427)	(429,140)	(63,595)	(393,683)	(127,682)	(759,321)	(471,008)	(3,485,743)	(50,293,259)	(13,526,247)	(9,231,219)	(1,190,720)	(74,237,445)
Net book value (NBV) as at June 30, 2018	67,744,638	398,638,864	5,105,892	676,696	4,095,128	1,208,429	8,354,707	1,666,849	16,179,357	527,899,758	128,065,568	87,381,088	6,998,475	749,944,911

#### Gross carrying value basis

Cost	Accumulated depreciation	Net book value (NBV) as at June 30, 2018
21,200,000	97,435,228	1,047,587,864
-	(29,690,590)	(548,949,000)
21,200,000	67,744,638	398,638,864

#### Rate of depreciation

5%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	20%
----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

\* This includes assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the name of the Company due to documentation formalities.

\*\* Represents assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the name of the Company due to their late payment penalty. The Company has shown these into payment charges as contingencies (note 27.1.3). The management is of the view that a substantial portion of these charges will be waived off by the leasing companies.

\*\*\*Additions to plant and machinery, buildings and motor vehicles include transfer from capital work-in-progress.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

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

	Note	2019 Rupees	2018 Rupees
Cost of sales	29	91,016,761	70,186,875
Administrative expenses	30	2,753,876	2,564,094
Marketing and selling expenses	31	1,678,575	1,486,476
		<b>95,449,212</b>	<b>74,237,445</b>

8.3 The details of immovable assets (i.e. land and building) of the Company as at June 30, 2019 are as follows:

Location	Address	Usage	Covered Area (sq. ft)
Karachi	Plot # Ez/1/P-10 East Industrial Zone, Karachi	Production facility	871,272

8.4 Details of operating fixed assets disposed off during the year having net book value exceeding Rs. 500,000 are as follows :

	Original Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss on disposals	Mode of disposal	Particulars of buyers	Location
	----- Rupees -----							
<b>Owned</b>								
<b>Plant and machinery</b>								
SLITTING MACHINE - FQL-1300II	1,338,979	389,491	949,488	700,000	(249,488)	Negotiation	Shakir Mansoor	Karachi
SLITTING MACHINE (OHJ1800)	1,780,000	1,040,935	739,065	200,000	(539,065)	Negotiation	Shakir Mansoor	Karachi
<b>2019</b>	<b>3,118,979</b>	<b>1,430,426</b>	<b>1,688,553</b>	<b>900,000</b>	<b>(788,553)</b>			

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

	Balance as at 01 July 2018	Addition*	Transfers	Balance as at 30 June 2019
----- Rupees -----				
<b>8.5 Capital Work in progress</b>				
Building and civil works	57,779,128	54,295,448	104,122,607	7,951,969
Plant and machinery	366,265,272	149,106,197	411,613,637	103,757,832
Advance for purchase of vehicles	3,271,957	2,604,150	5,876,107	-
	<u>427,316,357</u>	<u>206,005,795</u>	<u>521,612,351</u>	<u>111,709,801</u>

\*Includes addition of Cast Poly Propylene Lines in plant and machinery for enhancement of production capacity which has become operational during the year.

<b>9. INTANGIBLE ASSETS</b>	Note	2019 Rupees	2018 Rupees
Computer software	9.1	<u>797,985</u>	<u>907,435</u>

### 9.1 Computer software

#### Net carrying value basis

NBV as on July 01		907,435	1,134,294
Additions		72,038	
Amortization charge	9.2	<u>(181,488)</u>	<u>(226,859)</u>
NBV as at June 30		<u>797,985</u>	<u>907,435</u>

#### Gross carrying value basis

Cost		1,913,700	1,913,700
Additions		72,038	
Accumulated amortization		<u>(1,187,753)</u>	<u>(1,006,265)</u>
NBV as at June 30		<u>797,985</u>	<u>907,435</u>

9.2 Amortization charge for the year has been allocated to administrative expenses.

### 10. LONG-TERM DEPOSITS

#### Security deposits

Leased assets		-	4,929,900
Margin against bank guarantee	10.1	2,175,000	2,175,000
Other deposits		<u>4,226,418</u>	<u>3,013,373</u>
		<u>6,401,418</u>	<u>10,118,273</u>

10.1 Represents 30% cash margin against guarantee issued by Faysal Bank Limited in favor of Sul Southern Gas Company Limited.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

11 STOCK-IN-TRADE	Note	2019 Rupees	2018 Rupees
Raw material:			
In hand		106,011,619	76,518,701
In transit		115,862,049	68,240,365
In bonded warehouse		20,903,928	49,039,940
		<u>242,777,596</u>	<u>193,799,006</u>
Work in process		86,785,928	184,546,594
Finished goods		46,096,104	112,900,240
		<u>132,882,031</u>	<u>297,446,834</u>
		<u>375,659,628</u>	<u>491,245,840</u>

### 12 TRADE DEBTS

Considered good			
- Related parties	12.2	112,385,128	60,880,194
- Other than related parties	12.3	324,791,345	337,602,024
		<u>437,176,473</u>	<u>398,482,218</u>
Considered doubtful		29,083,924	22,908,950
		<u>466,260,397</u>	<u>421,391,168</u>
Less: allowance for expected credit losses	12.1	(29,083,924)	(22,908,950)
		<u>437,176,473</u>	<u>398,482,218</u>

#### 12.1 Allowance for expected credit losses

Balance as at 1 July		22,908,950	22,908,950
Provision for ECL (impact of initial application)	4.1	11,213,142	-
Reversal of provision	34	(5,038,168)	-
Balance as at 30 June		<u>29,083,924</u>	<u>22,908,950</u>

#### 12.2 Represents balances due from related parties which are as follows:

##### Description

Hilal Foods (Private) Limited	3,713,015	4,496,379
Kings Foods (Private) Limited	632,650	632,650
Shalimar Foods Products	1,883,595	2,932,297
Toyo Packaging (Private) Limited	106,155,868	52,818,868
	<u>112,385,128</u>	<u>60,880,194</u>

#### 12.3 Ageing of trade debts as at the reporting date is as under:

	Total	Past due but not impaired				
		Neither past due nor impaired	> 30 days up to 60 Days	> 60 days upto 90 days	> 90 days upto 180 Days	> 180 days
		(Rupees)				
<b>Related parties</b>						
Hilal Foods (Private) Limited	3,713,015	3,563,650	149,365	-	-	-
Kings Foods (Private) Limited	632,650	-	-	-	-	632,650
Shalimar Foods Products	1,883,595	334,679	302,140	-	304,050	942,725
Toyo Packaging (Private) Limited	106,155,868	5,403,426	20,519,467	54,116,264	24,807,328	1,309,383
	<u>112,385,128</u>	<u>9,301,755</u>	<u>20,970,972</u>	<u>54,116,264</u>	<u>25,111,378</u>	<u>2,884,758</u>
<b>Other than related parties</b>						
	324,791,345	131,355,163	121,215,531	36,917,340	21,136,529	14,166,782
2019	<u>437,176,473</u>	<u>140,656,918</u>	<u>142,186,503</u>	<u>91,033,604</u>	<u>46,247,907</u>	<u>17,051,540</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

	Total	Past due but not impaired				
		Neither past due nor impaired	> 30 days up to 60 Days	> 60 days upto 90 days	> 90 days upto 180 Days	
(Rupees)						
<b>Related parties</b>						
Hilal Foods (Private) Limited	4,496,379	4,496,379	-	-	-	-
Kings Foods (Private) Limited	632,650	-	-	-	-	632,650
Shalimar Foods Products	2,932,297	1,599,127	811,299	-	521,871	-
Toyo Packaging (Private) Limited	52,818,868	25,265,143	11,113,797	1,309,822	15,130,108	-
	60,880,194	31,360,649	11,925,096	1,309,822	15,651,977	632,650
<b>Other than related parties</b>						
	337,602,024	109,565,438	112,780,731	56,525,142	39,999,946	18,730,770
<b>2018</b>	<b>398,482,218</b>	<b>140,926,085</b>	<b>124,705,827</b>	<b>57,834,964</b>	<b>55,651,923</b>	<b>19,363,420</b>

12.4 The maximum aggregate amount due from the related parties at the end of any month during the year were:

	2019 Rupees	2018 Rupees
Hilal Foods (Private) Limited	6,551,684	4,496,379
Kings Foods (Private) Limited	632,650	632,650
Shalimar Foods Products	3,247,113	6,186,141
Toyo Packaging (Private) Limited	112,964,113	73,086,085

13	LOANS AND ADVANCES - unsecured, considered good	Note	2019 Rupees	2018 Rupees
<b>Loans</b>				
	Employees	13.1	1,093,200	752,234
<b>Advances</b>				
	- Suppliers and contractors		10,589,945	15,136,806
	- Employees	13.2	1,430,266	1,061,719
			12,020,211	16,198,525
			13,113,411	16,950,759

13.1 Represents interest free loans given to the employees in accordance with the Company's policy.

13.2 Represents advances given to employees for business expenses and are settled as and when the expenses are incurred.

14	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2019 Rupees	2018 Rupees
Trade deposits - unsecured, considered good				
	- Containers		13,777,583	6,584,707
	- Nazir High Court	27.1.5	9,525,757	7,952,669
	- Others		2,150,024	1,872,146
			25,453,364	16,409,522
	Short term prepayments		195,001	194,999
			25,648,365	16,604,521

15 TAX REFUND DUE FROM GOVERNMENT- net

Income tax refundable	161,884,098	86,815,395
Sales tax refundable	6,817,475	-
	168,701,573	86,815,395

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### 15.1 Income tax refundable

As at July 01		86,815,395	35,775,702
Provision for current year tax	35	(30,191,741)	(21,548,937)
Provision for prior year	35	(699,403)	(78,055)
Advance tax paid during the year		105,959,848	72,666,685
As at June 30		<u>161,884,098</u>	<u>86,815,395</u>

### 16. CASH AND BANK BALANCES

Cash in hand		128,170	93,911
Cash at banks – current accounts		52,854,435	33,741,396
		<u>52,982,605</u>	<u>33,835,307</u>

### 17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
Number of Shares			Rupees	Rupees
		<b>Fully paid ordinary shares of Rs. 10/- each</b>		
25,986,000	25,986,000	- Issued for cash	259,860,000	259,860,000
12,900,000	12,900,000	- Issued as fully paid bonus shares	129,000,000	129,000,000
20,415,150	20,415,150	- Issued as right shares at a premium of Rs. 5/-	204,151,500	204,151,500
<u>59,301,150</u>	<u>59,301,150</u>		<u>593,011,500</u>	<u>593,011,500</u>

17.1 Mr. Maqbool Elahi Shaikh, being a director of the Company, held 27,596,456 (2018: 27,596,456) ordinary shares of Rs. 10/- each in the Company representing 46.50% (2018: 46.50%) of the share capital as of the reporting date.

17.2 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of cash, bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

18 RESERVES	2019	2018
	Rupees	Rupees
<b>Capital reserve</b>		
Share premium on issue of ordinary shares	173,566,620	173,566,620
<b>Revenue reserve</b>		
Accumulated loss / unappropriated profit	(113,939,276)	138,524,948
	<u>59,627,344</u>	<u>312,091,568</u>

### 19 DIMINISHING MUSHARIKA

Long term portion	325,150,788	-
Current portion	(73,953,668)	-
	<u>251,197,120</u>	<u>-</u>

During the year, the Company had obtained a diminishing musharika facility from a financial institution for plant and machinery aggregating to Rs. 368 million for a period of 5 years. The rate of return used as the discounting factor is 3 months Kibor plus 2.25 percent. Musharika units are to be purchased in 5 years in 20 quarterly installments latest by June 2024 and are secured against the documents of machineries.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### 20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

- 20.1 The Company entered into a finance lease agreement with financial institutions in respect of gas generator during the year. The rate of returns used as the discounting factor is 1 year KIBOR plus 3.25 percent. Overdue rental payments are subject to additional charge up to 3 percent per month. Purchase option can be exercised by the lessee at the expiry of the lease period.
- 20.2 The Company had entered into a finance lease agreement with financial institutions in respect of motor vehicles. The rate of return used as the discounting factor is 1 year KIBOR plus 3 Percent and 3 months Kibor plus 2 percent. Purchase option can be exercised by the lessee at the expiry of the lease period.
- 20.3 During the year Company had also entered into a finance lease agreement with financial institutions in respect of plant and machineries. The rate of return used as the discounting factor is 1 year KIBOR plus 3.25 Percent. Purchase option can be exercised by the lessee at the expiry of the lease period. The amount of future lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

	2019		2018	
	Minimum Lease Payments (MLP)	Present Value of MLP	Minimum Lease Payments	Present Value of MLP
	------(Rupees)-----			
Within one year	34,557,824	34,557,824	13,999,486	13,999,486
After one year but not more than five years	44,406,069	44,406,069	3,747,774	3,747,774
<b>Total minimum lease payments</b>	<b>78,963,893</b>	<b>78,963,893</b>	<b>17,747,260</b>	<b>17,747,260</b>
Less: Finance charges	(12,646,407)	(12,646,407)	(682,978)	-
<b>Present value of minimum lease payments</b>	<b>66,317,486</b>	<b>66,317,486</b>	<b>17,064,282</b>	<b>17,064,282</b>
Less: Current portion	(26,389,162)	(26,389,162)	(13,440,494)	(13,440,494)
	<b>39,928,324</b>	<b>39,928,324</b>	<b>3,623,788</b>	<b>3,623,788</b>

### 21 DEFERRED INCOME

	Note	2019 Rupees	2018 Rupees
Opening balance		-	-
Gain on sale and lease back transaction	21.1	12,984,865	-
Less: amortization for the year		2,144,909	-
		<b>10,839,956</b>	<b>-</b>

- 21.1 Represents sale and lease back transaction with a financial institution which in turn has resulted in a gain of Rs 12.98 million. The gain has been deferred as per the requirement of IAS 17 - Leases and shall be recognized over the leased term.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

22 DEFERRED TAXATION	Note	2019 Rupees	2018 Rupees
Taxable temporary differences arising due to:			
- accelerated tax depreciation		131,530,438	83,306,742
- accelerated tax amortization		44,879	-
- assets subject to finance leases		40,408,845	64,393,094
- unrealized exchange gain		-	2,051,115
		<u>171,984,162</u>	<u>149,750,951</u>
Deductible temporary differences arising due to:			
- liabilities against assets subject to finance leases		(19,232,070)	(3,999,774)
- provision for staff retirement benefits – gratuity		(7,369,444)	(7,349,636)
- tax amortization		-	(19,884)
- provision for doubtful debts		(9,895,406)	(6,643,596)
- unrealized exchange gain		(15,922,122)	-
- minimum tax		-	(10,988,143)
		<u>(52,419,042)</u>	<u>(29,001,033)</u>
		<u>119,565,120</u>	<u>120,749,918</u>
<b>23 STAFF RETIREMENT BENEFITS - STAFF GRATUITY</b>			
<b>23.1 The amount recognized in the statement of financial position is as follows:</b>			
Present value of defined benefit obligation	23.2	<u>25,411,876</u>	<u>25,343,572</u>
<b>23.2 Changes in the present value of defined benefit obligation are as follows:</b>			
As at July		25,343,572	20,232,009
Charge for the period	23.3	11,574,271	9,445,885
Re-measurement gain recognized in other comprehensive income		(988,401)	(703,220)
Payments made during the period		(10,517,566)	(3,631,102)
As at June		<u>25,411,876</u>	<u>25,343,572</u>
<b>23.3 Charge for the year recognized in the statement of profit or loss is as follows:</b>			
Current service cost		9,952,743	7,742,364
Interest cost		1,621,528	1,703,521
		<u>11,574,271</u>	<u>9,445,885</u>
<b>23.4 The Charge for the year has been allocated as follows:</b>			
Cost of sales	29.1	7,261,089	5,196,573
Administrative expenses	30.1	2,626,355	2,695,711
Marketing and selling expenses	31.1	1,686,827	1,553,601
		<u>11,574,271</u>	<u>9,445,885</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

23.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2019 using the 'Projected Unit Credit' method are as follows:

	2019	2018
Expected rate of increase in salary level	<u>14.5% p.a</u>	<u>10% p.a</u>
Discount rate	<u>14.5% p.a</u>	<u>10% p.a</u>

23.6 Impact of changes in assumption on defined benefit scheme is as follows:

Assumption	1% increase	1% decrease
Discount rate	<u>3,053,961</u>	<u>3,053,961</u>
Salary increase	<u>3,755,265</u>	<u>3,755,265</u>

23.7 Maturity profile of the defined benefit obligation:

	2019	2018
Weighted average duration - in number of years	<u>2.69</u>	<u>3.42</u>

23.8 Description of the risks to the Company

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

**Mortality risks** – The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

**Final salary risks** – The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

**Withdrawal risks** – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

23.9 Comparison of five years:

As at June 30	2019	2018	2017	2016	2015
	----- (Rupees) -----				
Present value of defined benefit obligation	<u>25,411,876</u>	<u>25,343,572</u>	<u>20,232,009</u>	<u>19,778,261</u>	<u>17,305,686</u>
Deficit	<u>25,411,876</u>	<u>25,343,572</u>	<u>20,232,009</u>	<u>19,778,261</u>	<u>17,305,686</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

24	TRADE AND OTHER PAYABLES	Note	2019 Rupees	2018 Rupees
	Trade creditors		64,221,431	46,765,658
	Import bills for goods and fixed asset		530,735,687	608,576,040
	Accrued liabilities		54,021,594	51,426,022
	Advances from customers - unsecured		6,699,305	13,739,431
	Workers' Profits Participation Fund	24.1	134,760,609	123,359,968
	Workers' Welfare Fund		15,916,918	15,916,918
	Withholding tax payable		41,433,527	27,902,225
	Sales tax payable		-	4,076,341
	Others		812,220	707,049
			<u>848,601,291</u>	<u>892,469,652</u>

### 24.1 Workers' Profits Participation Fund

	Balance at the beginning of the period		123,359,968	113,211,868
	Interest on Workers' Profits Participation Fund	32	11,400,641	6,608,669
			<u>134,760,609</u>	<u>119,820,537</u>
	Payments during the year		-	-
	Allocation during the year	33	-	3,539,431
	Balance at the end of the year		<u>134,760,609</u>	<u>123,359,968</u>

25	SHORT-TERM BORROWING - secured	Note	2019 Rupees	2018 Rupees
	Running finance under markup arrangement	25.1	9,987,380	8,214,792
	Running finance under FATR	25.2	92,600,500	-
	Force finance	25.2	106,641,123	159,368,670
	Istisna loan	25.3	229,500,000	100,000,000
			<u>438,729,003</u>	<u>267,583,462</u>

25.1 Represents running finance facility availed during the year which is payable on demand carrying markup of 3 months KIBOR plus 2% per annum and is secured against first Pari Passu charge of Rs. 267 million in aggregate over current assets, land & building and plant & machinery of the Company.

25.2 Represents running finance facility (financing against trust receipts - FATR) and force financing availed during the year which is payable on demand carrying markup of 1 month KIBOR plus 3% and 13% to 25% respectively and are secured against stock and receivables.

25.3 Represents Islamic financing facility of Rs. 229.5 million which is payable within three months carrying interest rate of 3 months KIBOR plus 1.75% and is secured against Joint Pari passu charge over land and building of Rs 170 million and joint pari passu charge of Rs. 210 million over machinery of the company.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

26	ACCRUED MARK-UP	Note	2019 Rupees	2018 Rupees
	Liabilities against assets subject to finance leases		60,164	41,831
	Short term borrowing under FATR & force finance		3,885,328	-
	Istisna arrangement		3,766,736	2,994,914
			<u>7,712,228</u>	<u>3,036,745</u>

## 27. CONTINGENCIES AND COMMITMENTS

### 27.1 Contingencies

27.1.1 The Company was allowed tax holiday under Clause 118-C to the Second Schedule of the Income Tax Ordinance, 1979 for a period of eight years from the assessment year 1995-96 i.e. 1st July 1995. The Company claimed tax holiday up to December 2003. The Deputy Commissioner of Income Tax reopened the assessment initially for the assessment year 1995-96 alleging that the Company was not entitled to the Tax Holiday earlier allowed under the above clause. Being aggrieved by the notice under section 65 of the Income Tax Ordinance, 1979, the Company filed a writ petition before the Honorable High Court of Sindh which was dismissed allegedly on account of non-maintainability. A petition for leave to appeal was filed against the dismissal of the writ petition which has been granted by the Honorable Supreme Court of Pakistan, the Honorable Supreme Court of Pakistan has also suspended the judgment of the Honorable High Court of Sindh and ordered maintenance of status quo.

The Deputy Commissioner of Income Tax then reopened the cases for the assessment years 1996-97 to 1998-99 and proceeded to finalize the assessment for the assessment year 1999-2000 under Section 62 of the Income Tax Ordinance, 1979. The writ against these notices was dismissed by the Honorable High Court of Sindh whereas the civil petition for leave has been granted by the Honorable Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan has also stayed the proceedings of these years.

Although the Honorable Supreme Court of Pakistan has accepted the petition for leave to appeal and the Company's lawyers are very hopeful that the tax holiday will be restored. While finalizing the orders the assessing officers have made various mistakes, for which rectification applications have been made. Subject to appeal and assuming that the Deputy Commissioner of income tax does not make any other addition for these years, a liability of Rs.67,938,844 will arise for which no provision has been made by the Company in these financial statements. As at last year end, these civil appeals were at the stage of final arguments and were still pending before the Supreme Court of Pakistan. As per the opinion of the legal advisor of the Company, the Company has a reasonable probability of success in these petitions. Accordingly the management of the Company is confident of favorable outcome, therefore no provision is made in these financial statements.

During the year in September 2018 the above review petition of the Company to set aside the show cause was dismissed by the Honorable Supreme Court of Pakistan and the notice from the office of Deputy Commissioner of Income Tax for the calling of information is awaited by the Company after which required information will be submitted by the Company for the show cause notice to be decided in its favor. Accordingly, the management of the Company is confident of favorable outcome after the information is submitted as may be required, therefore no provision is made in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

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**27.1.2** An Income Tax Appeal is pending before the High Court of Sindh for the assessment of tax year 1996-1997 filed by the Commissioner of Income Tax Appeal on the question whether the sale of goods to the leasing company is not a supply and the provision of Section 80C of the Income Tax Ordinance, 1979 are not attracted in the case. Accordingly, the management of the Company is confident of favorable outcome, therefore, no provision is made in these financial statements.

**27.1.3** NIB Bank Limited, formally PICIC Commercial Bank Limited has claimed Rs.1.3 million against termination of lease finance facility on account of all delayed rentals / late payment charges. The Company's management is confident that the dues will be settled amicably and accordingly, no provision has been made in these financial statements.

**27.1.4** In the year 2011, Gas Infrastructure Development Cess (GIDC) was made applicable to the industrial consumers by means of GIDC Act, 2011. In September 2014, the Federal Government (the Government) promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No.VI of 2014 to circumvent earlier decision of the Honorable Supreme Court on the subject, where it upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultravires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act, 2015.

The Company, along with other companies in the industry, challenged the GIDC Act, 2015 and filed writ petition in the Honorable High Court of Sindh (HCS) including retrospective application of the provisions of the GIDC Act. The Court vide its order dated October 26, 2016 has held the GIDC Act 2011, GIDC Ordinance 2014 and GIDC Act, 2015 as ultra vires and unconstitutional on the grounds mentioned above. The Government and Sui Southern Gas Company Limited (SSGC), however, have reportedly filed an appeal in the Double Bench of HCS in a similar case against certain petitioners, which is at the stage of hearing as of 30 June 2018. Due to the uncertainties involved in the matter, the eventual outcome of the case cannot be determined at this stage. Accordingly the management, based on the opinion of their legal advisor, has not accounted for GIDC amounting to Rs. 193.29 million as of 30 June 2019.

**27.1.5** In August 2015, Sui Southern Gas Company (SSGC) increased rates of natural gas on the basis of notification dated 31 August 2015 issued by Oil and Gas Regulatory Authority (OGRA) whereby prices for natural gas for industrial sector have increased from Rs. 488 to Rs. 600 per MMBTU whereas those for the captive power sector have been increased from Rs. 573 to Rs. 600 per MMBTU and the Company falls in the category of captive power. The Company challenged the OGRA notification and filed writ petition in the HCS in Suit No. 2419 of 2015. Thereafter, HCS vide its order dated May 18, 2016, decided the case in Company's favor and concluded that the OGRA notification lacks the sanctity of law and it cannot be validated in terms of Section 7 and 8 of the Oil and Gas Regulatory Authority Ordinance 2002. SSGC filed an appeal in the HCS which was dismissed on August 15, 2017. Subsequently, SSGC has taken the matter to the Supreme Court of Pakistan and filed petition to appeal against the order dated August 15, 2017.

Further, OGRA in suppression of its Notification No. SRO 876(1)2015 dated August 31, 2015 notified the sale price and minimum charges, in respect of natural gas to industrial customers with effect from December 15, 2016 being flat rate of Rs.600 per MMBTU. The Company challenged the impugned notification dated December 30, 2016 before the HCS. HCS has passed ad-interim orders dated January 20, 2017 suggesting stay on the rates aforementioned, while ordering plaintiffs to deposit the differential amount in terms of impugned notification as security till further orders. Accordingly, the Company is depositing the security to Nazir of High Court as disclosed in note 14 to financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

However, due to the inherent uncertainties involved in the matter, the management based on the opinion of their legal advisor, has not accounted for increase in tariff rate amounting to Rs. 8.33 million as of 30 June 2018 which includes Rs. 1.001 million for the year as the management is confident that the decision of the case will be in their favor.

- 27.1.6** In December 2015, High Court of Sindh impugned the insertion of Tariff Heading 9830.0000 in the second schedule to the Sindh Sales Tax on Services Act 2011, through the Finance Act 2013 and subsequent show cause notice issued by the Sindh Revenue Board on the basis of this tariff heading and the said heading reads "Services provided in the matter of manufacturing or processing for others on toll basis".

The Company filed a suit before the Honorable High Court of Sindh and the Court granted an ad interim order in favour of Company, which is still in operation. The suit is still pending before the High Court of Sindh and Company has reasonable probability of success in this suit.

Accordingly, the management of the Company is confident of favorable outcome, therefore no provision is made in these financial statements.

- 27.1.7** As per the legal advice, Suit Nos. 2493 & 2494 of 2016 before the High Court of Sindh and the Federal Board of Revenue's Show Cause Notices dated 22 August 2016 to the company under Section 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2011 and 2012 with regard to the treatment of its Toll Manufacturing receipts as the provision of a service under Section 153(1)(c) of the Income Tax Ordinance, 2001 rather than the supply of goods under Section 153(1)(a). The High Court of Sindh granted an ad interim order in favor of the company, which is still in operation. The suit is still pending before the High Court of Sindh and the company has a reasonable probability of success in this suit. Accordingly, no provision has been made in the financial statements.

- 27.1.8** An appeal against order passed under section 11(4) & 25 of the Sales Tax Act, 1990 for tax year 2011 is pending with the Commissioner Inland Revenue – Appeals against demand of Rs. 753,219/-. The management is expecting a favorable outcome of this appeal and hence no provision has been made in this regards.

- 27.1.9** In the year 2017, sales tax audit for the tax year 2015 of the Company was selected and an order was passed by the Deputy Commissioner Inland Revenue dated July 19, 2017 for a demand of Rs. 27,309,762/- against the Company. An appeal against the above order has been filed before the Commissioner Inland Revenue - Appeals II by the Company and during the year, the Commissioner Inland Revenue Authority has set aside the issues pertaining to sales tax amounting to Rs. 22,189,972/- and forward the same for further examination to Deputy Commissioner Inland Revenue.

The Company filed Suit No. 1792 of 2017 before the High Court of Sindh against the above demand to seek protection from any adverse action by the above mentioned department and the Company has been granted a stay in this regard by the High Court of Sindh.

The management based on the opinion of their legal advisor, are anticipating a favorable outcome of such demand and hence no such provision has been made in the financial statements.

<b>27.2 COMMITMENTS</b>	<b>Note</b>	<b>2019 Rupees</b>	<b>2018 Rupees</b>
<b>27.2.1</b> Outstanding bank guarantees		<u>7,250,000</u>	<u>7,250,000</u>
<b>27.2.2</b> Outstanding letters of credit		<u>48,896,397</u>	<u>142,191,556</u>
<b>27.2.3</b> The aforesaid letter of credit is secured against personal guarantee of directors.			



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

28.	TURNOVER- net	Note	2019 Rupees	2018 Rupees
	Gross Sales		2,864,778,090	2,508,905,307
	Less: Sales tax		<u>(449,438,774)</u>	<u>(383,746,064)</u>
			<u>2,415,339,316</u>	<u>2,125,159,243</u>
29	COST OF SALES			
	Opening stock of raw material		76,518,701	95,769,783
	Purchases during the year		<u>1,709,633,063</u>	<u>1,561,461,283</u>
			<u>1,786,151,764</u>	<u>1,657,231,066</u>
	Closing stock of raw material	11	<u>(106,011,619)</u>	<u>(76,518,701)</u>
	Raw material consumed		<u>1,680,140,145</u>	<u>1,580,712,365</u>
	<b>Manufacturing expenses</b>			
	Salaries, wages and other benefits	29.1	112,001,087	86,437,148
	Oil and lubricants / diesel		6,706,474	4,889,710
	Packing material consumed		39,406,885	38,902,894
	Consumable stores		5,897,686	5,693,480
	Water charges		2,112,794	4,391,045
	Repairs and maintenance		27,447,477	20,784,091
	Vehicle running and maintenance		3,744,507	2,189,837
	Utilities		118,401,158	104,582,393
	Insurance		9,644,540	7,550,676
	Telephone		1,270,560	938,333
	Cartage and octroi		20,948,224	20,012,128
	Consultancy charges		181,217	4,493,500
	Staff welfare		5,261,765	3,199,744
	Security charges		2,927,404	2,060,628
	Depreciation	8.2	91,016,761	70,186,875
	Transportation		13,076,923	6,850,348
	Rent, rates and taxes		1,580,703	1,505,431
	Traveling and accommodation		2,321,743	675,509
	Others		3,272,027	2,579,716
			<u>467,219,935</u>	<u>387,923,486</u>
			<u>2,147,360,080</u>	<u>1,968,635,851</u>
	Opening work in process		<u>184,546,594</u>	<u>160,614,530</u>
			<u>2,331,906,674</u>	<u>2,129,250,381</u>
	Closing work in process	11	<u>(86,785,928)</u>	<u>(184,546,594)</u>
	<b>Cost of goods manufactured</b>		<u>2,245,120,746</u>	<u>1,944,703,787</u>
	<b>Finished goods</b>			
	Opening stock		112,900,240	70,533,308
	Closing stock	11	<u>(46,096,104)</u>	<u>(112,900,240)</u>
			<u>66,804,136</u>	<u>(42,366,932)</u>
			<u>2,311,924,882</u>	<u>1,902,336,855</u>

29.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 7.261 million (2018: Rs. 5.196 million).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

30 ADMINISTRATIVE EXPENSES	Note	2019 Rupees	2018 Rupees
Salaries, wages and other benefits	30.1	36,499,468	30,814,553
Directors' remuneration		25,630,757	19,965,724
Vehicle maintenance		2,753,300	2,440,425
Legal and professional		943,310	2,085,535
Traveling and accommodation		666,045	2,115,207
Insurance		1,168,904	497,892
Fees and subscription		3,504,403	2,849,162
Rent, rates and taxes		4,800,000	4,905,700
Advertisement		180,617	410,890
Postage and stationery		1,496,873	1,246,363
Donation		30,000	600,000
Consultancy		-	98,825
Telephone		549,219	724,189
Newspaper and periodicals		9,868	12,132
Amortization	9.2	181,488	226,859
Fuel and power		1,466,393	1,313,632
Auditors' remuneration	30.2	1,113,700	1,113,700
Depreciation	8.2	2,753,876	2,564,094
Repair and maintenance		1,464,385	1,065,255
Staff welfare		1,498,538	1,249,481
Security		940,719	1,170,139
Water		70,998	94,273
Others		1,279,470	775,147
		<b>89,002,331</b>	<b>78,339,177</b>

30.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 2.626 million (2018: Rs. 2.695 million).

30.2 Auditors' remuneration	Note	2019 Rupees	2018 Rupees
Audit fee		880,000	880,000
Fee for review of half yearly		88,000	88,000
Fee for review of code of corporate governance		38,500	38,500
Out of pocket expenses		107,200	107,200
		<b>1,113,700</b>	<b>1,113,700</b>

### 31. MARKETING AND SELLING EXPENSES

Salaries, wages and other benefits	31.1	19,918,198	18,731,641
Vehicle running and maintenance		1,383,609	1,153,664
Travelling and accommodation		1,611,341	239,709
Rent, rates and taxes		641,964	583,601
Postage and stationery		239,239	224,147
Telephone		231,800	240,771
Power / electricity		41,140	48,290
Staff welfare		53,665	174,736
Sales promotion		3,303,730	1,613,781
Depreciation	8.2	1,678,575	1,486,476
Insurance		385,830	142,716
Others		118,678	193,320
		<b>29,607,769</b>	<b>24,832,852</b>

31.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 1.687 million (2018: Rs. 1.553 million).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

32 FINANCE COSTS	Note	2019 Rupees	2018 Rupees
Mark-up on:			
- diminishing musharika		11,047,696	-
- liabilities against asset subject to finance lease		6,320,216	2,309,659
- letters of credit		32,742,914	3,536,660
- istisna arrangement		23,240,681	8,378,329
- running finance		632,079	608,463
		<u>73,983,586</u>	<u>14,833,111</u>
Interest on Workers' Profits Participation Fund	24.2	11,400,641	6,608,669
Bank guarantee commission		-	65,000
Bank charges		3,324,799	1,026,870
		<u>14,725,440</u>	<u>7,700,539</u>
		<u>88,709,026</u>	<u>22,533,650</u>
<b>33 OTHER OPERATING EXPENSES</b>			
Workers' Profit Participation Fund	24.2	-	3,539,431
Workers' Welfare Fund		-	1,066,749
Exchange loss - net		112,496,037	30,052,320
Surcharge on annual maintenance charges		4,292,568	3,765,638
		<u>116,788,605</u>	<u>38,424,138</u>
<b>34 OTHER INCOME</b>			
Income from non-financial assets:			
Scrap sales		7,039,826	6,587,499
Gain on sale of operating fixed assets		5,970,982	778,612
Reversal of provision for ECL	12.1	5,038,168	-
Others		1,971,414	23,996
		<u>20,020,390</u>	<u>7,390,107</u>
<b>35 TAXATION</b>			
Current		30,191,741	21,548,937
Prior		699,403	78,055
Deferred		2,353,649	(10,392,872)
		<u>33,244,793</u>	<u>11,234,120</u>

35.1 The income tax assessment of the Company has been finalized up to tax year 2018.

35.2 The company is in taxable losses hence minimum tax is applicable and no reconciliation is prepared.

36 BASIC AND DILUTED EARNING PER SHARE	2019 Rupees	2018 Rupees
There is no dilutive effect on the basic earnings per share which is based on:		
(Loss) / profit after taxation	<u>(233,917,701)</u>	<u>54,848,558</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>59,301,150</u>	<u>55,142,677</u>
	Rupees	Rupees
(Loss) / earnings per share	<u>(3.94)</u>	<u>0.99</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### 37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for the period in respect of remuneration and benefits to the chief executive, directors and executives of the Company were as follows:

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	--- Rupees ---		--- Rupees ---		--- Rupees ---	
Remuneration	6,966,667	6,600,000	16,266,825	19,251,537	59,026,269	25,057,807
Medical allowance	1,185,011	835,000	420,585	307,264	1,785,679	1,061,052
Other perquisites (Motor vehicle maintenance etc.)	21,888	50,780	769,781	406,923	4,297,334	953,129
	<b>8,173,566</b>	<b>7,485,780</b>	<b>17,457,191</b>	<b>19,965,724</b>	<b>65,109,281</b>	<b>27,071,988</b>
Number of person(s)	<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>15</b>	<b>8</b>

In addition, the Chief Executive, directors and certain executives are also provided with free use of the Company's maintained cars and other benefits in accordance with their terms of employment.

Aggregate amount charged in the financial statements for remuneration (salary / fee, other benefits) to non-executive director is Rs. Nil (2018: Rs. Nil).

### 38 TRANSACTIONS WITH RELATED PARTIES

		2019 Rupees	2018 Rupees
<b>Directors (Key management personnels)*</b>			
<b>Loan to the Company</b>			
Loan acquired during the year		-	19,000,000
Loan adjusted against right issue/ loan repaid		-	162,260,457
		<b>7,858,463</b>	<b>23,597,252</b>
<b>Dividend paid to directors</b>			
		<b>29,491,176</b>	<b>30,355,504</b>
<b>Remuneration</b>			
		<b>2019</b>	<b>2018</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>Related parties</b>			
	% of Shareholding		
<b>TOYO Packaging (Private) Limited</b>			
Sale of goods / processing charges	Nil	228,528,807	159,069,065
Receipts against sale of goods / processing charges		175,191,807	148,013,406
<b>Hilal Foods (Private) Limited</b>			
Sale of goods	Nil	29,236,618	26,841,369
Receipts against sale of goods		30,019,982	22,452,685
<b>Shalimar Food Products</b>			
Sale of goods	Nil	4,623,350	14,504,706
Receipts against sale of goods		5,672,053	15,970,773

\* Key management personnels, in relation to a company means Chief executive or managing director, the Company Secretary, whole-time director and Chief Financial Officer.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
<b>39 CASH FLOWS FROM OPERATIONS</b>			
(Loss) / profit before taxation		(200,672,908)	66,082,678
Adjustments for non-cash and other items:			
Depreciation	8.2	95,449,212	74,237,445
Amortization of software	9.2	181,488	226,859
Provision for gratuity	23.2	11,574,271	9,445,885
Finance costs	32	88,709,026	22,533,650
Reversal of provision for ECL	34	(5,038,168)	-
Workers' Welfare Fund	33	-	1,066,749
Workers' Profit Participation Fund	33	-	3,539,431
Exchange loss - net	33	112,496,037	30,052,320
Gain on disposal of operating fixed assets	34	(5,970,982)	(778,612)
		<u>297,400,885</u>	<u>140,323,727</u>
		96,727,978	206,406,405
Working capital changes	39.1	86,466,604	287,648,838
		<u>183,194,584</u>	<u>494,055,243</u>

### 39.1 Working capital changes

#### Increase / (decrease) in current assets

Stock-in-trade	115,586,212	(47,278,077)
Trade debts	(38,694,255)	(158,654,060)
Loans and advances	3,837,348	(13,264,116)
Trade deposits and short-term prepayments	(9,043,844)	(3,963,438)
	<u>71,685,461</u>	<u>(223,159,691)</u>

#### Increase / (decrease) in current liabilities

Short term borrowing	171,145,541	-
Trade and other payables	(156,364,398)	510,808,529
	<u>86,466,604</u>	<u>287,648,838</u>

### 40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments.

#### 40.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

The maximum exposure to credit risk at the reporting date is:	Note	2019 Rupees	2018 Rupees
Long-term deposits	10	6,401,418	5,188,373
Trade debts	12	437,176,473	398,482,218
Loans and advances	13	13,113,411	15,889,040
Trade deposits	14	25,453,364	16,409,522
Bank balances	16	52,854,435	33,741,396
		<u>534,999,101</u>	<u>469,710,549</u>

### Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counterparty default rates as shown below:

	2019 Rupees	2018 Rupees
<b>Bank balances</b>		
A-1+ (PACRA)	<u>52,854,435</u>	<u>33,741,396</u>

### 40.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures with an acceptable range.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk in respect of Company's short-term financing arrangements at floating interest rates to meet its business operations and working capital requirements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax (through impact on floating rate borrowings). This analysis excludes the impact of movement in market variables on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have a symmetric impact on the Company's result.

		Increase / decrease in basis points	Effect on loss before tax (Rupees)
2019	+	100	8,412,571
	-	100	<u>(8,412,571)</u>
2018	+	100	1,252,791
	-	100	<u>(1,252,791)</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign currency exchange rates primarily relates to the Company's operating activities. The Company manages its currency risk by effective fund management and timely repayment of its current liabilities. The Company, however, has not hedged its foreign currency liabilities as the management has assessed that it will not be cost beneficial.

The Company's exposure to foreign currency risk in major currencies at their gross values is as follows:

	<b>2019</b>	<b>2018</b>
	<b>(US Dollars)</b>	<b>(US Dollars)</b>
Trade and other payables	<u>2,945,100</u>	<u>6,470,479</u>
	<b>2019</b>	<b>2018</b>
	<b>(EUR Euros)</b>	<b>(EUR Euros)</b>
Trade and other payables	<u>264,286</u>	<u>131,285</u>

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all currencies applied to assets and liabilities as at June 30, 2019 represented in foreign currencies, with all other variables held constant, of the Company's loss before tax.

	Change in exchange rate (%)	Effect on Loss (Rupees)
30-Jun-19	+10%	47,030,007
	-10%	<u>(47,030,007)</u>
30-Jun-18	+10%	80,593,330
	-10%	<u>(80,593,330)</u>

### (iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Company is not exposed to other price risk as the Company does not have any investment in equity shares.

### 40.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's liquidity risk management implies maintaining sufficient cash and also involves projecting cash flows and considering the level of liquid assets necessary to meet these. As of June 30, 2019 the Company's current liabilities exceed its current assets by Rs. 323.29 million, but the Company based on its future plans is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

Table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equals to their carrying balances as the impact of discounting is not significant.

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees					
<b>June 30, 2019</b>						
Liabilities against assets						
subject to finance lease	-	17,418,149	17,139,675	44,406,069	-	78,963,893
Diminishing musharika	-	36,976,834	36,976,834	251,197,120	-	325,150,788
Trade and other payables	-	848,601,292	1,192,953	-	-	849,794,244
Accrued mark-up	7,712,228	-	-	-	-	7,712,228
Short-term borrowings	209,229,003	229,500,000	-	-	-	438,729,003
	<b>216,941,231</b>	<b>1,132,496,275</b>	<b>55,309,462</b>	<b>295,603,189</b>	<b>-</b>	<b>1,700,350,157</b>
<b>June 30, 2018</b>						
Liabilities against assets						
subject to finance lease	-	8,621,268	5,378,218	3,747,774	-	17,747,260
Trade and other payables	-	735,277,234	870,316	-	-	736,147,550
Accrued mark-up	3,036,745	-	-	-	-	3,036,745
Short-term borrowings	167,583,462	100,000,000	-	-	-	267,583,462
	<b>170,620,207</b>	<b>843,898,502</b>	<b>6,248,534</b>	<b>3,747,774</b>	<b>-</b>	<b>1,024,515,017</b>

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

#### 41 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

##### Fair value hierarchy

The different levels to analyze financial assets carried at fair value have been defined as follows:

- Level 1: Quoted market price
- Level 2: Valuation techniques (market observable); and
- Level 3: Valuation techniques (non-market observables)

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

#### 42 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and reserves. The gearing ratio as at June 30, 2019 and 2018 are as follows.

	2019 Rupees	2018 Rupees
Liabilities against assets subject to finance leases	66,317,486	17,064,282
Accrued mark-up	7,712,228	3,036,745
Diminishing musharika	325,150,788	-
Short-term borrowing	438,729,003	108,214,792
<b>Total debts</b>	<b>837,909,505</b>	<b>128,315,819</b>
Less: Cash and bank balances	(52,982,605)	(33,835,307)
<b>Net debt</b>	<b>784,926,901</b>	<b>94,480,512</b>
Share capital	593,011,500	593,011,500
Reserves	59,627,344	312,091,568
<b>Total equity</b>	<b>652,638,844</b>	<b>905,103,068</b>
<b>Total capital</b>	<b>1,437,565,744</b>	<b>999,583,580</b>
<b>Gearing ratio</b>	<b>54.60%</b>	<b>9.45%</b>

#### 43 NUMBER OF EMPLOYEES

	-----Numbers-----	
At year end	147	134
Average employees during the year	148	134

#### 44 CAPACITY AND PRODUCTION

	2019		2018	
	Rated Capacity	Actual production	Rated Capacity	Actual production
	-----Metric Tons-----			
BOPP – Port Qasim Authority	15,000	8,069	15,000	10,532
CPP – Port Qasim Authority	7,000	1,121	-	-

44.1 Actual production was below capacity due to low demand and therefore the plant capacity was utilized to the extent of orders received from customers.

	Note	2019 Rupees	2018 Rupees
45 CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	52,982,605	33,835,307
Running finance under mark-up arrangements	25	(9,987,380)	(8,214,792)
		<b>42,995,225</b>	<b>25,620,515</b>

#### 46 SUBSEQUENT EVENTS

46.1 The Board of Directors of the Company in their meeting held on 27th September 2019 have recommended cash dividend @ Nil amounting to Rs.0 (2018: 2%) for approval of the shareholders in the annual general meeting to be held on 24th October 2019.

#### 47 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 27th September 2019 by the Board of Directors of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

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### 48 CORRESPONDING FIGURES

Corresponding figures have been reclassified, wherever considered necessary, for the purpose of comparison and to reflect the substance of the transaction. Following major re-classification have been made during the period:

Nature	Financial statement line items year ended		Amount Rupees
	30-Jun-18	30-Jun-19	
Financing facility	Trade and other payables	Short-term borrowing	159,368,670

### 49 GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise stated.

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CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

---

DIRECTOR

## PROXY FORM 24<sup>th</sup> GENERAL MEETING

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I/We, \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Macpac Films Ltd, holding \_\_\_\_\_ ordinary shares, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_, who is/are also member(s) of Macpac Films Ltd, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 24th Annual General Meeting of the company to be held at 03:15 pm on October 24, 2019 at the registered office of the company, Plot# 21, Maqboolabad, J.C.H.S. Tipu Sultan Road, Karachi-74400, Pakistan, and at any adjournment thereof.

Witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_, 2019  
Signed by the said \_\_\_\_\_

### Witnesses:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or Passport No. \_\_\_\_\_
2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or Passport No. \_\_\_\_\_

Folio/CDC Account No.

Signature on revenue  
Stamp of Rs. 5/-

### Note:

1. This Proxy Form must be deposited at the Company's share registrar office as soon as possible but not later than 48 hours before the time of holding of meeting. Failing to do so would render the Proxy Form invalid.
2. No person shall act as a proxy unless he/she is a member of the Company.



AFFIX  
CORRECT  
POSTAGE

**MACPAC FILMS LIMITED**

**Registrar:**

Central Depository Company of Pakistan,  
Share Registrar Department, CDC  
House, 99-B, Block-B, S.M.C.H.S, Main  
Shahra-e-Faisal, Karachi.

Fold : Here

Fold : Here





AFFIX  
CORRECT  
POSTAGE

**MACPAC FILMS LIMITED**

**Registrar:**

Central Depository Company of Pakistan,  
Share Registrar Department, CDC  
House, 99-B, Block-B, S.M.C.H.S, Main  
Shahra-e-Faisal, Karachi.

Fold : Here

Fold : Here

میک فیلز لمیٹڈ  
پراسی فارم

میں مسماة / مسماة ساکن  
ضلع۔ بیٹھت ممبر میک فیلز لمیٹڈ، مسماة ساکن۔ ساکن کو  
بطور مختار (پراسی) مقرر کرتا ہوں تاکہ وہ میری طرف سے کمپنی کو اجلاس عام / سالانہ / غیر معمولی اجلاس (یا دیگر صورت حال ہو) جو بتاریخ  
24 اکتوبر 2019 منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

نوٹ

- 1- یہ پراسی فارم کمپنی کے شیئرز رجسٹرار آفس کو مینٹگ کے کم از کم 48 گھنٹوں پہلے جمع کرانا لازمی ہے۔ بصورت دیگر یہ پراسی فارم قابل قبول  
نہ ہوگا۔
- 2- کسی غیر ممبر کو پراسی کے طور پر نامزد نہیں کیا جاسکتا ہے۔

دستخط

ڈائریکٹر رپورٹ برائے شیئر ہولڈرز  
شروع اللہ کے نام سے جو نہایت مہربان رحم کرنے والا ہے

اسلام علیکم!

پیارے قابل قدر ممبران!

آپ کی کمپنی کے ڈائریکٹرز اپنی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے سال اختتام پذیر  
30 جون، 2019 پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔

(1) ڈائریکٹرز کی کل تعداد درج ذیل ہے:

(a) مرد : 7

(b) عورت : -

(2) 30 جون 2019 تک بورڈ کا انتظامی ڈھانچہ درج ذیل ہے:

نام

درجہ

(a) خود مختار ڈائریکٹر (1) جناب منصور یونس

(2) جناب محمد عمر صابر

(b) نان ایگزیکٹو ڈائریکٹر (1) جناب نعیم منشی

(2) جناب شارق مقبول الہی

(3) جناب فہد منشی

(c) ایگزیکٹو ڈائریکٹر (1) جناب مقبول الہی شیخ

(2) جناب احتشام مقبول الہی



## ڈائریکٹر کی تنخواہ جات:

بورڈ کی جانب سے منظور شدہ حالیہ تنخواہ جاتی پالیسی کے مطابق، نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کسی تنخواہ کے مستحق نہیں ہیں۔

## صدر سرگرمی:

کمپنی کی صدر سرگرمی پلاسٹک پیکیجنگ فلمز کو تیار کرنا، پیش کرنا، خریدنا اور فروخت کرنا ہے۔

## جغرافیائی مقام اور کاروبار کا پتا:

کمپنی کا رجسٹرڈ دفتر پلاٹ نمبر 21، مقبول آباد، جناح کوآپریٹو ہاؤسنگ سوسائٹی (J.C.H.S)، ٹیپو سلطان روڈ، کراچی پر واقع ہے جبکہ پیداواری پلانٹ ایسٹرن انڈسٹریل زون، پورٹ قاسم، کراچی پر واقع ہے اور شمالی سیز آفس لاہور سینٹر، گلبرگ لاہور پاکستان پر قائم ہے۔

## بنیادی سرمایہ جاتی اخراجات:

بنیادی سرمایہ جاتی اخراجات کا سٹ پولی پروپلین (CPP) پلانٹ کے سلسلے میں برداشت کیے گئے، جس کی وجہ سے کمپنی کی منجملہ استعداد میں 40 فیصد تک اضافہ ہو گیا جبکہ کمرشل پیداوار مالی سال کی تیسری سہ ماہی سے شروع ہوئی ہے۔ مارکیٹ سے اچھا رد عمل سامنے آیا ہے۔ ہم اچھی طلب کی امید رکھتے ہیں جس کی وجہ سے الر میں استحکام، پیداواری صلاحیت میں اضافہ ہے جو کہ معقولانہ طور پر کمپنی کیلئے سود مند اور آئندہ وقتوں میں کمپنی کیلئے منافع بخش ثابت ہوگا۔

## عملیاتی اور مالیاتی کارکردگی:

پیداوار

سال ہذا کے دوران کمپنی کی BOPP اور CPP کی پیداوار بتدریج 8,069 میٹرک ٹن اور 1,121 میٹرک ٹن رہی جبکہ پچھلے سال BOPP کی پیداوار 10,532 میٹرک ٹن تھی۔

کمپنی کی انتظامیہ مصر فی استعداد میں اضافے کیلئے مسلسل اپنی جدوجہد جاری رکھے ہوئے ہے۔ لہذا اس طرح کی توجہ آئندہ وقتوں میں کمپنی کی استعداد میں اضافہ کا باعث ہوگی جس سے بہتر نتائج متوقع ہوں گے۔

### فروختگی کارکردگی:

کمپنی نے منجملہ فروخت میں 14 فیصد اضافہ حاصل کیا ہے جو کہ کمپنی کی تاریخ میں سب سے زیادہ فروخت ہے جس کی مالیت مبلغ 2,415 ملین روپے ہے جبکہ گذشتہ سال یہ فروخت مبلغ 2,125 ملین روپے رہی تھی۔

### منافع:

زیر غور سال کے دوران کمپنی کا منجملہ منافع مبلغ 103.4 ملین روپے جبکہ اس کے مقابلے میں گذشتہ سال منافع مبلغ 222.8 ملین روپے تھا۔ اس طرح کمپنی کے منافع میں 53 فیصد کمی ہوئی جس کی وجہ پٹرول کیمیکل لینڈنگ کی لاگت میں اضافہ ہے (جو کہ پاکستانی روپے کی بے قدری کی وجہ سے ہوا) اس کے ساتھ ساتھ پچھلے سال کے مقابلے میں گیس کے نرخ میں بھی قابل ذکر اضافہ ہوا جبکہ مارکیٹ میں شدید مسابقت کی وجہ سے کمپنی منجملہ اضافی لاگت کے ساتھ چلنے کے قابل نہیں تھی۔ سال رواں کے دوران کمپنی کا خسارہ مبلغ 233.9 ملین روپے رہا جبکہ پچھلے سال مبلغ 54.8 ملین روپے منافع تھا۔ جس کی سب سے پہلی وجہ لینڈ ڈاور پیداواری لاگت میں اضافہ ہے اور پاکستانی روپے کی بے قدری کی وجہ سے زرمبادلہ کی مد میں ہونے والا نقصان ہے جس کی مالیت مبلغ 112 ملین روپے ہے۔ جبکہ ایک اور وجہ پالیسی نرخ میں گذشتہ سال 8 فیصد کے مقابلے میں حالیہ سال 12.75 فیصد اضافے کی وجہ سے مالیاتی لاگت میں اضافہ بھی ہے۔

### فی شیئر آمدن:

حالیہ سال کے دوران فی شیئر آمدن مبلغ 3.94- روپے رہی جبکہ اس کے مقابلے میں گذشتہ سال فی شیئر آمدن مبلغ 0.99 روپے تھی۔

## مسابقتی مالیاتی نتائج:

تین سالہ مسابقتی مالیاتی نتائج درج ذیل ہیں۔ جبکہ گذشتہ چھ سالوں کی کارکردگی کے کلیدی اظہاریہ سالانہ رپورٹ 2019 میں بھی خلاصہ کیے گئے ہیں:

2018		2019		
فروختگی تناسب	روپے (ملین میں)	فروختگی تناسب	روپے (ملین میں)	
	2,125		2,415	فروختگی (مجملہ)
10.5%	222.8	4.8%	103.4	کل منافع
3.1%	66.1	-8.3%	(200.6)	منافع (خسارہ) ماقبل ٹیکس
2.6%	54.8	-9.5%	(233.9)	منافع مابعد ٹیکس
(0.99)		(3.94)		آمدن / (خسارہ) فی شیئر (روپے میں)

## مستقل کے امکانات:

حکومت تبدیل ہونے کے بعد، کڑی نگران پالیسیاں متعارف کرائی گئیں تاکہ تجارتی خسارے میں کمی لائی جاسکے۔ کڑی نگران پالیسی اور اس کے ساتھ 30 فیصد تک پاکستانی روپے کی بے قدری اور سود کی شرح میں اضافے نے کاروباری ماحول اور منجملہ ترقی کی شرح پر منفی اثرات مرتب کیے۔ پالیسی نرخ میں 8 فیصد سے 12.75 فیصد اضافہ ہوا جس کی وجہ سے قابل ذکر انداز میں کمپنی کے کل لاگت میں اضافہ ہوا۔ اس تمام کے نتیجے میں بیرونی سرمایہ کاری اور مقامی قوت خرید میں کمی واقع ہوئی جو کہ طلب میں گراؤ اور معاشی صورتحال پر اثر انداز ہوئی۔ قرضوں کی عدم ادائیگی کے خوف سے بینکوں نے بھی سخت پالیسیاں اختیار کیں اور اپنے فنڈز کو حکومتی قرضہ جات میں منتقل کر دیا۔

مثبت نقطہ نظر سے، حکومت اپنی کڑی نگران انضباط کے ساتھ ہنگامی تجارتی خسارے میں کمی لانے کیلئے اقدامات کر رہی ہے۔ اس قابل ذکر بے قدری نے جہاں درآمدات میں کمی کی ہے وہیں برآمدات میں بھی تغیر اور مسابقت پیدا ہو گئی ہے۔ حالیہ اضافہ کی وجہ سے غیر ملکی ملازمین کی جانب سے ترسیلات زر میں بھی اضافہ ہوا ہے۔ روپیہ ڈالر تذبذب اب غیر یقینی صورتحال سے باہر آ گیا ہے جس سے صنعت میں اعتماد بحال ہوگا۔



الحمد للہ، تمام چیلنجز کے ہوتے ہوئے بھی آپ کی کمپنی نے مارکیٹ شیئر میں اضافہ کیلئے اقدامات کے ہیں۔ نیا کاسٹ پولی پروپیلین (CPP) پلانٹ نے بھی فروری 2019 سے کمرشل پیداوار شروع کر دی ہے اور مارکیٹ سے اچھا رد عمل سامنے آیا ہے۔ اس اقدام کے نتیجے میں کمپنی کی منجملہ استعداد میں 40 فیصد کا اضافہ ہوا ہے۔ اب ہم اچھی طلب کی توقع کر رہے ہیں جس کی وجہ ڈالر کی قدر میں استحکام، پیداوار میں اضافہ ہے جو کہ معقولانہ طور پر کمپنی کیلئے سود مند ثابت ہوگا۔

ہم اپنے شیئر ہولڈرز کو یقین دلانا چاہیں گے کہ آپ کی کمپنی نے اہلیت میں اضافہ کیلئے حکمت عملیوں پر عملدرآمد کرنا شروع کر دیا ہے، مارکیٹ کے نئے شعبوں کو ہدف بنایا ہے، تحقیق اور ترقی میں سرمایہ کاری کی ہے اور اب پر اعتماد ہیں کہ ان تمام اقدامات سے ہم نہ صرف دوبارہ اپنے منافع میں بہتری لاسکیں گے بلکہ مزید بڑھتے ہوئے مارکیٹ شیئر اور صارفین کی طلب اور اعتماد میں اضافے سے بھرپور فائدہ بھی حاصل کریں گے۔

## آڈیٹر

موجودہ آڈیٹر میسرز ای وائی ر ہوڈز سبکدوش ہو رہے ہیں جبکہ انہوں نے آئندہ مالی سال اختتام پذیر 30 جون 2020 کیلئے اپنی تقرری کی پیشکش کی ہے۔

## کارپوریٹ گورننس کے ضابطوں کی پاسداری:

سال اختتام پذیر 30 جون 2019 سے متعلقہ لسٹنگ ریگولیشنز میں شامل کارپوریٹ گورننس کے ضابطوں کو کمپنی کی جانب سے اختیار کیا گیا ہے اور اس پر باضابطہ طور پر عملدرآمد کیا گیا ہے۔ کارپوریٹ گورننس کے ضابطوں پر عملدرآمد کا ایک علیحدہ اور باضابطہ طور پر چیف ایگزیکٹو سے دستخط شدہ گوشوارہ، سالانہ رپورٹ 2019 میں بھی شامل کیا گیا ہے۔

## اخلاقیات اور کاروباری جامہ:

بورڈ نے دستور سازی کی ہے اور انہیں اختیار کیا ہے اور انہیں کمپنی میں یقینی طور پر رائج کرنے کیلئے پالیسیاں اور طریقہ کار وضع کرتے ہوئے مناسب اقدامات اٹھائے ہیں۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

- ☆ مالیاتی گوشوارے اور اس کے نوٹس کمپنی کی انتظامیہ کی جانب سے کمپنیز آرڈیننس 1984 کو مقدم رکھتے ہوئے بنائے گئے ہیں۔ یہ گوشوارے کمپنی کے معاملات، اس کے عملیاتی نتائج، نقدی کے بہاؤ اور اصل کاروباری حصہ داری میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- ☆ کمپنی کی جانب سے اکاؤنٹس کی کتب باضابطہ طور پر برقرار رکھی گئی ہیں۔
- ☆ مالیاتی گوشواروں کی تیاری میں توازن کے ساتھ مناسب اکاؤنٹنگ پالیسی لاگو کی گئی ہے، اور محاسبہ تخمینہ کاری معقول اور دانشمندانہ فیصلوں پر مبنی ہے۔
- ☆ بین الاقوامی معیارات، جو کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں مقدم رکھے گئے ہیں اور اس میں اگر کوئی انحراف ہے تو اسے ٹھیک انداز میں منظر عام پر لایا گیا ہے۔
- ☆ اندرونی نظم و نسق کا نظام موثر طرز سے ترتیب دیا گیا ہے اور اس پر موثر انداز میں عملدرآمد و نگرانی جاری ہے۔
- ☆ یہاں کمپنی کی صلاحیت پر کوئی شبہ نہیں کہ وہ جاری و ساری کاروبار کے ساتھ قائم ہے۔
- ☆ یہاں کارپوریٹ گورننس کے ضابطوں سے کوئی انحراف موجود نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں وضاحت کیا گیا ہے۔
- ☆ گذشتہ سال عملیاتی اور مالیاتی نتائج میں کوئی قابل ذکر تبدیلی نہیں ہے ماسوائے اس کے جسے ڈائریکٹرز رپورٹ میں وضاحت کیا گیا ہے۔
- ☆ سالانہ رپورٹ 2019 میں گذشتہ 6 سالوں کیلئے کلیدی کارکردگی کے اظہار یہ خلاصہ کیے گئے ہیں۔

## آڈٹ کمیٹی اور اندرانی کنٹرول سسٹم:

- ☆ آپ کی کمپنی کی انتظامیہ بہترین کارپوریٹ گورننس پر یقین رکھتی ہے، اور اسے بہترین اور موثر انداز میں چیک اینڈ بیلنس سسٹم پر لاگو کیا گیا ہے۔ بورڈ آف ڈائریکٹرز نے ایک ایسا مضبوط اندرانی کنٹرول سسٹم قائم کیا ہے جو کہ موثر طور پر کمپنی کے اندر تمام سطح پر لاگو ہے۔

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ تین ممبران پر مشتمل ہے؛ تمام ممبران ایگزیکٹو ڈائریکٹرز ہیں جس میں کمیٹی کے چیئرمین بھی شامل ہے؛ جو کہ خود مختار ڈائریکٹر ہے۔ کمیٹی اس کی اصطلاح کے حوالے سے جو کہ بورڈ آف ڈائریکٹرز کی جانب سے تعین کیا گیا تھا، لسٹنگ ریگولیشنز میں فراہم کردہ ہدایات کے تابع ہے۔

### ایچ آر اور تنخواہ جاتی کمیٹی:

بورڈ نے ایک ایچ آر اور تنخواہ جاتی کمیٹی تشکیل دی ہے جو کہ تین ممبران پر مشتمل ہے، جس میں دونوں ایگزیکٹو ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر شامل ہے۔ کمیٹی کا چیئرمین نان ایگزیکٹو ڈائریکٹر ہے۔

### سماجی ذمہ داریاں (CSR)

کاروباری سطح پر اس کی سگرمیوں کی ذمہ داریاں اٹھانے کیلئے، کمپنی لازمی طور پر مکمل محاسبہ ہونی چاہئے۔ یہاں میک پیک فلز لمیٹڈ پر، ہم نے شفافیت اور صداقت کو طول دینے کیلئے قانونی تقاضوں سے بالاتر ہو کر کام کیا ہے اور اپنے انتظامی انفراسٹرکچر کو مزید تقویت پہنچائی ہے۔ یہ تمام صرف اس لیے کیا گیا ہے تاکہ ہم اپنی سماجی ذمہ داریوں کو بھرپور انداز میں نبھاسکیں جیسا کہ یہ کم از کم وہ ہے جو ہم کر سکتے ہیں۔

سماجی ذمہ دار ہونے کی حیثیت سے یہ ہمارے لیے صرف کارپوریٹ تقاضوں سے زیادہ اور کچھ نہیں۔ کمپنی اپنی اخلاقی ذمہ داریوں کو پورا کرنے کیلئے تو اتر کے ساتھ کثیر پہلو اقدامات اٹھاتی رہتی ہے۔

### انسانی سرمایہ اور تعلق مابین ملازمین:

کمپنی کا انسانی سرمایہ وہ قوت ہے جو کہ دیگر ذرائع جیسا کہ آلات اور تکنیکی سسٹم کو بڑھاوا دینے اور کمپنی کی طمانیت کے مطابق کارکردگی پیش کرنے کیلئے کلیدی جزو ہے۔ کمپنی کے ڈائریکٹرز اس کے ملازمین کی جانب سے کارکردگی کے حصول کیلئے کی جانے والی کوششوں اور جدوجہد کو سراہتے ہیں۔

کمپنی کی ضروریات میں وقتاً فوقتاً اضافہ ہوتا رہتا ہے اور کاروباری ماحول میں بڑھتے ہوئے تقاضوں کو مد نظر رکھتے ہوئے اس طرح کی ضروریات میں تیزی کے ساتھ اضافہ ہوتا رہتا ہے۔ موثر افرادی قوت کے انتظام کیلئے کمپنی



میں انسانی اثاثہ جات کا مسلسل تجزیہ درکار ہوتا ہے تاکہ کسی بھی کوتاہی کا مہارت کے ذریعے سدباب کیا جاسکے جس کیلئے تربیتی اور ترقیاتی کوششیں بروئے کار لانے کی ضرورت ہوگی اس طرح افرادی قوت کو بہتر طور پر استعمال میں لایا جاسکے گا اور ان کی کوششوں کا معاوضہ دیا جاسکے گا۔

### شیئر ہولڈنگ کا خاکہ:

کمپنی کے کل شیئر ہولڈرز کی تعداد مورخہ 30 جون 2019 تک 949 تھی۔ مورخہ 30 جون 2019 تک شیئر ہولڈنگ کا خاکہ بمع اظہار یہ جو کہ کارپوریٹ گورننس کے ضابطوں کے تحت ضروری ہیں، سالانہ رپورٹ 2019 میں ظاہر کیے گئے ہیں۔

### تسلیمات:

کمپنی کے ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان، شیئر ہولڈرز، پارٹنرز، صارفین، حکومتی حکام، خود مختار اداروں، مالیاتی اداروں اور بینکوں کی جانب سے معاونت اور مسلسل حمایت کے شکر گزار ہیں۔

اس کے علاوہ ڈائریکٹر کمپنی کے اسٹاف کی جانب سے فراہم کی گئی قابل قدر اور انتہک کوششوں و خدمات کو بھی سراہتے ہیں۔

بورڈ کی جانب سے

احشام مقبول الہی  
ڈائریکٹر

مقبول الہی شیخ  
چیف ایگزیکٹو آفیسر

کراچی،

27 ستمبر 2019

## چیسر میں جائزہ رپورٹ

محترم اسٹیک ہولڈرز:

یہ رپورٹ کمپنیز ایکٹ 2017 کے دفعہ (4) 192 کے تقاضے کے مطابق پیش کی گئی ہے جو کہ بورڈ کی منجملہ کارکردگی اور کمپنی کے اغراض کے حصول کیلئے بورڈ کے کردار کی عکاس ہے۔ کارپوریٹ گورننس کے ضابطے کے تحت بورڈ آف ڈائریکٹرز کی سالانہ کارکردگی کا جائزہ لیا گیا ہے تاکہ کمپنی کے اغراض کے حساب سے بورڈ کی منجملہ کارکردگی کا جائزہ لیا جائے، جیسا کہ یہ (کارپوریٹ گورننس کے ضابطے) ریگولیشنز 2017 کا تقاضہ ہے۔ بورڈ مکمل طور پر حکمت عملی کی منصوبہ بندی کرنے، انٹرایکٹو پریزنٹیشنز کے ذریعے تنظیم کی کل کارکردگی سے باقاعدہ تازہ ترین رہنے اور اسی کے مطابق مناسب ہدایات اور بروقت بنیادوں پر بھول چوک کے ازالہ میں مصروف عمل رہا۔ بورڈ کمپنی کی سمیت کا تعین کرنے میں متواتر اپنا کردار ادا کرتا رہے گا اور کمپنی کے کاروبار سے متعلقہ ہر پہلو میں اعلیٰ معیاری طرز حکمرانی کو یقینی بنائے گا۔

بڑھتے ہوئے مسابقتی ماحول میں کام کرتے ہوئے کمپنی نے پچھلے سال کے مقابلے میں فروختگی میں 14 فیصد اضافہ کیا ہے۔ تاہم، منافع میں کمی ظاہر ہوئی ہے جس کی وجہ روپے کی بے قدری اور خام مال کی لاگت میں اضافہ ہے جبکہ حقیقتاً اس اضافہ کا بوجھ صارفین پر مکمل طور پر نہیں ڈالا گیا ہے۔

الحمد للہ کمپنی نے اپنے نئے تنصیب کردہ CPP پلانٹ سے کمرشل پیداوار شروع کر دی ہے اور اس طرح کمپنی کی مصنوعات میں اضافہ ہوا ہے، جس سے فلرز کا اصل پورٹفولیو بحال ہو جائے گا جو کہ پچھلے عشروں میں کمپنی کا حصہ تھا۔ اس طرح صارفین اور مارکیٹ کو بہتر اور مختلف خدمات پہنچانے میں معاونت ہوگی۔

اس تنظیم کی سربراہی کرتے ہوئے میرا یقین ہے کہ افرادی قوت اس کمپنی کی ترقی میں اہم کردار ادا کرتی ہے۔ ہم نے اپنی تمام تر کوششیں قابل افراد کو روکے رکھنے پر صرف کی ہیں، انہیں تربیت فراہم کی ہے اور انہیں مستقبل کے رہنما بنانے

کیلئے ترقی دی ہے۔ اس مقصد کیلئے، ملازمین کی کارکردگی کو سراہنے کیلئے ایک تقریب بھی منعقد کی گئی جس میں ہر ایک عملہ کے ممبر کی کاوشوں کو تسلیم کیا گیا۔ یہ اس لیے کیا گیا تاکہ ہمارے لوگوں کو بتدریج ترغیب دلائی جائے اور ان میں اپنائیتی تصور کو جاگرا کر کیا جائے۔

بورڈ کی جانب سے میں اپنے تمام ملازمین کی خلوص نیت کے ساتھ کی گئی کوششوں اور تعاون کو تسلیم کرنا چاہوں گا جنہوں نے کامیاب کے سفر میں دن رات کام کیا۔ ان کے بغیر چینلجز کا مقابلہ کرنا آسان نہیں تھا۔ میں اپنے اسٹیک ہولڈرز کی جانب سے مسلسل بھروسے اور حمایت پر ان کا شکریہ ادا کرتا ہوں۔

نعیم منشی

چیئر مین

27 ستمبر 2019

اشخاص کے نام جو کہ مالیاتی سال کے دوران، کسی بھی وقت کمپنی کے ڈائریکٹرز رہے:

سلسلہ نمبر	نام	عنوان
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2	جناب مقبول الہی شیخ	چیف ایگزیکٹو آفیسر
3	جناب محمد صادق خان	ایگزیکٹو ڈائریکٹر
4	جناب احتشام مقبول الہی	ایگزیکٹو ڈائریکٹر
5	جناب شارق مقبول الہی	نان ایگزیکٹو ڈائریکٹر
6	جناب منصور یونس	خود مختار ڈائریکٹر
7	جناب فہد منشی	نان ایگزیکٹو ڈائریکٹر
8	جناب محمد عمر صابر	خود مختار ڈائریکٹر

آڈٹ کمیٹی برائے بورڈ

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2	جناب نعیم منشی	ممبر
3	جناب شارق مقبول الہی	ممبر

ایچ آر اور تنخواہ جاتی کمیٹی

سلسلہ نمبر	نام	عنوان
1	جناب شارق مقبول الہی	چیئر مین برائے کمیٹی
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