



MACPAC
FILMS Ltd.

ANNUAL REPORT 2020

Enduring Strength







**MACPAC
FILMS** Ltd.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Enduring Strength

The Year 2020 has brought new challenges for all over the world due to COVID-19, but Alhamdulillah, we as a Company are geared up to face these challenges and showing Enduring Strength to minimize all of those threats which we had in these days.


Implementation of SOPs, for safety of workers and products had both been timely implemented and the company head office was geared to remotely operate via technology.

We are thankful to our front line heroes especially doctors, forces and democratic leaders, bankers all business suppliers, our team members, and all other stakeholders to facilitate us and show their enduring strength that lead to collective success.



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Company Information

BOARD OF DIRECTORS

Mr. Naeem Ali Muhammad Munshi (Chairman - Non-Executive Director)
Mr. Najm-ul-Hassan (Chief Executive Officer)
Mr. Ehtesham Maqbool Elahi (Managing 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 Ali Muhammad Munshi
Mr. Shariq Maqbool Elahi

HR & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Hasan Ahmed Tariq

COMPANY SECRETARY

Mr. Muhammad Saad Khan

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

+92-21-111-MFL(635)-111



In the Memory of : MR. MAQBOOL ELAHI SHAIKH

Founder of Macpac Films Ltd

Shaikh Maqbool Elahi, founder of Macpac Films had been a pioneer of BOPP Films manufacturing in Pakistan and his contributions to the packaging films industry of Pakistan are recognized by all related to industry.

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 metallizer in 1985 and the first CPP machine in 2001. Had in-depth industry knowledge combined with about five decades of experience.

He left us with a gift, an organization, which will always be a pioneer of BOPP & CPP films manufacturing in Pakistan, An organization with passion of the Industry, values of Integrity, honesty, compassion and care of its people, customers, suppliers, and all stakeholders. With such expectations comes responsibilities which we all are now entrusted with. His memories, teaching and success stories will always echo via all of us.

He had left this world for his Eternal Journey on 14 May 2020, 20th of Ramzan 1441 . May his soul be elevated to the highest ranks of Jannat. Please take a moment and pray for him. **JazakAllah**

Vision

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



Mission

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.



Core Values

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.

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 fulfill 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

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

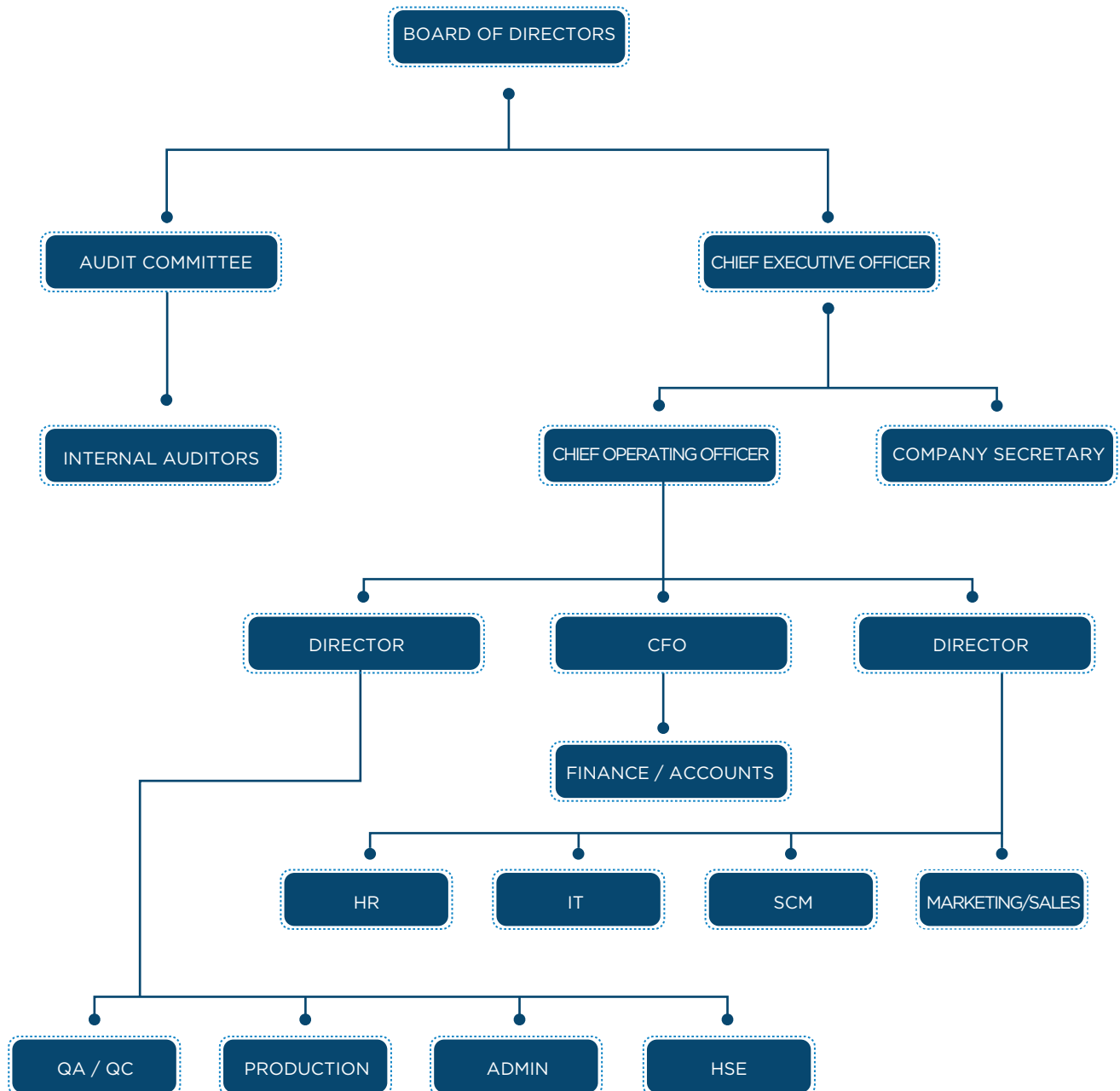
Macpac is the Pioneer of BOPP and CPP films in Pakistan, having rich expertise, a strong brand identity and history of nurturing customers. Complete automated Bruckner and SML high-performance extrusion plants, which produces superior quality films with minimum wastage & higher accuracy.

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

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:

01

Provide on time quality Product with the compliance of international standards ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007.

02

Strive for the most comprehensive recognition and satisfaction of its esteemed customers.

03

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.

04

Make and strive to achieve Quality, Occupational Health & Safety and Environmental Objectives related to our scope of work.

05

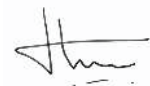
To provide all resources needed for the continual improvement of quality, health, safety and environmental issues.

06

Fulfill all the legal and statutory requirements that are necessary to follow within our scope of work.

07

Management and Supervisory Staff of MACPAC FILMS LTD have the responsibility for implementing this policy throughout the Company.



Operational Director

Whistle Blowing Policy

“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

★ 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.

Corporate Social Responsibility

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



**We save 50 gallons of drinking water monthly
We planted approximately 500 trees in last one year**

Profile of the Board

Mr. Naeem Ali Muhammad 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 confectionery 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. EHTESHAM MAQBOOL ELAHI

MANAGING 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 Managing 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.

MR. NAJM-UL-HASSAN

CHIEF EXECUTIVE 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 CEO he now leads most of the matters of the Macpac

MR. SHARIQ 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. 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.

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.

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. SALMAN KHAN

REGIONAL 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. HASAN AHMED TARIQ

Chief Financial Officer

A member of Institute of Chartered Accountants of Pakistan and graduate of Flagship leadership Program of LUMS

He has over a decade's experience of working at leadership positions in finance and managing financial and corporate affairs.

He has been associated with multiple companies in diverse business sectors in Pakistan as well as abroad.

MR. ZAFFAR ULLAH

MANAGER PRODUCTION

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

MR. FAISAL JAVED

REGIONAL MANAGER SOUTH

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

MR. MUHAMMAD SAAD KHAN

COMPANY SECRETARY

A member of Association Of Chartered Certified Accountants (ACCA) and being associated with one of the big four Chartered Accountant firms, he is equipped with the tools necessary to handle the corporate affairs smoothly.



Kushandwizdom

Sometimes You
Face Difficulties
Not Because
You're Doing
Something
Wrong, But
Because You're
Doing Something
Right.

Strength
for
Threats

Chairman's Review Report

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, 2019 (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.

During the year, the Company witnessed an increase in volume by 17% as compared to last year. Net loss after tax of the company also reduced from Rs.234 million to Rs.63 million. Alhamdulillah the first consignment of the Company was also exported in June of this year and with this the Company has demonstrated its strength to enter into new markets and geographies. Further, we believe that in years to come, the Company is fully geared to take advantage of the opportunities that exists in the market in the form of increase in demand and lower interest rates.

We strongly believe that human resource has a very important role to play in the development of any Company. We therefore ensure that we invest to maintain quality of human capital assets. We ensure that our staff is provided with state-of-the-art trainings that help them to become future leaders. Collectively, our Company rose to the challenges following the outbreak of the COVID-19 pandemic and displayed flexibility, resilience, courage and compassion.

At this point, I would like to acknowledge the contribution of the Board which has been instrumental in providing direction to meet the expectations of all stakeholders, deliver on business objectives and ensure that the Company maintains its growth momentum. I would also like to express gratitude to all of our employees, who work relentlessly to meet the growing challenges. I take this opportunity to thank our stakeholders as well as regulators for the trust and continued support being reposed on us.

Mr. Naeem Ali Muhammad Munshi

Chairman

Date: September 30, 2020

Directors' Report to the Members

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, 2020.

1. The total number of Directors as on 30th June 2020 were as following:

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

2. The composition of board as on June 30, 2020 is as follows:

Category	Name
a) Independent Director	1.Mr. Mansoor Younus 2.Mr. Muhammad Omer Sabir
b) Non-Executive Director	1.Mr. Naeem Ali Muhammad Munshi 2.Mr. Shariq Maqbool Elahi 3.Mr. Fahad Munshi
c) Executive Director	1.Mr. Najmul Hassan 2.Mr. Ehtesham Maqbool Elahi

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

S. No.	Name	Title
1	Mr. Naeem Ali Muhammad Munshi	Chairman of the Board
2	Mr. Maqbool Elahi Shaikh	Chief Executive Officer(01-July -2019 to 13-May-2020)
3	Mr. Najmul Hassan	Chief Executive Officer (29-May-2020 onwards)
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

Tribute to Mr. Maqbool Elahi Shaikh.

The Company would take this opportunity to pay tribute to late. Mr. Maqbool Elahi Shaikh (May his soul rest in peace). He played a vital role in growth of the BOPP and CPP industry and in making Macpac Films Limited a leading name in manufacturing of packaging films. May Allah grant him highest place in Jannah (Ameen).

Audit Committee of the Board

S. No.	Name	Title
1	Mr. Mansoor Younus	Chairman of the Committee
2	Mr. Naeem Ali Muhammad 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 Ali Muhammad Munshi	Member

Directors' remuneration

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

Appropriate disclosure of remuneration paid during the year to Directors and Chief Executive has been provided in Note 39 to the Financial Statements.

Principal Activity

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

Principle risks and uncertainties:

The principal risk and uncertainties include risk of currency devaluation, increase in interest rates and change in government policies.

Impact on Environment

Macpac has always emphasized on Wastage reduction, reusing its recycled plastic in some products and prioritizing on Energy efficiency, Water conservation, educating its team, Suppliers and Customer 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.

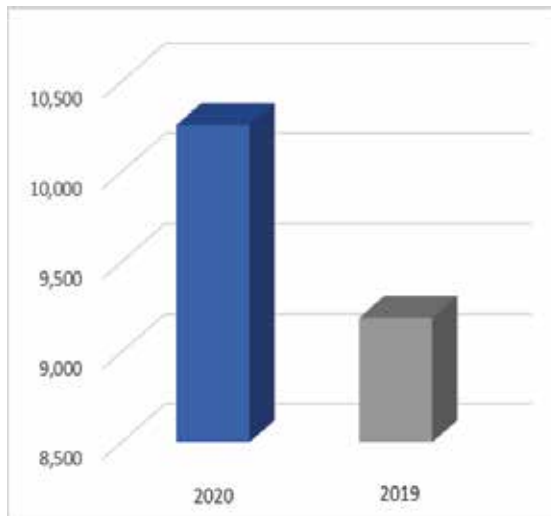
Geographical location and address of business:

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

For details on addition in property, plant and equipment note 9 to the financial statements may be referred.

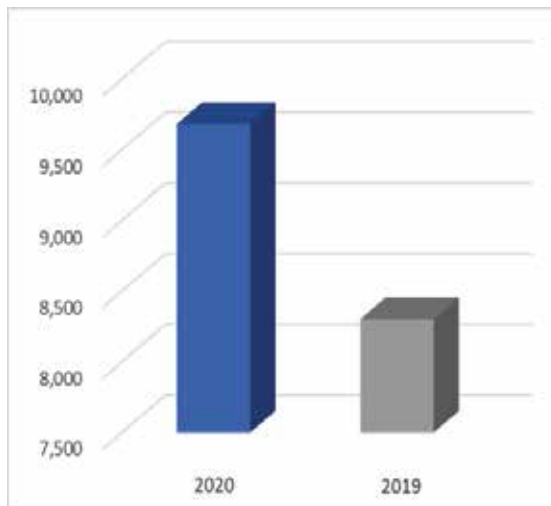
Operating and Financial Performance



Production

The Company's BOPP and CPP Production during the year was 7,802 metric tons and 2,458 metric tons respectively as compared to production of 8,069 metric tons and 1,121 metric tons respectively resulting in roughly 12 % increase.

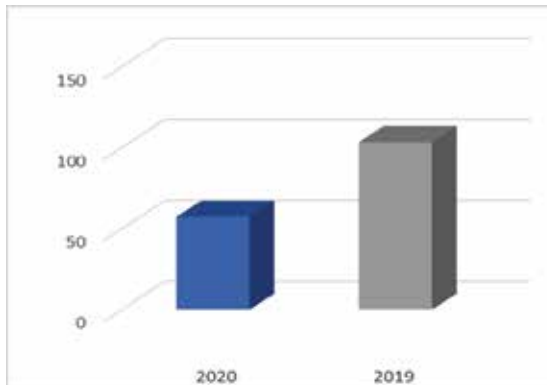
The management of the Company is continuously devoting efforts to further enhance capacity utilization which in turn would contribute to increased profitability.



Sale Performance

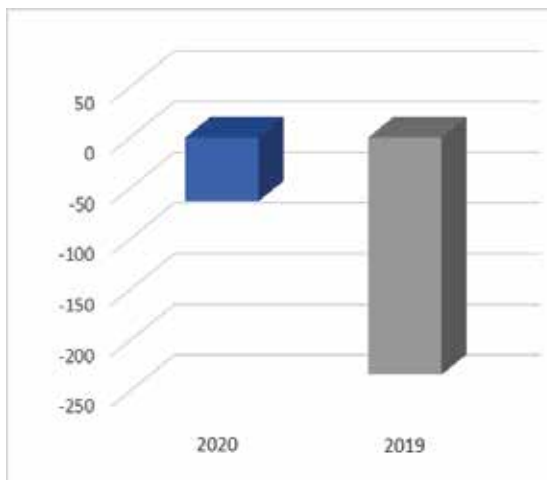
The Company's sales for the year ended on 30 June 2020 was 9,682 metric tons as compared to 8,302 metric tons for the year ended on 30 June 2019.

The increase in sales volume is result of effective business strategies adopted by the company to increase in market share. This increase in market share would contribute to increased profitability in the years to come. The decrease in Revenue is due to the choice of product mix which will further improve in quarters to come.



Gross Profit

The gross profit of the Company is Rs 57.348 million for the current year as compared to Rs. 103.414 million last year. The decrease is mainly due to increase in petrochemical landed cost (due to PKR devaluation) and GIDC levy amounting to Rs 31.084 million.



Net Loss

The net loss for the current period is Rs 62.855 million as compared to Rs 233.917 million net loss last year which includes impact of GIDC amounting to Rs 175.5 million as explained in note 25.1 of the Financial Statements.

Gass infrastructure development cess.

Honorable Supreme Court of Pakistan (SCP) has announced a judgment and accordingly the Company has re-estimated the liability in respect of GIDC inclusive of sales tax and recognized the total discounted value of liability amounting to Rs. 208.8 million (Rs 175.5 million GIDC and Rs 33.3 million applicable sales tax). Out of Rs. 175.5 million, Rs. 31.1 million recognized in cost of sales and remaining Rs. 144.4 million recognized in other operating expenses. The Company also applied for stay in Sindh High Court and the same has been granted in favor of the Company on 30th September 2020.

Earnings per Share

The loss per share for the current year is Rs. (1.06) as compared to Rs. (3.94) in the last year.

Comparative Financial Results

Broad comparative financial results of two years are given hereunder. Key performance indicators for the last six years are also summarized on page 60 of the Annual Report 2020.

	2020		2019	
	Rs (millions)	% of sales	Rs (millions)	% of sales
Sales (net)	2,165		2,415	
Gross profit	57.3	2.6%	103.4	4.3%
Loss before tax	(161.4)	-7.5%	(200.6)	-8.3%
Loss after tax	(62.9)	-2.9%	(233.9)	-9.7%
Loss per share (rupees)	(1.06)		(3.94)	

Future Outlook

The year 2020 was very challenging for the country as a whole due to COVID-19 Pandemic and the economic adversity brought by it as a consequence. Alhamdulillah, despite these challenges the Company raised the bar by showing commitment to professional excellence and by adherence to its core values i.e. accountability, passion, honesty, quality, innovation and care. These values led the Company to pave its path during challenging times.

On the positive side, the Company witnessed an increase in sales volume by 17% as compared to the last year. This was possible due to effective business strategies adopted by the Company. In addition, the Company was also successful in restarting its export business during the year which demonstrates its readiness and ability to enter into international markets after a decade paused after the 2007 fire incident. This new addition in company's Sales strategy will hedge some forex as well.

We believe that InshAllah in times to come, the Company is fully geared to take advantage of opportunities in the market that exists in the form of increased demand, lower interest rates and exchange rate stability. The CPP Plant of the Company is now operating at significantly increased capacity and thus yielding the associated commercial benefits. We are receiving a decent demand which along with certainty in dollar parity, increased production, would reasonably contribute towards profitability of the Company.

We also would like to assure our stakeholders that your company adopted the strategies to increase efficiencies, target new market segments, increase investments in research and development and is confident that all these measures will not only contribute to profitability but also enable the Company to increase its market share and target new customers and business segments which in turn would result in healthy growth of the Company.

Auditor

The Board is thankful to its present auditor, M/s EY Ford Rhodes for the services rendered until the year ended June 30, 2020. The Board of Directors has recommended appointment of M/s KPMG Taseer Hadi and Co to act as Statutory Auditors of the Company.

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, 2020 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 2020 on page no 40

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.

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 Act, 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 60 of the Annual Report 2020.

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 including effective financial controls which is 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.

Corporate Social Responsibility (CSR)

The Company's utmost priority has always been conducting ethical and sustainable business with an aim to make contribution to the welfare of the society. The Company takes pride in its CSR activities conducted during the year. The details of CSR activities and initiatives are mentioned in detail on page no 14 of the Annual report.

Human Capital and Employee Relations

The human capital of the Company is the vital asset in any organization. Here at Macpac Films Ltd, we take pride in how we integrate human resources with other resources like equipment and technology systems, to produce the performance desired by the Company. The directors of the Company wish to express their gratitude for relentless efforts put in by the Company's employees in achieving the objectives during the year.

In an increasingly demanding and competitive business environment, the challenges we face are multifaceted. Effective human resource management requires constant analysis of the quality of human capital in the Company. We ensure that no stone is left unturned when it comes to initiatives involving development of our human capital.

Pattern of Shareholding

- The pattern of shareholding as on June 30, 2020, along with necessary disclosures as required under the Code of Corporate Governance, is disclosed on page 51 of the Annual Report 2020.

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

NAJMUL HASSAN

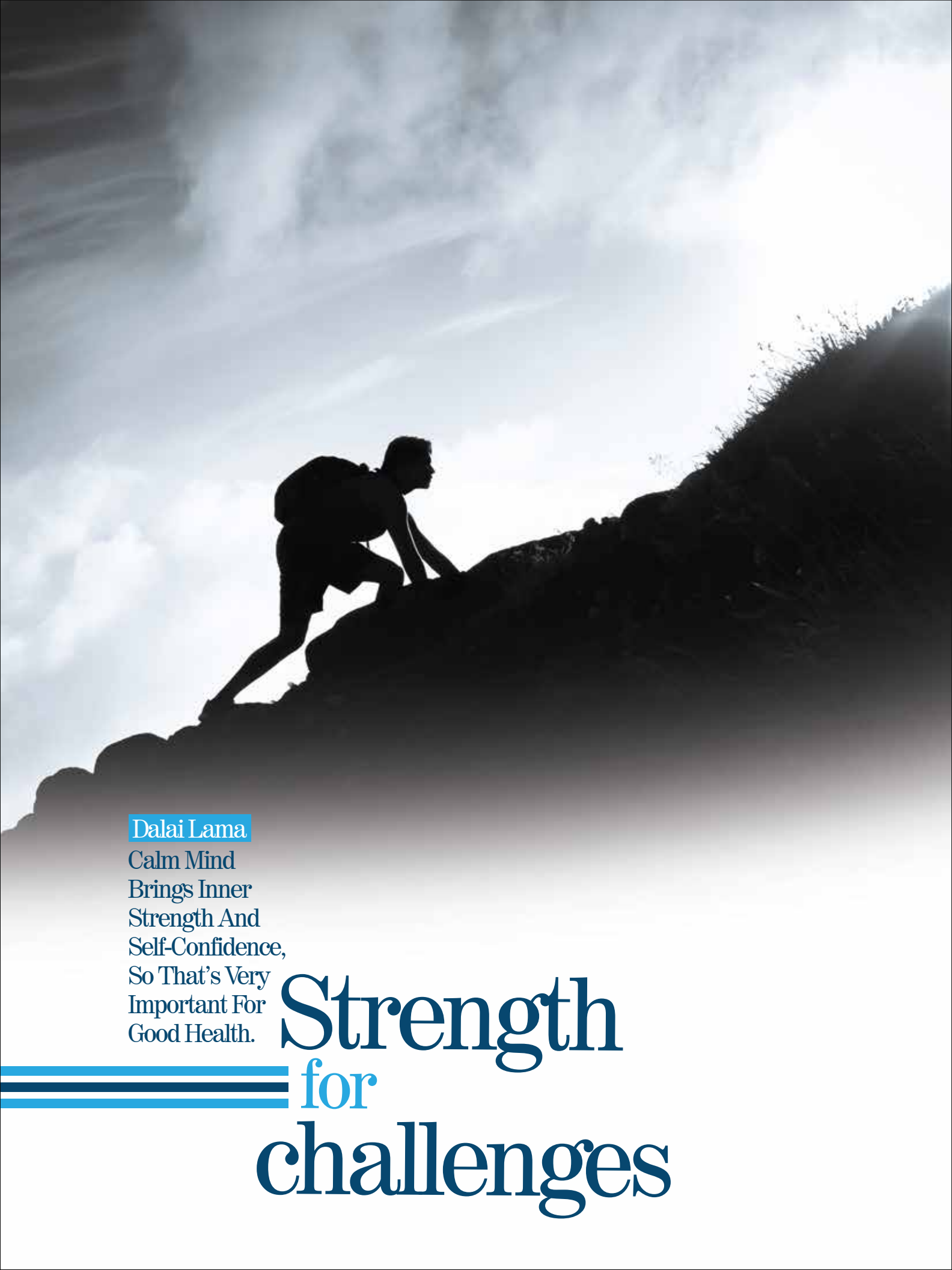
Chief Executive Officer

Karachi

September 30th, 2020

EHTESHAM MAQBOOL ELAHI

Director



Dalai Lama

Calm Mind
Brings Inner
Strength And
Self-Confidence,
So That's Very
Important For
Good Health.

Strength for challenges

Health, Safety and Environment

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 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 9001:2015 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 environmental affairs.

BOPP Advantages



BOPP ADVANTAGES

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 required) or at least reusable. Our BOPP films products have severe advantages over complimentary BoPet films which are following:

BOPP ADVANTAGES OVER BOPET

Recyclable

Biodegradable Ready

Wide sealing range

Diversified products for special application

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 Films can be replaced with PP based film or specifically BOPP in the Biscuits, Cake and Chips industry alone .

Product Profile

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 convertors.

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

Product Profile

Beverages



Tea

Ice Cream



Chips & Snacks

Textile

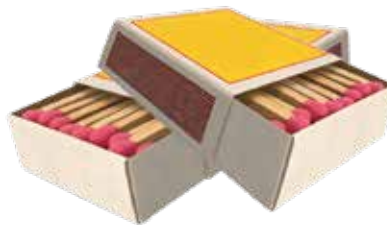


Overwrapping

Confectionary Items



Match



Sheet Lamination



We also Manufacture Customized Products as per Customers Requirements.

CPP Films



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.

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 multi layered 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

SEALABLE FILMS

PLAIN FILMS

METALIZED FILMS

MATTE FILMS

PEARLIZED FILMS

WHITE FILMS

CPP

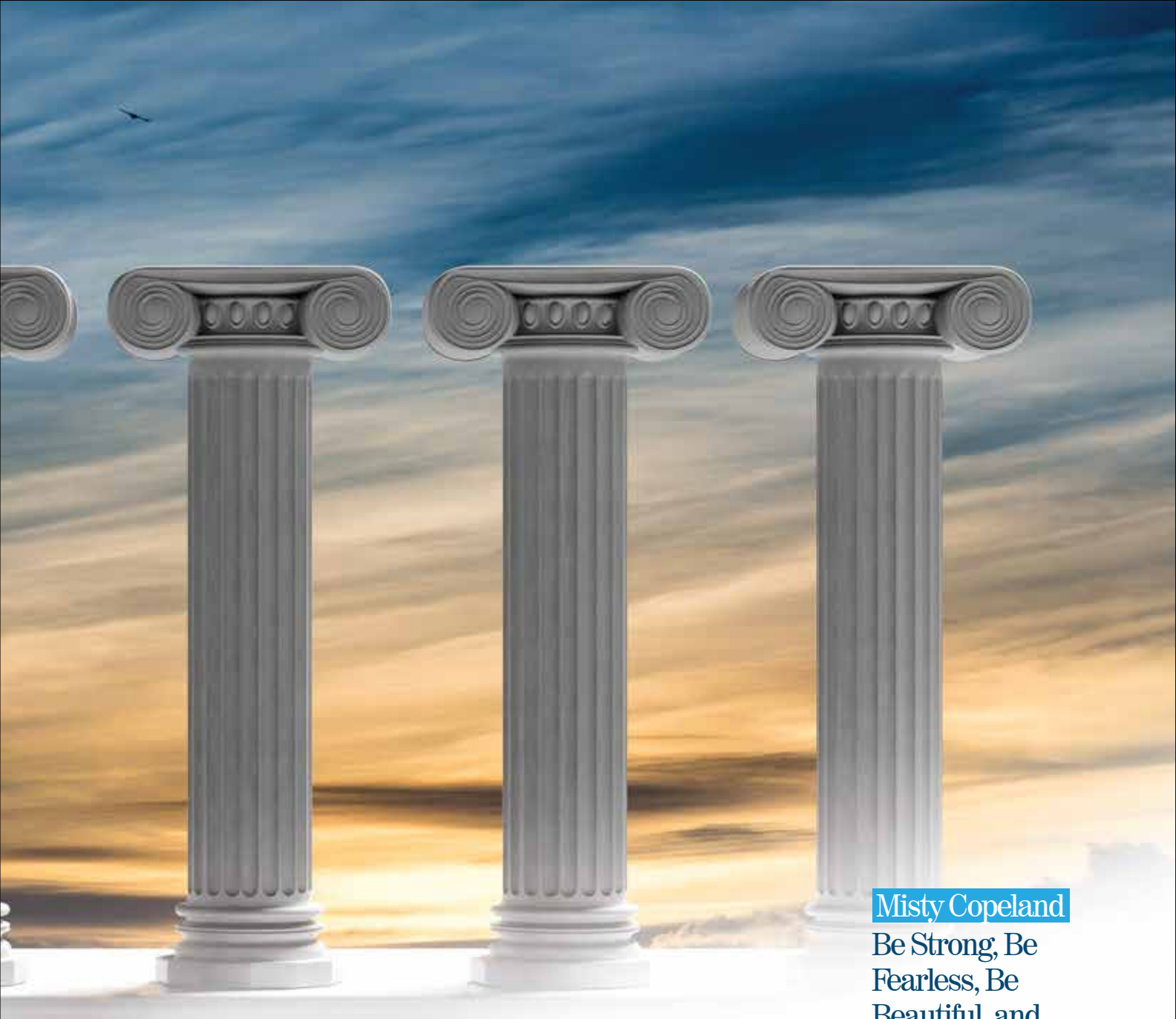
OPAQUE/ MILKY FILMS

TRANSPARENT FILMS

SPECIALIZED FILMS

METALIZED FILMS





Misty Copeland

Be Strong, Be
Fearless, Be
Beautiful, and
Believe that
Anything Is
Possible when
you Have the
Right People
there to
Support You.

Strength like Pillars

Board Committees

HR & REMUNERATION COMMITTEE

Mr. Shariq Maqbool Elahi (Committee Chairman)

Mr. Ehtesham Maqbool Elahi (Managing 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.

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:

1. integrity of the Company's financial statements
2. Company's compliance with legal and regulatory requirements
3. independent auditor's qualifications and independence
4. 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 2019 shall be complied with in this regard.

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

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.



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

Name of the Company
Year ended:

MACPAC FILMS LIMITED
Year ended June 30, 2020

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

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

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

2. The composition of Board is as follows:

Category	Name
a) Independent Director	1.Mr. Mansoor Younus 2.Mr. Muhammad Omer Sabir
b) Non-Executive Director	1.Mr. Naeem Ali Muhammad Munshi 2.Mr. Shariq Maqbool Elahi 3.Mr. Fahad Munshi
c) Executive Director	1.Mr. Najmul Hassan 2.Mr. Ehtesham Maqbool Elahi

Note: For the purposes of the rounding up of fraction, the company has not rounded up the fraction as one since as it currently stands, the Board has adequate independent directors. If we compare the number of Non-Executive Directors and Independent Directors i.e. 5 Directors, as compared to Executive Directors i.e. 2 Directors, the company is of the view that the Board under the current composition is adequately independent.

3. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this company.
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the company.
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 Companies Act, 2017 ("the Act") and the listed companies Code of Corporate Governance 2019 ("the regulation").
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. The Board has arranged Directors' Training program for the following:
 Ehtesham Maqbool Elahi – Executive Director
 Najmul Hassan – Executive Director
 Shariq Maqbool Elahi – Non-Executive Director
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before 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 Ali Muhammad 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 Ali Muhammad Munshi	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

Name of Committee	Frequency of Meeting
Audit Committee	4 meetings were held during the year. The meetings of the Audit Committee are held on a quarterly basis
HR and Remuneration Committee	1 meeting was held during the year. The meeting of the HR and Remuneration Committee is held on a yearly basis.

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all of their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We have complied with all the requirements of repealed Listed Companies (Code of Corporate Governance) Regulations, 2017 until the date of its applicability.
19. We confirm that all requirements of regulation 3,6,7,8,27,32,33, and 36 of the Regulation have been complied with.
20. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Regulation #	Explanation
Regulation 24	Regulation 24 states that the same person shall not simultaneously hold office of Chief Financial Officer and the Company Secretary of a listed Company. The Company has appointed two separate persons for the above position, subsequent to the year end.
Regulations 28 (1) and (2)	Regulation 28 (1) and (2) states that there shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director and the Chairman of the Human Resource and Remuneration Committee (HRRC) shall be an independent director. The HR and remuneration committee comprises of a majority of non-executive directors. However, the Board is in process of reconstituting the committee to appoint an Independent Director as a member of committee to comply with this regulation.



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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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of MACPAC Films Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of Regulation 36 of the Regulations.

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

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

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

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

Further, we highlight below instances of non-compliance with the requirement of the Regulations as reflected in the paragraph references, where these are stated in the Statement of Compliance:

<u>Reference</u>	<u>Description</u>
24	The position of Chief Financial Officer and the Company Secretary is being held by the same person.
28 (1) & (2)	The HR and Remuneration committee does not have any independent director. The Chairman of HR and Remuneration committee is not an independent director.

EY Ford Rhodes
Chartered Accountants

Place: Karachi

Date: 06 October 2020



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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 2020, and the statement of profit or loss, the statement of 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, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss, the 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.



Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<p>1. Contingencies - taxes</p> <p>(Refer to notes 29.1.1 and 29.1.4 to 29.1.7 to the accompanying financial statements)</p> <p>The Company has contingent liabilities in respect of income tax and sales tax matters which are pending adjudication before the taxation authorities, courts and other legal forums.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of tax laws, statutory rules and regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions 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 contingent liabilities relating to income tax and sales tax as a key audit matter.</p>	<p>Our audit procedures in respect of income tax and sales tax contingencies included, amongst others, we obtained and checked details of the pending tax related matters and discussed the same with the Company's management.</p> <p>We checked the correspondence of the Company with the relevant authorities, legal / tax advisors, including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved.</p> <p>We obtained and checked confirmations from the Company's external legal / tax advisors for their views on the probable outcome of the legal matters, open tax assessments and other legal / tax related contingencies.</p> <p>We involved internal specialists to assess management's conclusions on contingent matters and to evaluate the consistency of such conclusions with the views of the external legal / tax advisors engaged by the Company.</p> <p>We also evaluated the adequacy of disclosures made in respect of income tax and sales tax contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.</p>
<p>2. Revaluation of leasehold land under property, plant and equipment</p> <p>(Refer notes 5.2 and 9.2 to the accompanying financial statements)</p> <p>During the year, the Company has changed its accounting policy for leasehold land from cost model to revaluation model in accordance with International Accounting standards (IAS) 16 - 'Property, Plant and Equipment' and applied the revaluation model prospectively from the reporting date in light of the requirements of International Accounting standards (IAS) 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' (read with IAS 16). The change in accounting policy at reporting date has resulted in recognition of surplus on revaluation of property, plant and equipment</p>	<p>Our audit procedures amongst others, comprised understanding the management valuation process, including the involvement of independent valuer in performing the valuation of the leasehold land.</p> <p>We assessed the competence of the management's independent valuer and reviewed the valuation report to understand the basis and methodology used for such valuation.</p> <p>We also involved our own specialists to review the valuation carried out by the management's independent valuer to assess the appropriateness of the methodology,</p>



Key audit matter	How our audit addressed the key audit matter
<p>amounting to Rs. 623.04 million. Such revaluation was carried out by an independent valuer as appointed by the Company who took into account various factors such as estimated selling price, location and condition of the leasehold land, utilization by the Company, market projections etc.</p> <p>Due to significant management's judgments and estimations relating to underlying valuation of the leasehold land that are inherently complex and require specialist input, and leasehold land being material to the total assets of the Company (i.e. 21%), we considered this area as a key audit matter.</p>	<p>assumptions and estimates used to determine the fair value of leasehold land.</p> <p>We also assessed the adequacy of the related disclosures in the financial statements in accordance with the financial reporting framework.</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.

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.

ETM



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.

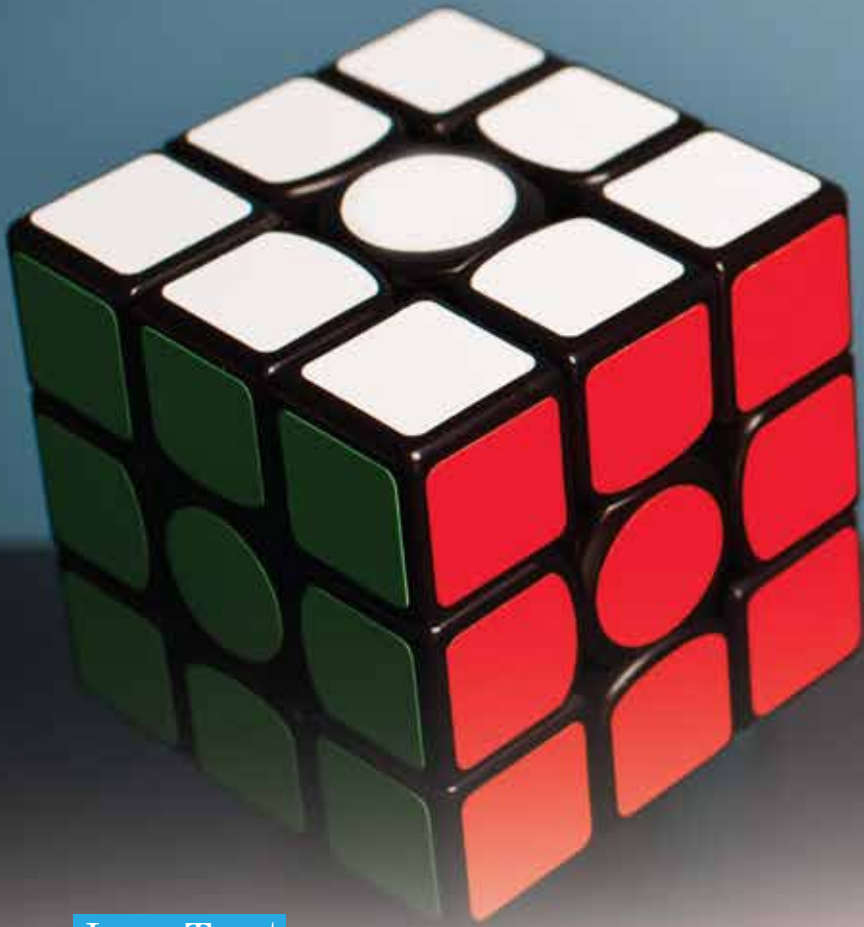
The engagement partner on the audit resulting in this independent auditors' report is **Shariq Ali Zaidi**.

EY Ford Rhoody

Chartered Accountants

Place: Karachi

Date: 5 October 2020



Jenny Trout

Strength Isn't
About Bearing A
Cross Of Grief Or
Shame, Strength
Comes From
Choosing Your
Own Path, And
Living With The
Consequences.

Strength that defines Excellence

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'.

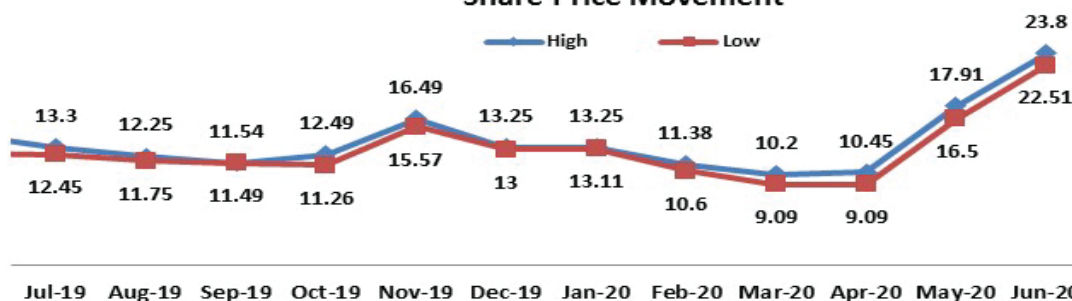
CONTACT PERSON

Mr. Muhammad Saad Khan
 Company Secretary
 Email: saad.khan@macpacfilms.com
 Tel: +92-21-111-MFL-111

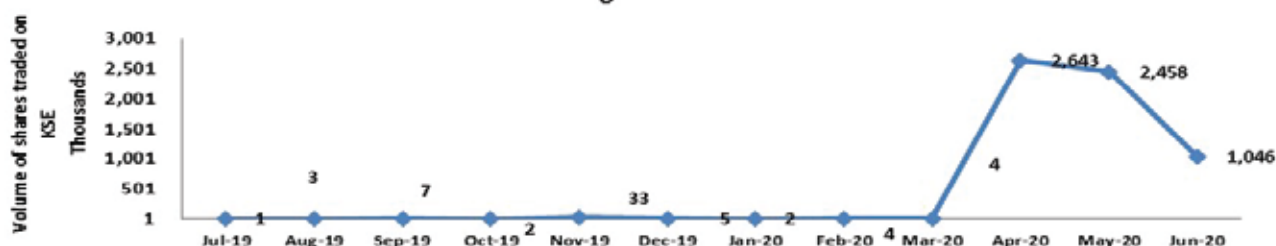
SHARES REGISTRAR

Central Depository Company Pakistan Limited
 CDC House, 99-B, Block B, S.M.C.H.S.,
 Main Shakra-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

Share Price Movement



Trading Volumes



Pattern of Shareholding

As of 30 June, 2020

# Of Shareholders	Shareholdings' Slab			Total Shares Held
140	1	to	100	1,545
384	101	to	500	183,772
182	501	to	1000	164,545
214	1001	to	5000	564,764
35	5001	to	10000	263,274
16	10001	to	15000	194,350
13	15001	to	20000	226,800
9	20001	to	25000	213,887
5	25001	to	30000	142,314
7	30001	to	35000	222,000
2	35001	to	40000	78,125
1	40001	to	45000	45,000
3	45001	to	50000	150,000
2	60001	to	65000	126,574
1	65001	to	70000	69,825
1	80001	to	85000	84,789
1	85001	to	90000	89,212
1	130001	to	135000	133,900
1	135001	to	140000	137,250
1	145001	to	150000	150,000
1	195001	to	200000	200,000
1	275001	to	280000	277,768
1	315001	to	320000	317,000
2	390001	to	395000	787,941
1	455001	to	460000	457,500
2	595001	to	600000	1,200,000
1	700001	to	705000	700,125
2	760001	to	765000	1,525,000
1	995001	to	1000000	1,000,000
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	2260001	to	2265000	2,265,000
1	4665001	to	4670000	4,666,000
1	9100001	to	9105000	9,103,783
1	26390001	to	26395000	26,390,725

TOTAL 1040

59,301,150

Categories Of Shareholders

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government of Pakistan EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	4,666,000	7.87
Directors and their spouse(s) and minor children			
MR. MAQBOOL ELAHI SHAIKH	3	27,596,455	46.54
MR. SHARIQ MAQBOOL	2	735,268	1.24
NAEEM ALI MOHAMMAD MUNSHI	1	9,103,783	15.35
EHTESHAM MAQBOOL ELAHI	1	394,441	0.67
NAJMUL HASSAN	1	133,900	0.23
MANSOOR YOUNUS	1	675	0.00
MUHAMMAD OMAR SABIR	1	4,000	0.01
FAHAD MUNSHI	1	500	0.00
Associated Companies, undertakings and related parties	0	0	0
Executives	1	762,500	1.29
NIT & ICP	-	-	-
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	1	6,500	0.01
Insurance Companies	-	-	-
Modarabas and Mutual Funds	-	-	-
General Public			
a. Local	1006	14,167,706	23.89
Foreign Investors	-	-	-
OTHERS	20	1,729,422	2.92
Total	1040	59,301,150	100.00

Share holders holding 10% or more	Shares Held	Percentage
MR. MAQBOOL ELAHI SHAIKH	27,596,455	46.54
NAEEM ALI MOHAMMAD MUNSHI	9,103,783	15.35

Notice Of 25th Annual General Meeting

NOTICE is hereby given that the 25th Annual General Meeting of MACPAC Films Limited will be held on Wednesday, October 28, 2020 at 02:45 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, 2020, together with the Auditors' Report and Directors' Report thereon.
2. To appoint auditors of the Company for the year ending June 30, 2021 and fix the remuneration.
3. To transact any other business with the permission of the Chair.

By order of the Board

Karachi

October 07, 2020

Muhammad Saad Khan

Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 21, 2020 to October 28, 2020 (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 20, 2020 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's 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 account holders 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

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 Shahra-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 along with 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.

Video Conference facility

8. 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.

Request for Video Conference Facility

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(s)

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

ANALYSIS OF FINANCIAL STATEMENTS

Statement of Financial Position

	2020	2019	2018	2017	2016	2015
	Rs. In million					
Property, Plant and Equipment	1,935,662,870	1,415,678,086	1,177,261,267	808,213,675	799,407,426	828,644,006
Intangible assets	638,385	797,985	907,435	1,134,294	1,309,534	947,828
Other non-current assets	11,537,730	6,401,418	10,118,273	9,981,451	10,428,500	6,428,500
Deferred tax asset - net	1,318,676	-	-	-	-	-
Current assets	1,024,794,484	1,073,282,055	1,043,934,040	741,461,399	745,619,885	537,326,144
Total assets	2,973,952,145	2,496,159,544	2,232,221,015	1,560,790,819	1,556,765,345	1,373,346,478
Share capital	593,011,500	593,011,500	593,011,500	388,860,000	388,860,000	388,860,000
Reserves	173,566,620	173,566,620	173,566,620	79,930,000	79,930,000	79,930,000
Unappropriated profits / (losses)	(177,791,039)	(113,939,276)	138,524,948	124,687,909	85,095,494	38,700,327
Surplus on revaluation of property, plant and equipment	623,040,000	-	-	-	-	-
Non-current liabilities	421,226,007	446,942,396	149,717,278	168,233,792	334,999,524	380,661,442
Current liabilities	1,340,899,057	1,396,578,305	1,177,400,669	799,079,118	667,880,327	485,194,709
Total equity and liabilities	2,973,952,145	2,496,159,544	2,232,221,015	1,560,790,819	1,556,765,345	1,373,346,478

Vertical Analysis

Percentage

Property, Plant and Equipment	65.1	56.7	52.7	51.8	51.4	60.3
Intangible assets	0.02	0.03	0.0	0.1	0.1	0.1
Other non-current assets	0.4	0.3	0.5	0.6	0.7	0.5
Deferred tax asset - net	0.04	-	-	-	-	-
Current assets	34.5	43.0	46.8	47.5	47.9	39.1
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
Share capital	19.9	23.8	26.6	24.9	25.0	28.3
Reserves	5.8	7.0	7.8	5.1	5.1	5.8
Unappropriated profits / (losses)	(6.0)	(4.6)	6.2	8.0	5.5	2.8
Surplus on revaluation of property, plant and equipment	20.9	-	-	-	-	-
Non-current liabilities	14.2	17.9	6.7	10.8	21.5	27.7
Current liabilities	45.1	55.9	52.7	51.2	42.9	35.3
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0

Horizontal Analysis

Percentage

Property, Plant and Equipment	36.73	20.25	45.66	1.10	(3.53)	8.90
Intangible assets	(20.00)	(12.1)	(20.0)	(13.4)	38.2	145.1
Other non-current assets	80.24	(36.7)	1.4	(4.3)	62.2	(89.6)
Deferred tax asset - net	100.00	-	-	-	-	-
Current assets	(4.52)	2.8	40.8	(0.6)	38.8	16.9
Total assets	19.1	11.8	43.0	0.3	13.4	7.1
Share capital	-	-	52.5	-	-	-
Reserves	-	-	117.1	-	-	-
Unappropriated profits / (losses)	56	(182.3)	11.1	46.5	119.9	(274.3)
Surplus on revaluation of property, plant and equipment	100	-	-	-	-	-
Non-current liabilities	(5.8)	198.5	(11.0)	(49.8)	(12.0)	28.8
Current liabilities	(4.0)	18.6	47.3	19.6	37.7	(10.2)
Total equity and liabilities	19.1	11.8	43.0	0.3	13.4	7.1

ANALYSIS OF FINANCIAL STATEMENTS

Statement of Profit or Loss

	2020	2019	2018	2017	2016	2015
	Rs. In million					
Net sales	2,164,953,856	2,415,339,316	2,125,159,243	1,515,691,745	1,309,860,044	1,342,753,084
Cost of sales	2,107,605,178	2,311,924,882	1,902,336,855	1,263,002,642	1,080,579,539	1,095,950,647
Gross profit	57,348,678	103,414,434	222,822,388	252,689,103	229,280,505	246,802,437
Marketing and selling expenses	26,941,488	29,607,769	24,832,852	22,678,984	22,615,359	13,277,804
Administrative expenses	88,211,804	89,002,331	78,339,177	71,102,447	56,734,135	48,855,135
Operating profit / (loss)	(57,804,614)	(15,195,666)	119,650,359	158,907,672	149,931,011	184,669,498
Finance Costs	157,005,124	88,709,026	22,533,650	26,643,492	23,226,828	37,027,629
Other income	203,348,947	20,020,390	7,390,107	6,267,715	6,518,626	1,714,007
Other expenses	149,947,663	116,788,605	38,424,138	12,438,732	17,066,515	20,650,522
Profit / (loss) before taxation	(161,408,454)	(200,672,907)	66,082,678	126,093,163	116,156,294	128,705,354
Taxation	98,553,356	(33,244,793)	(11,234,120)	(47,821,598)	(29,784,267)	(66,882,013)
Net profit / (loss) for the year	(62,855,098)	(233,917,700)	54,848,558	78,271,565	86,372,027	61,823,341

Vertical Analysis

Percentage

Net sales	100	100	100	100	100	100
Cost of sales	97.4	95.7	89.5	83.3	82.5	81.6
Gross profit	2.6	4.3	10.5	16.7	17.5	18.4
Marketing and selling expenses	1.2	1.2	1.2	1.5	1.7	1.0
Administrative expenses	4.1	3.7	3.7	4.7	4.3	3.6
Operating profit / (loss)	(2.7)	(0.6)	5.6	10.5	11.4	13.8
Finance Costs	7.3	3.7	1.1	1.8	1.8	2.8
Other income	9.4	0.8	0.3	0.4	0.5	0.1
Other expenses	6.9	4.8	1.8	0.8	1.3	1.5
Profit / (loss) before taxation	(7.5)	(8.3)	3.1	8.3	8.9	9.6
Taxation	4.6	(1.4)	(0.5)	(3.2)	(2.3)	(5.0)
Net profit / (loss) for the year	(2.9)	(9.7)	2.6	5.2	6.6	4.6

Horizontal Analysis

Percentage

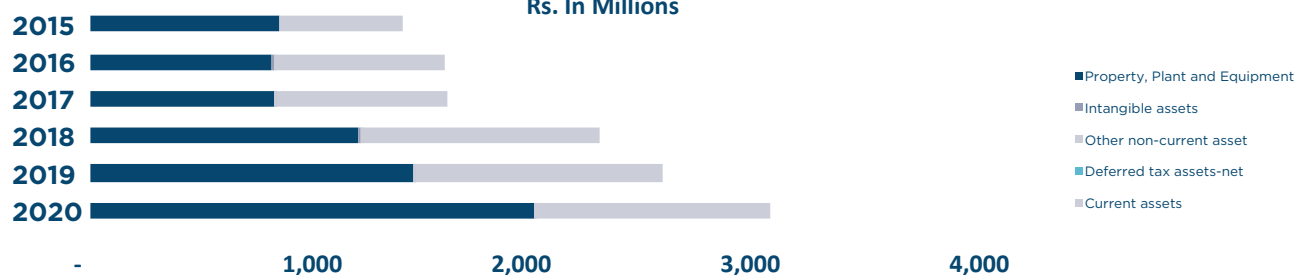
Net sales	(10.37)	13.65	40.21	15.71	(2.45)	12.4
Cost of sales	(8.84)	21.53	50.62	16.88	(1.40)	1.7
Gross profit	(44.54)	(53.59)	(11.82)	10.21	(7.10)	109.2
Marketing and selling expenses	(9.01)	19.23	9.50	0.28	70.32	37.3
Administrative expenses	(0.89)	13.61	10.18	25.33	16.13	17.9
Operating profit / (loss)	280.40	(112.70)	(24.70)	5.99	(18.81)	176.18
Finance Costs	76.99	293.67	(15.43)	14.71	(37.27)	79.2
Other income	915.71	170.91	17.91	(3.85)	280.32	(3.3)
Other expenses	28.39	203.95	208.91	(27.12)	(17.36)	24.3
Profit / (loss) before taxation	(19.57)	(403.67)	(47.59)	8.55	(9.75)	310.4
Taxation	396.45	195.93	76.51	60.56	55.47	20.0
Net profit / (loss) for the year	73.13	(526.48)	(29.93)	(9.38)	39.71	353.9

Balance Sheet

Assets	2020	2019	2018	2017	2016	2015
Property, Plant and Equipment	1,935,662,870	1,415,678,086	1,177,261,267	808,213,675	799,407,426	828,644,006
Intangible assets	638,385	797,985	907,435	1,134,294	1,309,534	947,828
Other non-current assets	11,537,730	6,401,418	10,118,273	9,981,451	10,428,500	6,428,500
Deferred tax asset - net	1,318,676	-	-	-	-	-
Current assets	1,024,794,484	1,073,282,055	1,043,934,040	741,461,399	745,619,885	537,326,144

Balance Sheet Analysis - Assets

Rs. In Millions

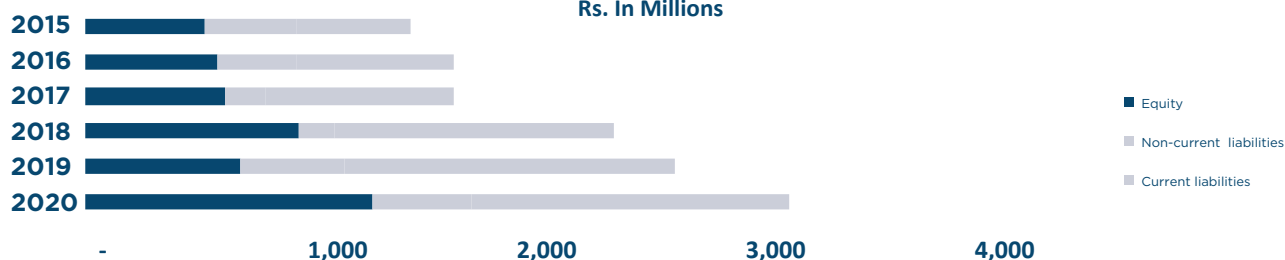


Equity and Liabilities

	2020	2019	2018	2017	2016	2015
Equity	1,211,827,081	652,638,844	1,905,103,068	593,477,909	553,885,494	507,490,327
Non-current liabilities	421,226,007	446,942,396	149,717,278	168,233,792	334,999,524	380,661,442
Current liabilities	1,340,899,057	1,396,578,305	1,177,400,669	799,079,118	667,880,327	485,194,709

Balance Sheet Analysis - Equity and Liabilities

Rs. In Millions

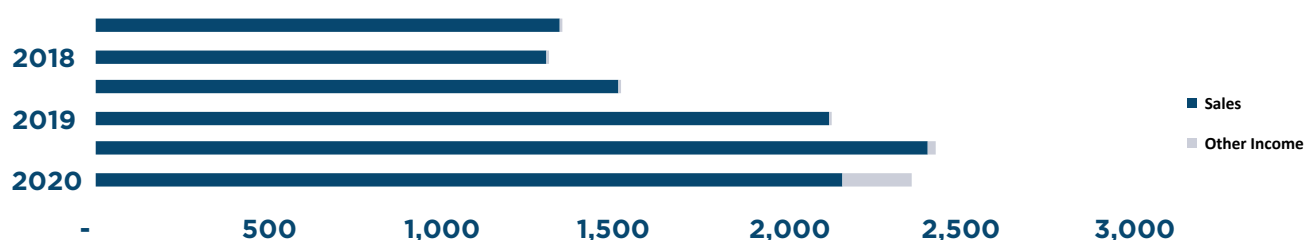


Profit and Loss

Income	2020	2019	2018	2017	2016	2015
Sales	2,164,953,856	2,415,339,316	2,125,159,243	1,515,691,745	1,309,860,044	1,342,753,084
Other Income	203,348,947	20,020,390	7,390,107	6,267,715	6,518,626	1,714,007

Profit & Loss Analysis - Income

Rs. In Millions

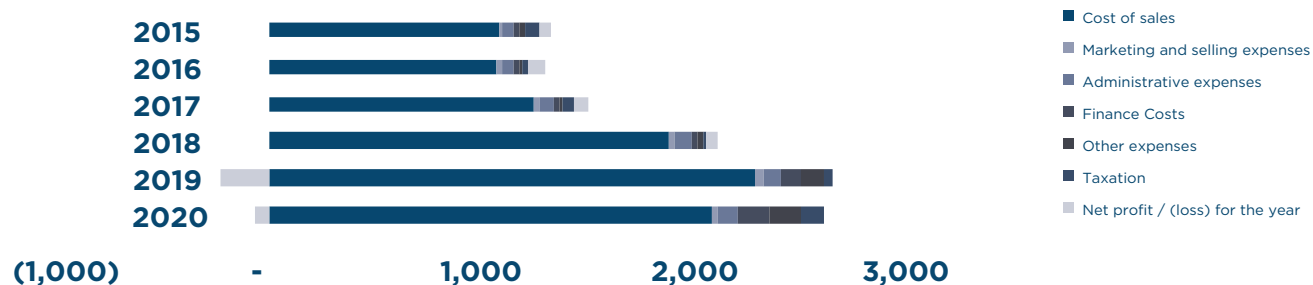


Profit and Loss

Expenses	2020	2019	2018	2017	2016	2015
Cost of sales	2,107,605,178	2,311,924,882	1,902,336,855	1,263,002,642	1,080,579,539	1,095,950,647
Marketing and selling expenses	26,941,488	29,607,769	24,832,852	22,678,984	22,615,359	13,277,804
Administrative expenses	88,211,804	89,002,331	78,339,177	71,102,447	56,734,135	48,855,135
Finance Costs	157,005,124	88,709,026	22,533,650	26,643,492	23,226,828	37,027,629
Other expenses	149,947,663	116,788,605	38,424,138	12,438,732	17,066,515	20,650,522
Taxation	98,553,356	33,244,793	11,234,120	47,821,598	29,784,267	66,882,013
Net profit / (loss) for the year	(62,855,098)	(233,917,701)	54,848,558	78,271,565	86,372,027	61,823,341

Profit & Loss Analysis - Expenses

Rs. In Millions



Key Performance Indicators

SIX Years At Glance

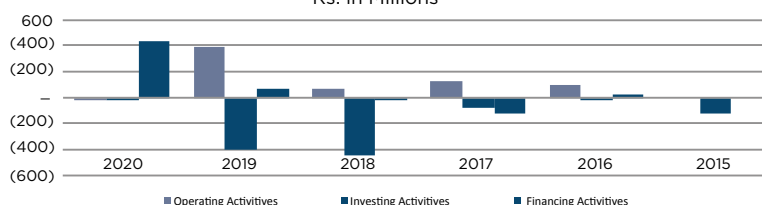
		2020	2019	2018	2017	2016	2015
Profitability Ratios							
	%	3%	4%	10%	17%	18%	18%
Gross Profit to Sales	%	-3%	-1%	6%	10%	11%	14%
Operating Profit to Sales	%	-3%	-10%	3%	5%	7%	5%
Net Profit to Sales	%	3%	3%	9%	15%	17%	18%
EBITDA Margin to Sales	times	-27.05	-8.25	-0.61	0.38	7.68	14.26
Operating leverage ratio	%	-5%	-36%	6%	13%	16%	12%
Return on Equity	%	-5%	-25%	7%	13%	14%	11%
Return on Capital employed	%	-3%	-17%	5%	10%	11%	7%
Return on Fixed Assets							
Liquidity Ratios							
	times	0.76	0.77	0.89	0.93	1.12	1.11
Current ratio	times	0.52	0.50	0.47	0.37	0.42	0.60
Quick ratio	times	0.01	0.04	0.03	0.01	0.02	0.03
Cash to Current Liabilities	%	1.78%	4.94%	3.24%	0.75%	1.78%	2.72%
Cash to Current Assets	%	9%	8%	23%	10%	14%	6%
Cash flow from Operations to Sales							
Turnover/Management Efficiency Ratios							
	times	5.99	5.33	4.07	2.78	3.05	4.45
Inventory turnover ratio	days	60	67	88	130	118	81
No. of Days in Receivables	times	5.74	5.44	6.21	5.85	4.83	5.77
Debtor turnover ratio	days	63	66	58	62	74	62
Debtor turnover ratio	times	2.86	2.73	3.30	2.70	2.43	2.75
No. of Days in Receivables	days	126	132	109	133	148	131
Creditor turnover ratio	days	123	134	146	191	193	143
No. of Days in Creditors	days	-3	2	37	58	45	13
Operating Cycle	times	0.73	0.97	0.95	0.97	0.84	0.98
Cash conversion Cycle	times	1.12	1.71	1.81	1.88	1.64	1.62
Total Assets turnover ratio							
Fixed Assets turnover ratio							
Market Ratios							
	Rs.	-1.06	-3.94	0.99	1.83	2.02	1.45
Earnings per share (EPS)	times	-21.78	-3.45	29.72	16.92	9.39	12.63
Price Earnings ratio	times	0.46	0.32	0.73	0.85	0.52	0.57
Price to Book ratio	Rs.	20.44	11.01	16.41	13.91	12.98	11.89
Break-up value per share							
Capital Structure Ratios							
	Rs.	20.44	11.01	16.41	13.91	12.98	11.89
Net Assets per share	times	0.50	0.60	0.02	0.09	0.21	0.29
Financial leverage ratio	times	0.308	0.446	0.004	0.03	0.08	0.18
Debt to Equity ratio							

SUMMARY OF CASH FLOWS

	2020	2019	2018	2017	2016	2015
Cash & cash equivalents - Opening	42,995,225	25,620,515	5,562,050	13,243,508	14,632,523	11,336,312
Net cash flows from Operating activities	(16,490,770)	(13,655,596)	397,123,139	70,634,959	121,048,030	102,017,520
Net cash flows used in Investing activities	(14,636,362)	(404,758,370)	(442,506,424)	(79,308,674)	(3,694,750)	(124,014,305)
Net cash flows (used in) generated from Financing activities	6,326,109	435,788,678	73,656,542	(9,007,639)	(118,742,295)	25,292,996
Changes in cash & cash equivalents	(24,801,023)	17,374,712	28,273,257	(17,681,355)	(1,389,015)	3,296,211
Cash & cash equivalents - Closing	18,194,200	42,995,227	33,835,307	(4,437,847)	13,243,508	14,632,523

Cash Flows Analysis

Rs. in Millions





Napoleon Hill

Strength and
Growth Comes
only through
Continuous
Effort And
Struggle.

Strength

that leads to

progress

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,935,662,870	1,415,678,086
Intangible assets	10	638,385	797,985
Long-term deposits	11	11,537,730	6,401,418
Deferred tax asset - net	23	1,318,676	-
		1,949,157,661	1,422,877,489
CURRENT ASSETS			
Stock-in-trade	12	328,537,630	375,659,628
Trade debts	13	258,326,902	437,176,473
Loans and advances	14	13,694,680	13,113,411
Trade deposits, short-term prepayments and other receivables	15	192,000,549	25,648,365
Tax refund due from Government - net	16	214,040,523	168,701,573
Cash and bank balances	17	18,194,200	52,982,605
		1,024,794,484	1,073,282,055
TOTAL ASSETS		2,973,952,145	2,496,159,544
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
70,000,000 (2019: 70,000,000) ordinary shares of Rs.10/- each		700,000,000	700,000,000
Issued, subscribed and paid-up capital	18	593,011,500	593,011,500
Capital reserve	19	173,566,620	173,566,620
Revenue reserve	19	(177,791,039)	(113,939,277)
Surplus on revaluation of property, plant and equipment	19	623,040,000	-
		1,211,827,081	652,638,843
NON-CURRENT LIABILITIES			
Diminishing musharika arrangement	20	257,243,452	251,197,120
Lease liabilities	21	12,362,069	39,928,324
Deferred income	22	6,511,668	10,839,956
Deferred tax liability - net	23	-	119,565,120
Staff retirements benefits – staff gratuity	24	41,526,179	25,411,876
Other long-term liabilities	25	103,582,639	-
		421,226,007	446,942,396
CURRENT LIABILITIES			
Trade and other payables	26	732,579,376	848,601,291
Short-term borrowings	27	356,347,488	438,729,003
Accrued mark-up	28	16,365,792	7,712,228
Unclaimed dividend		883,624	1,192,953
Current portion of non-current liabilities	20,21&25	234,722,777	100,342,830
		1,340,899,057	1,396,578,305
CONTINGENCIES AND COMMITMENTS			
	29		
TOTAL EQUITY AND LIABILITIES		2,973,952,145	2,496,159,544

The annexed notes 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

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

	Note	2020 Rupees	2019 Rupees
Turnover - net	30	2,164,953,856	2,415,339,316
Cost of sales	31	(2,107,605,178)	(2,311,924,883)
Gross profit		57,348,678	103,414,433
Administrative expenses	32	(88,211,804)	(89,002,331)
Marketing and selling expenses	33	(26,941,488)	(29,607,769)
Finance costs	34	(157,005,124)	(88,709,026)
Other operating expenses	35	(149,947,663)	(116,788,605)
Other income	36	203,348,947	20,020,390
Loss before taxation		(161,408,454)	(200,672,908)
Taxation	37	98,553,356	(33,244,793)
Loss after taxation		(62,855,098)	(233,917,701)
		2020 Rupees	2019 Rupees
Loss per share - basic and diluted	38	(1.06)	(3.94)

The annexed notes 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
Loss after taxation	(62,855,098)	(233,917,701)
Other comprehensive income		
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods, net of tax:		
Surplus on revaluation of property, plant and equipment	623,040,000	-
Re-measurement (loss) / gain on defined benefit plan	(1,403,752)	988,401
Income tax effect	407,088	286,636
	(996,664)	1,275,037
Net comprehensive income not to be reclassified to statement of profit or loss in subsequent periods, net of tax	622,043,336	1,275,037
Other comprehensive income, net of tax	622,043,336	1,275,037
Total comprehensive income / (loss) for the year, net of tax	559,188,238	(232,642,664)

The annexed notes 1 to 50 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, 2020

	Reserves				Total Equity	
	Issued, subscribed and paid - up capital	Capital reserve - share premium	Surplus on revaluation of property, plant and equipment	Revenue Reserves - unappropriated profit / (loss)		Total Reserves
	-----Rupees-----					
Balance as at July 01, 2018	593,011,500	173,566,620	-	130,563,617	304,130,237	897,141,737
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 for the year, net of tax	-	-	-	1,275,037	1,275,037	1,275,037
Total comprehensive loss for the year, net of tax	-	-	-	(232,642,664)	(232,642,664)	(232,642,664)
Balance as at June 30, 2019	<u>593,011,500</u>	<u>173,566,620</u>	<u>-</u>	<u>(113,939,277)</u>	<u>59,627,343</u>	<u>652,638,843</u>
Balance as at July 01, 2019	593,011,500	173,566,620	-	(113,939,277)	59,627,343	652,638,843
Loss for the year	-	-	-	(62,855,098)	(62,855,098)	(62,855,098)
Other comprehensive income for the year, net of tax	-	-	623,040,000	(996,664)	622,043,336	622,043,336
Other comprehensive income for the year, net of tax	-	-	623,040,000	(63,851,762)	559,188,238	559,188,238
Balance as at June 30, 2020	<u>593,011,500</u>	<u>173,566,620</u>	<u>623,040,000</u>	<u>(177,791,039)</u>	<u>618,815,581</u>	<u>1,211,827,081</u>

The annexed notes 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	202,344,485	352,567,535
Long term deposit (paid) / received		(5,136,312)	3,716,855
Income tax paid	16.1	(60,025,825)	(105,959,848)
Gratuity paid	24.2	(4,864,160)	(10,517,566)
Zakat paid on dividend		(457,401)	(56,078)
Finance costs paid		(148,351,559)	(84,033,543)
		(218,835,257)	(196,850,180)
Net cash (used in) / generated from operating activities		(16,490,772)	155,717,355
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets expenditure		(37,636,362)	(569,344,770)
Proceeds from disposal of fixed assets		23,000,000	164,658,438
Additions in intangibles		-	(72,038)
Net cash used in investing activities		(14,636,362)	(404,758,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from diminishing musharika arrangement		26,042,732	325,150,788
Repayment of lease liabilities-net		(19,407,294)	(42,825,265)
Dividend paid		(309,329)	(15,909,799)
Net cash generated from financing activities		6,326,109	266,415,724
Net (decrease) / increase in cash and cash equivalents		(24,801,025)	17,374,710
Cash and cash equivalents at the beginning of the year		42,995,225	25,620,515
Cash and cash equivalents at the end of the year	47	18,194,200	42,995,225

The annexed notes 1 to 50 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, 2020

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 no. 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 films.

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 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The outbreak of the Novel Coronavirus (COVID-19) has disrupted commercial and economic activities all around the world and has impacted almost every organization and industry. The operations and results of the Company mainly impacted in the later part of financial year due to lockdown situation around the region. The outbreak still continues to progress and evolve, therefore, it is challenging now to predict the full extent and duration of its business and economic impact. However, up to the date of authorisation of these financial statements, the operations and results of the company have not been materially impacted by COVID -19 pandemic.

3 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 (IFRSs) 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.

4 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention unless otherwise stated.

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

5 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5.1 New standards, amendments, interpretation and improvements effective during the current year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year: ``

Standard, Amendment or Interpretation

IFRS 9 - Prepayment Features with Negative Compensation (Amendments)

IFRS 14 - Regulatory Deferral Accounts

IFRS 16 - Leases

IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)

IFRIC 23 - Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 - Business Combinations - Previously held Interests in a joint operation

IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation

IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on the Company's financial statements except for IFRS 16. The impact of adoption of IFRS 16 and its amendment are described below:

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Whereas, for lessees all leases will be classified as finance leases only. However, as per relevant guidelines issued by Institute of Chartered Accountants of Pakistan, contracts under Ijarah leases continue to be accounted for as operating leases under Islamic Financial Accounting Standards (IFAS) 2, 'Ijarah'.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying standard recognised at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 as of July 01, 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The Company has operating and finance lease contracts for various items of plant, machinery, generator and fittings, motor vehicles and office premises. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased item was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Prepaid rent was recognised as prepayments under non current / current assets accordingly. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

a) Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets, if any. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

b) Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from July 01, 2019.

The Company also applied the available practical expedients wherein it has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease and applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application. Based on the foregoing, as at July 01, 2019:

- Additional right-of-use assets and lease liabilities of Rs.1.020 million and Rs. 0.964 million, respectively, were recognised. Further, lease assets recognised previously under finance leases of Rs.136.049 million were reclassified from operating fixed assets to right-of-use assets.
- Short-term prepayments of Rs.0.055 million related to previous operating leases were derecognised.

The effect of adoption of IFRS 16 and related adjustments did not have any impact on revenue reserves as of July 01, 2019 and accordingly, there is no effect on basic / diluted earning per share. The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	Amount ---Rupees---
Operating lease commitments as at June 30, 2019	1,073,367
Weighted average incremental borrowing rate as at July 01, 2019	14.97%
Discounted operating lease commitments as at July 01, 2019	963,825
Add: Lease liability for finance leases as of June 30, 2019	66,317,486
Lease liabilities as at July 01, 2019	<u>67,281,311</u>

The accounting policy in respect of leases is stated in note 7.14 to these financial statements.

5.2 Change in accounting policy

Revaluation of leasehold land under property, plant and equipment

The Company re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Company had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses, if any.

As at June 30, 2020, the Company elected to change the method of accounting for leasehold land classified as property, plant and equipment, as the Company believes that the revaluation model provides more relevant information to the users of its financial statements as it is more aligned to practices adopted by industry. In addition, available valuation techniques provide reliable estimates of the leasehold land's fair value. The Company applied the revaluation model prospectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

After initial recognition, leasehold land are measured at fair value at the date of the revaluation less any subsequent accumulated impairment losses. For details refer to note 9.

5.3 Standards, amendments and improvements to the approved accounting 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 respective standard or interpretation:

Standard or Amendments		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)	01 January 2020
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2022
IAS 16	Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022

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

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRS	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6 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 9.1 & 10.1);
- (b) provision for expected credit loss of certain financial assets (note 13);
- (c) recognition of staff retirement benefits (note 24);
- (d) recognition of taxation and deferred tax (notes 16 and 23);
- (e) estimation of net realizable value of stock in trade (note 12);
- (f) provision and contingencies (note 29).

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Property, plant and equipment

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

Depreciation is charged to statement of profit or loss using the reducing balance method at the rates specified in note 9 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.

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.

7.2 Surplus on revaluation of property, plant and equipment

Property, plant and equipment are measured at fair value less accumulated depreciation and accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

A revaluation surplus is recorded in OCI and credited to the surplus on revaluation of property, plant and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the surplus on revaluation of property, plant and equipment.

An annual transfer from the surplus on revaluation of property, plant and equipment to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

7.3 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.

7.4 Stock-in-trade

These are stated at the lower of net realizable value (NRV) and cost of the stock-in-trade 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.

7.5 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

7.6 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.

7.7 Impairment of 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.

7.8 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7.9 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.

7.9.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i) Financial assets at amortised cost (debt instruments);
- ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- iv) Financial assets at fair value through profit or loss.

i) Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

ii) Financial assets designated at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to statement of profit or loss.

The Company does not have any debt instruments at fair value through OCI investments during the current and last year and as of reporting date.

iii) **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any equity instruments at fair value through OCI investments during the current and last year and as of reporting date.

iv) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

c) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises 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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

d) Impairment

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. 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, discounted at an approximation of the 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.

For trade debts and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

7.9.2 Financial liabilities

a) Initial recognition and measurement

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 recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long term financing short term borrowings, due to related parties, accrued mark-up and trade and other payables.

i) Financial liabilities at fair value through profit or loss

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 recognised in the statement of profit or loss.

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.

ii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised 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 amortisation is included as finance costs in the statement of profit or loss.

b) Derecognition

A financial liability is derecognised 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 recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7.9.3 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

7.10 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.

Other income, if any, is recognised on an accrual basis.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

7.11 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.

7.12 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.

7.13 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

7.14 New accounting policies under IFRS 16 - Leases effective for period beginning on July 01, 2019

During the year, the Company has adopted IFRS 16 which became applicable on July 01, 2019. This has resulted in change in accounting policies of the Company for leases. The changes are discussed in note 5.1 of these financial statements. The new accounting policies for leases are as follows:

7.14.1 Leases

The Company assess at contract inception whether a contract is, or contain a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases and leases of low value assets (if any). The Company recognises lease liability to make lease payments and right-of-use assets (ROU assets) representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred (if any), and lease payments made at or before the commencement date less lease incentives received (if any). Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option (if any) reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under its lease arrangements to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). Any change is accounted for change in estimate and applied prospectively with corresponding change in ROU assets and lease liabilities.

iii) Short-term leases and leases of low-value assets

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

NOTES TO THE FINANCIAL STATEMENTS

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9.1.1 Legal title of the leasehold land disposed off during the year will be transferred in due course after completion of necessary legal and procedural matters (Note15.2).

9.2 During the year, the Company has changed its accounting policy for leasehold land from the cost model to revaluation model as stated in note 5.2, as the management determined that the leasehold land constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

Fair value of the leasehold land was determined using the market comparable method . The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the date of revaluation, the leasehold land's fair values are based on valuations performed by Sipra & Company (Pvt) Ltd., an accredited independent valuer certified by State Bank of Pakistan who has valuation experience for similar assets. A net gain from the revaluation of the leasehold land of Rs. 623,040,000 was recognised in OCI. Fair value measurement disclosures for the revalued leasehold land are provided in note 43.

Had there been no revaluation, the carrying value of the property, plant and equipment would be as follows:

	2020 Rupees	2019* Rupees
Leasehold land	<u>16,960,000</u>	<u>21,200,000</u>

* The Company changed the accounting policy with respect to the measurement of leasehold land as at June 30, 2020 on a prospective basis. Therefore, the fair value of the leasehold was not measured at 30 June 2019. The forced sale value of the leasehold land is Rs. 512,000,000 (2019: nil).

9.3 The depreciation charge for the year has been allocated as follows:	Note	2020 Rupees	2019 Rupees
Cost of sales	31	<u>113,726,586</u>	91,016,761
Administrative expenses	32	<u>2,224,980</u>	2,753,876
Marketing and selling expenses	33	<u>1,485,132</u>	1,678,575
		<u>117,436,698</u>	<u>95,449,212</u>

9.4 The details of immovable assets (i.e. land and building) of the Company as at June 30, 2020 are as follows:

Location	Address	Usage	Covered Area (sq. ft)
Karachi	Plot # Ez/1/P-10 East Industrial Zone, Karachi	Production facility	697,017

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FOR THE YEAR ENDED JUNE 30, 2020

9.5 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	Gain / (Loss) on disposals	Mode of disposal	Particulars of buyers	Location
	----- Rupees -----							
Owned								
Plant and machinery								
Generator - Wuakesha	4,251,335	2,338,637	1,912,698	1,200,000	(712,698)	Negotiation	Zulfiqar Ali	Karachi
Motor vehicles								
Motor Vehicle - Toyota Revo	5,275,231	2,466,028	2,809,203	4,300,000	1,490,797	Insurance Claim	EFU	Karachi
Leasehold land								
Land - Port Qasim (4 Acres)*	4,240,000	-	4,240,000	180,000,000	175,760,000	Negotiation	Mrs. Asiya Maryam Batla	Karachi
2020	13,766,566	4,804,665	8,961,901	185,500,000	176,538,099			
2019	3,118,979	1,430,426	1,688,553	900,000	(788,553)			

*This includes receivable of Rs162.5 million against land sold.

9.6 Right-of-use assets

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

	Office Premises	Plant and machinery	Generators and fittings	Motor vehicles	Total
	----- Rupees -----				
As at July 1, 2019	-	-	-	-	-
Impact of initial application of IFRS 16	1,020,318	-	-	-	1,020,318
Reclassified from operating fixed assets due to application of IFRS 16	-	10,358,332	116,523,792	9,167,036	136,049,160
Depreciation expense	(644,412)	(1,035,833)	(11,799,644)	(1,833,407)	(15,313,296)
As at June 30, 2020	375,906	9,322,499	104,724,148	7,333,629	121,756,182
As at June 30, 2019	-	-	-	-	-
Rate of depreciation	63%	10%	10%	20%	

9.7 Allocation of depreciation expense

	Note	2020 Rupees	2019 Rupees
Cost of sales	31	13,325,314	-
Administrative expenses	32	503,261	-
Marketing and selling expenses	33	1,484,721	-
		15,313,296	-

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9.8	Capital work-in-progress	Balance as at 01 July 2019	Additions	Transfers	Balance as at 30 June 2020
		----- Rupees -----			
	Building and civil works	7,951,969	1,432,444	1,863,511	7,520,902
	Plant and machinery	90,394,782	12,414,212	101,523,409	1,285,585
	Generators	13,363,049	7,540,092	20,903,141	-
		111,709,800	21,386,748	124,290,061	8,806,487
		Balance as at 01 July 2018	Additions*	Transfers	Balance as at 30 June 2019
		----- Rupees -----			
	Building and civil works	57,779,128	54,295,448	104,122,607	7,951,969
	Plant and machinery	354,821,754	147,186,665	411,613,637	90,394,782
	Generators	11,443,517	1,919,532	-	13,363,049
	Advance for purchase of vehicles	3,271,957	2,604,150	5,876,107	-
		427,316,356	206,005,795	521,612,351	111,709,800

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

10	INTANGIBLE ASSETS	Note	2020 Rupees	2019 Rupees
	Computer software	10.1	638,385	797,985
10.1	Computer software			
	Net carrying value basis			
	NBV as on July 01		797,985	907,435
	Additions		-	72,038
	Amortization charge	10.2	(159,600)	(181,488)
	NBV as at June 30		638,385	797,985
	Gross carrying value basis			
	Cost		1,985,738	1,913,700
	Additions		-	72,038
	Accumulated amortization		(1,347,353)	(1,187,753)
	NBV as at June 30		638,385	797,985
10.2	Amortization charge for the year has been allocated to administrative expenses (Note 32).			
11	LONG-TERM DEPOSITS	Note	2020 Rupees	2019 Rupees
	Security deposits			
	Margin against bank guarantee	11.1	2,175,000	2,175,000
	Other deposits		9,362,730	4,226,418
			11,537,730	6,401,418
11.1	Represents 30% cash margin against guarantee issued by Faysal Bank Limited in favor of Sui Southern Gas Company Limited.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

12	STOCK-IN-TRADE	Note	2020 Rupees	2019 Rupees
	Raw material:			
	In hand	12.1&31	92,002,828	106,011,619
	In transit		136,743,331	115,862,049
	In bonded warehouse		25,657,382	20,903,928
			254,403,541	242,777,596
	Work in process	31	61,011,913	86,785,928
	Finished goods	31	13,122,176	46,096,104
			74,134,089	132,882,032
			328,537,630	375,659,628
12.1	This includes raw material provided by third parties for toll manufacturing amounting to Rs. 43.6 million (2019: Nil).			
13	TRADE DEBTS	Note	2020 Rupees	2019 Rupees
	Considered good			
	- Related parties	13.2&13.3	79,304,646	112,385,128
	- Other than related parties	13.4	179,022,256	324,791,345
			258,326,902	437,176,473
	Considered doubtful		30,076,628	29,083,924
			288,403,530	466,260,397
	Less: allowance for expected credit losses (ECL)	13.1	(30,076,628)	(29,083,924)
		13.4	258,326,902	437,176,473
13.1	Allowance for expected credit losses			
	Balance as at 1 July		29,083,924	22,908,950
	Provision for ECL (impact of initial application)	35	992,704	11,213,142
	Reversal of provision	36	-	(5,038,168)
	Balance as at 30 June		30,076,628	29,083,924
13.2	Represents balances due from related parties which are as follows:			
	Description			
	Hilal Foods (Private) Limited		1,431,542	3,713,015
	Kings Foods (Private) Limited		632,650	632,650
	Shalimar Foods Products		1,394,792	1,883,595
	Toyo Packaging (Private) Limited		75,845,662	106,155,868
			79,304,646	112,385,128
13.3	The maximum aggregate amount due from the related parties at the end of any month during the year were:			
			2020 Rupees	2019 Rupees
	Hilal Foods (Private) Limited		4,231,538	6,551,684
	Kings Foods (Private) Limited		632,650	632,650
	Shalimar Foods Products		2,422,484	3,247,113
	Toyo Packaging (Private) Limited		92,134,616	112,964,113

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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

Total	Neither past due nor impaired	Past due but not impaired			
		> 30 days up to 60 Days	> 60 days up to 90 Days	> 90 days up to 180 Days	>180 days
(Rupees)					
Related parties					
Hilal Foods (Private) Limited	1,431,542	1,210,588	188,851	32,103	-
Kings Foods (Private) Limited	632,650	-	-	-	632,650
Shalimar Foods Products	1,394,792	-	-	803,398	224,292
Toyo Packaging (Private) Limited	75,845,662	12,099,438	4,183,883	4,626,689	29,111,242
	<u>79,304,646</u>	<u>13,310,026</u>	<u>4,372,734</u>	<u>5,462,190</u>	<u>29,335,534</u>
Other than related parties	<u>179,022,256</u>	<u>94,160,076</u>	<u>31,961,042</u>	<u>8,001,977</u>	<u>33,918,773</u>
2020	<u>258,326,902</u>	<u>107,470,102</u>	<u>36,333,777</u>	<u>13,464,167</u>	<u>63,254,307</u>

Total	Neither past due nor impaired	Past due but not impaired			
		> 30 days up to 60 Days	> 60 days up to 90 Days	> 90 days up to 180 Days	>180 days
(Rupees)					
Related parties					
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
Toyo Packaging (Private) Limited	106,155,868	5,403,426	20,519,467	54,116,264	24,807,328
	<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>
Other than related parties	<u>324,791,345</u>	<u>131,355,163</u>	<u>121,215,531</u>	<u>36,917,340</u>	<u>21,136,529</u>
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>

14	LOANS AND ADVANCES - unsecured, considered good	Note	2020 Rupees	2019 Rupees
	Loans			
	Employees	14.1	1,540,070	1,093,200
	Advances			
	- Suppliers and contractors		9,604,494	10,589,945
	- Employees	14.2	2,550,116	1,430,266
			<u>12,154,610</u>	<u>12,020,211</u>
			<u>13,694,680</u>	<u>13,113,411</u>

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

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

15	TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES	Note	2020 Rupees	2019 Rupees
	Trade deposits - unsecured, considered good			
	- Containers		15,365,764	13,777,583
	- Nazir High Court	29.1.3	9,525,757	9,525,757
	- Others		3,500,018	2,150,024
			<u>28,391,539</u>	<u>25,453,364</u>
	Short-term prepayments	15.1	1,109,010	195,001
	Other receivables	15.2	162,500,000	-
			<u>192,000,549</u>	<u>25,648,365</u>

15.1 Represents prepayments made for the internet connection, mobile bills and fuel cards given to employees.

15.2 Represents receivable against the sale of leasehold land (Note 9.1).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

16	TAX REFUND DUE FROM GOVERNMENT– net	2020	2019
		Rupees	Rupees
	Income tax refundable	199,986,571	161,884,098
	Sales tax refundable	14,053,952	6,817,475
		214,040,523	168,701,573
16.1	Income tax refundable		
	As at July 01	161,884,098	86,815,394
	Provision for current year tax	(36,990,471)	(30,191,741)
	Reversal / (Provision) for prior year	15,067,119	(699,403)
	Advance tax paid during the year	60,025,825	105,959,848
	As at June 30	199,986,571	161,884,098
17	CASH AND BANK BALANCES		
	Cash in hand	199,772	128,170
	Cash at banks – current accounts	17,994,428	52,854,435
		18,194,200	52,982,605
18	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
	2020 2019 -----(Number of Shares)-----	2020 2019 -----(Rupees in '000)-----	
	Fully paid ordinary shares of Rs. 10/- each		
	- Issued for cash	259,860,000	259,860,000
	- Issued as fully paid bonus shares	129,000,000	129,000,000
	- Issued as right shares at a premium of Rs. 5/-	204,151,500	204,151,500
	25,986,000	593,011,500	593,011,500
	12,900,000		
	20,415,150		
	59,301,150		
	25,986,000		
	12,900,000		
	20,415,150		
	59,301,150		
18.1	Mr. Maqbool Elahi Shaikh (Late), held 27,596,456 (2019: 27,596,456) ordinary shares of Rs. 10/- each in the Company representing 46.50% (2019: 46.50%) of the share capital as of the reporting date.		
18.2	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.		
19	RESERVES	2020	2019
		Rupees	Rupees
	Share premium on issue of ordinary shares	173,566,620	173,566,620
	Surplus on revaluation of property, plant and equipment	623,040,000	-
	Accumulated losses	(177,791,039)	(113,939,276)
		618,815,581	59,627,344

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

19.1 Surplus on revaluation of property, plant and equipment

The movement in surplus on revaluation of property, plant and equipment is as follows:

	Note	2020 Rupees	2019 Rupees
Opening balance		-	-
Surplus on revaluation recognised during the year	9.1	623,040,000	-
Transfer to unappropriated profit		-	-
		623,040,000	-

20 DIMINISHING MUSHARIKA ARRANGEMENT

Outstanding	20.1	351,193,520	325,150,788
Current portion		(93,950,068)	(73,953,668)
Long Term		257,243,452	251,197,120

20.1 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 specific charge over plant and machinery with 25% margin.

21 LEASE LIABILITIES

21.1 The Company entered into a finance lease agreement with financial institutions in respect of gas generator. 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 term.

21.2 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 3 months KIBOR plus 2 percent. Purchase option can be exercised by the lessee at the expiry of the lease term.

21.3 The 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 term.

21.4 The carrying amounts of lease liabilities and the movement during the period are as follows:

	Note	2020 Rupees	2019 Rupees
As at 1 July		66,317,486	17,064,282
Additions		-	74,343,239
Impact of initial application of IFRS 16		963,825	-
Accretion of interest	34	9,522,276	6,320,216
Payments		(28,929,570)	(31,410,251)
As at 30 June		47,874,017	66,317,486
Current		35,511,948	26,389,162
Non-Current		12,362,069	39,928,324
		47,874,017	66,317,486

The Company also has a lease of asset with lease terms of 12 months or less. The Company applies the 'short-term' lease recognition exemption for such lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

The following are the amounts recognised in profit or loss:	Note	2020 Rupees	2019 Rupees
Depreciation expense of right-of-use assets	9.6	15,313,296	-
Interest expense on lease liabilities	34	9,522,276	6,320,216
Expense relating to short-term leases	32	6,000,000	-
		30,835,572	6,320,216

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:

	2020		2019	
	Minimum Lease Payments (MLP)	Present Value of MLP	Minimum Lease Payments	Present Value of MLP
	------(Rupees)-----			
Within one year	41,521,083	35,488,736	34,557,824	26,396,445
After one year but not more than five years	12,787,595	12,385,281	44,406,069	39,921,041
Total minimum lease payments	54,308,678	47,874,017	78,963,893	66,317,486
Less: Finance charges	(6,434,661)	-	(12,646,407)	-
Present value of minimum lease payments	47,874,017	47,874,017	66,317,486	66,317,486
Less: Current portion	(35,511,948)	(35,511,948)	(26,389,162)	(26,389,162)
	12,362,069	12,362,069	39,928,324	39,928,324

22	DEFERRED INCOME	Note	2020 Rupees	2019 Rupees
	Opening balance		10,839,956	-
	Gain on sale and lease back transaction	22.1	-	12,984,865
	Less: amortization for the year	36	4,328,288	2,144,909
			6,511,668	10,839,956

22.1 Represents sale and lease back transaction with a financial institution which in turn had resulted in a gain of Rs 12.98 million and shall be recognized over the leased term.

23	DEFERRED TAXATION		2020 Rupees	2019 Rupees
	Taxable temporary differences arising due to:			
	- accelerated tax depreciation		186,363,787	131,530,438
	- accelerated tax amortization		7,922	44,879
	- right-of-use assets		35,309,293	40,408,845
	- other long-term payables		6,036,768	-
			227,717,770	171,984,162
	Deductible temporary differences arising due to:			
	- lease liabilities		(14,486,370)	(19,232,070)
	- provision for staff retirement benefits – gratuity		(12,042,592)	(7,369,444)
	- provision for expected credit losses		(10,183,290)	(9,895,406)
	- unrealized exchange losses		(1,319,307)	(15,922,122)
	- unutilized tax losses	23.2	(177,917,075)	-
	- alternate corporate tax		(756,641)	-
	- minimum tax	23.2&23.3	(12,331,171)	-
			(229,036,446)	(52,419,042)
		23.1	(1,318,676)	119,565,120

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

- 23.1** Deferred tax income amounting to Rs.120.477 million (2019: Nil) has been recognised in statement of profit or loss (Note 37).
- 23.2** The management carries periodic assessment to assess the benefit of the unavailed tax credits in respect of minimum tax and taxable losses as the Company would be able to set off the taxable profit earned in future years against them. Based on such assessment, the management has recognised a deferred tax debit balance amounting to Rs 12.331 million (2019: Nil) on account of unavailed tax credits in respect of minimum tax and Rs 177.917 million (2019: Nil) in respect of taxable losses, which are determined on the basis of projected taxable profits of the Company for future years. The determination of future taxable profits is most sensitive to certain key assumptions such as capacity utilisation, etc. Accordingly, any significant change in the key assumptions may have an effect on the realisability of deferred tax asset.
- 23.3** The Honourable High Court of Sindh, vide order dated May 2013, has overturned the interpretation of the Appellate Tribunal on Section 113 (2) (c) of the Income Tax Ordinance, 2001 and has decided that the minimum turnover tax cannot be carried forward where there is no tax paid on account of taxable loss for the year or carried forward losses. The Company's management based on the view of its tax advisor believes that there are reasonable basis to argue the Company's case, accordingly, the Company has accounted for the deferred tax on minimum tax for tax year 2020 amounted to Rs 12.331 million in these financial statements.

24	STAFF RETIREMENT BENEFITS - STAFF GRATUITY	Note	2020 Rupees	2019 Rupees
24.1	The amount recognized in the statement of financial position is as follows:			
	Present value of defined benefit obligation	24.2	41,526,179	25,411,876
24.2	Changes in the present value of defined benefit obligation are as follows:			
	As at July		25,411,876	25,343,572
	Charge for the period	24.3	19,574,711	11,574,271
	Re-measurement loss / (gain) recognized in other comprehensive income		1,403,752	(988,401)
	Benefits paid		(1,064,742)	(10,517,566)
	Advances paid		(3,799,418)	-
	As at June		41,526,179	25,411,876
24.3	Charge for the year recognized in the statement of profit or loss is as follows:			
	Current service cost		16,210,623	9,952,743
	Interest cost		3,364,088	1,621,528
			19,574,711	11,574,271
24.4	The Charge for the year has been allocated as follows:			
	Cost of sales	31.1	10,175,915	7,261,089
	Administrative expenses	32.1	7,266,613	2,626,355
	Marketing and selling expenses	33.1	2,132,183	1,686,827
			19,574,711	11,574,271
24.5	The principal assumptions used in the actuarial valuations carried out as of June 30, 2020 using the 'Projected Unit Credit' method are as follows:			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Expected rate of increase in salary level		7.25% p.a	14.5% p.a
Discount rate		9.25% p.a	14.5% p.a

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

Assumption	1% increase	1% decrease
Discount rate	(4,982,896)	5,955,842
Salary increase	6,254,888	(5,299,305)

24.7 Maturity profile of the defined benefit obligation:

	2020	2019
Weighted average duration - in number of years	12.07	13.22

24.8 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.

24.9 Comparison of five years:

As at June 30	2020	2019	2018	2017	2016
	------(Rupees)-----				
Present value of defined benefit obligation	41,526,179	25,411,876	25,343,572	20,232,009	19,778,261
Deficit	41,526,179	25,411,876	25,343,572	20,232,009	19,778,261

25 OTHER LONG-TERM LIABILITIES	Note	2020 Rupees	2019 Rupees
Gas Infrastructure Development Cess	25.1	208,843,400	-
Less: Current portion shown under current liabilities		(105,260,761)	-
		103,582,639	-

25.1 In accordance with the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011), the Company was required to pay GIDC to applicable supplier of Gas, as specified in the First Schedule and at rates specified in the Second Schedule to the GIDC Act, 2011. Subsequently, on 13 August 2020, Supreme Court of Pakistan (SCP) has announced a judgement, "As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers / clients therefore all arrears of 'Cess' that have become due upto 31 July 2020 and have not been recovered so far shall be recovered by the Companies responsible under the GIDC Act, 2015 to recover from their consumers. However, as a concession, the same be recovered in twenty-four equal monthly installments starting from 01 August 2020 without the component of late payment surcharge". Accordingly, the Company has re-estimated the liability in respect of GIDC inclusive of sales tax and recognised the total discounted value of liability amounting to Rs. 208.8 million out of which Rs. 175.5 million has been recognised in statement of profit or loss comprising of Rs. 31.1 million recognised in cost of sales and remaining Rs. 144.4 million recognised in other operating expenses. The company also applied for stay in Sindh High Court to stop SSGC from recovering the GIDC amount and the same has been granted in favor of the Company on 30th september 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

26	TRADE AND OTHER PAYABLES	Note	2020 Rupees	2019 Rupees
	Trade creditors		151,724,395	64,221,431
	Import bills for goods and fixed asset		244,151,290	530,735,687
	Accrued liabilities		27,202,032	54,021,594
	Advances from customers - unsecured (contract liabilities)		92,574,396	6,699,305
	Workers' Profits Participation Fund	26.1	146,105,978	134,760,609
	Workers' Welfare Fund		15,916,918	15,916,918
	Withholding tax payable		54,449,500	41,433,527
	Others		454,867	812,220
			732,579,376	848,601,291
26.1	Workers' Profits Participation Fund			
	Balance at the beginning of the period		134,760,609	123,359,968
	Interest on Workers' Profits Participation Fund	34	11,345,369	11,400,641
			146,105,978	134,760,609
27	SHORT-TERM BORROWING - secured			
	Running finance under markup arrangement	27.1	-	9,987,380
	Short-term loan	27.2	97,281,495	-
	Running finance under FATR	27.3	139,957,628	92,600,500
	Finance against LCs	27.3	45,508,347	106,641,123
	Istisna arrangement	27.4	73,600,018	229,500,000
			356,347,488	438,729,003
27.1	Represents running finance facility availed from a commercial bank to meet working capital requirements which is payable on demand carrying markup of 3 months KIBOR plus 2 percent per annum and is secured against first Pari Passu charge of Rs. 267 million in aggregate over current assets, leasehold land and building and plant and machinery of the Company and personal guarantee of the director of the Company.			
27.2	Represents short-term facility availed from a commercial bank during the year for the purpose of deferment in payment of LC facility which is payable within 6 months carrying markup of 3 months KIBOR plus 2.5 percent per annum and is secured against first Pari Passu charge of Rs. 200 million over leasehold land and building, joint Pari Passu charge of Rs. 200 million over other fixed assets and current assets and personal guarantee of two executive directors of the Company.			
27.3	Represents running finance facility (financing against trust receipts - FATR) and finance against LCs availed from commercial banks for post import requirements of LCs and to meet working capital requirements during the year which is payable on demand carrying markup of 1 month KIBOR plus 3 percent and 3 month KIBOR plus 2.5 percent respectively and are secured against joint Pari Passu charge over current assets amounting to Rs.387 million and Rs. 150 million, fixed assets amounting to Rs. 200 million.			
27.4	Represents Islamic financing facility of Rs. 73.6 million obtained from an Islamic bank which is payable within four months carrying markup of 6 months KIBOR plus 1.75% and is secured against Joint Pari Passu charge of Rs. 387 million over current assets, joint Pari Passu charge of Rs. 258 million over plant and machinery of the Company and joint Pari Passu charge of Rs. 130 million over leasehold land and building of the Company.			
28	ACCRUED MARK-UP		2020 Rupees	2019 Rupees
	Lease liabilities		2,078,984	60,164
	Diminishing musharika arrangement		9,831,375	-
	Short-term loan		850,747	-
	Running finance under FATR and finance against LCs		3,306,154	3,885,328
	Istisna arrangement		298,532	3,766,736
			16,365,572	7,712,228

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 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 for 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.

29.1.2 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.

29.1.3 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

29.1.4 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.

29.1.5 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.

29.1.6 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 regard.

29.1.7 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.

29.1.8 The Finance Act, 2019 introduced an amendment to sub-section (1) of section 65B of the Income Tax Ordinance, 2001 whereby tax credit under the said section was reduced from 10% to 5% for the tax year 2019. The Company being aggrieved, filed a petition with the Honourable Sindh High Court bearing CP no.8503/2019 pleading the allowance of differential 5% tax credit in the annual return for the tax year 2019. The honourable Sindh High Court vide order dated 28-12-2019 allowed the Company to claim full amount of tax credit. Provided that in case of adverse decision by the Honourable Sindh Court in the aforementioned case, the balance amount of 5% will be paid/adjusted by the Company within fifteen days from the date of the order. There has been no advancement on the case since then and the management expects a favourable outcome in this case.

29.2	COMMITMENTS	Note	2020 Rupees	2019 Rupees
29.2.1	Outstanding bank guarantees		11,873,412	7,250,000
29.2.2	Outstanding letters of credit	29.2.3	185,181,245	48,896,397
29.2.3	The aforesaid letter of credit is secured against lien over import documents.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

30	TURNOVER- net	Note	2020 Rupees	2019 Rupees
	Gross Sales		2,550,186,987	2,864,778,090
	-Local		2,105,148	-
	-Exports		2,552,292,135	2,864,778,090
			(387,338,279)	(449,438,774)
	Less: Sales tax	30.1	2,164,953,856	2,415,339,316
30.1	This includes sales made to related parties as disclosed in note 40.			
31	COST OF SALES			
	Opening stock of raw material		106,011,619	76,518,701
	Purchases during the year		1,415,913,317	1,709,633,063
			1,521,924,936	1,786,151,764
	Closing stock of raw material	12	(92,002,828)	(106,011,619)
	Raw material consumed		1,429,922,108	1,680,140,145
	Manufacturing expenses			
	Salaries, wages and other benefits	31.1	120,407,209	112,001,087
	Oil and lubricants / diesel		5,200,921	6,706,474
	Packing material consumed		45,194,915	39,406,885
	Consumable stores		5,178,548	5,897,686
	Water charges		5,400,542	2,112,794
	Repairs and maintenance		24,289,077	27,447,477
	Vehicle running and maintenance		4,827,881	3,744,507
	Utilities		183,162,996	118,401,158
	Gas Infrastructure Development Cess (GIDC)	25.1	31,084,785	-
	Insurance		9,446,162	9,644,540
	Telephone		941,113	1,270,560
	Cartage and octroi		21,877,861	20,948,224
	Consultancy charges		-	181,217
	Staff welfare		5,446,846	5,261,765
	Security charges		2,946,932	2,927,404
	Depreciation	9.3&9.7	127,051,900	91,016,761
	Transportation		17,782,886	13,076,923
	Rent, rates and taxes		2,188,471	1,580,703
	Traveling and accommodation		2,722,752	2,321,743
	Others		3,783,330	3,272,027
			618,935,127	467,219,935
			2,048,857,235	2,147,360,080
	Opening work-in-process		86,785,928	184,546,594
			2,135,643,163	2,331,906,674
	Closing work-in-process	12	(61,011,913)	(86,785,928)
	Cost of goods manufactured		2,074,631,250	2,245,120,746
	Finished goods			
	Opening stock		46,096,104	112,900,240
	Closing stock	12	(13,122,176)	(46,096,104)
			32,973,928	66,804,136
			2,107,605,178	2,311,924,883

31.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 10.176 million (2019: Rs. 7.261 million)..

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

32 ADMINISTRATIVE EXPENSES	Note	2020 Rupees	2019 Rupees
Salaries, wages and other benefits	32.1	36,636,040	36,499,468
Directors' remuneration		22,526,931	25,630,757
Vehicle maintenance		3,693,481	2,753,300
Legal and professional		1,582,001	943,310
Traveling and accommodation		1,693,188	666,045
Insurance		471,122	1,168,904
Fees and subscription		2,637,128	3,504,403
Rent, rates and taxes		6,000,000	4,800,000
Advertisement		100,500	180,617
Postage and stationery		764,911	1,496,873
Donation		-	30,000
Telephone		682,704	549,219
Newspaper and periodicals		4,672	9,868
Amortization	10.2	159,600	181,488
Fuel and power		1,641,068	1,466,393
Auditors' remuneration	32.2	1,183,099	1,113,700
Depreciation	9.3&9.7	2,728,241	2,753,876
Repair and maintenance		1,691,830	1,464,385
Staff welfare		1,732,812	1,498,538
Security		769,092	940,719
Water		78,583	70,998
Others		1,434,801	1,279,470
		88,211,804	89,002,331

32.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 7.267 million (2019: Rs. 2.626 million).

32.2 Auditors' remuneration	Note	2020 Rupees	2019 Rupees
Audit fee		924,000	880,000
Fee for review of half yearly		92,400	88,000
Fee for review of code of corporate governance		40,425	38,500
Out of pocket expenses		126,274	107,200
		1,183,099	1,113,700

33 MARKETING AND SELLING EXPENSES

Salaries, wages and other benefits	33.1	20,225,994	19,918,198
Vehicle running and maintenance		1,260,370	1,383,609
Travelling and accommodation		125,720	1,611,341
Rent, rates and taxes		-	641,964
Postage and stationery		324,530	239,239
Telephone		145,690	231,800
Power / electricity		43,521	41,140
Staff welfare		80,180	53,665
Sales promotion		1,454,100	3,303,730
Depreciation	9.3&9.7	2,969,853	1,678,575
Insurance		188,823	385,830
Others		122,707	118,678
Water		26,941,488	29,607,769

33.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 2.132 million (2019: Rs. 1.687 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

34	FINANCE COSTS	Note	2020 Rupees	2019 Rupees
	Mark-up on:			
	- diminishing musharika arrangements		52,479,544	11,047,696
	- lease liabilities	21.4	9,522,276	6,320,216
	- letters of credit		45,720,436	32,742,914
	- short-term loan		850,747	-
	- istisna arrangement		31,275,606	23,240,681
	- running finance under FATR and finance against LCs		1,491,700	632,079
			141,340,309	73,983,586
	Interest on Workers' Profits Participation Fund	26.1	11,345,369	11,400,641
	Bank charges		4,319,446	3,324,799
			15,664,815	14,725,440
			157,005,124	88,709,026
35	OTHER OPERATING EXPENSES			
	Gas Infrastructure Development Cess	25.1	144,389,237	-
	Expected credit loss	13.1	992,704	-
	Exchange loss - net		-	112,496,037
	Surcharge on annual maintenance charges		4,565,722	4,292,568
			149,947,663	116,788,605
36	OTHER INCOME			
	Income from non-financial assets:			
	Scrap sales		6,626,971	7,039,826
	Exchange gain - net		5,664,320	-
	Gain on sale of operating fixed assets	36.1	176,538,099	4,105,376
	Amortization of deferred income	22	4,328,288	2,144,909
	Reversal of provision for ECL	13.1	-	5,038,168
	Others		10,191,269	1,692,111
			203,348,947	20,020,390
36.1	Includes gain on disposal of leasehold land (Note 9.1).			
37	TAXATION			
	Current		36,990,471	30,191,741
	Prior		(15,067,119)	699,403
	Deferred		(120,476,708)	2,353,649
			(98,553,356)	33,244,793
37.1	The income tax assessment of the Company has been finalized up to tax year 2019.			
37.2	The company is in taxable losses hence minimum tax is applicable and no reconciliation is prepared.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

38	BASIC AND DILUTED EARNING PER SHARE	2020 Rupees	2019 Rupees
	There is no dilutive effect on the basic earnings per share which is based on:		
	Loss after taxation	<u>(62,855,098)</u>	<u>(233,917,701)</u>
		(Number of shares)	
	Weighted average number of ordinary shares	<u>59,301,150</u>	<u>59,301,150</u>
		Rupees	Rupees
	Loss per share	<u>(1.06)</u>	<u>(3.94)</u>

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER 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	
	2020	2019	2020	2019	2020	2019
	---- Rupees ----		---- Rupees ----		---- Rupees ----	
Remuneration	6,652,000	6,966,667	11,693,658	16,266,825	51,758,848	50,673,477
Medical allowance	3,232,303	1,185,011	353,805	420,585	2,109,519	1,460,762
Other perquisites (Motor vehicle maintenance etc.)	41,215	21,888	553,950	769,781	2,895,279	2,362,042
	9,925,518	8,173,566	12,601,413	17,457,191	56,763,646	54,496,281
Number of person(s)	1	1	1	2	15	15

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

Aggregate amount charged in the financial statements for remuneration (salary / fee, other benefits) to non-executive director is Rs. Nil (2019: Nil).

40 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies, major shareholders, directors, key management personnel and customers. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. The transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
Directors (Key management personnels)*		
Dividend paid to directors	-	7,858,463
Remuneration	31,335,797	29,491,176
Office rent charged	6,000,000	4,800,000
Office rent paid	6,000,000	4,800,000
Common Directorship		
Toyo Packaging (Private) Limited		
Sale of goods / processing charges	142,334,218	228,528,807
Receipts against sale of goods / processing charges	172,850,298	175,191,807
Hilal Foods (Private) Limited		
Sale of goods	12,689,260	29,236,618
Receipts against sale of goods	14,970,733	30,019,982
Shalimar Food Products		
Sale of goods	2,073,756	4,623,350
Receipts against sale of goods	2,562,559	5,672,053

40.1 The related parties status of outstanding receivables, if any, as at June 30, 2020 and 30 June 2019 are disclosed in respective notes to these financial statements.

* Key management personnels, in relation to a company includes but not limited to Chief executive or managing director, the Company Secretary, whole-time director and Chief Financial Officer.

41 CASH FLOWS FROM OPERATIONS		2020 Rupees	2019 Rupees
Loss before taxation		(161,408,454)	(200,672,908)
Adjustments for non-cash and other items:			
Depreciation	9.3&9.7	132,749,994	95,449,212
Amortization	10.1	159,600	181,488
Provision for gratuity	24.2	19,574,711	11,574,271
Finance costs	34	157,005,124	88,709,026
Provision / (Reversal) for ECL	35	992,704	(5,038,168)
Gas Infrastructure Development Cess	31&35	175,474,021	-
Exchange loss - unrealized	35	4,549,336	112,496,037
Gain on disposal of operating fixed assets	36	(176,538,099)	(4,105,376)
Deferred income	36	(4,328,288)	(2,144,909)
		309,639,103	297,121,581
		148,230,649	96,448,673
Working capital changes	41.1	54,113,836	256,118,862
		202,344,485	352,567,535

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

41.1 Working capital changes	2020 Rupees	2019 Rupees
(Increase) / decrease in current assets		
Stock-in-trade	47,121,998	115,586,212
Trade debts	177,856,868	(38,694,255)
Loans and advances	(581,269)	3,837,348
Trade deposits, short-term prepayments and other receivables	(166,352,184)	(9,043,844)
Sales tax refundable	(7,236,477)	-
	50,808,936	71,685,461
Increase / (decrease) in current liabilities		
Short term borrowings	(82,381,515)	340,797,799
Trade and other payables	(123,156,985)	(156,364,398)
Gas Infrastructure Development Cess payable	208,843,400	-
	54,113,836	256,118,862

42 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.

42.1 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.

	Note	2020 Rupees	2019 Rupees
The maximum exposure to credit risk at the reporting date is:			
Long-term deposits	11	11,537,730	6,401,418
Trade debts	13	258,326,902	437,176,473
Loans and advances	14	13,694,680	13,113,411
Trade deposits and other receivables	15	190,891,539	25,453,364
Bank balances	17	17,994,428	52,854,435
		492,445,279	534,999,101

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:

	2020 Rupees	2019 Rupees
Bank balances		
A1+ (PACRA)	9,292,926	19,706,120
A-1 (PACRA)	78,819	78,819
A-1+ (JCR VIS)	8,618,455	33,065,218
A-2 (JCR VIS)	4,228	4,278
	17,994,428	52,854,435

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

42.2 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)
2020	+	100	11,103,644
	-	100	(11,103,644)
2019	+	100	8,412,571
	-	100	(8,412,571)

(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:

	2020 (US Dollars)	2019 (US Dollars)
Trade and other payables	<u>1,350,279</u>	<u>2,945,100</u>
	2020 (EUR Euros)	2019 (EUR Euros)
Trade and other payables	<u>88,298</u>	<u>264,286</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, 2020 represented in foreign currencies, with all other variables held constant, of the Company's loss before tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

	Change in exchange rate (%)	Effect on loss before tax (Rupees)
30-Jun-20	+10%	24,399,366
	-10%	<u>(24,399,366)</u>
30-Jun-19	+10%	47,030,007
	-10%	<u>(47,030,007)</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.

42.3 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, 2020 the Company's current liabilities exceed its current assets by Rs. 316.105 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.

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 -----					
June 30, 2020						
Lease liabilities	-	21,415,898	20,105,185	12,787,595	-	54,308,678
Diminishing musharika	-	46,975,034	46,975,034	257,243,452	-	351,193,520
Trade and other payables	-	731,695,754	883,624	-	-	732,579,378
Accrued mark-up	16,365,792	-	-	-	-	16,365,792
Short-term borrowings	282,747,469	73,600,018	-	-	-	356,347,487
	<u>299,113,261</u>	<u>873,686,704</u>	<u>67,963,843</u>	<u>270,031,047</u>	-	<u>1,510,794,855</u>
June 30, 2019						
Lease liabilities	-	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	-	-	849,794,245
Accrued mark-up	7,712,228	-	-	-	-	7,712,228
Short-term borrowings	209,229,003	229,500,000	-	-	-	438,729,003
	<u>216,941,231</u>	<u>1,132,496,275</u>	<u>55,309,462</u>	<u>295,603,189</u>	-	<u>1,700,350,157</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measure using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants at in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market price

Level 2: Valuation techniques (market observable); and

Level 3: Valuation techniques (non-market observables)

As of reporting date, the Company has no financial assets carried at fair value other than as disclosed in note 9.2 to these financial statements.

44 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.

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, 2020 and 2019 are as follows:

	2020 Rupees	2019 Rupees
Lease liabilities	47,874,017	66,317,486
Accrued mark-up	16,365,792	7,712,228
Diminishing musharika arrangement	351,193,520	325,150,788
Short-term borrowings	356,347,488	438,729,003
Total debts	771,780,817	837,909,505
Less: Cash and bank balances	(18,194,200)	(52,982,605)
Net debt	753,586,617	784,926,900
Share capital	593,011,500	593,011,500
Reserves	618,815,581	59,627,344
Total equity	1,211,827,081	652,638,844
Total capital	1,965,413,698	1,437,565,744
Gearing ratio	38.34%	54.60%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

45	NUMBER OF EMPLOYEES	2020		2019	
		-----Numbers-----			
	At year end	159		147	
	Average employees during the year	153		148	

46 CAPACITY AND PRODUCTION

Operational capacity	2020		2019	
	Rated Capacity	Actual production	Rated Capacity	Actual production
------(Rupees)-----				
BOPP – Port Qasim Authority	15,000	7,802	15,000	8,069
CPP – Port Qasim Authority	7,000	2,458	7,000	1,121

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

47	CASH AND CASH EQUIVALENTS	Note	2020	2019
			Rupees	Rupees
	Cash and bank balances	17	18,194,200	52,982,605
	Running finance under mark-up arrangements	27	-	(9,987,380)
			18,194,200	42,995,225

48 SUBSEQUENT EVENTS

48.1 The Board of Directors of the Company in their meeting held on September 30, 2020 have recommended cash dividend @ Nil amounting to Rs. Nil (2019: 0%) for approval of the shareholders in the annual general meeting to be held on October 28, 2020.

49 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2020 by the Board of Directors of the Company.

50 GENERAL

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR`



ماشا لله

PROXY FROM

MACPAC FILMS LTD

25th Annual General Meeting

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 25th Annual General Meeting of the company to be held at 02:45pm on 28th October 2020 at the registered office of the company: Plot #21 Maqboolabad, Jinnah Cooperative Housing Society (J.C.H.S.), Tipu Sultan Road, Karachi-75400, Pakistan, and at any adjournment thereof.

Witness my/our hand(s) this _____ day of _____, 2020

Signed by the said _____

Witnesses:

1. Signature _____
Name _____
Address _____

1. Signature _____
Name _____
Address _____

CNIC or Passport No. _____

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

میک پیک فلمز لمیٹڈ
پراکسی فارم

میں مسٹی / مسماة ----- ساکن -----
ضلع ----- بحیثیت ممبر میک پیک فلمز لمیٹڈ، مسٹی مسماة ----- ساکن ----- کو
بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری طرف سے کمپنی کو اجلاس عام / سالانہ / غیر معمولی اجلاس (یا دیگر صورت حال ہو) جو بتاریخ
28 اکتوبر 2020 منعقد ہو رہا ہے میں اور اس کے کسی ملتی شدہ اجلاس میں ووٹ ڈالے۔

نوٹ

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

دستخط



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

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حصص داری کی ساخت

ادارتی نظم و ضبط کے ضابطے کے تحت 30 جون 2020 کی حصص داری کی ساخت کے ساتھ ضروری منکشفات سالانہ رپورٹ 2020 کے صفحہ نمبر 51 پر منسلک ہے۔

اعتراف

کمپنی کے ڈائریکٹران اس موقع پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، حصص یافتگان، شراکت داروں، گاہکوں، حکومتی اداروں، خود مختار اداروں، مالیاتی اداروں اور بینکاروں کے تعاون اور مسلسل تعاون پر ان کے مشکور ہیں۔

ڈائریکٹران کمپنی کے ملازمین کی خدمات اور انتھک و قابل قدر کوششوں پر ان کے لئے ستائش ریکارڈ پر لانا چاہتا ہے۔

برائے و منجانب بورڈ

احتشام مقبول الہی
ڈائریکٹر

نجم الحسن
چیف ایگزیکٹو آفیسر

کراچی
ستمبر

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کہ تین ممبران پر مشتمل ہے، تمام نان ایگزیکٹو ڈائریکٹران ہیں جن میں کمیٹی کا چیئرمین بھی شامل ہے۔ کمپنی کے فرائض کا تعین کو بورڈ آف ڈائریکٹرز نے لسٹنگ ریگولیشنز میں فراہم کردہ رہنما اصولوں کے مطابق کیا ہے۔

انسانی وسائل اور معاوضہ کمیٹی

بورڈ نے ایک انسانی وسائل و معاوضہ کمیٹی تشکیل دی ہے۔ یہ کمیٹی 3 ممبران پر مشتمل ہے جس میں دو نان ایگزیکٹو ڈائریکٹران اور ایک ایگزیکٹو ڈائریکٹر ہے۔ کمپنی کا چیئرمین ایک نان ایگزیکٹو ڈائریکٹر ہے۔

ادارتی سماجی ذمہ داری (CSR)

کمپنی کی اولین ترجیح ہمیشہ اخلاقی اور پائیدار کاروبار کو انجام دینے میں معاشرے کی فلاح و بہبود عزم موجود ہے۔ کمپنی کو سال کے دوران منعقد کی گئی CSR سرگرمیوں پر فخر ہے۔ CSR سرگرمیوں کی تفصیلات سالانہ رپورٹ کے صفحہ نمبر 14 پر موجود ہیں۔

انسانی وسائل اور ملازمین کے ساتھ تعلقات

کمپنی کا انسانی سرمایہ ادارے کا بنیادی اثاثہ ہے۔ میکپیک فلمز لمیٹڈ میں ہم یہ بتاتے ہوئے فخر محسوس کرتے ہیں ہم کس طرح انسانی وسائل کے ساتھ دیگر وسائل جیسے ساز و سامان اور ٹیکنالوجی نظام سے استفادہ کرتے ہیں تاکہ کمپنی کی مطلوبہ کارکردگی حاصل کی جاسکے۔ سال کے دوران کمپنی کے ڈائریکٹران کمپنی کے ملازمین کی انتھک محنت پر ان کے ستائش کا اظہار کرتے ہیں۔

ایک بڑھتے ہوئے محنت طلب اور مسابقتی کاروباری ماحول میں ہمیں ہمہ جہت چیلنجز کا سامنا ہے۔ انسانی وسائل کے موثر استعمال کے لئے کمپنی میں انسانی سرمائے کے معیار کا مسلسل تجزیہ کیا جاتا ہے۔ ہم اس بات کو یقینی بناتے ہیں کہ کوئی بھی دقیقہ نہ اٹھایا رکھا جائے جس وقت انسانی سرمائے کی ترقی کے اقدامات آئیں۔

اخلاقیات اور کاروباری طور طریقوں کا بیان

بورڈ نے ضابطہ اخلاق تیار کیا ہے اور اسے اختیار کیا ہے اور کمپنی بھر میں اس کے ساتھ معاون پالیسیوں اور طریقہ کار کی تقسیم کے لئے مناسب اقدامات کئے ہیں۔

ادارتی و مالیاتی رپورٹنگ فریم ورک

- ☆ کمپنی کی انتظامیہ نے مالیاتی گوشوارے برائے ختمہ سال 30 جون 2020 کمپنیز ایکٹ کے تحت تیار کئے ہیں۔ یہ گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- ☆ کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- ☆ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- ☆ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے۔
- ☆ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- ☆ کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ☆ لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔
- ☆ گزشتہ سال کے مقابلے میں کاروباری اور مالیاتی نتائج میں کوئی قابل ذکر اور اہم تبدیلی نہیں ہوئی ہے سوائے جن کی وضاحت ڈائریکٹرز رپورٹ میں کی گئی ہے۔
- ☆ گزشتہ چھ سالوں کے اہم کارکردگی کے اشاریے مختصراً آڈٹ شدہ سالانہ رپورٹ کے صفحہ 60 پر دیئے گئے ہیں۔

آڈٹ کمیٹی اور اندرونی گرفت کا نظام

آپ کی کمپنی کی انتظامیہ بہترین ادارتی نظم و ضبط پر یقین رکھتی ہے جسے اس نے واضح وضاحت شدہ اور مستعد چیک اینڈ بیلنس کے نظام سے اور مالیاتی معلومات کی شفاف، درست اور بروقت فراہمی سے نافذ کیا ہوا ہے۔ بورڈ آف ڈائریکٹرز نے اندرونی گرفت کا ایک مضبوط نظام بشمول مالیاتی گرفتیں قائم کی ہیں جو کہ کمپنی میں ہر سطح پر نافذ ہیں۔

مثبت رخ یہ ہے کہ کمپنی کی فروخت کے حجم میں گزشتہ سال کے مقابلے میں 17 فیصد اضافہ دیکھا گیا۔ یہ کمپنی کی موثر کاروباری حکمت عملیوں کو اختیار کرنے سے ممکن ہوا۔ اس کے علاوہ سال کے دوران کمپنی اپنے برآمدی کاروبار کو دوبارہ آغاز کرنے میں کامیاب رہی جس سے ہماری عالمی مارکیٹوں میں داخل ہونے کی ہماری مستعدی اور صلاحیت کی عکاسی ہوتی ہے جو کہ 2007 میں آگ لگنے کے واقعہ کے بعد رک گئی تھی۔ کمپنی کی فروخت کی حکمت عملی میں اس نئے اضافے سے زرمبادلہ بھی حاصل ہوا۔

ہمیں یقین ہے کہ انشاء اللہ آنے والے وقت میں کمپنی مکمل طور پر مارکیٹ میں موجودہ نئے مواقعوں سے مستفید ہونے کے لئے تیار ہے جن میں بڑھتی ہوئی طلب، کم شرح سود اور زرمبادلہ کا استحکام شامل ہیں۔ کمپنی کا CPP پلانٹ ایک قابل ذکر پیداواری گنجائش پر چل رہا ہے اور لہذا ملحقہ تجارتی فوائد فراہم کر رہا ہے۔ ہمیں ایک شائستہ طلب موصول ہو رہی ہے جو کہ ڈالر کے مقابلے میں مساواتی قدر، بڑھتی ہوئی پیداوار ہے جس سے کمپنی کے منافع پر موزوں معاونت حاصل ہوگی۔

ہم اس موقع پر اپنے تمام مستفیدان کو یقین دلاتے ہیں کہ آپ کی کمپنی کارکردگی میں اضافے، مارکیٹ کے نئے شعبوں کو ہدف بنانے، تحقیق و ترویج میں سرمایہ کاری میں اضافہ کی حکمت عملیوں کو اختیار کر چکی ہے اور پر اعتماد ہے کہ ان تمام اقدامات سے نہ صرف منافع میں معاونت ہوگی بلکہ کمپنی مارکیٹ میں اپنا حصہ بڑھانے اور نئی کسٹمرز کو اور کاروباری شعبوں کو ہدف بنانے کے قابل ہو جائے گی جس کے نتیجے میں کمپنی کی صحت مند نمو ہوگی۔

آڈیٹرز

بورڈ اپنے موجودہ آڈیٹرز EY فورڈ روڈز کے مشکور ہیں جنہوں نے سالہ 30 جون 2020 کے اختتام تک خدمات انجام دیں۔ بورڈ آف ڈائریکٹرز نے میسرز KPMG تاثیر ہادی اینڈ کی کمپنی کے آڈیٹرز کی حیثیت سے تقرری کی ہے۔

ادارتی نظم و ضبط کے ضابطے کی پاسداری

لسٹنگ ریگولیشنز میں موجود ادارتی نظم و ضبط کے ضابطے کی ضروریات جو کہ سال مختتمہ 30 جون 2020 سے متعلق ہیں انہیں کمپنی نے اختیار کیا اور ان کی باضابطہ پاسداری کی گئی۔ ادارتی نظم و ضبط کی پاسداری کے لئے ایک علیحدہ بیان، جس پر باضابطہ چیئر مین کے دستخط ہیں، اسے سالانہ رپورٹ 2020 کے صفحہ نمبر 40 پر منکشف کیا گیا ہے۔

گیس انفراسٹرکچر ڈولپمنٹ سیس

معزز سپریم کورٹ آف پاکستان (SCP) نے اپنے فیصلے کا اعلان کیا اور لہذا کمپنی نے GIDC بشمول سیلز ٹیکس سے متعلق واجبات کا ازسرنو تخمینہ کیا اور واجبات کی کل رعایتی قدر برقم 208.8 ملین روپے (175.5 ملین GIDC کے اور 33.3 ملین روپے لاگو سیلز ٹیکس کے) کو تسلیم کیا۔ 175.5 ملین روپے میں سے 31.1 ملین روپے کو لاگت فروخت اور بقایا 144.4 ملین روپے کو کاروباری اخراجات کے طور پر تسلیم کیا گیا۔ کمپنی نے عدالت عالیہ سندھ میں حکم امتناعی کے لئے درخواست دی ہے اور اسے 30 ستمبر 2020 کو کمپنی کے حق میں منظور کر لیا گیا ہے۔

فی حصص خسارہ

سال کافی حصص خسارہ (1.06) روپے رہا جو کہ گزشتہ سال (3.94) روپے تھا۔

موازنہ مالیاتی نتائج

دو سالوں کے وسیع موازنہ مالیاتی نتائج درج ذیل ہیں۔ چھ سالوں کے اہم کارکردگی کے اشاریے مختصراً سالانہ رپورٹ کے صفحہ 60 پر دیئے گئے ہیں۔

2019		2020		
روپے (ملین میں)	فیصد بلحاظ فروخت	روپے (ملین میں)	فیصد بلحاظ فروخت	
2,415		2,165		فروخت (خالص)
103.4	4.3%	57.3	2.6%	خام منافع
(200.6)	-8.3%	(161.4)	-7.5%	خسارہ قبل از ٹیکس
(233.9)	-9.7%	(62.9)	-2.9%	خسارہ بعد از ٹیکس
(3.94)		(1.06)		فی حصص خسارہ (روپے)

مستقبل کی پیش بینی

سال 2020 مجموعی طور پر COVID-19 کی وباء کی وجہ سے ملک کے لئے انتہائی دشوار گزار رہا اور جس کے نتیجے میں معاشی کساد بازاری آئی۔ الحمد للہ ان چیلنجز کے باوجود کمپنی پیشہ ورانہ برتری کے ساتھ پر عزم رہتے ہوئے اور اپنی بنیادی اقدار جیسے محاسبہ، جوش و جذبہ، ایمانداری، معیار، اختراع اور احتیاط کی پاسداری کرتے ہوئے اس کا بیڑا اٹھایا۔

کاروباری کا جغرافیائی محل وقوع اور پتہ

کمپنی کارجرڈ آفس پلاٹ نمبر 21، مقبول آباد، جناح کوآپریٹو ہاؤسنگ سوسائٹی (J.C.H.S.)، ٹیپو سلطان روڈ، کراچی پر واقع ہے جبکہ پیداواری پلانٹس ایسٹرن انڈسٹریل زون، پورٹ قاسم، کراچی پر اور نارتھ سیلز آفس لاہور سینٹر، گلبرگ، لاہور، پاکستان میں واقع ہے۔

بڑے سرمایہ جاتی اخراجات

پراپرٹی، پلانٹ اینڈ ایکویپمنٹ میں اضافے کی تفصیلات کے لئے مالیاتی گوشواروں کے نوٹ 9 سے حوالہ لیا جاسکتا ہے۔

کاروباری اور مالیاتی کارکردگی

پیداوار

سال کے دوران کمپنی کی BOPP اور CPP پیداوار بالترتیب 7,802 میٹرک ٹن اور 2,458 میٹرک ٹن رہی جبکہ گزشتہ سال بالترتیب 8,069 میٹرک ٹن اور 1,121 میٹرک ٹن تھی یعنی ان میں تقریباً 12 فیصد اضافہ ہوا۔

کمپنی کی انتظامیہ تسلسل کے ساتھ اپنی پیداواری گنجائش میں مزید اضافے کے لئے کوششیں کر رہی ہے جس سے منافع میں اضافہ میں معاونت ہوگی۔

فروخت کی کارکردگی

30 جون 2020 کو کمپنی کی فروخت کی کارکردگی 9,682 میٹرک ٹن رہی جبکہ گزشتہ سال 30 جون 2019 کو 8,302 میٹرک ٹن تھی۔

فروخت کے حجم میں اضافہ کمپنی کی موثر کاروباری حکمت عملیوں کو اختیار کرنے کا نتیجہ ہے۔ مارکیٹ میں ہمارے حصے میں یہ اضافہ آنے والوں سالوں میں منافع میں اضافہ میں معاونت کرے گا۔ آمدن میں کمی کی وجہ مصنوعات کے مرکب کے انتخاب کی وجہ سے تھا جو کہ آنے والی سہ ماہی میں مزید بہتر ہوگا۔

خام منافع

موجودہ سال میں کمپنی کا خام منافع میں 57.348 ملین روپے رہا جو کہ گزشتہ سال 103.414 ملین روپے تھا۔ اضافے کی بنیادی وجہ پیٹروکیمیکل مصنوعات کی زمینی لاگت میں اضافہ (پاکستانی روپے کی قدر میں کمی کی وجہ سے) اور GIDC لگان برقم 31.084 ملین روپے تھا۔

انسانی وسائل اور معاوضہ کمیٹی

نمبر شمار	نام	عہدہ
1	جناب شارق مقبول الہی	چیئر مین کمیٹی
2	جناب احتشام مقبول الہی	ممبر
3	جناب نعیم علی محمد منشی	ممبر

ڈائریکٹران کا معاوضہ

بورڈ کی منظور شدہ موجودہ معاوضہ پالیسی کے تحت نان ایگزیکٹو ڈائریکٹران بشمول آزاد ڈائریکٹران کسی بھی معاوضہ کے حقدار نہیں ہیں۔

سال کے دوران ڈائریکٹران اور چیف ایگزیکٹو کو ادا شدہ معاوضہ سے متعلق مناسب منکشفات مالیاتی گوشواروں کے نوٹ 39 میں فراہم کئے گئے ہیں۔

بنیادی سرگرمی

کمپنی کی بنیادی سرگرمی پیکیجنگ فلموں کی تیاری، پیداوار اور خرید و فروخت ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

بنیادی خطرات اور غیر یقینی صورتحال میں کرنسی کی قدر میں کمی، شرح سود میں اضافہ اور حکومتی پالیسیوں میں تبدیلیاں شامل ہیں۔

ماحولیات پر اثرات

میکپیک نے ہمیشہ کچرے میں کمی، کچھ مصنوعات کی پلاسٹک کے دوبارہ استعمال اور توانائی کے بہتر استعمال پر ترجیح، پانی کی بچت، اپنی ٹیم، سپلائرز اور کسٹمرز کو مالیاتی تحفظ سے متعلق آگاہی، بنیادی طور پر گردش معیشت کا ادراک اور طرز زندگی میں اس کا نفاذ پر زور دیا ہے۔ میک پیک ایک سماجی اور اخلاقی ذمہ دار کارپوریشن ہے اور قدرتی وسائل کے استعمال میں بچت اور مکمل خراب ہونے تک اس کے دوبارہ استعمال کی تلقین کرتی ہے۔

ان افراد کے نام جو کہ مالیاتی سال کے دوران کمپنی کے ڈائریکٹر رہے:

نمبر شمار	نام	عہدہ
1	جناب نعیم علی محمد منشی	چیرمین آف دی بورڈ
2	جناب مقبول الہی شیخ	چیف ایگزیکٹو آفیسر (یکم جولائی 2019 تا 13 مئی 2020)
3	جناب نجم الحسن	چیف ایگزیکٹو آفیسر (20 مئی 2020 سے ابھی تک)
4	جناب احتشام مقبول الہی	ایگزیکٹو ڈائریکٹر
5	جناب شارق مقبول الہی	نان ایگزیکٹو ڈائریکٹر
6	جناب منصور یونس	آزاد ڈائریکٹر
7	جناب فہد منشی	نان ایگزیکٹو ڈائریکٹر
8	جناب محمد عمر صابر	آزاد ڈائریکٹر

کمپنی اس موقع پر جناب مقبول الہی شیخ مرحوم کو خراج تحسین پیش کرتی ہے (اللہ ان کو اپنی جوار رحمت میں جگہ عطا فرمائے)۔ انہوں نے BOPP اور CPP انڈسٹری کی نمو اور میکپیک فلمز لمیٹڈ پیکیجنگ فلمز صنعت میں قائدانہ حیثیت دلوانے میں بنیادی کردار ادا کیا۔ اللہ ان کو جنت الفردوس میں جگہ عطا فرمائے۔ (آمین)

بورڈ کی آڈٹ کمیٹی

نمبر شمار	نام	عہدہ
1	جناب منصور یونس	چیرمین کمیٹی
2	جناب نعیم علی محمد منشی	ممبر
3	جناب شارق مقبول	ممبر

حصص یافتگان کے لئے ڈائریکٹرز رپورٹ

اللہ کے نام سے شروع جو بڑا مہربان نہایت رحم والا ہے

السلام علیکم!

محترم قابل قدر ممبران!

کمپنی کے ڈائریکٹران اپنی رپورٹ اور کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے سال مدت 30 جون 2020 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

1- 30 جون 2020 کو ڈائریکٹران کی کل تعداد درج ذیل تھی:

a- مرد 7

b- خاتون -

2- 30 جون 2020 کو بورڈ کی تشکیل بندی درج ذیل رہی:

a)	آزاد ڈائریکٹر	1- جناب منصور یونس 2- جناب محمد عمر صابر
b)	نان ایگزیکٹو ڈائریکٹر	1- جناب نعیم علی محمد منشی 2- جناب شارق مقبول الہی 3- جناب فہد منشی
c)	ایگزیکٹو ڈائریکٹر	1- جناب نجم الحسن 2- جناب احتشام مقبول الہی

چیرمین کا جائزہ

محترم مستفیدان!

یہ رپورٹ کمپنیز ایکٹ 2017 کی دفعہ (4) 192 کی شقوں کے مطابق بورڈ کی کمپنی کے مقاصد کے حصول میں مجموعی کارکردگی اور اس کے موثر کردار کو پیش کرتی ہے۔ بورڈ کی سالانہ تشخیص لسٹڈ ریگولیشنز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (ریگولیشنز) کی ضروریات کے مطابق ادارتی نظم و ضبط کے ضابطے کے تحت انجام دی گئی ہے جس میں اس بات کو یقینی بنایا گیا تھا کہ آیا بورڈ کی مجموعی کارکردگی کمپنی کے طے کردہ مقاصد سے مطابقت رکھتی ہے۔ بورڈ انتظامیہ کی باہمی ربط کی نشستوں کے ذریعے ادارے کی مجموعی کارکردگی سے باقاعدگی کے ساتھ باخبر رہ کر کلیدی منصوبہ بندی میں مصروف عمل رہا۔ بورڈ نے تسلسل کے ساتھ کمپنی کی سمت طے کرنے میں بنیادی کردار ادا کیا اور نظم و ضبط کے اعلیٰ معیارات کو کمپنی کے ہر کاروباری پہلو میں یقینی بنایا۔

سال کے دوران گزشتہ سال کی بہ نسبت حجم فروخت میں 17 فیصد اضافہ ہوا۔ گزشتہ سال کمپنی کا خالص خسارہ بعد از ٹیکس 234 ملین روپے تھا جو کہ کم ہو کر 63 ملین روپے رہ گیا۔ الحمد للہ کمپنی کا پہلی کھیپ اس سال جون میں برآمد کر دی گئی اور اس کے ساتھ کمپنی نے نئی مارکیٹوں اور محل وقوع میں داخل ہونے کی مضبوط صلاحیت کی نشاندہی کر دی۔ مزید ہم یقین رکھتے ہیں کہ کمپنی مارکیٹ میں موجود نئے مواقعوں جیسے بڑھتی ہوئی طلب اور زیریں شرح سود سے استفادہ کرنے کے لئے مکمل طور پر تیار ہے۔ ہم مضبوط سے یقین رکھتے ہیں کہ انسانی وسائل کمپنی کی ترقی میں بہت اہم کردار ادا کرتے ہیں۔ لہذا ہم نے انسانی سرمائے کے اثاثوں کو یقینی بنانے کے لئے سرمایہ کاری کی ہے۔

ہم اس بات کو یقینی بناتے ہیں کہ ملازمین کو جدید ترین تربیت فراہم کی جائے اور انہیں مستقبل کا قائد بننے میں مدد دی جائے۔ اجتماعی طور پر ہماری کمپنی COVID-19 وباء کے پیدا کردہ چیلنجز سے باہر نکل آئی اور لچک پذیری، ہمت، حوصلہ اور اچھا رد عمل دکھایا۔

اس موقع پر میں بورڈ کے تعاون کو تسلیم کرتا ہوں جو کہ مستفیدان کی توقعات پر پورا اترنے، کاروباری مقاصد کے حصول اور کمپنی کے نمو کے معیار حرکت کو یقینی بنانے میں بنیادی اہمیت کا حامل رہا۔ میں اپنے تمام ملازمین کے لئے ستائش ریکارڈ پر لانا چاہتا ہوں جنہوں نے دن رات کام کر کے بڑھتے ہوئے چیلنجز کا مقابلہ کیا۔ اس موقع پر میں مستفیدان کے ساتھ نگران اداروں کے اعتماد اور مسلسل تعاون پر ان کا مشکور ہوں۔

نعیم علی محمد منشی

چیرمین



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