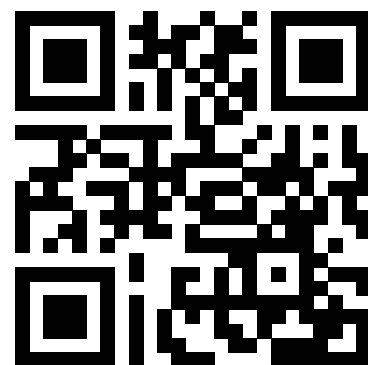


WINNING TOGETHER

Annual Report 2021





WINNING TOGETHER

The Company rebounded from COVID-19, delivering sterling results for the year. This was a testament to its resilience and agility in responding to unprecedented challenges. Its employees at all levels showed determination and commitment to meet customer needs in a timely and efficient manner.

We survived and will rise, because at MACPAC we believe in working together, facing challenges together and winning together.

Like Pakistan's athletes and sports persons, we faced each day with renewed vigour demonstrating in the day-to-day operations, our core values of **passion, excellence** and **innovation**.

We remained true to our **Mission** of maintaining the confidence of all our stakeholders and are thankful to our suppliers and customers who supported us in our journey in 2020-21. Together we have achieved, together we will proceed.

Contents

04	Company Information
06	Vision, Mission
08	Core Values
09	Statement of Ethics
10	Business Strengths
11	Organization Structure
12	Integrated Management System (IMS) Policy
13	Whistle Blowing Policy
14	Corporate Social Responsibility
16	Profile of the Board
17	Company Leadership
19	Chairman's Review Report
20	Directors' Report to the Members
28	Health, Safety and Environment
29	Advantages of BOPP
30	Product Profile
32	CPP Films
34	Product Categories
37	Board Committees
39	Human Resource Development
40	Statement of Compliance with Listed Companies (CCG) Regulations, 2019

44	Review Report to the Members on Statement of Compliance With the Code of Corporate Governance
46	Independent Auditors' Report to the Members
54	Shareholders' Information
55	Pattern of Shareholding
56	Categories of Shareholders
57	Notice of 26th Annual General Meeting
62	Analysis of Financial Statement of Financial Position
63	Analysis of Financial Statement of Profit or Loss
66	Key Performance Indicators six years at Glance
68	Financial Statement
113	Proxy Form
126	Urdu





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)
Ms. Amna Daudi (Independent Director)
Mr. Muhammad Omer Sabir (Independent Director)

AUDIT COMMITTEE OF THE BOARD

Ms. Amna Daudi (Committee Chairperson)
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. Syed Jawwad ul Haq Haqqi

COMPANY SECRETARY

Mr. Muhammad Saad Khan

AUDITORS

KPMG Taseer Hadi 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 Shakra-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

Vision

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

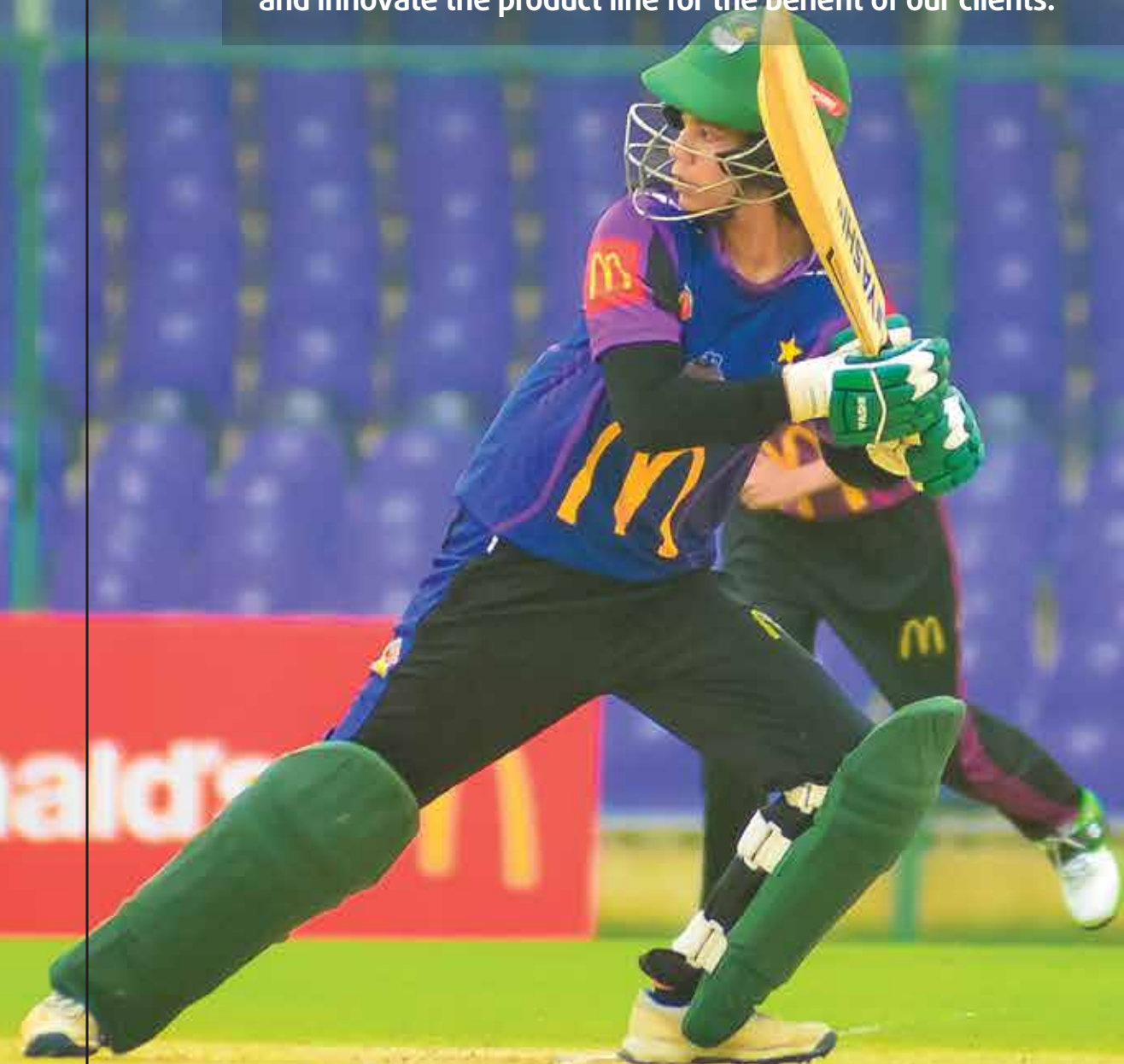
Mission

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

Integrity

We are open, honest, transparent, and committed to doing what's best for our stakeholders.

Passion

We strive for perfection, go the extra mile and have fun in what we do.

Accountability

We act with high sense of responsibility and hold ourselves accountable.

Values our People

We treat all people with dignity and value the collective power of teamwork, trust and respect each other.

Excellence

We strive to deliver the highest quality and value possible through simple, easy and relevant solution.

Innovation

We develop and apply world-class technology. We listen. We learn and seek out the best ideas.

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



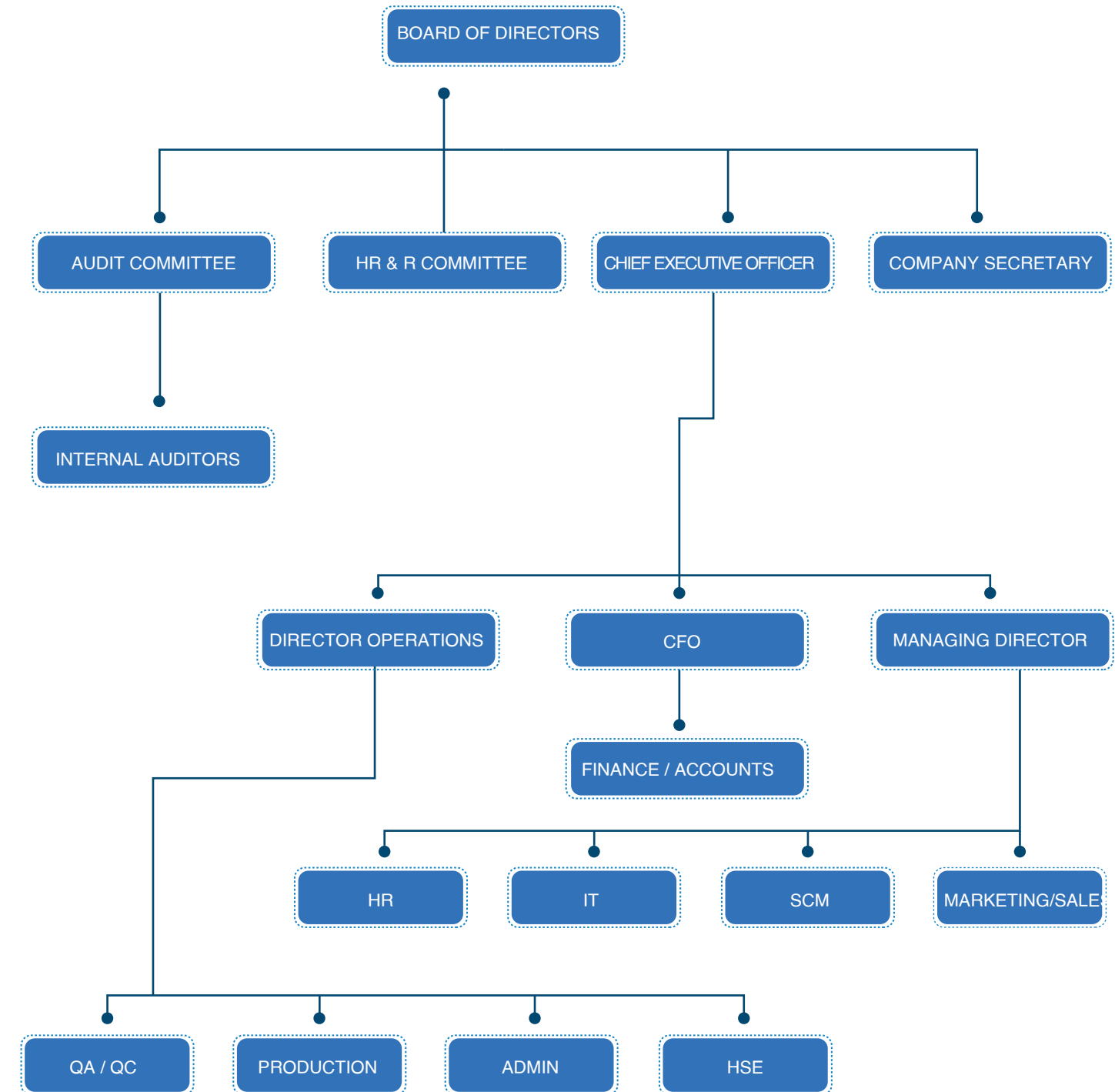
Macpac is the Pioneer of BOPP and CPP films in Pakistan, having rich expertise, a strong brand identity and history of nurturing customers. Complete automated Bruckner and SML high-performance extrusion plants, which produces superior quality films with minimum wastage & higher accuracy.

We have strong believe 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 strongly emphasize 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:



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

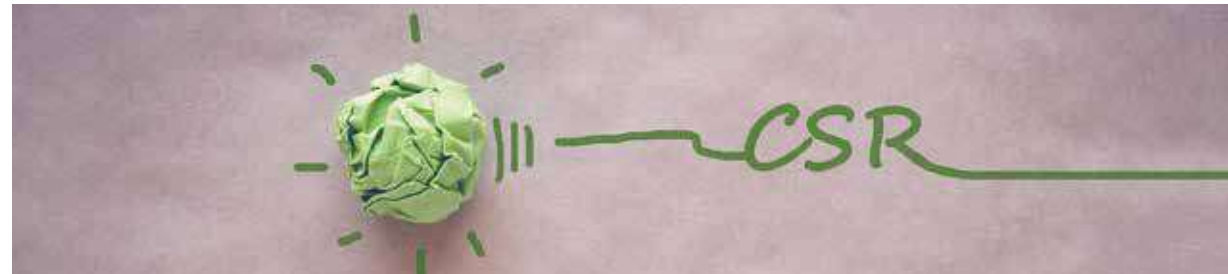
Confidentiality and Protection Mechanism

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

A graduate of American University in Dubai and a certified director from PICG, having years of experience of senior level managerial positions, He is a Highly organized, skilled and self-motivated managing director with a futuristic mindset to accomplish new levels of success. A mentor for the organization, a leader to follow. He is also a member of the HR and Remuneration Committee of the board.

MS. AMNA DAUDI INDEPENDENT DIRECTOR

Amna has done her MBA from Institute of Business Administration (IBA), Karachi. She has over 25 years of experience working in diverse sectors across the world, including E Commerce, FMCG, Oil, Banking, Training and Development and with employers like Caltex, DoubleClick Toronto, ScotiaBank Toronto, Pakistan Institute of Management, Pakistan Society for Training and Development, American Business Council. Her last assignment was with The City School as Asst Regional Director. Amna is a Certified General Account (CGA) and a CPA from Ontario, Canada and Certified Director Education (PICG).

MR. NAJMUL HASSAN CHIEF EXECUTIVE OFFICER

A qualified CMA and having a master's degree from IBA, he is the CEO of MACPAC. He has extensive executive level experience of over two decades in different industries and great decision making skills. Being the backbone of the company, with his timely decision, he has always led the company for the forefront.

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.

Company Leadership

MR. HABIB MAQBOOL ELAHI OPERATIONS DIRECTOR

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

MR. SYED JAWWAD UL HAQ HAQQI CHIEF FINANCIAL OFFICER

Associate member of the Institute of Chartered Accountants of Pakistan and have Master's degree in Economics. He has extensive experience of working at leadership positions in finance and managing financial and corporate affairs.

He has exposure of working with multiple companies in diverse business sectors in Pakistan.

MR. MUHAMMAD SAAD KHAN COMPANY SECRETARY

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

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. NIMRA AWAN CHIEF HUMAN RESOURCE OFFICER

Passionate, ambitious career oriented individual having 18 years of work experience in renowned companies of Pakistan. An MBA with certifications in CHRP, and CIPD and Diploma in Industrial Relations and Labor Laws. Her previous work experience has enabled her to command leadership situations and imbued problem-solving and crisis management skills.

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

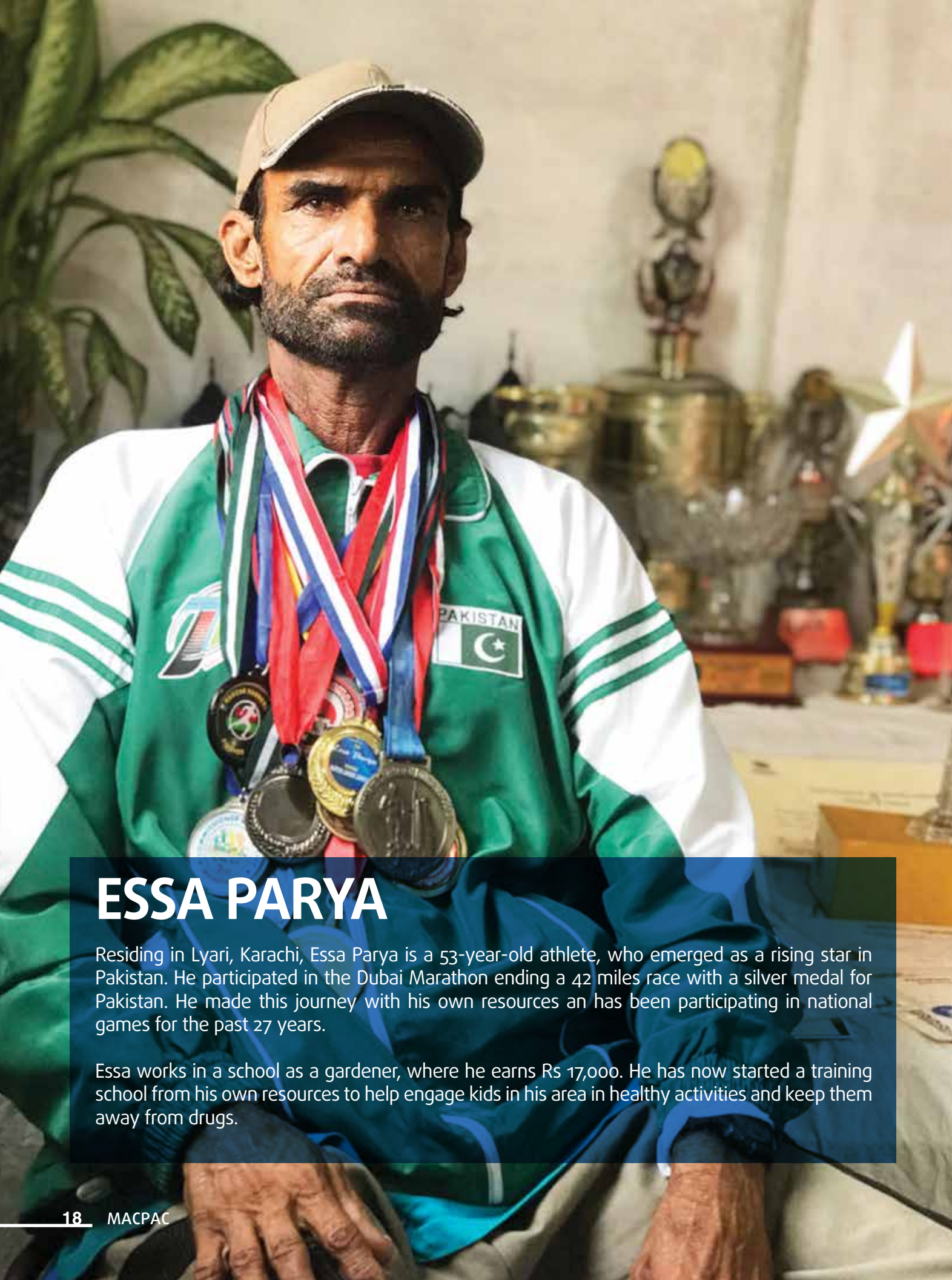
Mr. Faisal Javed is the Regional Manager South of Macpac Films since July, 2012. He has completed his Masters in Business Administration (MBA) from IBA in year 2004.

MR. 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.

MS. MEHREEN SHAH KHALID MANAGER HUMAN RESOURCES

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.



ESSA PARYA

Residing in Lyari, Karachi, Essa Parya is a 53-year-old athlete, who emerged as a rising star in Pakistan. He participated in the Dubai Marathon ending a 42 miles race with a silver medal for Pakistan. He made this journey with his own resources and has been participating in national games for the past 27 years.

Essa works in a school as a gardener, where he earns Rs 17,000. He has now started a training school from his own resources to help engage kids in his area in healthy activities and keep them away from drugs.

Chairman's Review Report



Dear Stakeholders:

I am pleased to present the review on Annual Report of the Company for the year ended June 30, 2021.

Pakistan's economy has shown remarkable resilience in overcoming the odds and noted an impressive growth rate of 3.94% despite being in the midst of COVID-19 pandemic. During FY 2020-21, the packaging industry rebounded and demand for BOPP & CPP soared due to increase in health and safety awareness and overall growth momentum.

In FY 20-21, your Company achieved highest ever sales and highest ever profits. During the year, the Company witnessed an increase in volume by 40% as compared to last year. Net profit after tax of the company increased to Rs. 186 million. Company also have been able to increase its footprints in exports market and its turnover outside the country amounted Rs. 52m.

Going forward, your Company is well poised to capitalize on any future opportunities that exists in the market in the form of increase in demand and relatively lower interest rates.

In the end, I assure that your Company is committed to good Corporate Governance. I am pleased to report that the performance of the Board has been par excellence which has helped in effective steering of the Company during the year. The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also cognizant of its strategic role in achieving the Company's key objectives and is focused on enriching the returns for its shareholders and other stakeholders and shall continue contributing through sustained supply of premium quality products to its valued Customers.

Mr. Naeem Ali Muhammad Munshi
Chairman

Date: September 23, 2021

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, 2021.

1. The total number of Directors as on 30th June 2021 were as following:

- a. Male: 6
- b. Female: 1

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

Category	Name
a) Independent Director	1. Ms. Amna Daudi 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. Najmul Hassan	Chief Executive Officer
3	Mr. Ehtesham Maqbool Elahi	Executive director
4	Mr. Shariq Maqbool Elahi	Non-Executive director
5	Mr. Mansoor Younus	Independent director (July 1, 2020 till Oct 19, 2020)
6	Ms. Amna Daudi	Independent director (Oct 20, 2020 onwards)
7	Mr. Fahad Munshi	Non-Executive director
8	Mr. Muhammad Omer Sabir	Independent director

Audit Committee of the Board

S. No.	Name	Title
1	Ms. Amna Daudi	Chairperson 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

Director's remuneration

As per current remuneration policy approved by the board, non-executive and independent directors are paid Rs. 25,000 for attending board meetings.

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 supply chain disruption.

Impact on Environment

Macpac has always emphasized on Wastage reduction, reusing its recycled plastic in some products, 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.

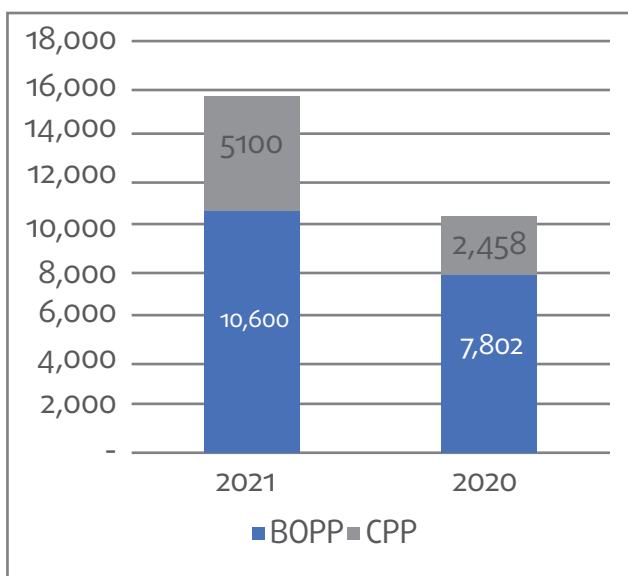
Geographical location and address of business:

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.

Operating and Sales Performance.



Production

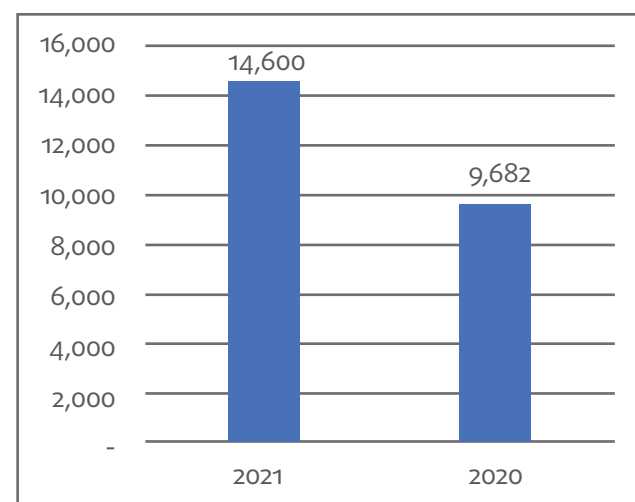
The Company's BOPP and CPP Production during the year was 10,600 metric tons and 5,100 metric tons respectively as compared to production of 7,802 metric tons and 2,458 metric tons respectively.

Overall production volume increased by 53% which also increased the capacity utilization and ultimately contributed to increase in profitability.

Sale Performance

The Company's sales for the year ended on 30 June 2021 was 14,600 metric tons as compared to 9,682 metric tons for the year ended on 30 June 2020.

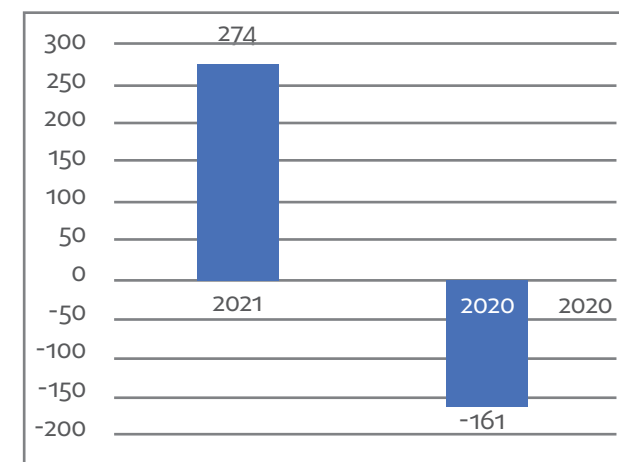
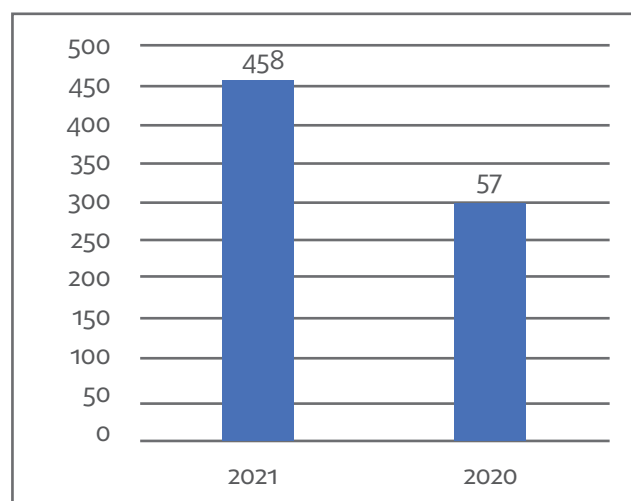
The increase in sales volume is result of effective business strategies adopted by the company to increase in market share. This increase in market share contributed to increased profitability in this year.



Gross Profit

The gross profit of the Company is Rs 458.149 million for the current year as compared to Rs. 57.348 million last year.

The is mainly due to increase in sales volumes that enables absorption of fixed cost.



Net Profit

The net profit before tax for the current year is Rs 274 million as compared to loss before tax of Rs 161.408 million owing to increase in capacity utilization.

Earnings per Share

The earnings per share for the current year is Rs. 3.15 as compared to Rs. -1.06 in the past year.

Comparative Financial Results

Broad comparative financial results of for two years are given hereunder. Key performance indicators for the last six years are also annexed to the report.

	2021		2020	
	Rs (millions)	% of sales	Rs (millions)	% of sales
Sales (net)	3,025		2,165	
Gross profit	458	15.14%	57.4	2.70%
Profit / (loss) before tax	274	9.06%	(161.4)	(7.50%)
Profit / (loss) after tax	186.7	6.17%	(62.9)	(2.90%)

Future Outlook

"Despite all the challenges posed by the pandemic and rising input costs emanating from surge in the commodity prices, the Company managed to meet the expectations of all of its stakeholders on the back of strong brand value, product mix, continuous initiatives for operational efficiencies supported by the highly committed workforce.

Furthermore, full year impact of reduction in interest rates was witnessed in current year besides gradual increase in demand post first phase of COVID-19 enabled the Company to operate at full potential with better cost of production, resultantly, a considerably better financial performance.

Further, post June 30, 2021, sharp decline in the value of Pak Rupee against USD, continuous increase in food inflation and widening current account deficit will impact the overall macro-economic factors and may result into further tightening in monetary policy which could add more pressure on different sectors of the economy. This increased borrowing cost, PKR depreciation, increased raw material prices and international supply chain problems will pose further threats to the industry. However, we would like to assure our shareholders that your company has already formalized and implemented the strategies to deal with all these challenges with increase efficiencies, changing in product mix, exploring new market segments, increase investments

in research and development and is confident that with all these measures we will not only be managing to strengthen our bottom-line profitability but will also reap the benefit of our increased market share and decent growth in customer demand and confidence. In Sha Allah.”

Auditor

The existing Auditors; M/s. KPMG Taseer Hadi & Co., Chartered Accountants retired and have offered themselves for re-appointment for the year June 30, 2022. The reappointment has also been recommended by the Audit Committee of the Board.

Compliance with the Code of Corporate Governance

The statement of compliance with the Code of Corporate Governance is annexed herewith.

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.

Compliance With The Code Of Corporate Governance Statement On Corporate And Financial Reporting Framework

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

- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act), and provisions of and directives under the Act, have been followed in the preparation of financial statements.
- The Company has in-house internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the Company.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- All members of the Audit Committee are independent/ non-executive Directors.
- There are no significant doubts upon the Company’s ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The key operating & finance data for the last 6 years are annexed to the report.

During the year, Board of Directors held 5 meetings and attendance of the Directors was as follows:

S.No.	Name of Directors	Meeting Attended
1	Mr. Naeem Ali Muhammad Munshi	5
2	Mr. Najmul Hassan	5
3	Mr. Ehtesham Maqbool Elahi	5
4	Mr. Shariq Maqbool Elahi	4
5	Mr. Fahad Munshi	1
6	Mr. Omer Sabir	1
7	Ms. Amna Daudi	5

During the year the Audit Committee held 4 meetings and attendance of the Directors was as follows:

S.No.	Name of Directors	Meeting Attended
1	Ms. Amna Daudi	4
2	Mr. Naeem Ali Muhammad Munshi	4
3	Mr. Shariq Maqbool Elahi	3

During the year the Human Resource and Remuneration Committee (HRRC) held 1 meetings and attendance of the Directors was as follows:

S.No.	Name of Directors	Meeting Attended
1	Mr. Shariq Maqbool Elahi	1
2	Mr. Ehtesham Maqbool Elahi	1
3	Mr. Naeem Ali Muhammad Munshi	1

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)

We believe in giving back to society and committed to improve the quality of life of our stakeholders, communities and the underprivileged 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 in the Annual report.

Human Capital and Employee Relations

The human capital of the Company is the vital asset in any organization. Here are 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.

For and on behalf of the Board

NAJMUL HASSAN
Chief Executive Officer

Karachi
September 23, 2021

Related Party Transactions

All transactions with related parties have been carried out in normal course of business at agreed terms and have been disclosed in the financial statements under relevant notes.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2021, along with necessary disclosures as required under the Code of Corporate Governance, is disclosed in the Annual Report 2021.

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.

EHTESHAM MAQBOOL ELAHI
Director



SHAMS TAJ

Born in the city of lights Karachi, Shams Taj is the rising star of Pakistan. He was named the most valuable player of the tournament in the Gatorade Futsal Championship 2020 and Activade Futsal League 2020. He is also a Leisure League all Pakistan finalist.

He has represented Pakistan in the DHL Asia Cup 2018 & 2019, Gatorade Futsal Championship 2020, Activade Futsal League 2020, PGF Series and Redbull Neymar 5 Pakistan.

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
- Overwrap
- Sealable • Matte
- Pearlized
- Metallized
- Medical Grade
- Metallizable
- Pearl white for labels

- Biodegradable BOPP
- Hologramable
- Sheet Lamination

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

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

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

Product Profile

Sheet Lamination



Tea



Ice Cream



Over Wrapping Item

Match



Overwrapping



Textile



Beverages



Confectionary Item

Chips & Snacks



LU Biscuits



Industry



We also manufacture customized products as per customers' requirement.

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
- Mattle Films
- Pearlized Films
- White Films

CPP

- Opaque/ Milky Films
- Transparent Films
- Specialized Films
- Metalized Films





MAHOOR SHAHZAD

Born in Karachi Pakistan an IBA graduate, Mahnoor Shahzad has represented Pakistan on several international occasions as a world class badminton player. From representing Pakistan in Asian Games (2014), to competing in the Common Wealth Games in 2018. She was the women's singles champion of Pakistan International Tournament (2017).

Mahnoor Shahzad represented Pakistan at the 2020 Summer Olympics in Tokyo after receiving a tripartite invitation, becoming the first Pakistani woman badminton player to qualify at the Olympics Games. She was also the flag-bearer at the 2020 Summer Olympics opening ceremony along with Muhammad Khalil Akhtar.

Board Committees

HR & REMUNERATION COMMITTEE

Mr. Shariq Maqbool Elahi (Committee Chairman)

Mr. Ehtesham Maqbool Elahi (Managing Director)

Mr. Naeem Ali Muhammad 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

Ms. Amna Daudi (Committee Chairperson)

Mr. Shariq Maqbool Elahi (Non-Executive Director)

Mr. Naeem Ali Muhammad 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

Board Committees

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: MACPAC FILMS LIMITED
Year ended: Year ended June 30, 2021

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

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

- a. Male: 6
- b. Female: 1

2. The composition of Board is as follows:

Category	Name
a) Independent Director	1. Ms Amna Daudi 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 decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of 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. More than 50% Directors have either completed Directors' Training program or are exempt from doing so under these regulations. However, Code of Corporate Governance encourages to train at least 75% of the directors on the Board by June 30, 2021. Accordingly, Company intends to get remaining directors trained in the next year.
- 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	Ms. Amna Daudi	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 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 Institute Of Chartered Accountants Of Pakistan 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 confirm that all requirements of regulation 3,6,7,8,27,32,33, and 36 of the Regulation have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Regulation #	Explanation
Regulation 11 (2)	Regulation 11 (2) states that notice for board meeting is to be circulated seven days prior to the meeting. Company, during the year has complied with the said regulation, however there was one instance where, erroneously, the notice was circulated six days prior to meeting.
Regulation 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 and the chairman of the committee is also a non-executive director. 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.

For and behalf of the Board

NAEEM ALI MUHAMMAD MUNSHI
Chairman

NAJMUL HASSAN
Chief Executive Officer



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of MACPAC Films Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of MACPAC Films Limited ("the Company") for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.

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



KPMG Taseer Hadi & Co.

Note / paragraph

S. No.	Regulation #	Explanation
1	Regulation 11 (2)	Regulation 11 (2) states that notice for board meeting is to be circulated seven days prior to the meeting, Company, during the year has complied with the said regulation, however there was one instance where the notice was circulated at seventh day to the meeting.
2	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 committee consists of 3 members (2 non-executive and 1 executive director) and the Chairman of the committee is a non-executive director and not an independent director.

Date: 6 October 2021

Karachi

Kam S Taseer - 1
KPMG Taseer Hadi & Co.
Chartered Accountants



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

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 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 2021 and of the profit and 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



KPMG Taseer Hadi & Co.

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	<p>Revenue Recognition</p> <p>Refer notes 7.10 & 30 to the financial statements.</p> <p>The Company generates revenue from sale of packaging films.</p> <p>We identified revenue recognition as key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process relating to recognition of revenue and tested the design and operating effectiveness of key controls over recognition of revenue; • Compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, gate pass and other relevant underlying documentation; and • Compared a sample of revenue transactions recorded before and after the reporting date with sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess whether the related revenue was recorded in the appropriate accounting period.
2.	<p>Valuation of Stock-in-Trade</p> <p>Refer notes 7.4 & 12 to the financial statements.</p> <p>As at 30 June 2021, the Company's stock-in-trade</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of internal controls over valuation of stock in trade and tested, on a sample basis, their design, implementation and operating

S. No.	Key audit matters	How the matters were addressed in our audit
	<p>amounted to Rs 608.56 million.</p> <p>We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost involves significant judgement and estimation.</p>	<p>effectiveness;</p> <ul style="list-style-type: none"> • Obtained an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-process and costs necessary to make the sales and their basis; and • Compared the NRV, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.
3.	<p>Contingencies</p> <p>Refer notes 29 to the financial statements.</p> <p>The Company has various contingent liabilities.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company regarding disclosure, recognition and measurement of any provision that may be required against such contingencies in the financial statements.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's processes over litigations through meetings with the management and review of the minutes of the Board of Directors and Board's Audit Committee. • Reviewed correspondence of the Company with regulatory departments, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Company's external counsel. Where relevant, also assessed external legal / tax advices obtained by the Company. • Involved internal tax specialists to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax / legal advisors engaged by the Company.

S. No.	Key audit matters	How the matters were addressed in our audit
	<p>significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.</p>	<ul style="list-style-type: none"> • Obtained and checked confirmations from the Company's external legal / tax advisor for their views on the probable outcome of the legal matters, open tax assessments and other legal and tax related contingencies. • Assessed the adequacy of related disclosures made in the financial statements.

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

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

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

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



KPMG Taseer Hadi & Co.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).


Other Matter

The financial statements of the Company as at and for the year ended 30 June 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 05 October 2020.

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

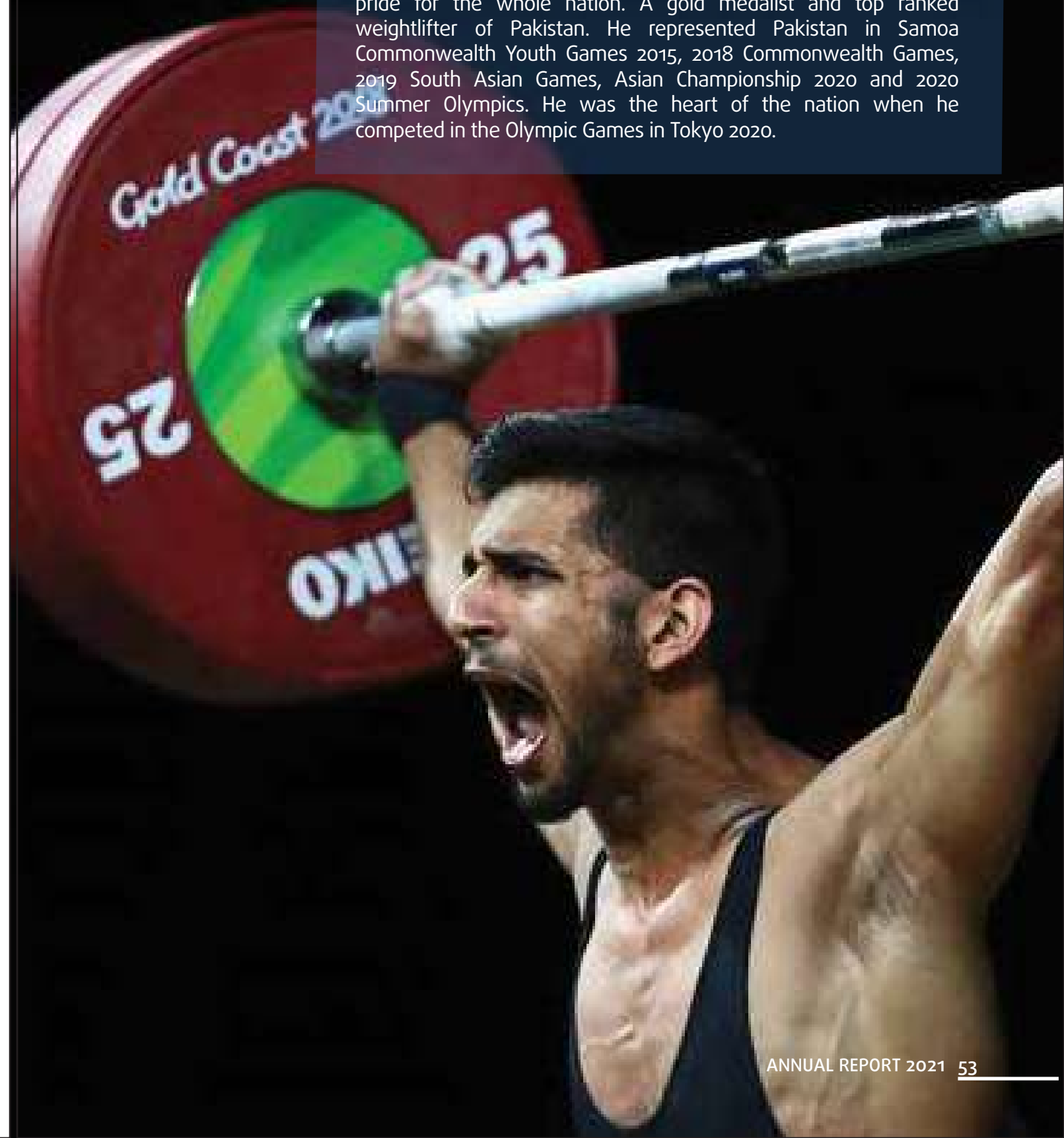
Date: 6 October 2021

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

TALHA TALIB

Born in Gujranwala, the city that breeds wrestlers, Talha Talib is a pride for the whole nation. A gold medalist and top ranked weightlifter of Pakistan. He represented Pakistan in Samoa Commonwealth Youth Games 2015, 2018 Commonwealth Games, 2019 South Asian Games, Asian Championship 2020 and 2020 Summer Olympics. He was the heart of the nation when he competed in the Olympic Games in Tokyo 2020.



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 Shahra-e-Faisal, Karachi-74400
Tel: Customer Support Services (Toll Free)
0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

Pattern of Shareholding

As of June 30, 2021

# Of Shareholders	Shareholdings' Slab			Total Shares Held
142	1	to	100	1,702
481	101	to	500	230,284
324	501	to	1000	307,254
490	1001	to	5000	1,438,637
157	5001	to	10000	1,281,699
57	10001	to	15000	736,179
45	15001	to	20000	833,625
22	20001	to	25000	518,288
11	25001	to	30000	314,776
5	30001	to	35000	154,000
10	35001	to	40000	380,625
6	40001	to	45000	264,325
13	45001	to	50000	647,000
5	50001	to	55000	267,000
4	55001	to	60000	233,000
3	60001	to	65000	190,574
4	65001	to	70000	276,289
1	70001	to	75000	75,000
2	75001	to	80000	156,000
2	80001	to	85000	165,000
1	85001	to	90000	89,212
1	90001	to	95000	91,500
3	95001	to	100000	300,000
2	105001	to	110000	216,500
1	110001	to	115000	112,000
2	115001	to	120000	238,000
2	120001	to	125000	250,000
1	130001	to	135000	133,900
1	135001	to	140000	137,250
2	195001	to	200000	400,000
1	215001	to	220000	220,000
1	245001	to	250000	250,000
1	250001	to	255000	250,500
1	275001	to	280000	277,768
1	390001	to	395000	394,441
2	420001	to	425000	850,000
1	455001	to	460000	457,500
1	495001	to	500000	500,000
1	515001	to	520000	519,500
1	700001	to	705000	700,125
1	735001	to	740000	739,000
2	760001	to	765000	1,525,000
1	900001	to	905000	900,671
1	1105001	to	1110000	1,107,519
1	1165001	to	1170000	1,169,692
1	4665001	to	4670000	4,666,000
2	8400001	to	8405000	16,801,925
1	8425001	to	8430000	8,428,107
1	9100001	to	9105000	9,103,783
Total	1,818			59,301,150

Categories of Shareholders

As of June 30, 2021

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. SHARIQ MAQBOOL	1	9,163,375	15.45
MR. EHTESHAM MAQBOOL ELAHI	1	8,845,404	14.92
MAQBOOL ELAHI SHAIKH	1	89,212	0.15
NAEEM ALI MOHAMMAD MUNSHI	1	9,103,783	15.35
NAJMUL HASSAN	1	133,900	0.23
MUHAMMAD OMAR SABIR	1	4,000	0.01
AMNA DAUDI	1	4,000	0.01
FAHAD MUNSHI	1	500	0.00
Associated Companies, undertakings and related parties	-	-	-
Executives	1.00	9,163,462	15.45
NIT & ICP	-	-	-
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.	1	6,500	0.01
Insurance Companies	1	120,000	0.20
Modarabas and Mutual Funds	1	900,671	1.52
General Public			
a. Local	1,749	14,970,417	25.24
b. Foreign	33	259,550	0.44
OTHERS	23	1,870,376	3.15
Total	1818	59,301,150	100.00

Share holders holding 10% or more	Shares Held	Percentage
MR. SHARIQ MAQBOOL	9,163,375	15.45
MR. HABIB ELAHI	9,163,462	15.45
MR. NAEEM ALI MOHAMMAD MUNSHI	9,103,783	15.35
MR. EHTESHAM MAQBOOL ELAHI	8,845,404	14.92

Notice Of 26th Annual General Meeting

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of the Company will be held on Thursday, October 28, 2021 at 03:00 PM at the head office of the Company at 21 Maqboolabad, J.C.H.S, Tipu Sultan Road, Karachi:

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2021, together with the Chairman's Review Report, Report of the Directors and Auditors thereon.
- To appoint Auditors for the year 2021-22 and to fix their remuneration. The present auditors – M/s KPMG Taseer Hadi, Chartered Accountants, being eligible, have offered themselves for reappointment.
- To elect 07 (seven) directors of the Company as fixed by the Board of Directors in their meeting held on September 23, 2021 for a term of three years commencing from the date of AGM (i.e. October 28, 2021), in accordance with the provisions of Section 159(1) of the Companies Act, 2017. The names of the retiring Directors who are eligible for re-election are:

1) Mr. Naeem Ali Mohammad Munshi	2) Mr. Najmul Hassan	3) Mr. Ehtesham Maqbool Elahi
4) Mr. Shariq Maqbool Elahi	5) Mr. Fahad Munshi	6) Mr. Omer Sabir
7) Ms. Amna Daudi		

By order of the Board

Muhammad Saad Khan
Company Secretary

Karachi

Dated: September 23, 2021

Notes:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 21, 2021 to October 28, 2021 (both days inclusive). Transferred received with the Registrar of the Company M/s. CDC Share Registrar Services, House-99-B, Block B, S.M.C.H.S, Sharae Faisal Karachi. Tel: +92-21-111-111-500 Fax: +92-21-34326053 at the close of business October 20, 2021 will be treated in time. All the Members holding the shares through the CDC are requested to update their addresses and Zakat statuses with their Participants.

2. Participation in the Meeting

Members whose names appearing in the Register of Members as of October 20, 2021, are entitled to attend and vote at the Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.

An instrument of proxy applicable for the Meeting is being provided with the Notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours.

An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar, CDC Share Registrar Services.

In view of the current situation on the spread of COVID-19, the Company has also provided the opportunity to attend the meeting online. The shareholder can participate in the AGM through video-link, i.e. <http://zoom.us/download>.

For this purpose, shareholders are requested to get their following particulars registered with the Company by send email to cdcsr@cdcsrsl.com or WhatsApp on: 0321-8200864 Video-link and login credentials will be shared with only those shareholders / proxies whose email, containing all the information required below, received via email to later than 48 hours before the meeting.

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC A/c No.	** Email ID	** Mobile Phone No.
	MACPAC FILMS LIMITED				

**Shareholders/proxyholders are requested to provide active email addresses and mobile phone number.

The shareholders can also provide their comments / suggestion for the proposed agenda items of the AGM by using the above given email cdcsr@cdcsrsl.com or WhatsApp # 0321-8200864.

The login facility will be opened at 2:30 PM on October 28, 2021 enabling the participants to join the proceedings which will start at 3:00 PM sharp.

3. Guidelines for Central Depository Company of Pakistan Limited ('CDC') Account Holders

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For Attending the Meeting:

- I. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC/SNIC or original passport at the time of attending the Meeting.
- II. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the requirement.

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

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

The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

In case of corporate entities, Board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

Form of proxy is enclosed.

4. Distribution of Annual Report Through Email

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.

5. Election of Directors

The term of the office of the present Board of Directors of the Company will expire on October 25, 2021. In terms of Section 159(1) of the Companies Act, 2017 ("Act") the Board of Directors in their meeting held on September 23, 2021 has fixed the number of elected Directors at 7 (Seven) to be elected in the Annual General Meeting of the Company for the period of next three years.

Any person who seeks to contest the election to the office of a Director, whether he is retiring director or otherwise, shall file the following documents with the Company Secretary, at its Registered Office, 21 Maqboolabad, J.C.H.S, Tipu Sultan Road, Karachi - not later than fourteen days before the date of the meeting, the following documents:

- a. Notice of his / her intention to offer him / herself for the election to the Office of Director in terms of section 159(3)
- b. Consent to act as director of the Company along with consent on Form 28 prescribed under the Act.
- c. A detail profile along with office address as required under SECP' SRO 634(1)2014 dated July 10, 2014.
- d. Declaration under Clause 3 of the Listed Companies (Code of Corporate Governance) Regulations 2019
- e. Declaration that he/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and any other applicable law, rules and regulations.
- f. Declaration that he/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange;

A director must be holding qualification share (i.e. 1) of the Company at the time of filing of his / her consent to act as director. The aforesaid qualification shall not be applicable for instances mentioned in Section 153(i) of the Companies Act 2017.

A candidate consenting for the election as director must be a member of the Company at the time of filing of his/her consent except a person representing a member, which is not a natural person.

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

Pursuant to Companies (Postal Ballot) Regulation 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017 members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

Statement of Material Facts under Section 166(3) of the Companies Act, 2017 in respect of Election of Directors

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017 ("the Act") and they shall meet the criteria laid down under Section 166(2) of the Act.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

6. Submission of CNIC/SNIC/NTN (Mandatory)

Pursuant to the directives of the SECP, the dividend of shareholders whose CNIC/SNIC or NTN (in case of corporate entities), are not available with the Share Registrar could be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Share Registrar, CDC Share Registrar Services, 99-B, Block B, S.M.C.H.S, Shakra-e-Faisal, Karachi.

7. Dividend Mandate (Mandatory)

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.

Member's 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	

8. Deposit of Physical Shares in CDC account

As per section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book-entry form. Therefore, the shareholders having physical shares requested to convert the shares into book entry.

9. Availability of Annual Audited Financial Statements on the Company's website:

In accordance with the provisions of Section 223(7) of the Companies Act 2017, the audited financial statements of the Company for the year ended June 30, 2021, are available on the Company's website.

Analysis of Financial Statements

Statement of Financial Position

	2021	2020	2019	2018	2017	2016
	Rs					
Property, Plant and Equipment	1,913,023,144	1,935,662,870	1,415,678,086	1,177,261,267	808,213,675	799,407,426
Intangible assets	510,708	638,385	797,985	907,435	1,134,294	1,309,534
Other non-current assets	15,095,485	11,537,730	6,401,418	10,118,273	9,981,451	10,428,500
Deferred tax asset - net	-	1,318,676	-	-	-	-
Current assets	1,282,503,689	1,024,794,484	1,073,282,055	1,043,934,040	741,461,399	745,619,885
Total assets	3,211,133,026	2,973,952,145	2,496,159,544	2,232,221,015	1,560,790,819	1,556,765,345
Share capital	593,011,500	593,011,500	593,011,500	593,011,500	388,860,000	388,860,000
Reserves	173,566,620	173,566,620	173,566,620	173,566,620	79,930,000	79,930,000
Unappropriated profits / (losses)	5,443,251	(177,791,039)	(113,939,276)	138,524,948	124,687,909	85,095,494
Surplus on revaluation of property, plant and equipment	623,040,000	623,040,000	-	-	-	-
Non-current liabilities	394,234,183	421,226,007	446,942,396	149,717,278	168,233,792	334,999,524
Current liabilities	1,421,837,472	1,340,899,057	1,396,578,305	1,177,400,669	799,079,118	667,880,327
Total equity and liabilities	3,211,133,026	2,973,952,145	2,496,159,544	2,232,221,015	1,560,790,819	1,556,765,345

Vertical Analysis

	Percentage					
Property, Plant and Equipment	59.57	65.1	56.7	52.7	51.8	51.4
Intangible assets	0.02	0.02	0.03	0.0	0.1	0.1
Other non-current assets	0.47	0.4	0.3	0.5	0.6	0.7
Deferred tax asset - net	-	0.04	-	-	-	-
Current assets	39.94	34.5	43.0	46.8	47.5	47.9
Total assets	100.00	100.0	100.0	100.0	100.0	100.0
Share capital	18.47	19.9	23.8	26.6	24.9	25.0
Reserves	5.41	5.8	7.0	7.8	5.1	5.1
Unappropriated profits / (losses)	0.17	(6.0)	(4.6)	6.2	8.0	5.5
Surplus on revaluation of property, plant and equipment	19.40	20.9	-	-	-	-
Non-current liabilities	12.28	14.2	17.9	6.7	10.8	21.5
Current liabilities	44.28	45.1	55.9	52.7	51.2	42.9
Total equity and liabilities	100.00	100.0	100.0	100.0	100.0	100.0

Horizontal Analysis

	Percentage					
Property, Plant and Equipment	(1.17)	36.73	20.25	45.66	1.10	(3.53)
Intangible assets	(20.00)	(20.00)	(12.1)	(20.0)	(13.4)	38.2
Other non-current assets	30.84	80.24	(36.7)	1.4	(4.3)	62.2
Deferred tax asset - net	100.00	100.00	-	-	-	-
Current assets	25.15	(4.52)	2.8	40.8	(0.6)	38.8
Total assets	7.98	19.1	11.8	43.0	0.3	13.4
Share capital	-	-	-	52.5	-	-
Reserves	-	-	-	117.1	-	-
Unappropriated profits / (losses)	(103.06)	56	(182.3)	11.1	46.5	119.9
Surplus on revaluation of property, plant and equipment	100.00	100	-	-	-	-
Non-current liabilities	(6.41)	(5.8)	198.5	(11.0)	(49.8)	(12.0)
Current liabilities	6.04	(4.0)	18.6	47.3	19.6	37.7
Total equity and liabilities	7.98	19.1	11.8	43.0	0.3	13.4

Analysis of Financial Statements

Statement of Profit or Loss

	2021	2020	2019	2018	2017	2016
	Rs					
Net sales	3,025,322,805	2,164,953,856	2,415,339,316	2,125,159,243	1,515,691,745	1,309,860,044
Cost of sales	2,567,173,013	2,107,605,178	2,311,924,882	1,902,336,855	1,263,002,642	1,080,579,539
Gross profit	458,149,792	57,348,678	103,414,434	222,822,388	252,689,103	229,280,505
Marketing and selling expenses	26,300,025	26,941,488	29,607,769	24,832,852	22,678,984	22,615,359
Administrative expenses	113,564,095	88,211,804	89,002,331	78,339,177	71,102,447	56,734,135
Operating profit / (loss)	318,285,672	(57,804,614)	(15,195,666)	119,650,359	158,907,672	149,931,011
Finance Costs	91,710,220	157,005,124	88,709,026	22,533,650	26,643,492	23,226,828
Other income	62,059,520	203,348,947	20,020,390	7,390,107	6,267,715	6,518,626
Other expenses	14,622,409	149,947,663	116,788,605	38,424,138	12,438,732	17,066,515
Profit / (loss) before taxation	274,012,563	(161,408,454)	(200,672,907)	66,082,678	126,093,163	116,156,294
Taxation	(87,347,510)	98,553,356	(33,244,793)	(11,234,120)	(47,821,598)	(29,784,267)
Net profit / (loss) for the year	186,665,053	(62,855,098)	(233,917,700)	54,848,558	78,271,565	86,372,027

Vertical Analysis

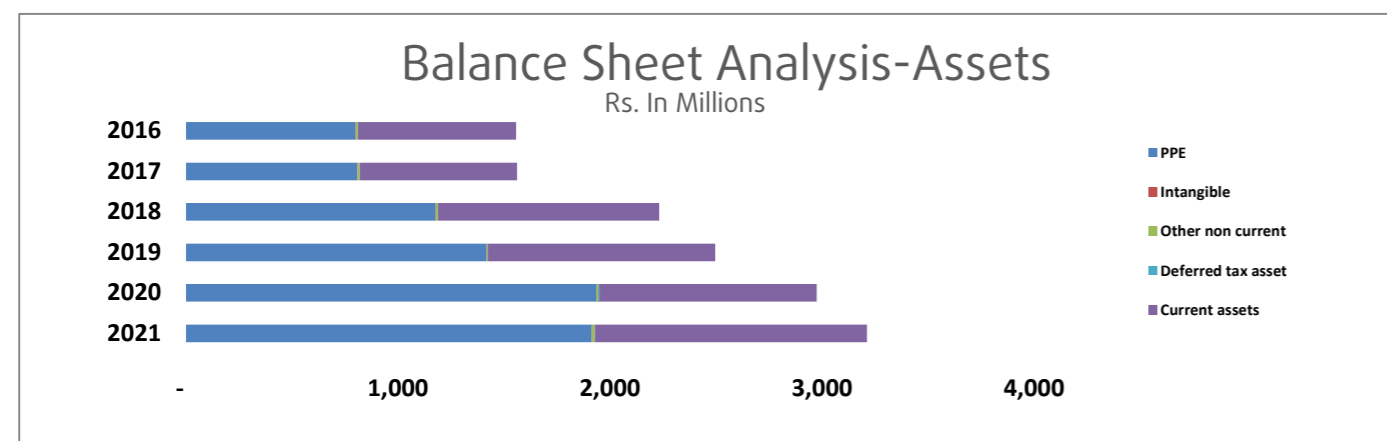
	Percentage					
Net sales	100	100	100	100	100	100
Cost of sales	84.9	97.4	95.7	89.5	83.3	82.5
Gross profit	15.1	2.6	4.3	10.5	16.7	17.5
Marketing and selling expenses	0.9	1.2	1.2	1.2	1.5	1.7
Administrative expenses	3.8	4.1	3.7	3.7	4.7	4.3
Operating profit / (loss)	10.5	(2.7)	(0.6)	5.6	10.5	11.4
Finance Costs	3.0	7.3	3.7	1.1	1.8	1.8
Other income	2.1	9.4	0.8	0.3	0.4	0.5
Other expenses	0.5	6.9	4.8	1.8	0.8	1.3
Profit / (loss) before taxation	9.1	(7.5)	(8.3)	3.1	8.3	8.9
Taxation	-2.9	4.6	(1.4)	(0.5)	(3.2)	(2.3)
Net profit / (loss) for the year	6.2	(2.9)	(9.7)	2.6	5.2	6.6

Horizontal Analysis

	Percentage					
Net sales	39.74	(10.37)	13.65	40.21	15.71	(2.45)
Cost of sales	21.81	(8.84)	21.53	50.62	16.88	(1.40)
Gross profit	698.88	(44.54)	(53.59)	(11.82)	10.21	(7.10)
Marketing and selling expenses	(2.38)	(9.01)	19.23	9.50	0.28	70.32
Administrative expenses	28.74	(0.89)	13.61	10.18	25.33	16.13
Operating profit / (loss)	(650.62)	280.40	(112.70)	(24.70)	5.99	(18.81)
Finance Costs	(41.59)	76.99	293.67	(15.43)	14.71	(37.27)
Other income	(69.48)	915.71	170.91	17.91	(3.85)	280.32
Other expenses	(90.25)	28.39	203.95	208.91	(27.12)	(17.36)
Profit / (loss) before taxation	(269.76)	(19.57)	(403.67)	(47.59)	8.55	(9.75)
Taxation	188.63	396.45	195.93	76.51	60.56	55.47
Net profit / (loss) for the year	396.98	73.13	(526.48)	(29.93)	(9.38)	39.71

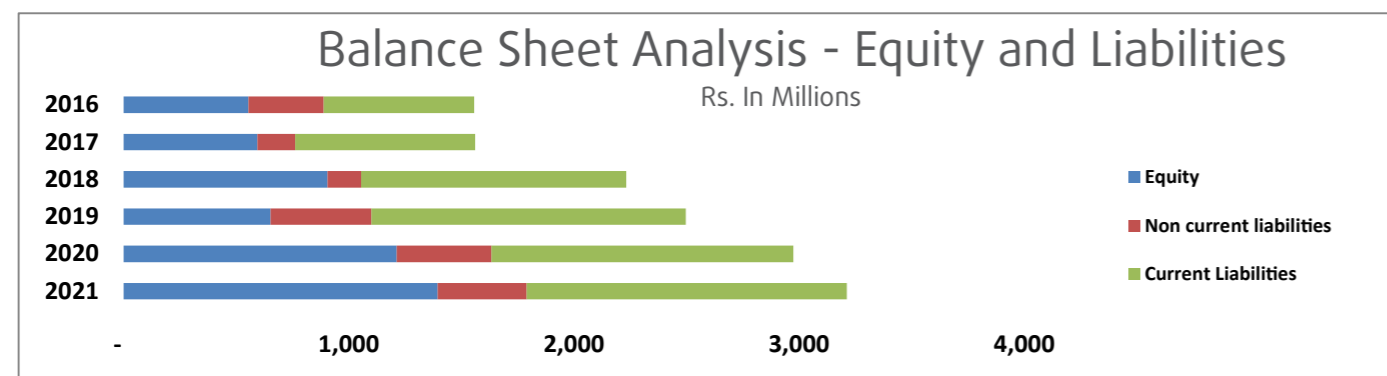
Balance Sheet

Assets	2021	2020	2019	2018	2017	2016
Property, Plant and Equipment	1,913,023,144	1,935,662,870	1,415,678,086	1,177,261,267	808,213,675	799,407,426
Intangible assets	510,708	638,385	797,985	907,435	1,134,294	1,309,534
Other non-current assets	15,095,485	11,537,730	6,401,418	10,118,273	9,981,451	10,428,500
Deferred tax asset - net	-	1,318,676	-	-	-	-
Current assets	1,282,503,689	1,024,794,484	1,073,282,055	1,043,934,040	741,461,399	745,619,885



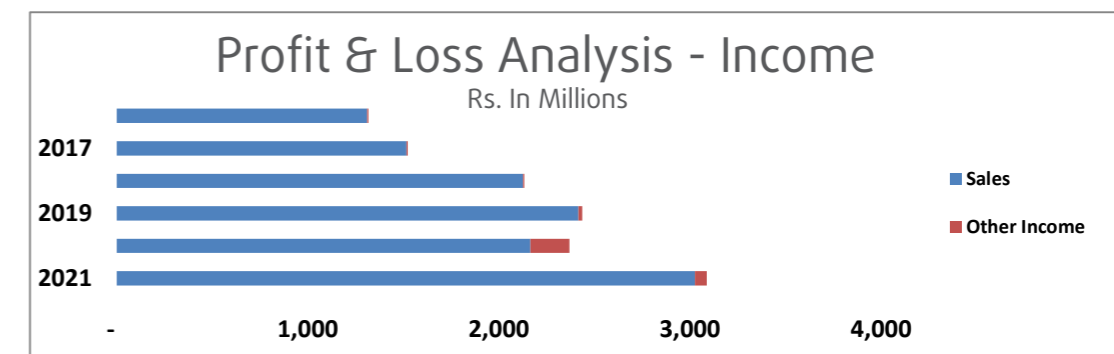
Equity and Liabilities

	2021	2020	2019	2018	2017	2016
Equity	1,395,061,371	1,211,827,081	652,638,844	905,103,068	593,477,909	553,885,494
Non-current liabilities	394,234,183	421,226,007	446,942,396	149,717,278	168,233,792	334,999,524
Current liabilities	1,421,837,472	1,340,899,057	1,396,578,305	1,177,400,669	799,079,118	667,880,327



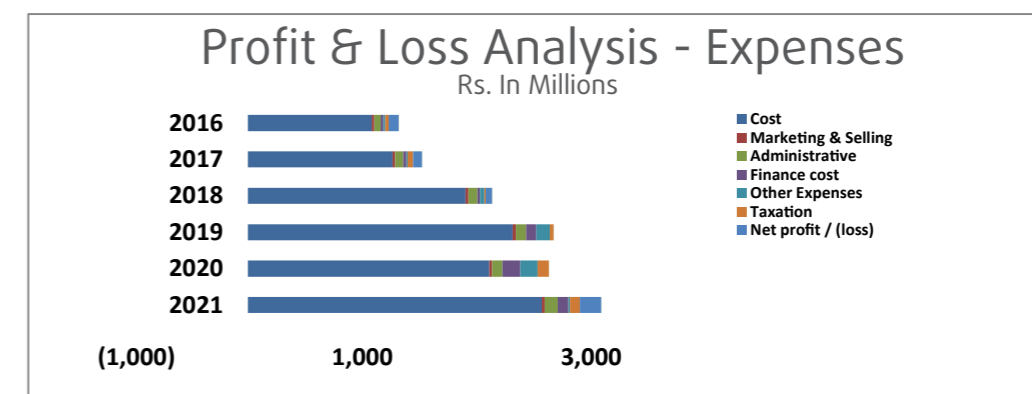
Profit and Loss

Income	2021	2020	2019	2018	2017	2016
Sales	3,025,322,805	2,164,953,856	2,415,339,316	2,125,159,243	1,515,691,745	1,309,860,044
Other Income	62,059,520	203,348,947	20,020,390	7,390,107	6,267,715	6,518,626



Profit and Loss

Expenses	2021	2020	2019	2018	2017	2016
Cost of sales	2,567,173,013	2,107,605,178	2,311,924,882	1,902,336,855	1,263,002,642	1,080,579,539
Marketing and selling expenses	26,300,025	26,941,488	29,607,769	24,832,852	22,678,984	22,615,359
Administrative expenses	113,564,095	88,211,804	89,002,331	78,339,177	71,102,447	56,734,135
Finance Costs	91,710,220	157,005,124	88,709,026	22,533,650	26,643,492	23,226,828
Other expenses	14,622,409	149,947,663	116,788,605	38,424,138	12,438,732	17,066,515
Taxation	87,347,510	98,553,356	33,244,793	11,234,120	47,821,598	29,784,267
Net profit / (loss) for the year	186,665,054	(62,855,098)	(233,917,701)	54,848,558	78,271,565	86,372,027



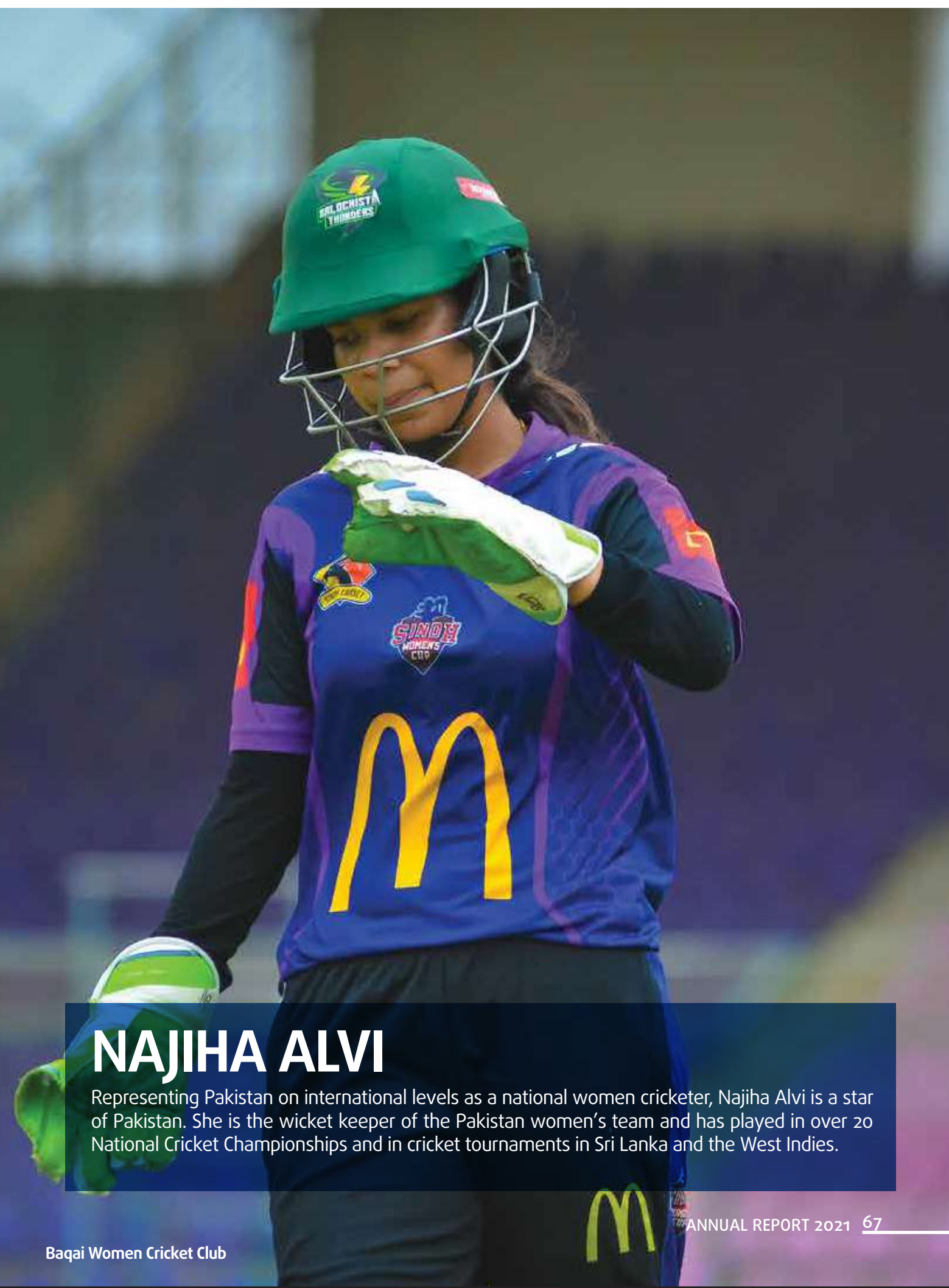
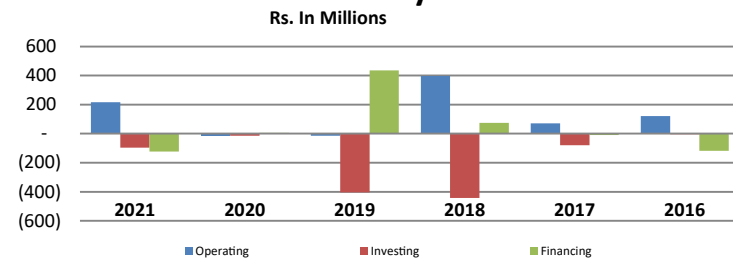
Key Performance Indicators SIX Years At Glance

		2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross Profit to Sales	%	15%	3%	4%	10%	17%	18%
Operating Profit to Sales	%	11%	-3%	-1%	6%	10%	11%
Net Profit to Sales	%	6%	-3%	-10%	3%	5%	7%
EBITDA Margin to Sales	%	15%	3%	3%	9%	15%	17%
Operating leverage ratio	times	-16.37	-27.05	-8.25	-0.61	0.38	7.68
Return on Equity	%	13%	-5%	-36%	6%	13%	16%
Return on Capital employed	%	11%	-5%	-25%	7%	13%	14%
Return on Fixed Assets	%	10%	-3%	-17%	5%	10%	11%
Liquidity Ratios							
Current ratio	times	0.90	0.76	0.77	0.89	0.93	1.12
Quick ratio	times	0.47	0.52	0.50	0.47	0.37	0.42
Cash to Current Liabilities	times	0.01	0.01	0.04	0.03	0.01	0.02
Cash to Current Assets	%	1.22%	1.78%	4.94%	3.24%	0.75%	1.78%
Cash flow from Operations to Sales	%	10%	9%	8%	23%	10%	14%
Turnover/Management Efficiency Ratios							
Inventory turnover ratio	times	5.48	5.99	5.33	4.07	2.78	3.05
No. of Days in Inventory	days	66	60	67	88	130	118
Debtor turnover ratio	times	8.06	5.74	5.44	6.21	5.85	4.83
No. of Days in Receivables	days	45	63	66	58	62	74
Creditor turnover ratio	times	4.03	2.86	2.73	3.30	2.70	2.43
No. of Days in Creditors	days	89	126	132	109	133	148
Operating Cycle	days	110	123	134	146	191	193
Cash conversion Cycle	days	21	-3	2	37	58	45
Total Assets turnover ratio	times	0.94	0.73	0.97	0.95	0.97	0.84
Fixed Assets turnover ratio	times	1.58	1.12	1.71	1.81	1.88	1.64
Market Ratios							
Earnings per share (EPS)	Rs.	3.15	-1.06	-3.94	0.99	1.83	2.02
Price Earnings ratio	times	7.28	-21.78	-3.45	29.72	16.92	9.39
Price to Book ratio	times	0.42	0.46	0.32	0.73	0.85	0.52
Break-up value per share	Rs.	23.53	20.44	11.01	16.41	13.91	12.98

SUMMARY OF CASH FLOWS

	2021	2020	2019	2018	2017	2016
Cash & cash equivalents - Opening	18,194,200	42,995,225	25,620,515	5,562,050	13,243,508	14,632,523
Net cash flows from Operating activities	216,928,343	(16,490,770)	(13,655,596)	397,123,139	70,634,959	121,048,030
Net cash flows used in Investing activities	(96,508,554)	(14,636,362)	(404,758,370)	(442,506,424)	(79,308,674)	(3,694,750)
Net cash flows (used in) generated from Financing activities	(122,926,888)	6,326,109	435,788,678	73,656,542	(9,007,639)	(118,742,295)
Changes in cash & cash equivalents	(2,507,098)	(24,801,023)	17,374,712	28,273,257	(17,681,355)	(1,389,015)
Cash & cash equivalents - Closing	15,687,101	18,194,200	42,995,227	33,835,307	(4,437,847)	13,243,508

Cash Flows Analysis



NAJIHA ALVI

Representing Pakistan on international levels as a national women cricketer, Najiha Alvi is a star of Pakistan. She is the wicket keeper of the Pakistan women's team and has played in over 20 National Cricket Championships and in cricket tournaments in Sri Lanka and the West Indies.

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,913,023,144	1,935,662,870
Intangible assets	10	510,708	638,385
Long-term deposits	11	15,095,485	11,537,730
Deferred tax asset - net	23	-	1,318,676
		1,928,629,337	1,949,157,661
CURRENT ASSETS			
Stock-in-trade	12	608,560,160	328,537,630
Trade debts	13	432,680,148	258,326,902
Loans and advances	14	35,650,689	13,694,680
Short-term deposits, prepayments and other receivables	15	67,053,953	192,000,549
Tax refund due from Government - net	16	122,871,638	214,040,523
Cash and bank balances	17	15,687,101	18,194,200
		1,282,503,689	1,024,794,484
TOTAL ASSETS		3,211,133,026	2,973,952,145
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	5,443,251	(177,791,039)
Surplus on revaluation of property, plant and equipment	19	623,040,000	623,040,000
		1,395,061,371	1,211,827,081
NON-CURRENT LIABILITIES			
Diminishing musharika arrangement	20	163,289,035	257,243,452
Lease liabilities	21	862,364	12,362,069
Deferred income	22	2,183,380	6,511,668
Deferred tax liability - net	23	43,265,543	-
Deferred gratuity	24	48,502,400	41,526,179
Provision for Gas Infrastructure Development Cess	25	136,131,461	103,582,639
		394,234,183	421,226,007
CURRENT LIABILITIES			
Trade and other payables	26	852,442,340	732,579,376
Short-term borrowings	27	359,890,485	356,347,488
Accrued mark-up	28	7,737,980	16,365,792
Unclaimed dividend		735,322	883,624
Current portion of non-current liabilities	20,21 & 25	201,031,345	234,722,777
		1,421,837,472	1,340,899,057
CONTINGENCIES AND COMMITMENTS			
	29		
TOTAL EQUITY AND LIABILITIES		3,211,133,026	2,973,952,145

The annexed notes 1 to 51 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, 2021

	Note	2021 Rupees	2020 Rupees
Sales - net	30	3,025,322,805	2,164,953,856
Cost of sales	31	(2,567,173,013)	(2,107,605,178)
Gross profit		458,149,792	57,348,678
Administrative expenses	32	(113,564,095)	(88,211,804)
Marketing and selling expenses	33	(26,300,025)	(26,941,488)
Finance costs	34	(91,710,220)	(157,005,124)
Other operating expenses	35	(14,622,409)	(148,954,959)
Impairment loss on trade debts		-	(992,704)
Other income	36	62,059,520	203,348,947
Profit / (Loss) before taxation		274,012,563	(161,408,454)
Taxation	37	(87,347,510)	98,553,356
Profit / (Loss) after taxation		186,665,053	(62,855,098)
		2021 Rupees	2020 Rupees
Profit / (Loss) per share - basic and diluted	38	3.15	(1.06)

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Profit / (Loss) after taxation	186,665,053	(62,855,098)
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 on defined benefit plan	(4,832,061)	(1,403,752)
Tax effect	1,401,298	407,088
	(3,430,763)	(996,664)
Net comprehensive (loss) / income not to be reclassified to statement of profit or loss in subsequent periods - net of tax	(3,430,763)	622,043,336
Other comprehensive (loss) / income - net of tax	(3,430,763)	622,043,336
Total comprehensive income for the year - net of tax	183,234,290	559,188,238

The annexed notes 1 to 51 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, 2021

	Reserves				Total Equity	
	Capital reserves	Revenue reserves	Total			
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, 2019	593,011,500	173,566,620	-	(113,939,277)	59,627,343	652,638,843
Loss after tax	-	-	-	(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
Total 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	593,011,500	173,566,620	623,040,000	(177,791,039)	618,815,581	1,211,827,081
Balance as at July 01, 2020	593,011,500	173,566,620	623,040,000	(177,791,039)	618,815,581	1,211,827,081
Profit after tax	-	-	-	186,665,053	186,665,053	186,665,053
Other comprehensive loss for the year - net of tax	-	-	-	(3,430,763)	(3,430,763)	(3,430,763)
Total comprehensive income for the year - net of tax	-	-	-	183,234,290	183,234,290	183,234,290
Balance as at June 30, 2021	593,011,500	173,566,620	623,040,000	5,443,251	802,049,871	1,395,061,371

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	296,769,470	202,344,485
Long term deposit paid		(3,557,755)	(5,136,312)
Income tax - net received / (paid)	16.1	38,806,473	(60,025,825)
Gratuity paid	24.2	(14,751,813)	(4,864,160)
Zakat paid on dividend		-	(457,401)
Finance costs paid		(100,338,032)	(148,351,559)
		(79,841,127)	(218,835,257)
Net cash generated from / (used in) operating activities		216,928,343	(16,490,772)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets expenditure		(121,873,849)	(37,636,362)
Proceeds from disposal of fixed assets		25,365,295	23,000,000
Net cash used in investing activities		(96,508,554)	(14,636,362)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) / proceeds from diminishing musharika arrangement		(93,950,817)	26,042,732
Repayment of lease liabilities-net		(28,827,772)	(19,407,294)
Dividend paid		(148,299)	(309,329)
Net cash (used in) / generated from financing activities		(122,926,888)	6,326,109
Net decrease in cash and cash equivalents		(2,507,099)	(24,801,025)
Cash and cash equivalents at the beginning of the year		18,194,200	42,995,225
Cash and cash equivalents at the end of the year	48	15,687,101	18,194,200

The annexed notes 1 to 51 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, 2021

1 LEGAL STATUS AND 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.

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 Sales Office

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 (Companies Act, 2017). 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 MEASUREMENT

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:

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 3 - Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8 - Definition of Material (Amendments)

The adoption of above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on the Company's financial statements.

5.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

Interest rate Benchmark Reforms

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

Covid 19 - Related Rent Concessions

COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.

Onerous Contracts

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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, revaluation of land, 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).
- (g) leases (note 21).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

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 valued 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.

Scraps are valued at estimated realisable value.

7.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss account, except to the extent that it relates to items recognized directly in the other comprehensive income or in equity, in which case it is recognized in the other comprehensive income or equity respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Current

Provision for current taxation is based on taxability of certain income streams under final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. Provision of current tax is determined using the tax rate enacted at the reporting date.

Deferred

Deferred tax is recognized using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the Company also recognizes deferred tax liability on surplus on revaluation of property, plant and equipment which is adjusted against the related surplus.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

7.8 Staff retirement benefits

Defined benefit plan - staff gratuity scheme

The Company operates a defined benefit 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.

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
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

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 of financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

7.10 Revenue recognition

The Company is in the business of manufacturing packing products. The revenue is recognized on delivery of the products to the customers. 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, non cash 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.

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

Miscellaneous 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 on transactions 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 declared / 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, 2021

7.14 Leases

The Company assess at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases of 12 months or less 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 (ROU 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

FOR THE YEAR ENDED JUNE 30, 2021

7.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for the shareholders. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

7.16 Contingent liabilities

A contingent liabilities is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, at one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation can not be measured with sufficient reliability.

8 DETAILS OF RELATED PARTIES OF THE COMPANY

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

Name of related party	Basis of relationship
Hilal Foods (Private) Limited	Common Directorship
Kings Foods (Private) Limited	Common Directorship
Shalimar Foods Products	Common Directorship
Toyo Packaging (Private) Limited	Common Directorship
Mr. Najm ul Hassan (Chief Executive Officer)	Key management personnel
Mr. Ehtesham Maqbool Elahi (Executive Director)	Key management personnel
Mr. Habib Elahi (Director Operations)	Key management personnel
Mr. Hasan Ahmed Tariq (Chief Financial Officer)	Key management personnel
Mr. Muhammad Saad Khan (Company Secretary)	Key management personnel

9	PROPERTY, PLANT AND EQUIPMENT	Note	2021 Rupees	2020 Rupees
	Operating fixed assets	9.1	1,754,334,959	1,805,100,201
	Right-of-use assets	9.6	109,762,435	121,756,182
	Capital work-in-progress	9.8	48,925,750	8,806,487
			1,913,023,144	1,935,662,870

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

9.1 Operating fixed assets

Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Electric installations	OWNED						LEASED			Total
					Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles	Sub Total	Plant and machinery - leased	Generators and fittings - leased	Motor vehicles - Leased	
Net carrying value basis														
Opening net book value (NBV) as at July 01, 2020														
640,000,000	161,311,824	894,890,047	4,493,482	4,295,450	4,195,064	62,215,509	9,499,075	1,492,220	22,707,550	1,805,100,201	-	-	-	1,805,100,201
-	-	34,239,796	542,496	1,158,535	1,016,725	12,746,821	1,413,761	752,237	27,339,834	79,210,115	-	-	-	79,210,115
-	-	(6,070,076)	-	-	-	-	-	-	(9,868,049)	(15,938,125)	-	-	-	(15,938,125)
-	(8,065,591)	(90,756,649)	(477,973)	(483,699)	(439,369)	(6,225,122)	(1,033,579)	(467,313)	(6,088,037)	(114,037,232)	-	-	-	(114,037,232)
640,000,000	153,246,233	832,303,218	4,557,895	4,970,286	4,772,420	68,737,208	9,879,257	1,777,144	34,091,298	1,754,334,959	-	-	-	1,754,334,959
Gross carrying value basis														
Cost / Revalued amount														
640,000,000	294,582,151	1,789,856,066	9,671,250	6,268,753	8,373,467	84,748,364	16,223,078	6,530,641	74,911,377	2,841,167,147	-	-	-	2,841,167,147
-	(51,335,918)	(967,554,848)	(5,113,358)	(1,298,487)	(3,601,047)	(16,011,156)	(6,343,821)	(4,763,497)	(40,820,079)	(1,086,832,188)	-	-	-	(1,086,832,188)
640,000,000	153,246,233	832,303,218	4,557,895	4,970,286	4,772,420	68,737,208	9,879,257	1,777,144	34,091,298	1,754,334,959	-	-	-	1,754,334,959
Rate of depreciation														
	5%	10%	10%	10%	10%	10%	10%	25%	20%		10%	10%	20%	

* Additions to plant and machinery and generators include transfer from capital work-in-progress.

Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Electric installations	OWNED						LEASED			Total
					Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles	Sub Total	Plant and machinery - leased *	Generators and fittings - leased **	Motor vehicles - Leased	
Net carrying value basis														
Opening net book value (NBV) as at July 01, 2019														
21,200,000	167,058,297	883,633,568	4,935,797	4,642,736	4,023,476	47,781,418	8,919,850	1,562,629	24,161,357	1,167,919,126	10,358,332	116,523,792	9,167,036	1,303,968,286
-	2,630,115	107,282,146	26,400	123,390	619,508	21,661,468	1,571,203	332,900	6,292,545	140,539,675	-	-	-	140,539,675
623,040,000	-	-	-	-	-	-	-	-	-	623,040,000	-	-	-	623,040,000
(4,240,000)	-	-	-	-	-	(1,912,698)	-	-	(2,809,203)	(8,961,901)	-	-	-	(8,961,901)
-	-	-	-	-	-	-	-	-	-	-	(10,358,332)	(116,523,792)	(9,167,036)	(136,049,160)
-	(8,376,588)	(96,025,667)	(468,735)	(470,676)	(447,920)	(5,314,677)	(991,078)	(403,309)	(4,037,149)	(117,436,699)	-	-	-	(117,436,699)
640,000,000	161,311,824	894,890,047	4,493,482	4,295,450	4,195,064	62,215,509	9,499,075	1,492,220	22,707,550	1,805,100,201	-	-	-	1,805,100,201
Gross carrying value basis														
Cost														
640,000,000	294,582,151	1,761,688,346	9,128,844	5,110,218	7,356,742	72,001,543	14,809,317	5,778,404	57,439,592	2,777,895,157	-	-	-	2,777,895,157
-	(43,270,327)	(866,798,299)	(4,635,362)	(814,788)	(3,161,678)	(9,786,034)	(5,310,242)	(4,286,184)	(34,732,042)	(972,794,956)	-	-	-	(972,794,956)
640,000,000	161,311,824	894,890,047	4,493,482	4,295,450	4,195,064	62,215,509	9,499,075	1,492,220	22,707,550	1,805,100,201	-	-	-	1,805,100,201
Rate of depreciation														
	5%	10%	10%	10%	10%	10%	10%	25%	20%		10%	10%	20%	

* Represents assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the name of the Company due to their late payment penalty. The Company has shown these late payment charges as contingencies (note 29.1.2). The management is of the view that a substantial portion of these charges will be waived off by the leasing companies.

** Additions to plant and machinery and generators include transfer from capital work-in-progress.

9.2 Last year, the Company had revalued its leasehold land using the market comparable method. The valuations had 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 last year. 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:

	2021 Rupees	2020 Rupees
Leasehold land	16,960,000	16,960,000

9.3 Allocation of depreciation expense

	Note	2021 Rupees	2020 Rupees
Cost of sales	31	110,219,960	113,726,586
Administrative expenses	32	2,224,980	2,224,980
Marketing and selling expenses	33	1,592,293	1,485,132
		114,037,233	117,436,698

9.4 The details of immovable assets (i.e. land and building) of the Company as at June 30, 2021 are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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

Asset Category	Original Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss) on disposals	Mode of disposal	Particulars of buyers	Location
----- Rupees -----								
Plant and machinery								
Chiller	9,671,977	3,601,901	6,070,076	7,020,000	949,924	Negotiation	Saif-Ullah Engineering	Karachi
Motor vehicles								
Toyota Altis	2,367,450	1,582,155	785,295	785,295	-	Negotiation	Sadiq Khan	Karachi
Audi- A5	8,900,000	2,136,000	6,764,000	10,700,000	3,936,000	Negotiation	Premier Systems	Karachi
Honda - Civic	2,364,020	1,841,248	522,772	2,100,000	1,577,228	Negotiation	Car First	Karachi
Toyota Altis	2,461,335	1,477,800	983,535	2,830,000	1,846,465	Negotiation	Abdul Mannan	Karachi
Toyota Corolla	1,415,000	906,862	508,138	1,200,000	691,862	Negotiation	Bilal Ahmed	Karachi
2021	27,179,782	11,545,966	15,633,816	24,635,295	9,001,479			
2020	13,766,566	4,804,665	8,961,901	185,500,000	176,538,099			

9.5.1 The above disposals have been made to third parties.

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, 2020	375,906	9,322,499	104,724,148	7,333,629	121,756,182
Additions	1,504,419	-	-	-	1,504,419
Depreciation expense	(626,775)	(932,250)	(10,472,415)	(1,466,726)	(13,498,166)
As at June 30, 2021	1,253,550	8,390,249	94,251,733	5,866,903	109,762,435
As at June 30, 2021	375,906	9,322,499	104,724,148	7,333,629	121,756,182
Rate of depreciation	33%	10%	10%	20%	

9.7 Allocation of depreciation expense

	Note	2021 Rupees	2020 Rupees
Cost of sales	31	12,871,390	13,325,314
Administrative expenses	32	-	503,261
Marketing and selling expenses	33	626,775	1,484,721
		13,498,165	15,313,296

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

9.8 Capital work-in-progress

	Balance as at 01 July 2020	Additions	Transfers	Balance as at 30 June 2021
----- Rupees -----				
Building and civil works	7,520,902	5,180,019	-	12,700,921
Plant and machinery	1,285,585	50,500,141	16,429,603	35,356,123
Generators	-	13,615,527	12,746,821	868,706
	8,806,487	69,295,687	29,176,424	48,925,750
----- Rupees -----				
Balance as at 01 July 2019	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

10 INTANGIBLE ASSETS

	Note	2021 Rupees	2020 Rupees
Computer software	10.1	510,708	638,385
10.1 Computer software			
Net carrying value basis			
NBV as on July 01		638,385	797,985
Amortization charge	10.2	(127,677)	(159,600)
NBV as at June 30		510,708	638,385
Gross carrying value basis			
Cost		1,985,738	1,985,738
Accumulated amortization		(1,475,030)	(1,347,353)
NBV as at June 30		510,708	638,385

10.2 Amortization charge of 20% per annum has been allocated to administrative expenses (Note 32).

11 LONG-TERM DEPOSITS

	Note	2021 Rupees	2020 Rupees
Security deposits			
Margin against bank guarantee	11.1	7,250,200	7,250,200
Other deposits		7,845,285	4,287,530
		15,095,485	11,537,730

11.1 Represents 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, 2021

12 STOCK-IN-TRADE	Note	2021 Rupees	2020 Rupees
Raw material:			
In hand	12.1 & 31	178,169,034	92,002,828
In transit		172,916,453	136,743,331
In bonded warehouse		169,687,800	25,657,382
		520,773,287	254,403,541
Work in process	31	80,241,250	61,011,913
Finished goods	31	7,545,623	13,122,176
		87,786,873	74,134,089
		608,560,160	328,537,630

12.1 This includes raw material provided by third parties for toll manufacturing amounting to Rs. 146.6 million (2020: Rs. 43.6 million).

13 TRADE DEBTS	Note	2021 Rupees	2020 Rupees
Considered good			
- Related parties	13.2 & 13.3	137,999,039	79,304,646
- Other than related parties	13.4	294,681,109	179,022,256
		432,680,148	258,326,902
Considered doubtful		30,076,628	30,076,628
		462,756,776	288,403,530
Less: allowance for expected credit losses (ECL)	13.1	(30,076,628)	(30,076,628)
	13.4	432,680,148	258,326,902

13.1 Allowance for expected credit losses

Balance as at 1 July	30,076,628	29,083,924
Impairment loss on trade debts	-	992,704
Balance as at 30 June	30,076,628	30,076,628

13.2 Represents balances due from related parties which are as follows:

Description	2021 Rupees	2020 Rupees
Hilal Foods (Private) Limited	6,128,784	1,431,542
Kings Foods (Private) Limited	632,650	632,650
Shalimar Foods Products	1,394,788	1,394,792
Toyo Packaging (Private) Limited	129,842,817	75,845,662
	137,999,039	79,304,646

13.3 The related parties from whom the maximum amount outstanding at any time during the year calculated by reference to month-end balances are as under:

	2021 Rupees	2020 Rupees
Hilal Foods (Private) Limited	6,718,838	4,231,538
Kings Foods (Private) Limited	632,650	632,650
Shalimar Foods Products	3,015,218	2,422,484
Toyo Packaging (Private) Limited	129,842,817	92,134,616

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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 upto 90 days	>90 days upto 180 Days	>180 days
		(Rupees)			
Related parties					
Hilal Foods (Private) Limited	6,128,784	1,776,876	4,351,908	-	-
Kings Foods (Private) Limited	632,650	-	-	-	632,650
Shalimar Foods Products	1,394,788	-	-	504,670	890,117
Toyo Packaging (Private) Limited	129,842,817	7,493,786	10,548,131	10,893,147	25,695,793
	137,999,039	9,270,662	14,900,039	11,397,817	26,585,910
Other than related parties	294,681,109	199,769,857	49,540,752	8,119,481	6,141,035
	432,680,148	209,040,519	64,440,791	19,517,298	32,726,945

Total	Neither past due nor impaired	Past due but not impaired			
		> 30 days up to 60 Days	> 60 days upto 90 days	>90 days upto 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
	79,304,646	13,310,026	4,372,734	5,462,190	29,335,534
Other than related parties	179,022,256	94,160,076	31,961,042	8,001,977	33,918,773
	258,326,902	107,470,102	36,333,776	13,464,167	63,254,307

14 LOANS AND ADVANCES - unsecured, considered good

	Note	2021 Rupees	2020 Rupees
Loans			
Employees	14.1	2,407,920	1,540,070
Advances			
- Suppliers and contractors		26,810,454	9,604,494
- Employees	14.2	6,432,315	2,550,116
		33,242,769	12,154,610
		35,650,689	13,694,680

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	2021 Rupees	2020 Rupees
Trade deposits - unsecured, considered good			
- Containers		18,747,820	15,365,764
- Nazir High Court	29.1.3	9,525,757	9,525,757
- Others		5,270,577	3,500,018
		33,544,154	28,391,539
Short-term prepayments	15.1	309,799	1,109,010
Other receivables	15.2	33,200,000	162,500,000
		67,053,953	192,000,549

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

16 TAX REFUND DUE FROM GOVERNMENT– net	Note	2021 Rupees	2020 Rupees
Income tax refundable	16.1	119,818,104	199,986,571
Sales tax refundable		3,053,534	14,053,952
		122,871,638	214,040,523
16.1 Income tax refundable			
As at July 01		199,986,571	161,884,098
Provision for current year tax		(46,191,576)	(36,990,471)
Reversal for prior year		4,829,582	15,067,119
Refund received		(80,290,295)	-
Advance tax paid during the year		41,483,822	60,025,825
As at June 30		119,818,104	199,986,571
17 CASH AND BANK BALANCES			
Cash in hand		226,239	199,772
Cash at banks – current accounts		15,460,862	17,994,428
		15,687,101	18,194,200

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021 Rupees	2020 Rupees
Number of Shares				
Authorised share capital				
70,000,000	70,000,000	Ordinary shares of Rs. 10 each	700,000,000	700,000,000
Issued, subscribed and paid up share capital				
Fully paid ordinary shares of Rs. 10/- each				
25,986,000	25,986,000	- Issued for cash	259,860,000	259,860,000
12,900,000	12,900,000	- Issued as fully paid bonus shares	129,000,000	129,000,000
20,415,150	20,415,150	- Issued as right shares at a premium	204,151,500	204,151,500
59,301,150	59,301,150		593,011,500	593,011,500

18.1 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	Note	2021 Rupees	2020 Rupees
Share premium on issue of ordinary shares		173,566,620	173,566,620
Surplus on revaluation of property, plant and equipment	19.1	623,040,000	623,040,000
Accumulated earnings / (losses)		5,443,251	(177,791,039)
		802,049,871	618,815,581

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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	2021 Rupees	2020 Rupees
Opening balance		623,040,000	-
Surplus on revaluation recognised during the year	9.1	-	623,040,000
		623,040,000	623,040,000

20 DIMINISHING MUSHARIKA ARRANGEMENT

	Note	2021 Rupees	2020 Rupees
Oustanding	20.1	257,242,703	351,193,520
Current portion		(93,953,668)	(93,950,068)
Long Term		163,289,035	257,243,452

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 machinery. 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	2021 Rupees	2020 Rupees
As at 1 July		47,874,017	66,317,486
Re-measurement		1,504,419	-
Impact of initial application of IFRS 16		-	963,825
Interest	34	4,853,301	9,522,276
Payments		(33,681,073)	(28,929,570)
As at 30 June		20,550,664	47,874,017
Current		19,688,300	35,511,948
Non-Current		862,364	12,362,069
		20,550,664	47,874,017

The Company also has a leased 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, 2021

The following are the amounts recognised in profit or loss:

	Note	2021 Rupees	2020 Rupees
Depreciation expense of right-of-use assets	9.6	13,498,166	15,313,296
Interest expense on lease liabilities	34	4,853,301	9,522,276
Expense relating to short-term leases	32	6,420,000	6,000,000
		24,771,467	30,835,572

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:

	2021		2020	
	Minimum Lease Payments (MLP)	Present Value of MLP	Minimum Lease Payments	Present Value of MLP
	------(Rupees)-----			
Within one year	21,210,398	20,191,634	41,521,083	35,488,736
After one year but not more than five years	451,153	359,030	12,787,595	12,385,281
Total minimum lease payments	21,661,551	20,550,664	54,308,678	47,874,017
Less: Finance charges	(1,110,887)	-	(6,434,661)	-
Present value of minimum lease payments	20,550,664	20,550,664	47,874,017	47,874,017
Less: Current portion	(19,688,300)	(19,688,300)	(35,511,948)	(35,511,948)
	862,364	862,364	12,362,069	12,362,069

22 DEFERRED INCOME	Note	2021 Rupees	2020 Rupees
Opening balance		6,511,668	10,839,956
Less: amortization for the year	22.1 / 36	(4,328,288)	(4,328,288)
		2,183,380	6,511,668

22.1 This represents amortization of gain, of Rs 12.98 million resulted in a sale and lease back transaction with a financial institution, over the leased term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

23 DEFERRED TAXATION

Taxable temporary differences arising due to:

	Note	2021 Rupees	2020 Rupees
- accelerated tax depreciation		168,122,569	186,363,787
- accelerated tax amortization		(29,105)	7,922
- right-of-use assets		31,831,106	35,309,293
- provision for GIDC		3,127,487	6,036,768
		203,052,057	227,717,770

Deductible temporary differences arising due to:

- lease liabilities		(6,383,630)	(14,486,370)
- provision for staff retirement benefits – gratuity		(14,065,696)	(12,042,592)
- provision for expected credit losses		(8,722,222)	(10,183,290)
- unrealized exchange losses		(737,449)	(1,319,307)
- deferred income		(633,180)	-
- unutilized tax losses		(75,182,519)	(177,917,075)
- alternate corporate tax		(45,782,535)	(756,641)
- minimum tax		(8,279,283)	(12,331,171)
		(159,786,514)	(229,036,446)

23.1 **43,265,543** (1,318,676)

23.1 Deferred tax expenses amounting to Rs.45.986 million and income (2020: Rs. 120.477 million) has been recognised in statement of profit or loss respectively (Note 37).

24 STAFF RETIREMENT BENEFITS - STAFF GRATUITY

24.1 The amount recognized in the statement of financial position is as follows:

	Note	2021 Rupees	2020 Rupees
Present value of defined benefit obligation	24.2	48,502,400	41,526,179

24.2 Changes in the present value of defined benefit obligation are as follows:

	Note	2021 Rupees	2020 Rupees
As at July		41,526,179	25,411,876
Charge for the period	24.3	17,087,969	19,574,711
Re-measurement loss recognized in other comprehensive income		4,640,065	1,403,752
Benefits paid		(8,733,879)	(1,064,742)
Advances paid		(6,017,934)	(3,799,418)
As at June		48,502,400	41,526,179

24.3 Charge for the year recognized in the statement of profit or loss is as follows:

Current service cost		13,688,398	16,210,623
Interest cost		3,399,571	3,364,088
		17,087,969	19,574,711

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

24.4 The Charge for the year has been allocated as follows:	Note	2021 Rupees	2020 Rupees
Cost of sales	31.1	8,108,459	10,175,915
Administrative expenses	32.1	7,807,435	7,266,613
Marketing and selling expenses	33.1	1,172,075	2,132,183
		<u>17,087,969</u>	<u>19,574,711</u>

24.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2021 using the 'Projected Unit Credit' method are as follows:

	2021	2020
Expected rate of increase in salary level	8.25% p.a	7.25% p.a
Discount rate	10.25% p.a	9.25% p.a

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

Assumption	1% increase	1% decrease
Discount rate	(6,737,838)	8,059,378
Salary increase	8,441,285	(7,142,716)

24.7 Maturity profile of the defined benefit obligation:

	2021	2020
Weighted average duration - in number of years	12.92	12.07

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	2021	2020	2019	2018	2017
		------(Rupees)-----			
Present value of defined benefit obligation	48,502,400	41,526,179	25,411,876	25,343,572	20,232,009
Deficit	48,502,400	41,526,179	25,411,876	25,343,572	20,232,009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

25 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS		2021 Rupees	2020 Rupees
Gas Infrastructure Development Cess		223,520,838	208,843,400
Less: Current portion shown under current liabilities		(87,389,377)	(105,260,761)
		<u>136,131,461</u>	<u>103,582,639</u>

26 TRADE AND OTHER PAYABLES	Note	2021 Rupees	2020 Rupees
Trade creditors		243,735,869	151,724,395
Import bills for goods and fixed asset		291,395,119	244,151,290
Accrued liabilities		33,587,541	27,202,032
Advances from customers - unsecured (contract liabilities)		67,693,470	92,574,396
Workers' Profits Participation Fund	26.1	166,987,775	146,105,978
Workers' Welfare Fund		15,916,918	15,916,918
Withholding tax payable		29,926,025	54,449,500
Others		3,199,623	454,867
		<u>852,442,340</u>	<u>732,579,376</u>

26.1 Workers' Profits Participation Fund	Note	2021 Rupees	2020 Rupees
Balance at the beginning of the period		146,105,978	134,760,609
Charged for the year	35	13,667,041	-
Interest on Workers' Profits Participation Fund	34	7,214,756	11,345,369
		<u>166,987,775</u>	<u>146,105,978</u>

26.2 The Company, through their legal advisor has obtained a stay order against the payment of WPPF from the honorable High Court of Sindh.

27 SHORT-TERM BORROWING - secured	Note	2021 Rupees	2020 Rupees
Short-term loan	27.1	-	97,281,495
Running finance under FATR	27.2	-	139,957,628
Finance against LCs	27.2	206,780,485	45,508,347
Istisna arrangement	27.3	153,110,000	73,600,018
		<u>359,890,485</u>	<u>356,347,488</u>

27.1 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.

27.2 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. The Company has fully availed finance against LC's during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- 27.3** Represents Islamic financing facility of Rs. 153.1 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. The Company has fully availed Istisna arrangement during the year.

28 ACCRUED MARK-UP	2021 Rupees	2020 Rupees
Lease liabilities	-	2,078,984
Diminishing musharika arrangement	4,380,970	9,831,375
Short-term loan	-	850,747
Running finance under FATR and finance against LCs	2,336,610	3,306,154
Istisna arrangement	1,020,400	298,532
	7,737,980	16,365,792

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.

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 based on the opinion of its legal advisor, is confident of favorable outcome after the information is submitted as may be required, therefore no provision is made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

- 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 has deposited the security to Nazir of High Court as disclosed in note 15 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 as the management is confident that the decision of the case will be in their favor.

- 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).

Based on Company's withdrawal, these cases were dismissed by the Honorable High Court of Sindh, since then there has been no update on this matter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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 (CIRA) 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.

Since then, no sales tax demand stands payable as of today unless re-examined / reassessed by the DCIR as per the direction of CIRA. Therefore, company based on advice of its tax consultants has not made any provision in these 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	2021 Rupees	2020 Rupees
29.2.1	Outstanding bank guarantees		11,873,412	11,873,412
29.2.2	Outstanding letters of credit	29.2.3	133,819,668	185,181,245
29.2.3	The aforesaid letter of credit is secured against lien over import documents.			
30	Sales- net	Note	2021 Rupees	2020 Rupees
	Gross Sales			
	- Local		3,507,876,180	2,550,186,987
	- Exports		51,930,864	2,105,148
			3,559,807,044	2,552,292,135
	Less: Sales tax		(534,484,239)	(387,338,279)
		30.1	3,025,322,805	2,164,953,856
30.1	This includes sales made to related parties as disclosed in note 40.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

31	COST OF SALES	Note	2021 Rupees	2020 Rupees
	Opening stock of raw material		92,002,828	106,011,619
	Purchases during the year		1,876,008,893	1,415,913,317
			1,968,011,721	1,521,924,936
	Closing stock of raw material	12	(178,169,034)	(92,002,828)
	Raw material consumed		1,789,842,687	1,429,922,108
	Manufacturing expenses			
	Salaries, wages and other benefits	31.1	162,633,808	120,407,209
	Oil and lubricants / diesel		9,285,603	5,200,921
	Packing material consumed		72,061,534	45,194,915
	Consumable stores		15,704,550	5,178,548
	Water charges		5,274,802	5,400,542
	Repairs and maintenance		44,606,350	24,289,077
	Vehicle running and maintenance		5,135,533	4,827,881
	Utilities		258,540,833	183,162,996
	Gas Infrastructure Development Cess (GIDC)		2,581,376	31,084,785
	Insurance		9,768,803	9,446,162
	Telephone		1,827,769	941,113
	Cartage and octroi		36,655,801	21,877,861
	Staff welfare		7,257,584	5,446,846
	Security charges		2,834,774	2,946,932
	Depreciation	9.3 & 9.7	123,091,350	127,051,900
	Transportation		26,613,495	17,782,886
	Rent, rates and taxes	31.2	2,382,107	2,188,471
	Traveling and accommodation		-	2,722,752
	Others		4,727,038	3,783,330
			790,983,110	618,935,127
			2,580,825,797	2,048,857,235
	Opening work-in-process		61,011,913	86,785,928
			2,641,837,710	2,135,643,163
	Closing work-in-process	12	(80,241,250)	(61,011,913)
	Cost of goods manufactured		2,561,596,460	2,074,631,250
	Finished goods			
	Opening stock		13,122,176	46,096,104
	Closing stock	12	(7,545,623)	(13,122,176)
			5,576,553	32,973,928
			2,567,173,013	2,107,605,178
31.1	Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 8.108 million (2020: Rs. 10.176 million).			
31.2	This represents charges paid to Port Qasim Authority in respect of administration and maintenance.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

32 ADMINISTRATIVE EXPENSES	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits	32.1	44,461,237	36,636,040
Directors' remuneration		24,789,423	22,526,931
Vehicle maintenance		5,056,061	3,693,481
Legal and professional		7,394,173	1,582,001
Traveling and accommodation		311,562	1,693,188
Insurance		568,515	471,122
Fees and subscription		4,885,276	2,637,128
Rent, rates and taxes	32.2	6,420,000	6,000,000
Advertisement		155,800	100,500
Postage and stationery		821,552	764,911
Donation	32.3	1,600,000	-
Telephone		753,855	682,704
Newspaper and periodicals		5,160	4,672
Amortization	10.2	127,677	159,600
Fuel and power		1,968,453	1,641,068
Auditors' remuneration	32.4	2,076,000	1,183,099
Depreciation	9.3&9.7	2,224,980	2,728,241
Repair and maintenance		2,987,787	1,691,830
Staff welfare		2,569,107	1,732,812
Security		1,901,588	769,092
Water		118,721	78,583
Others		2,367,168	1,434,801
		113,564,095	88,211,804

32.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 7.807 million (2020: Rs. 7.267 million).

32.2 This represents expense relating to short term lease.

32.3 Details of donations given to single party are as follows:

	2021 Rupees	2020 Rupees
Shahid Afridi Foundation	1,000,000	-
32.4 Auditors' remuneration		
Audit fee	1,121,810	924,000
Fee for review of half yearly	302,940	92,400
Fee for review of code of corporate governance	75,250	40,425
Out of pocket expenses	576,000	126,274
	2,076,000	1,183,099

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

33 MARKETING AND SELLING EXPENSES	Note	2021 Rupees	2020 Rupees
Salaries, wages and other benefits	33.1	20,699,532	20,225,994
Vehicle running and maintenance		1,449,153	1,260,370
Travelling and accommodation		16,000	125,720
Postage and stationery		152,277	324,530
Telephone		257,149	145,690
Power / electricity		54,994	43,521
Staff welfare		110,401	80,180
Sales promotion		992,215	1,454,100
Depreciation	9.3&9.7	2,219,068	2,969,853
Insurance		218,881	188,823
Others		130,355	122,707
		26,300,025	26,941,488

33.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 1.172 million (2020: Rs. 2.132 million).

34 FINANCE COSTS

	Note	2021 Rupees	2020 Rupees
Mark-up on:			
- diminishing musharika arrangements		29,301,871	52,479,544
- lease liabilities	21.4	4,853,301	9,522,276
- letters of credit		20,838,494	45,720,436
- GIDC		15,620,982	-
- short-term loan		3,566,699	850,747
- istisna arrangement		6,709,888	31,275,606
- running finance under FATR and finance against LCs		-	1,491,700
		80,891,235	141,340,309
Interest on Workers' Profits Participation Fund	26.1	7,214,756	11,345,369
Bank charges		3,604,229	4,319,446
		10,818,985	15,664,815
		91,710,220	157,005,124

35 OTHER OPERATING EXPENSES

Gas Infrastructure Development Cess	-	144,389,237
Worker's Profit Participation Fund	13,667,041	-
Surcharge on annual maintenance charges	955,368	4,565,722
	14,622,409	148,954,959

36 OTHER INCOME

Income from non-financial assets:

Scrap sales	10,187,309	6,626,971
Exchange gain - net	9,288,782	5,664,320
Gain on sale of operating fixed assets	9,656,073	176,538,099
Amortization of deferred income	4,328,288	4,328,288
Others	28,599,068	10,191,269
	62,059,520	203,348,947

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

37 TAXATION

	2021 Rupees	2020 Rupees
Current	46,191,576	36,990,471
Prior	(4,829,582)	(15,067,119)
Deferred	45,985,516	(120,476,708)
	87,347,510	(98,553,356)

37.1 The income tax assessment of the Company has been finalized up to tax year 2020.

37.2 Relationship between income tax expense and accounting profit:

Profit / (loss) for the year	274,012,563	(161,408,454)
Tax at the enacted tax rate 29% (2020: 29%)	79,463,643	(46,808,452)
Final tax regime	(409,041)	21,051
Prior year tax	(4,829,582)	(15,067,119)
Effect of exempt income	-	51,196,049
Effect of rate difference (12%)	(32,881,508)	-
Minimum tax @ 1.5%	-	4,051,888
Effect of income subject to minimum tax not adjustable	-	32,160,890
Deferred tax	45,985,516	(120,476,708)
Others	18,481	(3,630,955)
	87,347,510	(98,553,356)

38 BASIC AND DILUTED EARNING PER SHARE

	2021 Rupees	2020 Rupees
Profit / (Loss) attributable to ordinary shareholders	186,665,053	(62,855,098)
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	59,301,150	59,301,150
	Rupees	Rupees
Earnings / (Loss) per share - basic and diluted	3.15	(1.06)

There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2021 and June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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		Director		Executives	
	2021	2020	2021	2020	2021	2020
	---- Rupees ----		---- Rupees ----		---- Rupees ----	
Remuneration	14,616,667	6,652,000	9,566,667	11,693,658	56,219,764	51,758,848
Medical allowance	1,484,815	3,232,303	1,119,958	353,805	1,469,263	2,109,519
Other perquisites (Motor vehicle maintenance etc.)	401,721	41,215	215,323	553,950	2,842,287	2,895,279
	16,503,203	9,925,518	10,901,948	12,601,413	60,531,314	56,763,646
Number of person(s)	1	1	1	1	16	15

Executives means employees other than chief executive and directors whose basic salary exceeds Rs 1,200,000 per financial year.

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

Aggregate amount charged in the financial statements for fees to non-executive director is Rs. 0.35 million (2020: Nil) against attending the board meetings.

40 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies, major shareholders, directors, key management personnel. 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:

	2021 Rupees	2020 Rupees
Directors (Key management personnels)		
Remuneration	37,148,457	31,335,797
Office rent charged	6,420,000	6,000,000
Office rent paid	6,420,000	6,000,000
Common Directorship		
Toyo Packaging (Private) Limited		
Sale of goods / processing charges	124,903,724	142,334,218
Receipts against sale of goods / processing charges	70,700,695	172,850,298
Hilal Foods (Private) Limited		
Sale of goods	25,406,759	12,689,260
Receipts against sale of goods	20,709,517	14,970,733
Shalimar Food Products		
Sale of goods	4,591,380	2,073,756
Receipts against sale of goods	4,591,380	2,562,559

40.1 The related parties status of outstanding receivables, if any, as at June 30, 2021 and 30 June 2020 are disclosed in respective notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
41 CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		274,012,563	(161,408,454)
Adjustments for non-cash and other items:			
Depreciation	9.3&9.7	127,535,399	132,749,994
Amortization	10.1	127,677	159,600
Provision for gratuity	24.2	17,087,969	19,574,711
Finance costs	34	91,710,220	157,005,124
Provision for ECL	35	-	992,704
Gas Infrastructure Development Cess	31&35	2,581,376	175,474,021
Exchange loss - unrealized	35	2,542,926	4,549,336
Gain on disposal of operating fixed assets	36	(18,312,649)	(176,538,099)
Deferred income	36	4,328,288	(4,328,288)
		227,601,206	309,639,103
		501,613,769	148,230,649
Working capital changes	41.1	(204,844,299)	54,113,836
		296,769,470	202,344,485
41.1 Working capital changes			
(Increase) / decrease in current assets			
Stock-in-trade		(280,022,531)	47,121,998
Trade debts		(174,353,246)	177,856,868
Loans and advances		(21,956,009)	(581,269)
Trade deposits, short-term prepayments and other receivables		124,946,597	(166,352,184)
Sales tax refundable		11,000,418	(7,236,477)
		(340,384,771)	50,808,936
(Decrease) / increase in current liabilities			
Short term borrowings		3,542,997	(82,381,515)
Trade and other payables		117,320,037	(123,156,985)
Gas Infrastructure Development Cess payable		14,677,438	208,843,400
		(204,844,299)	54,113,836

42 FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Concentrations of credit risk arise when a number of counter parties 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.

The maximum exposure to credit risk at the reporting date is:

	Note	2021 Rupees	2020 Rupees
Long-term deposits	11	15,095,485	11,537,730
Trade debts	13	432,680,148	258,326,902
Loans and advances	14	35,650,689	13,694,680
Trade deposits and other receivables	15	66,744,154	190,891,539
Bank balances	17	15,460,862	17,994,428
		565,631,338	492,445,279

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:

	2021 Rupees	2020 Rupees
Bank balances		
A1+ (PACRA)	9,588,304	9,292,926
A1 (PACRA)	43,206	78,819
A-1+ (JCR VIS)	5,825,124	8,618,455
A-2 (JCR VIS)	4,228	4,228
	15,460,862	17,994,428

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)
2021	+	100	6,450,628
	-	100	(6,450,628)
2020	+	100	11,103,644
	-	100	(11,103,644)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

(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:

	2021 (US Dollars)	2020 (US Dollars)
Creditors	1,498,443	1,350,279

	2021 (EUR Euros)	2020 (EUR Euros)
Creditors	394,013	88,298

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, 2021 represented in foreign currencies, with all other variables held constant, of the Company's loss before tax.

	Change in exchange rate (%)	Effect on Loss before tax (Rupees)
30-Jun-21	+10%	30,984,752
	-10%	(30,984,752)
30-Jun-20	+10%	24,399,366
	-10%	(24,399,366)

(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, 2021 the Company's current liabilities exceed its current assets by Rs. 139.333 million, but the Company based on its future plans is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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
June 30, 2021						
Lease liabilities	-	14,718,832	5,395,618	436,214	-	20,550,664
Diminishing musharika	-	46,976,834	46,976,834	163,289,035	-	257,242,703
Trade and other payables	-	852,442,340	735,322	-	-	853,177,662
Accrued mark-up	7,737,980	-	-	-	-	7,737,980
Short-term borrowings	206,780,486	153,110,000	-	-	-	359,890,486
	214,518,466	1,067,248,006	53,107,774	163,725,249	-	1,498,599,495
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	-	732,579,376	-	-	-	732,579,376
Unclaimed dividend	883,624	-	-	-	-	883,624
Accrued mark-up	16,365,792	-	-	-	-	16,365,792
Short-term borrowings	282,747,469	73,600,018	-	-	-	356,347,487
	299,996,885	874,570,326	67,080,219	270,031,047	-	1,511,678,477

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

42.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Short term borrowing used for cash management purpose	Lease liabilities including diminishing musharika	Revenue reserve	Total
Rupees				
Balance as at 1 July	356,347,488	399,067,537	(177,791,039)	577,623,986
Changes from financing cash flows:				
Repayment of borrowing	(237,239,123)	-	-	(237,239,123)
Proceeds from borrowing	241,880,544	-	-	241,880,544
Lease rentals paid	-	(122,778,589)	-	(122,778,589)
Total changes from financing activities	4,641,421	(122,778,589)	-	(118,137,168)
Other changes:				
Finance cost	31,115,081	34,155,171	-	65,270,253
Finance cost paid	(32,213,504)	(32,650,753)	-	(64,864,257)
Total loan related other changes	(1,098,423)	1,504,418	-	405,996
Total equity related other changes	-	-	183,234,290	183,234,290
Balance as at 30 June 2021	359,890,486	277,793,366	5,443,251	643,127,104

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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 act in their best economic 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, 2021 and 2020 are as follows:

	2021 Rupees	2020 Rupees
Lease liabilities	20,550,664	47,874,017
Accrued mark-up	7,737,980	16,365,792
Diminishing musharika arrangement	257,242,703	351,193,520
Short-term borrowings	359,890,485	356,347,488
Total debts	645,421,832	771,780,817
Less: Cash and bank balances	(15,687,101)	(18,194,200)
Net debt	629,734,731	753,586,617
Share capital	593,011,500	593,011,500
Reserves	802,049,871	618,815,581
Total equity	1,395,061,371	1,211,827,081
Total capital	2,024,796,102	1,965,413,698
Gearing ratio	31.10%	38.34%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

45 OPERATING SEGMENTS

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

46 NUMBER OF EMPLOYEES

	2021 -----Numbers-----	2020
At year end	176	159
Average employees during the year	168	153

47 CAPACITY AND PRODUCTION

Operational capacity	2021		2020	
	Rated Capacity	Actual production	Rated Capacity	Actual production
-----Metric Tons-----				
BOPP – Port Qasim Authority	15,000	10,655	15,000	7,802
CPP – Port Qasim Authority	7,000	5,107	7,000	2,458

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

48 CASH AND CASH EQUIVALENTS

	Note	2021 Rupees	2020 Rupees
Cash and bank balances	17	15,687,101	18,194,200
Running finance under mark-up arrangements	27	-	-
		15,687,101	18,194,200

49 SUBSEQUENT EVENTS

- 49.1 The Board of Directors of the Company in their meeting held on Sep 23, 2021 have recommended cash dividend @ 0% amounting to Rs. Nil (2020: 0%) for approval of the shareholders in the annual general meeting to be held on Oct 28, 2021.

50 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on Sep 23, 2021 by the Board of Directors of the Company.

51 GENERAL

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



M.SAAD SIDDIQUI

An emerging Player of the National Dodgeball Academy Karachi. He represented the team Sindh Panthers in the "All Pakistan Alpha Dodgeball Tournament 2021" Karachi. He won silver medal in the men's category, and was nominated for the Dodgeball World Cup in Egypt Cairo.

PROXY FORM

MACPAC FILMS LTD

26th 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 26th Annual General Meeting of the company to be held at 03:00pm on 28th October 2021 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 _____, 2021

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.

پراکسی فارم میک پیک فلمز لمیٹڈ



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.

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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 2021 03:00pm منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

نوٹ

- 1- یہ پراکسی فارم کمپنی کے شیئرز رجسٹرار آفس کو مینٹنگ کے کم از کم 48 گھنٹوں پہلے جمع کرانا 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



اعتراف:

کمپنی کے ڈائریکٹرز اس موقع سے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، شیئر ہولڈرز، پارٹنرز، کسٹمرز، گورنمنٹ اتھارٹیز، خود مختار ادارے، مالیاتی ادارے اور بینکرز کے تعاون اور مسلسل تعاون پر شکریہ ادا کرنا چاہیں گے۔

ڈائریکٹرز کمپنی کے عملے کی طرف سے مہیا کی گئی قیمتی اور انتھک کوششوں اور خدمات کی تعریف کرتے ہوئے بھی خوش ہیں۔

برائے و منجانب بورڈ

احسان مقبول الہی
ڈائریکٹر

نجم الحسن
چیف ایگزیکٹو آفیسر

کراچی
23 ستمبر 2021

سال کے دوران، بورڈ آف ڈائریکٹرز نے 5 میٹنگیں کیں اور ڈائریکٹرز کی حاضری مندرجہ ذیل تھی:

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگ میں شرکت
۱۔	جناب نعیم منشی	5
۲۔	جناب نجم الحسن	5
۳۔	جناب احتشام مقبول الہی	5
۴۔	جناب شارق مقبول الہی	4
۵۔	جناب فہد منشی	1
۶۔	جناب عمر صابر	1
	محترمہ آمنہ داؤدی	4

سال کے دوران آڈٹ کمیٹی نے 4 میٹنگیں کیں اور ڈائریکٹرز کی حاضری مندرجہ ذیل تھی:

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگ میں شرکت
۱۔	محترمہ آمنہ داؤدی	4
۲۔	جناب نعیم منشی	4
۳۔	جناب شارق مقبول الہی	3

اجلاس میں منعقد کیے ڈائریکٹرز کی حاضری (HRRC) سال کے دوران انسانی وسائل اور معاوضہ کمیٹی میں درج ذیل یہ تھی:

سیریل نمبر	ڈائریکٹرز کے نام	میٹنگ میں شرکت
۱۔	جناب شارق مقبول الہی	1
۲۔	جناب احتشام مقبول الہی	1
۳۔	جناب نعیم منشی	1

آڈٹ کمیٹی اور اندرونی کنٹرول سسٹم:

آپ کی کمپنی کا انتظام اچھی کارپوریٹ گورننس پر یقین رکھتا ہے، جو چیک اینڈ بیلنس کے ایک اچھی طرح سے متعین اور موثر طریقے سے لاگو کردہ نظام اور شفاف، درست اور بروقت مالیاتی معلومات کی فراہمی کے ذریعے بورڈ آف ڈائریکٹرز نے اندرونی کنٹرول کا ایک نظام قائم کیا ہے جس میں موثر مالیاتی کنٹرول بھی شامل ہے جو کہ کمپنی کے اندر ہر سطح پر نافذ ہے۔

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو تین (3) ممبروں پر مشتمل ہے جس میں کمیٹی کے پاس اپنی ٹرمز آف ریفرنس ہے جس میں کمیٹی کا چیئرمین بھی شامل ہے جو کہ ایک آزاد ڈائریکٹر ہے۔ جس کا تعین بورڈ آف ڈائریکٹرز نے لسٹنگ ریگولیشنز میں دی گئی ہدایات کے مطابق کیا ہے۔

معاوضہ کمیٹی اور HR:

اس میں تین (3) ارکان شامل ہیں، جن میں دونوں ایگزیکٹو بورڈ نے ایک ایچ آر اور معاوضہ کمیٹی تشکیل دی ہے۔ کمیٹی کا چیئرمین نان ایگزیکٹو ڈائریکٹر ہوتا ہے۔ ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر شامل ہیں۔

(CSR) کارپوریٹ سماجی ذمہ داری:

ہم معاشرے کو واپس دینے پر یقین رکھتے ہیں اور اپنے معیار زندگی کو بہتر بنانے کے لیے پرعزم ہیں۔ سرگرمیوں پر فخر CSR کمپنی سال کے دوران کی گئی اپنی اسٹیک ہولڈرز، کمیونٹی اور سوسائٹی کے پسماندہ۔ سی ایس آر کی سرگرمیوں اور اقدامات کا تفصیل سے ذکر کیا گیا صفحہ نمبر 14 سالانہ رپورٹ پر۔

انسانی سرمایہ اور ملازمین کے ساتھ تعلقات:

میکیک فلز لمیٹڈ، ہمیں اس بات پر فخر ہے کہ کمپنی کا انسانی سرمایہ کسی بھی تنظیم کا اہم اثاثہ ہوتا ہے۔ ہم کس طرح انسانی وسائل کو دوسرے وسائل جیسے آلات اور ٹیکنالوجی سسٹم کے ساتھ مربوط کرتے ہیں، تاکہ کمپنی کے ڈائریکٹرز سال کے دوران مقاصد کے حصول کے لئے کمپنی کی مطلوبہ کارکردگی پیدا کی جاسکے۔ کمپنی کے ملازمین کی جانب سے کی جانے والی انتھک کوششوں کے لیے شکریہ ادا کرنا چاہتے ہیں۔

انسانی بڑھتے ہوئے مطالبہ اور مسابقتی کاروباری ماحول میں، جن چیلنجوں کا ہمیں سامنا ہے وہ کثیر جہتی ہیں ہم اس بات کو وسائل کے موثر انتظام کے لیے کمپنی میں انسانی سرمائے کے معیار کا مسلسل تجزیہ درکار ہے۔ یقینی بناتے ہیں کہ جب ہمارے انسانی سرمائے کی ترقی سے متعلق اقدامات کی بات کی جائے تو کوئی کسر نہیں چھوڑی جائے گی۔

متعلقہ پارٹی لین دین:

متعلقہ فریقوں کے ساتھ تمام لین دین منصفہ شرائط پر کاروبار کے معمول کے مطابق انجام دیا گیا ہے اور متعلقہ نوٹوں کے تحت مالی بیانات میں انکشاف کیا گیا ہے۔

حصص داری کی ساخت:

کوڈ آف کارپوریٹ گورننس کے تحت درکار ضروری انکشافات کے ساتھ 30 جون 2021 تک شیئر ہولڈنگ کا نمونہ سالانہ رپورٹ 2021 میں ظاہر کیا گیا ہے۔

دو سال کے وسیع تقابلی مالیاتی نتائج یہاں دیے گئے ہیں۔ جبکہ پچھلے چھ سالوں کے لئے کارکردگی کے اہم اشارے بھی رپورٹ سے منسلک ہیں۔

2020		2021		
روپے ملین	فروخت کی فیصد	روپے ملین	فروخت کی فیصد	
2,165		3,025		فروخت (میٹ)
57.4	2.70	458	15.14	کل منافع
(161.4)	(7.50)	274	9.06	منافع/(نقصان) ٹیکس سے پہلے
(62.9)	(2.90)	186.7	6.17	منافع/(نقصان) ٹیکس کے بعد
(1.06)		3.15		آمدنی/(نقصان) فی شیئر

مستقبل کی پیش بینی:

وبائی امراض کی طرف سے درپیش تمام چیلنجوں اور اشیاء کی قیمتوں میں اضافے سے پیدا ہونے والے ان پٹ اخراجات کے باوجود، کمپنی اپنے تمام اسٹیک ہولڈرز کی مضبوط برانڈ ویلیو، پروڈکٹ مکس، آپریشنل بینری کے لئے مسلسل اقدامات اور انتہائی پر عزم افرادی قوت کے ذریعے امیدوں پر پورا اترنے پر کامیاب رہی۔

مزید یہ کہ، کوویڈ 19 کے بعد شرح سود میں کمی اور طلب میں اضافے نے کمپنی کو بہتر پیداواری لاگت کے ساتھ مکمل صلاحیت کے ساتھ کام کرنے کے قابل بنایا، جس کے نتیجے میں، ایک نمایاں طور پر بہتر مالی کارکردگی کی۔ الحمد للہ

تاہم، 30 جون 2021 کے بعد، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں شدید کمی، خوراک کی افراط زر میں مسلسل اضافہ اور کرنٹ اکاؤنٹ کا خسارہ بڑھنے سے مجموعی معاشی عوامل متاثر ہوں گے اور اس کے نتیجے میں مالیاتی پالیسی میں مزید سختی آ سکتی ہے جس سے معیشت پر منفی اثر پڑ سکتا ہے۔ شرح سود میں اضافہ، روپے کی قدر میں کمی، خام مال کی قیمتوں میں اضافہ اور بین الاقوامی سپلائی چین کے مسائل صنعت کے لئے مزید خطرات ہو سکتے ہیں۔ تاہم، ہم اپنے شیئر ہولڈرز کو یقین دلانا چاہیں گے کہ آپ کی کمپنی نے ان کو پیدا کرے۔ تمام چیلنجز سے نمٹنے کے لئے حکمت عملی کو پہلے ہی باضابطہ اور نافذ کر دیا ہے، مصنوعات کی آمیزش میں تبدیلی، مارکیٹ کے نئے حصوں کی تلاش، تحقیق اور ترقی میں مزید بڑھاؤ، ہمیں یقین ہے کہ ان تمام اقدامات کے ساتھ ہم نہ سرمایہ کاری میں اضافہ اور نہ صرف اپنے نچلے درجے کے منافع کو مضبوط بنانے کا انتظام کریں گے بلکہ ہمارے بڑھتے ہوئے مارکیٹ شیئر اور کسٹمر کی مانگ اور اعتماد میں معقول نمو سے زیادہ سے زیادہ فائدہ اٹھائیں گے۔ انشاء اللہ

آڈیٹر:

کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہوئے اور انہوں نے خود کو 30 جون 2022 کے لئے دوبارہ تقرری کے لئے پیش کیا۔ بورڈ کی آڈٹ کمیٹی نے بھی دوبارہ تقرری کی سفارش کی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان اس کے ساتھ منسلک ہے۔

اخلاقیات اور کاروباری طریقوں کا بیان:

بورڈ نے ایک ضابطہ اخلاق تیار کیا ہے اور اسے اپنایا ہے اور اس بات کو یقینی بنایا ہے کہ کمپنی میں اس کی معاون پالیسیوں اور طریقہ کار کے ساتھ اس کو پھیلانے کے لئے مناسب اقدامات کیے گئے ہیں۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل اور مالیاتی رپورٹنگ فریم ورک:

- ☆ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی بیانات کمپنی ایکٹ 2017 کے مطابق پیش کرتے ہیں۔
- ☆ معاملات کی حالت، اس کے آپریشن کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیاں۔
- ☆ اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- ☆ مناسب حساب کتاب کی پالیسیوں کا اطلاق معقول اور سمجھدار فیصلے پر مبنی مالیاتی بیانات اور اکاؤنٹنگ تخمینوں کی تیاری میں مستقل طور پر کیا گیا ہے۔
- ☆ بین الاقوامی مالیاتی رپورٹنگ کی جانب سے جاری کردہ (IASB) بین الاقوامی اکاؤنٹنگ سٹینڈرز بورڈ جو کمیٹیز ایکٹ 2017 کے تحت مطلع کیے گئے ہیں، اور ایکٹ کے تحت (IASB) معیارات دی گئی ہدایات پر عمل کیا گیا ہے۔
- ☆ کمپنی میں اندرونی آڈٹ فنکشن جو کہ اس مقصد کے لئے مناسب اور تجربہ کار سمجھا جاتا ہے اور وہ کمپنی کی پالیسیوں اور طریقہ کار سے باخبر ہے۔
- ☆ اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔ آڈٹ کمیٹی کے تمام ارکان آزاد/نان ایگزیکٹو ڈائریکٹرز ہیں۔
- ☆ کمپنی کے جاری رہنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔
- ☆ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رواں گئی نہیں ہوئی، جیسا کہ فہرست سازی کے قواعد و ضوابط میں تفصیلی ہیں۔
- ☆ پچھلے 6 سالوں کے اہم آپریشنل اور فنانش ڈیٹا کو رپورٹ سے منسلک کیا گیا ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:

بنیادی خطرہ اور غیر یقینی صورتحال میں کرنسی کی قدر میں کمی، شرح سود میں اضافہ اور سپلائی کی غیر یقینی صورت حال ہے

ماحولیات پر اثرات:

میکپیک نے ہمیشہ فضلے میں کمی پر زور دیا ہے، اس کے ری سائیکل پلاسٹک کو کچھ مصنوعات میں دوبارہ استعمال کرنے، توانائی کی بچت، پانی کے تحفظ، اپنی ٹیم، سپلائرز اور کسٹمر کو ماحولیاتی تحفظ کی بنیادی باتوں کے بارے میں تعلیم دینا، بنیادی طور پر ایک سرکلر اکانومی کے طرز زندگی کو سمجھنے اور اس پر عمل کرنے سے۔

میکپیک ایک سماجی اور اخلاقی طور پر ذمہ دار کارپوریشن ہے اور قدرتی وسائل کے استعمال کو کم کرنے اور اس کے لائف سائیکل میں تمام ممکنہ اشیاء کے دوبارہ استعمال کو فروغ دیتی ہے۔

جغرافیائی محل وقوع اور کاروبار کا پتہ:

کمپنی کارجسٹریڈ دفتر پلاٹ نمبر 21، مقبول آباد، جناح کوآپریٹو ہاؤسنگ سوسائٹی، (جے، سی، ایچ، ایس)، ٹیپو سلطان روڈ، کراچی پر واقع ہے، پروڈکشن پلانٹ مشرقی انڈسٹریل زون، پورٹ قاسم، کراچی اور نارٹھ سیلز آفس پر واقع ہیں۔ لاہور سینٹر، گلبرگ، لاہور، پاکستان۔

بڑے سرمائے کے اخراجات:

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

آپریٹنگ اور مالی کارکردگی

پیداوار

سال کے دوران BOPP اور CPP پیداوار باترتیب 10,600 اور 5,100 میٹرک ٹن رہی۔

جبکہ گزشتہ سال یہ باترتیب 7,802 اور 2,458 میٹرک ٹن تھی۔

مجموعی پیداوار کے حجم میں 53 فیصد اضافہ ہوا جس سے صلاحیت کے استعمال میں بھی اضافہ ہوا اور بالآخر منافع میں اضافہ ہوا۔

فروخت کی کارکردگی:

جون 2021 کو ختم ہونے والے سال کے لئے کمپنی کی فروخت 14,600 میٹرک ٹن تھی جبکہ 30 جون 2020 کو ختم ہونے والے سال کے لئے 9,682 میٹرک ٹن تھی۔

فروخت کے حجم میں اضافہ کمپنی کی جانب سے مارکیٹ شیئر بڑھانے کے لئے اختیار کردہ کاروباری حکمت عملی کا نتیجہ ہے۔ مارکیٹ شیئر میں اس اضافے نے اس سال منافع میں اضافہ کیا۔

کل منافع:

رواں سال کے لئے کمپنی کا مجموعی منافع 458.149 ملین روپے ہے جبکہ روپے کے مقابلے میں پچھلے سال 57.348 ملین تھا۔

یہ بنیادی طور پر فروخت کے حجم میں اضافے کی وجہ سے ہے جو فلکسڈ اخراجات کو جذب کرنے کے قابل بناتا ہے۔

خالص منافع:

موجودہ سال کا ٹیکس سے پہلے کا خالص منافع 274 ملین روپے ہے جبکہ اس سے پہلے کے نقصانات کے مقابلے میں 161.408 تھی۔ اسکی بنیادی وجہ مجموعی پیداوار میں اضافہ تھا۔

حصص آمدنی:

موجودہ سال کے لئے فی حصص آمدنی 3.15 روپے ہے جو گزشتہ سال کی 1.06 روپے تھی۔

شیئر ہولڈرز کو ڈائریکٹر کی رپورٹ

اللہ کے نام سے شروع کرتا ہوں جو بڑا مہربان، نہایت رحم کرنے والا ہے۔

السلام علیکم

معزز ممبران

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی کی اپنی رپورٹ اور آڈٹ شدہ مالی بیانات پیش کرنے پر خوش ہیں۔

۱۔ 30 جون 2021 کو ڈائریکٹرز کی تعداد درج ذیل ہے:

مرد 6
عورت 1

۲۔ 30 جون 2021 کو بورڈ کی تشکیل مندرجہ ذیل ہے:

آزاد ڈائریکٹر	۱۔ محترمہ آمنہ داؤدی
	۲۔ جناب محمد عمر صابر
نان ایگزیکٹو ڈائریکٹر	۱۔ جناب نعیم علی محمد نشی
	۲۔ جناب شارق مقبول الہی
	۳۔ جناب فہد نشی
ایگزیکٹو ڈائریکٹر	۱۔ جناب نجم الحسن
	۲۔ جناب احتشام مقبول

ایسے افراد کے نام جو مالی سال کے دوران کسی بھی وقت کمپنی کے ڈائریکٹر تھے

سیریل نمبر	نام	عنوان
۱۔	جناب نعیم علی محمد نشی	بورڈ کے چیئر مین
۲۔	جناب نجم الحسن	چیف ایگزیکٹو آفیسر

۳۔	جناب احتشام مقبول الہی	ایگزیکٹو ڈائریکٹر
۴۔	جناب شارق مقبول الہی	نان ایگزیکٹو ڈائریکٹر
۵۔	جناب منصور یونس	آزاد ڈائریکٹر (یکم جولائی 2020 سے 19 اکتوبر 2020)
۶۔	محترمہ آمنہ داؤدی	آزاد ڈائریکٹر (20 اکتوبر 2020 اب تک)
۷۔	جناب فہد نشی	نان ایگزیکٹو ڈائریکٹر
۸۔	جناب محمد عمر صابر	آزاد ڈائریکٹر

بورڈ کی آڈٹ کمیٹی:

سیریل نمبر	نام	عہدہ
۱۔	محترمہ آمنہ داؤدی	کمیٹی کی چیئر پرسن
۲۔	جناب نعیم نشی	رکن
۳۔	جناب شارق مقبول الہی	رکن

ہیومن ریسورسز اور معاوضہ کمیٹی:

سیریل نمبر	نام	عہدہ
۱۔	جناب شارق مقبول الہی	کمیٹی کے چیئر مین
۲۔	جناب احتشام مقبول الہی	رکن
۳۔	جناب نعیم نشی	رکن

ڈائریکٹر کا معاوضہ:

بورڈ کی طرف سے منظور شدہ موجود معاوضے کی پالیسی کے مطابق، نان ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ مینٹننس میں شرکت کے لئے 25 ہزار دیئے جاتے ہیں۔

ڈائریکٹرز اور چیف ایگزیکٹو کو سال کے دوران ادا کیے جانے والے معاوضے کا مناسب انکشاف مالیاتی بیانات کو نوٹ 39 میں دیا گیا ہے۔

پرنسپل سرگرمی:

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

چیئر مین کی تفصیلی رپورٹ برائے کارکردگی / جائزہ

مجھے 30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ پر جائزہ پیش کرنے پر خوشی ہے۔

پاکستان کی معیشت نے مشکلات پر قابو پانے میں نمایاں بہتری دکھائی ہے اور کوویڈ 19 کی وباء کے باوجود 3.94 فیصد کی موثر کن شرح نمو حاصل کی ہے۔ مالی سال 2020-21 کے دوران، پیکیجنگ انڈسٹری میں اضافہ ہوا اور صحت اور حفاظت کے بارے میں آگاہی اور مجموعی طور پر ترقی کی رفتار میں اضافے کی وجہ سے بی او پی پی اور سی پی پی کی مانگ میں اضافہ ہوا۔

مالی سال 20-21 میں، آپ کی کمپنی نے اب تک کی سب سے زیادہ فروخت اور سب سے زیادہ منافع حاصل کیا۔ پچھلے سال کے مقابلے میں اس سال کمپنی کا کاروباری حجم 40 فیصد زیادہ رہا۔ کمپنی کا ٹیکس کے بعد خالص منافع بڑھ کر 186 ملین روپے رہا جبکہ کمپنی برآمدات کی منڈی میں اپنے قیمتوں کو بڑھانے میں بھی کامیاب رہی اس کا کاروبار برآمدی 52 ملین روپے رہا۔

آپ کی کمپنی مستقبل کے کسی بھی ایسے مواقع سے فائدہ اٹھانے کے لئے تیار ہے جو مارکیٹ میں طلب میں اضافہ یا نسبتاً کم شرح سود کی وجہ سے دیکھا جاسکتا ہے۔

آخر میں، میں یقین دلاتا ہوں کہ آپ کی کمپنی اچھی کارپوریٹ گورننس کے مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بورڈ کے لئے پر عزم ہے۔ کارکردگی بہت عمدہ رہی ہے جس نے سال کے دوران کمپنی کو موثر انداز میں بورڈ کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے چلانے میں مدد کی ہے۔ بورڈ کمپنی کے اہم مقاصد کے حوالے سے اپنی ذمہ داری کو تسلیم کرتا ہے۔ حصول میں اپنے اسٹریٹجک کردار سے بھی آگاہ ہے اور اپنے حصص یافتگان اور دیگر سٹیک ہولڈرز کے لئے منافع کو بہتر بنانے پر توجہ مرکوز رکھتا ہے اور اپنے قیمتی صارفین کو پریمیم معیار کی مصنوعات کی مسلسل فراہمی کے ذریعے اپنا حصہ ڈالتا رہے گا۔

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