

Manufacturers Of Quality PET Bottles & Preforms

EcoPack Ltd



ANNUAL
REPORT | **2020**

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VISION & MISSION STATEMENT

To systematically and cost effectively manufacture and supply consistently high quality products and services thus achieving customer satisfaction profitably, thereby ensuring the financial well being of the company and maximum returns to the shareholders.

CORPORATE STRATEGY

Retain market share leadership through quality and price competitiveness while creating value as a low cost producer.



Lets your dreams
Fly High...

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Amar Zafar Khan	Chairman
Mr. Hussain Jamil	Chief Executive Officer
Mr. Ahsan Jamil	Non-Executive Director
Mr. Ali Jamil	Non-Executive Director
Mr. Asad Ali Sheikh	Non-Executive Director
Mr. Shahan Ali Jamil	Non-Executive Director
Mrs. Sonya Jamil	Non-Executive Director

AUDIT COMMITTEE

Mr. Asad Ali Sheikh	Chairman
Mr. Amar Zafar Khan	Member
Mr. Ahsan Jamil	Member
Mr. Shahan Ali Jamil	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Amar Zafar Khan	Chairman
Mr. Hussain Jamil	Member
Mr. Ahsan Jamil	Member
Mr. Ali Jamil	Member
Mr. Asad Ali Sheikh	Member

CHIEF FINANCIAL OFFICER

Mr. Muhammed Ali Adil

COMPANY SECRETARY

Mr. Awais Imdad



BANKERS

Bank Al-Habib Limited
JS Bank Limited
Askari Bank Limited

Habib Bank Limited
Bank of Khyber
Pak Oman Investment Company Limited

AUDITORS

KPMG Taseer Hadi & Co

Chartered Accountants

SHARE REGISTRAR

M/s. THK Associates (Pvt.) Limited
Ballotter, Share Registrar & Transfer Agent
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi
75400, Pakistan

LEGAL ADVISOR

M/s. FGE Ebrahim Hosain

Advocate & Corporate Counsel

REGISTERED OFFICE AND FACTORY

112-113, Phase V, Hattar Industrial Estate, Hattar, District Haripur, Khyber Pakhtunkhwa
Tel: (0995) 617720 & 23, 617347
Fax: (0995) 617074
Web: www.ecopack.com.pk





OUR TEAM



Hussain Jamil
Chief Executive Officer



Mohammad Raza Chinoy
Chief Operating Officer



Zamir ul Hasan
Director Commercial & Technical



Muhammed Ali Adil
Chief Financial Officer



Shahwaqar Ahmed
DGM HR, Supply Chain & Admin



DIRECTORS' PROFILE



AMAR ZAFAR KHAN

Chairman of the Board

Amar Zafar Khan is a qualified Chartered Accountant, with over 30 years of multi-functional experience at premier international financial institutions. His experience covers general management, directing turnarounds and developing new ventures/businesses in commercial banking, investment banking, domestic and cross-border corporate finance and securities trading, including exposure to markets in Europe, the Middle East and Africa.

He has served as the Chairman & CEO of one of the largest bank in Pakistan, as director of listed companies and major NGOs in Pakistan, and one of the largest banks in Nigeria.



HUSSAIN JAMIL

Chief Executive Officer/Director

Hussain is the CEO of EcoPack Ltd., and has over 46 years of experience in trade and industry. This includes setting up and running a private limited company in Karachi manufacturing flexible plastic packaging. He is the founder Chairman and CEO of EcoPack and continues to strategically lead the company's growth in key areas such as corporate relationship management, financial arrangements & structuring, as well as developing new opportunities and partnerships for the company's long term sustainable growth.

Prior to founding EcoPack, Hussain was a successful entrepreneur trading packaging materials such as cotton bags, paper sacks, polythene liners and jute bags. He has also had international exposure in trading commodities such as steel and wheat flour when he was stationed overseas. Subsequently, he set up EcoPack in 1992 and commenced a career in industrial production of Rigid plastic packaging mainly for the Beverage industry in Pakistan.

Hussain is a honours graduate from the University of Karachi.



ALI JAMIL

Non-Executive Director

Ali Jamil has been a finance and mortgage adviser in the United Kingdom with almost 48 years experience in property and finance. He was a sponsor Director of EcoPack Limited since its inception in 1992 and has served on EcoPack's board for several terms. He trained with the British Plastics institute and has a good understanding of the technological and marketing aspects of various plastic materials and manufacturing processes.

Ali has also worked in the family business of 'blown film extrusion and flexographic printing' for several years before he assisted in setting-up EcoPack Limited.

AHSAN JAMIL

Non-Executive Director



Ahsan Jamil is an entrepreneur with a strong social investing track record in both education and health. He is the President & CEO of the Pakistan Institute of Corporate Governance. He is a co-founder of Ubuntu Care, an Early Years Childcare & Development impact business. Prior to that he was the Country CEO (Pakistan) of a large multi-country Healthcare Fund for 2 years. He was a co-founder of The Aman Foundation and its CEO for 7 years. Here he helped set up Amantech, Teach for Pakistan and Aman Sports as a founding Chairman respectively and Injaaz Pakistan as a founding Director. Additionally, he set up Aman Health which included the award-winning Aman ambulance and Aman Telehealth services as well as some international mental health programs. Prior to that he was a founder Director of EcoPack Limited, where he worked for 17 years, the last 7 years as its CEO.

In his initial years he worked at Unilever Pakistan, Chase Manhattan Bank, Pakistan and E.F Hutton on Wall Street, USA. Ahsan has a Bachelors' degree in Math-Economics from Reed College, USA. He has a post graduate diploma in Counseling and Addiction Alleviation. He also serves on the Board of the ICare Foundation and the Acumen Fund Advisory board.

SHAHAN ALI JAMIL

Non-Executive Director



Cross-functional Business and Systems executive with a demonstrable history of enterprise level software development and implementation experience working with leading financial institutions in North America, Europe and Asia. Skilled in client and project management, capital markets, treasury systems, risk management and software development. Product & design level achievements include designing the first Swap Data Repository (SDR) at Chicago Mercantile Exchange (CME) which in real-time reported 100% of the exchange's OTC clearing business. Ground level expertise include transaction analysis, business valuations, strategy planning and IT risk management covering clients in the United States, Canada, UAE and Saudi Arabia. Bachelors of Science from Cornell University.



DIRECTORS' PROFILE

ASAD ALI SHEIKH

Non-Executive Director



Asad is on the Board of EcoPack Limited as Non-Executive Director since the year 2007 and has been Independent Director since 2013. He did his B. Com, and LL.B. from The University of Sindh and did his MBA (Finance) from The Institute of Business Management, Karachi. He possesses 32 years' vast experience with Non-Banking Financial Institutions in Pakistan which essentially included Leasing Companies and Modarabas with special focus on Leasing and Islamic Finance with functional involvement in the areas of Credit, Marketing, Operations and Risk. He served longest tenure with BRR Guardian Modaraba and its other group concerns for 18 years at various senior positions. For last six years he has been working with ORIX Leasing Pakistan Limited at various senior positions (including head of compliance and Islamic finance) and currently holds the designation of Senior Manager Special Asset Management. He is accredited mediator, certified from Pakistan Mediators' Association. He played a significant role in establishing and ensuring best corporate practices and better automation systems for greater transparency and efficiency. He is the Chairman of the Audit Committee and contributes greatly towards ensuring good governance and compliance with company policies and regulatory frame-work.



SONYA JAMIL

Non-Executive Director

Sonya Jamil is a certified psychotherapist and a member of the British Association for Counselling and Psychotherapy. Having completed her bachelors degree in Business Administration in 2003 from Dublin, Sonya pursued an Advanced Diploma in Psychotherapy from CPPD Pakistan, and was subsequently certified by the BACP, UK. She currently practices as a private counsellor and has been associated with, and worked in the mental health field for 5 years. Her business and mental health background brings valuable diversity to the board of EcoPack.



**BBB+ | A2****Long-Term****Short-Term**

Pakistan Credit Rating Agency ("PACRA") has affirmed the Company's Long-term credit rating at 'BBB+' and short-term at 'A2' in a recently released report

OUR HISTORY & MILESTONES

1992

EcoPack was converted into a public limited company

1994

EcoPack was successfully listed on the Karachi Stock Exchange

2000

EcoPack introduced the first 1 piece bottle for the carbonated soft drink (CSD) PET bottle in Pakistan, replacing the 2-piece generic base cup cylindrical bottle

2007

EcoPack installed an on premise complete bottle blowing line inside a Multinational Beverage Plant in Islamabad under a "through-the-wall" bottle supply arrangement

1993

EcoPack started commercial production

1999

EcoPack sets up its second factory for blowing PET bottles in Karachi (Southern Pakistan) to meet growing demand thus covering the complete breadth of the market

2005

- EcoPack successfully introduced the first single-serve 500 ml CSD bottle in the Pakistani market.
- Achieved ISO 9001 Certification.

2010

- Achieved the Coca Cola Eurasia Africa approval for the preforms.
- Started export to the anti-podal Southern Hemisphere markets like Southern Africa.

2018

EcoPack made its biggest expansion in Preform capacity, increasing it by almost 90% annually with the acquisition of state-of-the-art world renowned Huskey Preform Injection systems.

2020

Achieved Halal PS3733 Certification



- Consolidated the production units in Hattar to cater to the large population region of the country.
- Started export of preforms to the regional markets i.e India, Afghanistan and Central Asia.

2008

Achieved ISO 22000 Certification

2013

Ventured to explore new horizons of "larger PET bottles" for existing and new industries/ customers.

2019

CORPORATE SOCIAL RESPONSIBILITY (CSR)

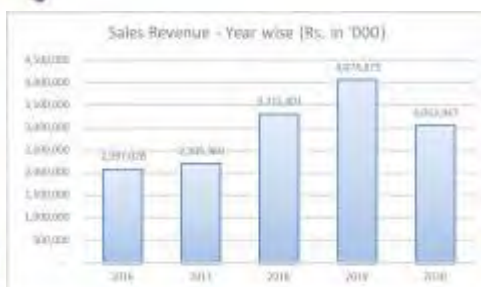


- ◆ Ecopack received the Pakistan Centre for Philanthropy Award for donations in 2008-09.
- ◆ EcoPack regularly donates to renowned leading Pakistani philanthropic organizations such as Sindh Institute of Urology and Transplantation, Layton Rahmatulla Benevolent Trust, Shaukat Khanum Memorial Trust, the Kidney Center, Aman Foundation, The Citizens Foundation among others.
- ◆ As part of its CSR strategy to give back to the community, EcoPack has embarked on a pilot program of skill development by hiring engineering graduates and diploma holders from nearby engineering colleges and universities to train them in various production departments of the company's manufacturing processes. By doing so, EcoPack retains the best by giving them permanent employment and releasing others as trained skilled resource for the market. This program is expanding and building on its continual success.

SUMMARY OF FINANCIALS

	2020	2019	2018	2017	2016
	----- Rupees in '000' -----				
Summary of Statement of Financial Position					
Share capital	381,489	346,809	301,573	287,212	229,770
Reserves	423,140	560,613	566,721	484,037	321,024
Shareholders' funds / Equity	804,629	907,422	868,294	771,249	550,794
Long term borrowings	287,476	267,303	325,194	149,906	247,379
Employee benefits	104,884	126,996	106,325	92,319	75,821
Deferred tax liabilities - net	129,878	163,992	132,429	169,246	187,343
Property, plant & equipment	1,408,042	1,426,872	1,362,572	1,001,273	999,085
Long term assets	1,426,356	1,463,845	1,381,721	1,010,987	1,010,548
Current assets	729,134	1,102,483	999,833	690,979	659,621
Summary of Profit and Loss					
Sales	3,053,947	4,074,873	3,312,401	2,205,360	2,097,028
Gross profit	147,964	385,817	363,200	314,457	318,685
Operating profit	12,332	235,919	199,132	204,224	206,890
Profit / (loss) before tax	(144,881)	108,831	132,311	149,922	136,856
Profit / (loss) after tax	(103,700)	74,811	123,456	105,861	101,918
EBITDA	147,675	369,095	318,948	311,383	306,049
Summary of Cash Flows					
Net cash flow from operating activities	439,442	71,980	77,422	234,016	134,986
Net cash flow from investing activities	(98,488)	(193,385)	(107,149)	(56,732)	(81,927)
Net cash flow from financing activities	(383,195)	81,174	85,381	(76,401)	(87,022)
Changes in cash & cash equivalents	(42,241)	(40,231)	55,654	100,883	(33,963)
Summary of Actual Production (Units)					
Preforms	376,837	467,866	387,500	283,402	270,975
Bottles	134,505	176,535	174,143	159,056	163,118

BUSINESS PERFORMANCE



LARGE BOTTLES PROJECT



**THE
WAY
FORWARD**

HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000
ASSETS									
Non-Current Assets									
Property, plant and equipment	1,408,042	(1.32)	1,426,872	4.72	1,362,572	36.08	1,001,273	0.22	999,085
Intangibles	6,105	(7.82)	6,623	(10.52)	7,402	14.02	6,492	20.24	5,399
Advance for capital expenditure	-	100.00	18,207	100.00	-	-	-	-	-
Long-term deposits	12,209	0.54	12,143	3.37	11,747	264.59	3,222	(46.87)	6,064
	1,426,356	(2.56)	1,463,845	5.94	1,381,721	36.67	1,010,987	0.04	1,010,548
Current Assets									
Inventories	297,598	(23.31)	388,069	36.97	283,332	(6.46)	302,885	(5.05)	318,985
Trade debts	214,694	(46.69)	402,706	(11.42)	454,623	204.30	149,400	(5.63)	158,308
Loans and advances	31,183	(74.78)	123,641	101.01	61,510	14.44	53,748	7.74	49,887
Deposits, prepayments and other receivables	7,381	(47.18)	13,973	48.85	9,387	(44.38)	16,877	(49.66)	33,529
Advance tax - net	158,000	14.01	138,581	24.57	111,248	1.94	109,127	179.43	39,054
Short term investments	-	100.00	-	100.00	-	100.00	36,000	100.00	-
Cash and bank balances	20,278	(42.90)	35,513	(55.46)	79,733	247.54	22,942	(61.67)	59,858
	729,134	(33.86)	1,102,483	10.27	999,833	44.70	690,979	4.75	659,621
Total assets	2,155,490	(16.01)	2,566,328	7.76	2,381,554	39.93	1,701,966	1.90	1,670,169
EQUITY AND LIABILITIES									
Equity									
Share capital	381,489	10.00	346,809	15.00	301,573	5.00	287,212	25.00	229,770
Revaluation surplus on property and plant	138,582	(4.40)	144,962	(10.27)	161,552	(8.15)	175,887	11.39	157,905
Unappropriated profits	284,558	(31.54)	415,651	2.59	405,169	31.48	308,150	88.91	163,119
	804,629	(11.33)	907,422	4.51	868,294	12.58	771,249	40.02	550,794
Non-Current Liabilities									
Long term loans	91,816	37.72	66,667	9.75	60,746	(58.17)	145,223	(40.76)	245,156
Deferred grant	3,123	100.00	-	-	-	-	-	-	-
Lease liabilities	195,660	(2.48)	200,636	(24.13)	264,448	5,546.98	4,683	110.66	2,223
Employee benefits	104,884	(17.41)	126,996	19.44	106,325	15.17	92,319	21.76	75,821
Deferred tax liabilities - net	129,878	(20.80)	163,992	23.83	132,429	(21.75)	169,246	(9.66)	187,343
	525,361	(5.90)	558,291	(1.00)	563,948	37.06	411,471	(19.41)	510,543
Current Liabilities									
Trade and other payables	239,665	17.80	203,452	(31.64)	297,614	79.59	165,715	(9.58)	183,274
Unclaimed dividend	2,719	7.60	2,527	94.09	1,302	182.43	461	-	461
Short term borrowings	525,209	(28.80)	737,682	52.12	484,941	100.47	241,898	(29.96)	345,358
Current portion of non-current liabilities	57,907	(63.11)	156,954	(5.14)	165,455	48.83	111,172	39.42	79,739
	825,500	(25.00)	1,100,615	15.94	949,312	82.83	519,246	(14.71)	608,832
	2,155,490	(16.01)	2,566,328	7.76	2,381,554	39.93	1,701,966	1.90	1,670,169

VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

	2020		2019		2018		2017		2016	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
ASSETS										
Non-Current Assets										
Property, plant and equipment	1,408,042	65.32	1,426,872	55.60	1,362,572	57.21	1,001,273	58.83	999,085	59.82
Intangibles	6,105	0.28	6,623	0.26	7,402	0.31	6,492	0.38	5,399	0.32
Advance for capital expenditure	-	-	18,207	0.71	-	-	-	-	-	-
Long-term deposits	12,209	0.57	12,143	0.47	11,747	0.49	3,222	0.19	6,064	0.36
	1,426,356	66.17	1,463,845	57.04	1,381,721	58.02	1,010,987	59.40	1,010,548	60.51
Current Assets										
Inventories	297,598	13.81	388,069	15.12	283,332	11.90	302,885	17.80	318,985	19.10
Trade debts	214,694	9.96	402,706	15.69	454,623	19.09	149,400	8.78	158,308	9.48
Loans and advances	31,183	1.45	123,641	4.82	61,510	2.58	53,748	3.16	49,887	2.99
Deposits, prepayments and other receivables	7,381	0.34	13,973	0.54	9,387	0.39	16,877	0.99	33,529	2.01
Taxation - net	158,000	7.33	138,581	5.40	111,248	4.67	109,127	6.41	39,054	2.34
Short term investments	-	-	-	-	-	-	36,000	2.12	-	-
Cash and bank balances	20,278	0.94	35,513	1.38	79,733	3.35	22,942	1.35	59,858	3.58
	729,134	33.83	1,102,483	42.96	999,833	41.98	690,979	40.60	659,621	39.49
Total assets	2,155,490	100.00	2,566,328	100.00	2,381,554	100.00	1,701,966	100.00	1,670,169	100.00
EQUITY AND LIABILITIES										
Equity										
Share capital	381,489	17.70	346,809	13.51	301,573	12.66	287,212	16.88	229,770	13.76
Revaluation surplus on property and plant	138,582	6.43	144,962	5.65	161,552	6.78	175,887	10.33	157,905	9.45
Accumulated profit	284,558	13.20	415,651	16.20	405,169	17.01	308,150	18.11	163,119	9.77
	804,629	37.33	907,422	35.36	868,294	36.46	771,249	45.32	550,794	32.98
Non-Current Liabilities										
Long term loans	91,816	4.26	66,667	2.60	60,746	2.55	145,223	8.53	245,156	14.68
Deferred grant	3,123	0.14	-	-	-	-	-	-	-	-
Lease liabilities	195,660	9.08	200,636	7.82	264,448	11.10	4,683	0.28	2,223	0.13
Employee benefits	104,884	4.87	126,996	4.95	106,325	4.46	92,319	5.42	75,821	4.54
Deferred tax liabilities - net	129,878	6.03	163,992	6.39	132,429	5.56	169,246	9.94	187,343	11.22
	525,361	24.37	558,291	21.75	563,948	23.68	411,471	24.18	510,543	30.57
Current Liabilities										
Trade and other payables	239,665	11.12	203,452	7.93	297,614	12.50	165,715	9.74	183,274	10.97
Unclaimed dividend	2,719	0.13	2,527	0.10	1,302	0.05	461	0.03	461	0.03
Short term borrowings	525,209	24.37	737,682	28.74	484,941	20.36	241,898	14.21	345,358	20.68
Current portion of non-current liabilities	57,907	2.69	156,954	6.12	165,455	6.95	111,172	6.53	79,739	4.77
	825,500	38.30	1,100,615	42.89	949,312	39.86	519,246	30.51	608,832	36.45
	2,155,490	100.00	2,566,328	100.00	2,381,554	100.00	1,701,966	100.00	1,670,169	100.00

HORIZONTAL ANALYSIS

STATEMENT OF PROFIT OR LOSS

	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000
Sales - net	3,053,947	(25.05)	4,074,873	23.02	3,312,401	50.20	2,205,360	5.17	2,097,028
Cost of sales	(2,905,983)	(21.23)	(3,689,056)	25.09	(2,949,201)	55.97	(1,890,903)	6.33	(1,778,343)
Gross profit	147,964	(61.65)	385,817	6.23	363,200	15.50	314,457	(1.33)	318,685
Other income - net	16,469	(18.26)	20,149	(49.37)	39,800	5.60	37,691	110.35	17,918
Selling expenses	(27,878)	1.76	(27,397)	15.25	(23,771)	12.04	(21,216)	115.61	(9,840)
Administrative expenses	(95,786)	(4.83)	(100,650)	20.23	(83,714)	18.55	(70,613)	15.07	(61,364)
Impairment gain/(loss) on trade debts	1,979	(154.47)	(3,633)	(13.75)	(4,212)	(42.60)	(7,338)	122.97	(3,291)
Other expenses	(30,416)	(20.72)	(38,367)	(58.37)	(92,171)	89.04	(48,757)	(11.70)	(55,218)
Operating profit	12,332	(94.77)	235,919	18.47	199,132	(2.49)	204,224	(1.29)	206,890
Finance cost	(157,213)	23.70	(127,088)	90.19	(66,821)	23.05	(54,302)	(22.46)	(70,034)
Profit / (loss) before taxation	(144,881)	(233.12)	108,831	(17.75)	132,311	(11.75)	149,922	9.55	136,856
Taxation	41,181	(221.05)	(34,020)	284.19	(8,855)	(79.90)	(44,061)	26.11	(34,938)
Profit / (loss) Profit after taxation	(103,700)	(238.62)	74,811	(39.40)	123,456	16.62	105,861	3.87	101,918

VERTICAL ANALYSIS

STATEMENT OF PROFIT OR LOSS

	2020		2019		2018		2017		2016	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
Sales - net	3,053,947	100.00	4,074,873	100.00	3,312,401	100.00	2,205,360	100.00	2,097,028	100.00
Cost of sales	(2,905,983)	(95.15)	(3,689,056)	(90.53)	(2,949,201)	(89.04)	(1,890,903)	(85.74)	(1,778,343)	(84.80)
Gross profit	147,964	4.85	385,817	9.47	363,200	10.96	314,457	14.26	318,685	15.20
Other income - net	16,469	0.54	20,149	0.49	39,800	1.20	37,691	1.71	17,918	0.85
Selling expenses	(27,878)	(0.91)	(27,397)	(0.67)	(23,771)	(0.72)	(21,216)	(0.96)	(9,840)	(0.47)
Administrative expenses	(95,786)	(3.14)	(100,650)	(2.47)	(83,714)	(2.53)	(70,613)	(3.20)	(61,364)	(2.93)
Impairment gain/(loss) on trade debts	1,979	0.06	(3,633)	(0.09)	(4,212)	(0.13)	(7,338)	(0.33)	(3,291)	(0.16)
Other expenses	(30,416)	(1.00)	(38,367)	(0.94)	(92,171)	(2.78)	(48,757)	(2.21)	(55,218)	(2.63)
Operating profit	12,332	0.40	235,919	5.79	199,132	6.01	204,224	9.26	206,890	9.87
Finance cost	(157,213)	(5.15)	(127,088)	(3.12)	(66,821)	(2.02)	(54,302)	(2.46)	(70,034)	(3.34)
Profit/(loss) before taxation	(144,881)	(4.74)	108,831	2.67	132,311	3.99	149,922	6.80	136,856	6.53
Taxation	41,181	1.35	(34,020)	(0.83)	(8,855)	(0.27)	(44,061)	(2.00)	(34,938)	(1.67)
Profit/(loss) after taxation	(103,700)	(3.40)	74,811	1.84	123,456	3.73	105,861	4.80	101,918	4.86

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of EcoPack Limited will be held on Wednesday, October 28th, 2020 at 3:00 PM at the registered office situated at Plot # 112-113, Phase-V, Hattar Industrial Estate, Hattar, District Haripur, Khyber Pakhtunkhwa to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 28th Annual General Meeting held on October 26th, 2019.
2. To receive and adopt the Chairman's review report and Directors' and Auditors' report together with Financial Statements of the company for the year ended June 30, 2020.
3. To appoint external auditors and fix their remuneration for the year ending June 30, 2021. The present auditors M/s. KPMG Taseer Hadi & Co, Chartered Accountants being eligible offer themselves for re-appointment.
4. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

Special Business:

5. Changes in the Memorandum and Articles of Association of the Company due to enactment of Companies Act, 2017 in place of the Companies Ordinance, 1984:

5.1 Alteration in the Memorandum of Association of the company:

"Resolved that the words "or from unclaimed dividends" appearing in the clause 46 of the memorandum of the Association of the company be removed in compliance with the Section 244 of the Companies Act, 2017."

5.2 Alteration in the Articles of Association of the company:

The words "All dividends unclaimed for six years after having been declared shall be kept in trust by the Company but may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed" appearing in the Article 130 be replaced with "All dividends unclaimed for more than three years after having been declared shall be treated in the manner as specified in the section 244 of the Companies Act, 2017" in accordance with the Companies Act, 2017.

"FURTHER RESOLVED that the company secretary be and is hereby authorized to do all acts, deeds and things that may be required to carry out for the purposes aforesaid and to give full effect to the above resolutions."

"FURTHER RESOLVED that the company secretary is authorized to make any corrections/ modifications/ alterations as may be pointed out or directed by the Securities and Exchange Commission of Pakistan / Registrar of companies."

By order of the Board



AWAIS IMDAD

Company Secretary
September 26, 2020

NOTES:

1. **Statement U/S. 134(3) of the Companies Act, 2017 pertaining to the Special Business:**

In accordance with the promulgation of Companies Act, 2017, the Memorandum & Articles of Association of the Company required modifications in respect of clauses related to unclaimed dividend. These amendments need to be approved by the shareholders. The details of these amendments have been laid down in the agenda item # 5.

Interest of Directors:

There is no interest of any Director involved to the effect of the above amendments in the Memorandum & Articles of Association.

2. **Closure of Shares Transfer Books:**

The share transfer books of the company will remain closed from October 14, 2020 to October 27, 2020. (both days inclusive). Transfers received in order at our Share Registrar / Transfer agent M/s THK Associates (Pvt). Ltd. Karachi at the close of business on Tuesday, October 13, 2020 shall be treated in time for the purpose of Annual General Meeting and entitlement of Dividend if approved by the shareholders.

3. **Participation in General Meeting:**

A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.

An individual beneficial owner of shares must bring his / her original CNIC or Passport, Account and Participant's I.D. numbers to prove his / her identity. A representative of corporate members, must bring the Board of Directors' Resolution and / or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. **For Appointing Proxies:**

The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (Plot 112-113 Phase 5, Industrial Estate Hattar) at least 48 hours before the time of the Meeting.

5. **Payment of Cash Dividend Electronically (Mandatory Requirement):**

In accordance with the provisions of Section 242 of the Companies Act and Companies (Distribution of Dividends), Regulation 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In this regard, EcoPack Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders and issued various notices through publication in newspapers requesting the shareholders to comply with the requirement of providing their International Bank Account Number (IBAN).

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of

shareholding in Book Entry Form) or to the Company's Share Registrar M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400 (in case of shareholding in Physical Form).

i. Shareholders Details	
Name of the Shareholder (s)	
Folio # /CDS Account No (s)	
CNIC No (Copy attached)	
Mobile / Landline No	
ii. Shareholders' Bank Details	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch's Name and Address	

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

6. **Withholding Tax on Dividend:**

I) The Government of Pakistan through Finance Act, 2014 had made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. Now these rates as per the Finance Act 2020 are as under:

- a) For filers of income tax returns: 15%
- b) For non-filers of income tax returns: 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax Payer List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for entitlement of the cash dividend i.e. October 13, 2020; otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

General Guidelines:

- I) For any query/problem/information, the investors may contact the Company and / or the Share Registrar: The Manager, Share Registrar Department, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400, Telephone Number: (21) 111-000-322), email address: aa@thk.com.pk and/ or The Company Secretary, Telephone Number: 051-5974098 email address: awais_i@ecopack.com.pk
- II) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas, corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. Transfer Agent, M/s THK Associates (Private) Limited. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote Company name and their respective folio numbers.
- (III) As per the clarification issued by FBR, withholding tax will be determined separately on "Filer/Non-Filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by

them to the Registrar and Share Transfer Agent in writing as follows:

Folio / CDC Account No.	Principal Shareholder			Joint Shareholder(s)	
	Total Shares	Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

7. Submission of the CNIC/NTN details (Mandatory):

In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 779(1)/2011 dated August 18, 2011 and SRO 83(1)/2012 dated July 5, 2012, dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Shares Registrar. In case of non-compliance, the Company may withhold dispatch of dividend warrants under intimation to Regulator till such time they provide the valid copy of their CNIC as per law.

8. Participation in the AGM vide Video-Link Facility:

In pursuance of Section 132(2) of companies Act, 2017, the Company will provide the video link facility to those member(s) who hold minimum 10% shareholding of the total paid-up capital and resident of city other than Hattar where Company's Annual General Meeting is to be placed, upon request. Such member(s) should submit request in writing to the Company at least seven days before the date of the meeting.

9. Change of Address:

The members are also requested to notify change in their address, if any, to our Share Registrar / Transfer Agent, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company : **EcoPack Limited**
Year Ending : **30th June 2020**

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

1. The total number of Directors are seven as per the following,-
 - a. Male : 06
 - b. Female : 01
2. The composition of Board is as follows:
 - i. Independent Directors
 - (1) Mr. Amar Zafar Khan
 - (2) Mr. Asad Ali Sheikh
 - ii. Non-executive Directors
 - (1) Mr. Ali Jamil
 - (2) Mr. Shahan Ali Jamil
 - (3) Mr. Ahsan Jamil
 - iii. Executive Directors
 - (1) Mr. Hussain Jamil
 - iv. Female Directors
 - (1) Mrs. Sonya Jamil (Non-executive director)
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies, along with their date of approval or updating is 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 the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Three of the directors of the Company had obtained certification under directors training program in previous years and one of the director obtained same certification in current year. Currently, the Company is in the process of arranging directors training program for newly appointed directors;
10. The Board has approved appointment of chief financial officer, Company secretary and head of internal audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below,-

- | | | | |
|-----|--|---|----------|
| a) | Audit Committee | | |
| (1) | Mr. Asad Ali Sheikh | - | Chairman |
| (2) | Mr. Amar Zafar Khan | - | Member |
| (3) | Mr. Shahan Ali Jamil | - | Member |
| (4) | Mr. Ahsan Jamil | - | Member |
| b) | Human Resource and Remuneration (HR&R) Committee | | |
| (1) | Mr. Amar Zafar Khan | - | Chairman |
| (2) | Mr. Hussain Jamil | - | Member |
| (3) | Mr. Asad Ali Sheikh | - | Member |
| (4) | Mr. Ali Jamil | - | Member |
| (5) | Mr. Ahsan Jamil | - | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following,-
- | | | |
|----|-------------------------------|-------------------|
| a) | Audit Committee | (4 meetings held) |
| b) | HR and Remuneration Committee | (4 meetings held) |
15. The Board has outsourced the internal audit function to M/s BDO Ebrahim & Co. who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6*, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:
- As required under clause 29(1), the Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances. However, by virtue of the size & structure of the Board, the need for the nomination committee has not been observed.
 - As mentioned under clause 30(1), the Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board. However, Risk management and its mitigants have been duly addressed in the Board meetings and also have a duly approved risk policy in this regard. Hence, the need for a Risk Management Committee has not been observed.
 - As required under clause 18, all companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders. The Company has not arranged such orientation.

* Regulation 6; number of directors are 7 and one third is 2.3 and 0.3 was not rounded up.



AMAR ZAFAR KHAN
Chairman

CHAIRMAN'S REVIEW REPORT

The COVID-19 pandemic has emerged as the defining health crisis of our times and the greatest challenge we have faced since World War II resulting in a worldwide lock-down significantly restricting economic activity.

Pakistan was no exception as the impact of COVID-19 adversely impacted commerce, industry and retail businesses all over the country. Economic growth has reduced by almost Rs. 3 trillion which has brought down the GDP growth projections from 3.3% to -0.4%. On the Fiscal front the shortfall in tax revenue collections and the burden of additional expenditures, the fiscal deficit for the financial year 2019-20 was 9.1% against the budgeted 7.1% of GDP.

Given the deteriorating state of the overall economy, the outgoing year has been an extremely challenging year for your company. The company has sustained a significant loss primarily due to a steep COVID triggered decline in sales in the precise months when seasonal sales are at a peak. Excessive trade deficit, significant devaluation of Pakistani rupee and higher borrowing costs, have resulted in a sharp increase in the cost of production for your company.

However, management was able to curtail these negative impacts to some extent, by optimizing capacity utilization and taking timely cost reduction measures.

The COVID market conditions persist. The disrupting effect of COVID-19 on global economies is still unfolding, cautious re-opening of the market place is evident as well as Government/State Bank of Pakistan initiatives to revive the economy during this global Pandemic, not least lowering of interest rates by more than 600bps in the last quarter, will reduce financing costs, attract investment in the cash constrained market, aid in significantly enhancing the demand of retail products and generate economic activity.

Sales at EcoPack Limited started to pick up in the closing months and measures have been taken to improve efficiencies within the firm, both of which leaves management optimistic that the results in the new year will reverse this setback. Your management remains committed to maintaining a sharp focus on improving the financial performance of your company.

The Board and the company's executive management play a key role in ensuring that our culture, strategy and efforts are all aligned to create sustainable value for our stakeholders. I am pleased to report that the Board and its sub-committees met regularly to ensure compliance with the requirements of the Code of Corporate Governance and evaluate its performance as required therein.

I would also like to commend my fellow directors for their commitment and contributions they make to our strategic deliberations and their oversight both in setting the direction for the company and also in reviewing its outcome. I sincerely wish the management team every success in their endeavours as they strive to turn around the company back to profitability in the new financial year.



AMAR ZAFAR KHAN

Chairman of the Board of Directors
EcoPack Ltd
September 26, 2020

چیمبرسین جائزہ رپورٹ:

Covid-19 کی وباء ہمارے دور میں صحت کے ایک انقلابی بحران کی طرح اُبھری اور جنگ عظیم دوم کے بعد یہ ہمیں درپیش دوسرا سب سے بڑا مسئلہ تھا جس کے نتیجے میں دنیا بھر میں لاک ڈاون ہوا اور اس سے نمایاں طور پر معاشی سرگرمی میں رکاوٹ آئی۔

Covid-19 کے اثرات سے پاکستان بھی نہیں بچ سکا جس نے ملک بھر میں تجارت، صنعت اور تھوک پر چون کے کاروبار کو بری طرح متاثر کیا۔ معاشی نمو تقریباً 3 ٹریلین روپوں کی حد تک کم ہوئی جس نے جی ڈی پی کی نشوونما کے متوقع اشاریوں کو 3.3% سے منفی 0.4% تک کم کر دیا۔ معاشی سال میں ٹیکس آمدنیوں کی وصولیوں میں کمی ہوئی اور اضافی اخراجات کا دباؤ بڑا، مالی سال 2019-20 کے دوران مالیاتی خسارہ جی ڈی پی کے متعین 7.1% سے بڑھ کر 9.1% رہا۔

مجموعی معیشت کی تباہ حال صورت کو مد نظر رکھتے ہوئے، گذرنے والا سال آپ کی کمپنی کے لیے انتہائی مشکل رہا۔ کمپنی نے بڑا نقصان اٹھایا جس کی بنیادی وجہ ان مخصوص مہینوں میں Covid کی وجہ سے فروخت میں ہونے والی انتہائی شدید کمی تھی، جب موسمی فروخت عروج پر ہوتی ہے۔ شدید کاروباری خسارہ، پاکستانی روپے کی قدر میں نمایاں کمی اور قرضوں کی بلند شرح سود کی وجہ سے آپ کی کمپنی کی پیداواری لاگت میں تیزی سے اضافہ ہوا۔

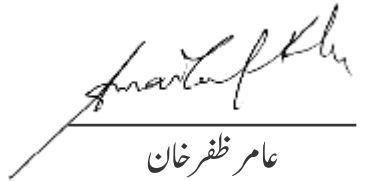
تاہم انتظامیہ پیداواری گنجائش کو بہتر بناتے ہوئے اور لاگت میں کمی کرنے والے بروقت اقدامات کے ذریعے ان منفی اثرات سے کسی حد تک نمٹنے کے قابل رہی۔

Covid کی وجہ سے مارکیٹ کی صورتحال برقرار ہے۔ عالمی معیشت پر Covid-19 کی وجہ سے پڑنے والے رکاوٹی اثرات تا حال اپنی جگہ موجود ہیں۔ بازار دوبارہ محتاط انداز میں کھلتے دکھائی دے رہے ہیں اور اس کے ساتھ ساتھ اس عالمی وباء کے دوران معیشت کو بحال کرنے کے لیے حکومت/اسٹیٹ بینک آف پاکستان کی جانب سے کیئے جانے والے اقدامات، گذشتہ سہ ماہی میں 600-BPS سے زیادہ شرح سود میں کمی کرنے سے مالیاتی لاگتوں میں کمی آئے گی جو کہ سرمایہ کے مسئلے کا شکار مارکیٹ کی طرف سرمایہ کاری کو راغب کرے گی اور تھوک پر چون کی مصنوعات کی طلب میں نمایاں اضافہ ہوگا جس سے معاشی سرگرمی پیدا ہوگی۔

اختتامی مہینوں کے دوران ایکوپیک لمیٹڈ کی فروخت بڑھنا شروع ہوئی اور ادارے کے اندر اپنی صلاحیتوں کو بہتر بنانے کے لیے اقدامات کیے گئے ہیں اور ان دونوں کی وجہ سے انتظامیہ پر اُمید ہے کہ نئے سال کے نتائج اس نقصان کا ازالہ کریں گے۔ آپ کی انتظامیہ آپ کی کمپنی کی مالیاتی کارکردگی کو بہتر بنانے کے لیے زبردست توجہ برقرار رکھنے کے لیے پُر عزم رہتی ہے۔

بورڈ اور کمپنی کی ایگزیکٹو انتظامیہ اس امر کو یقینی بنانے میں کلیدی کردار ادا کرتے ہیں کہ ہماری روایت، حکمت عملی اور کاوشیں، یہ سب ہمارے شریک کاروں کے لیے مستحکم قدر پیدا کرنے کے لیے ہم آہنگ ہوں۔ میں یہ بتاتے ہوئے خوشی محسوس کر رہا ہوں کہ بورڈ اور اس کی ذیلی کمیٹیاں باقاعدگی سے ملتی رہتی ہیں تاکہ اسے یقینی بنایا جاسکے کہ کارپوریٹ گورننس کے ضابطے کی شرائط کی پاسداری ہو اور اس کے مطابق اپنی کارکردگی کا جائزہ لیا جاتا رہے۔

میں اپنے ساتھی ڈائریکٹرز کو بھی ان کی لگن اور کاوشوں کے لیے سراہنا چاہوں گا جو کہ انہوں نے ہماری حکمت عملیاتی غور و خوض کے لیے اور کمپنی کی سمت کا تعین کرنے اور اس کے نتیجے کا جائزہ لینے کے لیے کیے۔ میں انتظامی ٹیم کے لیے خلوص دل کے ساتھ ان کی کوششوں میں کامیابی کا متشی ہوں کہ وہ نئے مالی سال میں کمپنی کو اپنی محنت سے نفع میں دوبارہ واپس لائیں۔


عامر ظفر خان

چیمبرسین بورڈ آف ڈائریکٹرز، ایکوپیک لمیٹڈ

26 ستمبر 2020

DIRECTORS' REPORT

The Board of Directors of EcoPack Limited is pleased to present the Directors' Report along with the audited annual financial statements of the company and Auditors' Report for the year ended 30th June 2020:

•OVERVIEW

The outgoing financial year ended June 2020 has been a tumultuous and extremely challenging one for the economy and people of Pakistan. After a severe slowdown in business activity at the end of the prior year during which inflation, bank interest rates and the sharp devaluation of the Pak Rupee had already eroded the purchasing power of the common consumer, the hope for better outcomes remained a far cry from the reality that subsequently unfolded. As the country's macro-economic woes had barely indicated early signs of abating and economy moved gradually towards recovery, the world at large was hit by the devastating Corona virus health pandemic which ravaged the livelihood and lives of people all over. Pakistan too became a victim of this deadly infectious disease by March 2020 as large parts of the country went into a sudden lockdown closing markets, production plants/factories, aviation and hospitality businesses, among many other commercial enterprises. Any early recovery green shoots were swiftly erased as people and businesses went into survival mode while the governments struggled to manage the extreme fallout of these hitherto unprecedented crises.

Your company was fortunate to be included in the list of 'essential services industries' as an established vendor of packaging to the Food & Beverage companies and continued to function throughout the lockdown periods albeit at a comparatively low output as demand at the start of the summer season sharply fell, only to return strongly with the advent of Ramazan in the last week of April. As the Corona virus infections slowed down and markets continued to reopen, the demographic dividends of a robust young population became clearly visible as the infection curve was effectively beaten and the trend reversed by





end June/early July. Despite your managements all out efforts, some vital sales were lost in March & April, thus evading the strong turnaround always made during FYQ4 of exponential summer sales which would have effectively reversed the losses incurred.

Your company's newly installed "Large Bottle Project" for edible oil and drinking water containers was successfully commissioned but some key customers could not implement their newly imported production lines as the worldwide pandemic prevented the travel of start-up technicians from foreign countries on account of government advisories and quarantine protocols. This caused a sharp drop in confirmed sales projected for the last quarter of high consumption and sales.

State Bank of Pakistan (SBP) discount rate and related KIBOR reduced the borrowing costs of the company at the fag end of the last quarter of the financial year. Since then hopes for a significantly lower interest regime in the new FY have rekindled life into struggling businesses in dire need of macro-economic support.



DIRECTORS' REPORT

• SALES & FINANCIAL HIGHLIGHTS

Due to the uncertain overall economic situation and the COVID-19 pandemic outbreak adversely impacting the last four months of the financial year 2020, the company posted it's biggest loss to-date. Thus sales revenue decreased by 25% from Rs. 4.1 billion to Rs. 3.1 billion against last year. Unfortunately, the infectious disease had spread rapidly from March 2020 which is also our peak summer sales period, therefore, sales volumes sharply declined due to the countrywide lockdowns. Bottles sales in unit terms decreased by 26% while Preforms sales reduced by 12% in the YoY comparison with last year. Basic raw material (PET resin) price decreased by approximately 13% which also contributed to the decrease in topline revenue. Gross profit arrived at Rs. 147.9 million for the year against the gross profit of Rs. 385.8 million for the prior year. Strong inflationary headwinds severely impacted our costs along with comparatively lower sales volumes which constitute the main reasons for such a significant reduction in Gross Profit. Despite several cost cutting measures undertaken, electricity cost significantly increased by 44% while cost of freight also increased by 14% YoY. Likewise, Operating Profit is reduced to Rs. 12.3 million against an Operating Profit of Rs. 235.9 million last year.

The slowdown in sales in the peak season months due to COVID resulted in higher than planned inventory. The OPEC & Russian crude oil war caused a sudden and sharp fall in PET resin prices resulting in an inventory loss (RESIN portion only) of Rs. 34 million, which is one of the main factors for the decline in margins this year. This one-off inventory loss was unforeseen due to external factors beyond the control of the management.

Financial charges increased from Rs. 127 million to Rs. 157 million, an increase of Rs. 30 million YoY, i.e. by 24%. A sharp increase in SBP KIBOR rates by almost 600 BPS (44% higher average as compared to last year) contributed significantly to this increase. However, despite high inflation and rising financial costs leading to the bottom-line loss, your Company has been able to meet all its financial obligations and repay its long term debt to the tune of Rs. 111 million during the year under review. Keeping in view that cash flow constraints may arise amid the COVID-19 situation, your Company has successfully availed various relief packages offered by SBP which includes deferment of long term and short term debts for a period of 1 year.

Pre-tax loss for the year is recorded at Rs. 144.8 million against a pre-tax profit of Rs. 108.8 million in FY 2019. However, Post-tax loss this year is Rs. 103.7 million against a Post-tax profit of Rs. 74.8 million last year.

Based on the prevailing statutory requirements and in compliance with the required corporate and financial reporting framework, adequate internal financial controls have been established and implemented by your Company's management.

Loss per share (basic and diluted) for the year ended June 30, 2020 is Rs. 2.72 per share against Rs. 1.96 earnings per share last year.



• FUTURE OUTLOOK

If the pandemic has taught us anything in Pakistan it is that we are a resilient nation comprising a demographically young population, having a great will to survive and resume our livelihoods despite the difficult challenges we continue to encounter heroically. The pandemic has shown us that this is a preponderantly youthful populace of over 220 million people, ready to consume and lift themselves and catch up with the per capita consumption parity levels of our peer countries in the region. Hence, your company looks with assurance and a calculated confidence to a strong recovery in the new financial year, as consumption driven by low financial costs and massive injections of cash plus SBP incentive schemes, kick start an erstwhile dismal economy.

The increase in foreign remittances from overseas Pakistanis has enhanced the purchasing power of many households in the lower middle classes, both in urban and rural cities and towns, giving them distinctly more disposable income and spending capacity. This bodes optimism for consumption at large, and for your company particularly, as sales of beverages, juices and bottled water as well as edible oils and sugar/fruit syrups increasingly resume their lost space in the household shopping list, as evidenced in the last 3 months – a very welcome trend for all stakeholders of the economy!

Another recent shot in the arm for businesses is the substantial reduction in petroleum and crude oil prices internationally. This provides the much needed fiscal space to the managers of our economy, as POL products constitute our country's single biggest Import, and is also a significant common denominator impacting nearly all costs across the board.

Your company is well poised to benefit from the anticipated growth with its widening range of products, suitably tailored to meet the demands of a dynamic Beverage industry serving a young 'on-the-go' population with a choice of "multiple and single serve" beverage and bottled water offerings. Our timely and measured investments in viable new product lines and technologies give your company a distinct competitive edge vis-à-vis competitors in our continuous bid to enhance market share profitably.



DIRECTORS' REPORT

• RISKS

While the supply of energy from the national grid has adequately stabilized in the Hattar Industrial Estate, KP, the cost to industry and a rising 'circular debt' remain a serious cause of concern for erosion of profit margins. Although the electricity supply side is currently greater than demand, the burden of 'fixed capacity payments' guaranteed by the GOP to IPP's is an ongoing heavy burden to bear for vulnerable industrial consumers paying the highest tariff rates which are perpetually on the rise.

Geo-political tensions in our region have the potential to exacerbate suddenly and get out of control. Struggling domestic economies tend to find expression in regional conflicts as nationalistic jingoism and political posturing diverts attention from the real economic issues at hand afflicting countries in our neighborhood. It may not be too optimistic to hope that a possible recurrence of the devastating pandemic is universally viewed as the actual common enemy, against which all countries need to cooperate in unison, to defeat it for the greater good of humanity.



• COMPANY & HR RELATIONS

In the face of losses due to an unforeseen and unprecedented health pandemic adversely impacting the financial results of the company, the senior and middle management has voluntarily taken a cut in salaries for a period of 6 months commencing April 2020 without impacting lower management and workers. We are pleased to state that no employees, permanent or temporary, have been laid off during this health and economic crisis. Thus morale remains high throughout the workforce and staff as we strive as 'the EcoPack family' - unified and enthusiastic, to face both adversity and success, with humility & equanimity!

For & on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Asad'.

ASAD ALI SHEIKH

DIRECTOR

September 26, 2020

A handwritten signature in black ink, appearing to read 'Hussain'.

HUSSAIN JAMIL

Chief Executive Officer

خطرات

جبکہ قومی دھارے میں برقی توانائی کی فراہمی حصار انڈسٹریل اسٹیٹ خیبر پختونخواہ میں خاطر خواہ طور پر مستحکم رہی، صنعتوں کے لیے لاگت میں اضافہ اور بلند ہوا گردشی خسارہ نفع کھٹانے کے سلسلے میں ایک سنجیدہ نوعیت کا مسئلہ رہا۔ اگرچہ برقی توانائی کی فراہمی فی الحال طلب سے زیادہ ہے، حکومت کی جانب سے IPP's کو فکسڈ لاگت کی ادائیگیوں کے سلسلے میں دی گئی ضمانت کا دباؤ بلند شرح سے ٹیرف ادا کرنے والے کمزور صنعتی صارفین کے لیے برداشت سے بڑھ کر مسلسل بوجھ ہے اور ایسی صورت میں جبکہ ٹیرف مسلسل بلند ہو رہا ہے۔

ہمارے خطے میں پائے جانے والے جغرافیائی سیاسی تناؤ میں اچانک اضافہ ممکن ہے اور یہ قابو سے باہر ہو جاتا ہے۔ جدوجہد کرتی اندرونی معیشتیں علاقائی تنازعہ کو جاننے کا رجحان رکھتی ہیں کیونکہ قومیت پسندی اور سیاسی مفادات ہمارے پڑوس کے مصیبت زدہ ممالک میں اصل معاشی مسائل سے توجہ ہٹا دیتی ہیں۔ یہ امید رکھنا زیادہ خوش گمانی نہیں ہوگی کہ تباہ کن وبائی بیماری کا ایک ممکنہ تسلسل عالمی سطح پر اصل مشترکہ دشمن کے طور پر دیکھا جاسکتا ہے جس کے خلاف تمام ممالک کو مشترکہ تعاون کی ضرورت ہے تاکہ اسے انسانیت کی عظیم بھلائی کے لیے شکست دی جاسکے۔

کمپنی اور ہیومن ریسورس کے تعلقات

غیر متوقع اور اچانک آنے والی وباء جس نے کمپنی کے مالیاتی نتائج کو بری طرح متاثر کیا، کمپنی کے مالیاتی نتائج کو بری طرح متاثر کرنے والی غیر متوقع اور اچانک آنے والی وباء کے نتیجے میں نقصانات کا سامنا کرنے کے دوران، سینئر اور درمیانی درجے کی انتظامیہ نے نچلی سطح کی انتظامیہ اور کارکنوں کو متاثر کیے بغیر رضا کارانہ طور پر اپریل 2020 سے چھ مہینوں کے لیے تنخواہوں میں کٹوتی کروائی۔ ہم یہ کہتے ہوئے خوشی محسوس کرتے ہیں کہ کسی قسم کے عارضی یا مستقل ملازمین کو صحت سے متعلق اس وباء اور معاشی بحران کے دوران نکالا نہیں گیا۔ لہذا افرادی قوت اور عملے کا جذبہ بدستور بلند رہا کیونکہ ہم نے ناکامی اور کامیابی دونوں کا عاجزی اور وقار کے ساتھ سامنا کرنے کے لیے ایک یو پیک فیملی کی طرح بھرپور جذبے کے ساتھ جدوجہد کی۔

برائے اور منجانب بورڈ آف ڈائریکٹرز



اسد علی شیخ
ڈائریکٹر



حسین جمیل
چیف ایگزیکٹو آفیسر
26 ستمبر 2020

Covid کی وجہ سے زیادہ فروخت والے مہینوں میں فروخت میں آہستگی کے نتیجے میں طے شدہ Inventory سے زیادہ Inventory اکٹھی ہو گئی۔ اُوپیک اور زمین خام تیل کی جنگ نے PET Resin کی قیمتوں میں اچانک اور تیز رفتار کمی لائی جس کے نتیجے میں صرف Resin والی Inventory میں 34 ملین روپے کا نقصان ہوا جو اس سال منافع میں ہونے والی کمی کے محرک بننے والے بنیادی عناصر میں سے ایک ہے۔ Inventory کا صرف یہ ایک نقصان آپ کی کمپنی کے دائرہ اختیار سے باہر بیرونی عناصر کی وجہ سے غیر متوقع تھا۔

مالیاتی اخراجات 127 ملین روپے سے بڑھ کر 157 ملین روپے رہے جس سے سال بہ سال 30 ملین روپوں یعنی 24% کا اضافہ ہوا۔ اسٹیٹ بینک آف پاکستان کے KIBOR کی شرح میں تقریباً 600 BPS کا تیز اضافہ جو کہ گذشتہ سال کی نسبت اوسطاً 44% بلند تھا، نے اس اضافے میں نمایاں کردار ادا کیا۔ تاہم مہنگائی کی بلند شرح اور نجلی سطح کے نقصان تک لے جانے والی بڑھتی ہوئی مالیاتی لاگت کے باوجود آپ کی کمپنی اپنی تمام مالیاتی ذمہ داریوں کو پورا کرنے میں کامیاب رہی اور اس نے زیر جائزہ سال کے دوران 111 ملین روپوں تک کے طویل المدت قرضے کی ادائیگی کی۔ Covid-19 کے درمیان سرمایہ کے بہاؤ کی مشکلات پیش آنے کو مد نظر رکھتے ہوئے، آپ کی کمپنی نے اسٹیٹ بینک آف پاکستان کے پیشکش کردہ متعدد امدادی پیکیجز کی سہولت حاصل کی جس میں طویل مدت تک قرض کی ادائیگی موخر ہونا اور ایک سال تک قلیل المدتی قرضوں کی سہولیات شامل ہیں۔

مالی سال 2019 میں ہونے والے 108.8 ملین روپے کے قبل از ٹیکس نفع کی نسبت امسال قبل از ٹیکس نقصان 144.8 ملین روپے ریکارڈ کیا گیا تاہم امسال بعد از ٹیکس نقصان 103.7 ملین روپے رہا جبکہ گذشتہ سال بعد از ٹیکس نفع 74.8 ملین روپے تھا۔

جاری آئینی شرائط کی بنیاد پر اوپر کارپوریٹ و مالیاتی رپورٹنگ کے مطلوبہ فریم ورک پر عملدرآمد کے ساتھ، آپ کی کمپنی انتظامیہ کی جانب سے خاطر خواہ اندرونی مالیاتی کنٹرولز تیار اور نافذ کیے گئے ہیں۔

30 جون 2020 کو فی شیئر (Basic & Diluted) نقصان 2.72 روپے فی شیئر رہا جبکہ گذشتہ سال فی شیئر 1.96 روپے کی آمدن رہی تھی۔

مستقبل کے امکانات

اگر اس وباء نے ہمیں پاکستان میں کچھ سکھایا ہے تو وہ یہ ہے کہ ہم جغرافیائی طور پر نوجوان آبادی پر مشتمل ایک لچکدار قوم ہیں اور ان مشکل حالات کے باوجود ہم میں زندہ رہنے اور اپنے حالات زندگی کو بحال کرنے کا بڑا جذبہ موجود ہے جن کا ہم بہادری سے سامنا کرتے ہیں۔ وباء نے ہمیں دکھایا کہ یہ 220 ملین افراد پر مشتمل ایک نوجوان آبادی ہے جو خطے میں ہماری ساتھی ممالک میں فی کس کھپت کی تناسبی سطحوں کے مطابق کھپت اور خود کو اٹھانے کے لیے تیار ہیں۔ لہذا آپ کی کمپنی نئے مالی سال میں زبردست بحالی/ واپسی کے لیے پریقین اور اعداد و شمار کی بنیاد پر پُر اعتماد ہے کیونکہ کمی مالی لاگتوں اور بڑے پیمانے پر سرمایہ کی فراہمی کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کی ترغیباتی اسکیموں کی بدولت ہونے والی کھپت سے مایوسی کی شکار معیشت کا پھیلاؤ دوبارہ چل پڑے گا۔

بیرون ملک پاکستانیوں کی جانب سے بھیجی جانے والی رقم نے دونوں شہروں و دیہاتوں میں مڈل کلاس کے بہت سے گھروں کی قوت خرید کو بڑھا دیا ہے اور انہیں نمایاں طور پر زیادہ خرچ والی آمدن اور گنجائش فراہم کی ہے۔ اس سے مجموعی طور پر بالخصوص آپ کی کمپنی کے لیے کھپت میں بہتری آتی ہے کیونکہ مشروبات، جوسز اور بوتل بند پانی کے ساتھ ساتھ خوردنی تیل اور چینی/ پھلوں کے مشروبات نے گھریلو اشیاء کی خریداری کی فہرست میں اپنے کھوئے ہوئے مقام کو دوبارہ اضافے کے ساتھ بحال کر لیا ہے جس کا گذشتہ تین مہینوں کے دوران پتہ چلتا ہے اور یہ معیشت کے تمام شرائط داروں کے لیے انتہائی خوش آئند رجحان ہے۔

کاروبار کے لیے تقویت کا ایک اور حالیہ موقع پٹرولیم اور خام تیل کی قیمتوں میں بین الاقوامی سطح پر ہونے والی کمی ہے۔ اس نے ہماری معیشت کے منتظمین کو ایک انتہائی ضروری معاشی موقع فراہم کیا ہے کیونکہ تیل کی مصنوعات ہمارے ملک کی واحد بڑی درآمد ہیں اور یہ پورے معاملے میں تقریباً تمام لاگتوں پر نمایاں اور کیساں طور پر اثر انداز ہونے والا عنصر ہے۔

آپ کی کمپنی اپنی کثیر النوع مصنوعات جنہیں مشروبات کی متحرک صنعت کی طلب کو پورا کرنے کے لیے تیار کیا گیا ہے کے ساتھ متوقع پھیلاؤ سے مستفید ہونے کے لیے اچھی طرح تیار ہے۔ یہ مشروب ساز صنعت رجحانات کے ساتھ چلنے والی نوجوان آبادی جو متعدد اور اکلوتے استعمال کو پسند کرتی ہے کی اور بوتل بند پانی کی پیشکش کی ضروریات پوری کرتی ہے۔ نئی موزوں مصنوعاتی لائنوں اور صنعت و حرفت میں ہماری بروقت اور بھاری سرمایہ کاریاں، آپ کی کمپنی کو مارکیٹ شیئر کی نفع آوری کو مسلسل بڑھانے کے لیے اپنے مسابقت کاروں پر ایک نمایاں فوقیت دلاتی ہیں۔

ڈائریکٹرز رپورٹ:

ایکویپک بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2020 کو ختم ہونے والے مالیاتی سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ کو مسرت کے ساتھ پیش کیا جا رہا ہے:

جائزہ

جون 2020 کو ختم ہونے والا مالی سال معیشت اور پاکستانیوں کے لیے پریشان کن اور شدید مشکلات کا سال رہا۔ گزشتہ سال کے اختتام سے قبل جبکہ کاروباری سرگرمی میں شدید آہستگی جس کے دوران مہنگائی، بینکوں کے سود کی شرح اور پاکستانی روپے کی قدر میں شدید کمی نے پہلے ہی سے عام صارف کی قوت خرید کو تباہ کیا ہوا تھا، بہترین نتائج کی اُمید بتدریج سامنے آنے والی حقیقت سے انتہائی دور رہی۔ جبکہ ملکی میکرو اکنامک اشاریوں سے بہ مشکل ہی پریشانیوں کے خاتمے کی نشاندہی ہوتی تھی اور معیشت بتدریج بحالی کی جانب بڑھ رہی تھی تو دنیا مجموعی طور پر تباہ کن کورونا وائرس کی وباء شکار ہو گئی جس نے دنیا بھر میں لوگوں کے رہن سہن اور زندگیوں کو متاثر کیا۔ پاکستان بھی اس بلاکت خیز متعدی مرض کا مارچ 2020 میں شکار ہوا کیونکہ ملک کے بڑے حصوں میں اچانک لاک ڈاون ہوا اور بہت سے دیگر کاروبار کے ساتھ بازار، پیداواری پلانٹ/ فیکٹریاں، ہوا بازی، ہوٹلوں کے کاروبار بند ہو گئے۔ جلد بحالی کی تمام تر علامتیں مفقود ہو گئیں کیونکہ لوگ اور کاروبار اپنی بقاء کی حالت میں چلے گئے جبکہ حکومتوں نے ان غیر متوقع بحران کے شدید مضمرات سے نمٹنے کے لیے جدوجہد شروع کر دی۔

آپ کی کمپنی کی خوش قسمتی تھی کہ یہ Food & Beverage کمپنیوں کو پیکنگ فراہم کرنے والے مستند فروخت کنندہ کی حیثیت سے "لازمی خدمات والی صنعتوں" کی فہرست میں شامل تھی اور اس نے لاک ڈاون کے عرصے میں اپنا کام جاری رکھا اگرچہ نتائج نسبتاً کمزور رہے کیونکہ موسم گرما کے آغاز میں طلب میں شدید کمی ہوئی اور اپریل کے آخری ہفتے میں رمضان کی آمد کے ساتھ طاقت کے ساتھ واپس آئی۔ کورونا وائرس کے متعدی مرض میں آہستگی ہونے اور بازاروں کے کھلنے سے متحرک نوجوان آبادی کے جغرافیائی حصے واضح طور پر نظر آنا شروع ہوئے جبکہ متعدی مرض کی لہر سے موثر طور پر نمٹا گیا تھا اور جون/ اہدائی جولائی میں رجحان دوبارہ پیدا ہوا۔ آپ کی انتظامیہ کی تمام کاوشوں کے باوجود، مارچ اور اپریل میں چند اہم سببوں نے ہمیں اس طرح مالی سال کی چوتھی سہ ماہی موسم گرما میں سبب سے ہونے والی مضبوط آمدن نہ ہو سکی جس سے ہونے والے نقصانات کا موثر طور پر ازالہ ہوتا۔

آپ کی کمپنی کا کھانے کے تیل کے لیے بڑی بوتلوں کا منصوبہ اور پینے کے پانی کے لیے ڈبوں کو کامیابی سے مکمل کیا گیا تھا تاہم چند کلیدی صارفین اپنی نئی درآمد شدہ پیداواری لائن کو نصب نہ کر سکے کیونکہ عالمی وباء کی وجہ حکومتی ہدایات پر اور قریبی پڑ وٹو کوئل کی وجہ سے بیرونی ممالک سے آنے والے ابتدائی مرحلے کے تکنیکی افراد کے لیے سفر بند ہو گیا۔ اس سے زیادہ کھپت اور فروخت کی گزشتہ سہ ماہی کے لیے ہدف شدہ یقینی فروخت میں زبردست کمی واقع ہوئی۔

اسٹیٹ بینک آف پاکستان کے عایدی نرخ اور متعلقہ KIBOR نے کمپنی کے قرضوں کی لاگت کو مالی سال کی آخری سہ ماہی کے آخر میں کم کیا۔ اس کے بعد نئے مالی سال میں کم شرح سود کی امید نے جدوجہد کرنے والے کاروبار میں زندگی کی نئی اُمنگ دوڑادی ہے جنہیں میکرو اکنامک مدد کی شدید ضرورت ہے۔

فروخت اور مالیات کے اہم نقاط

مجموعی طور پر غیر یقینی معاشی صورتحال اور Covid-19 کی وباء پھوٹنے کی وجہ سے مالی سال 2020 کے آخری چار مہینے شدید متاثر ہوئے اور کمپنی کو اب تک ہونے والے سب سے بڑے نقصان کا سامنا کرنا پڑا۔ اس طرح فروخت سے حاصل ہونے والی آمدن گزشتہ سال کی 4.1 بلین سے 25% کم ہو کر 3.1 بلین تک رہی۔ بد قسمتی سے متعدی مرض مارچ 2020 سے تیزی سے پھیلا جو کہ ہماری فروخت کی بلند سطح کا عرصہ ہوتا ہے لہذا ملک بھر میں لاک ڈاون ہونے کی وجہ سے فروخت کے حجم میں شدید کمی رونما ہوئی۔ ایکائیوں کے حساب سے بوتلوں کی فروخت میں 26% کمی ہوئی جبکہ سال بہ سال تقابلی طور پر Preforms کی فروخت میں 12% کمی ہوئی۔ بنیادی خام مال، PET Resin کی قیمت تقریباً 13% کم ہوئی اور اس سے بھی آمدنی کی بلند ترین سطح میں کمی رونما ہوئی۔ مجموعی نفع 147.9 ملین روپے رہا جو کہ گزشتہ سال 385.8 ملین روپے تھا۔ مہنگائی کی تیز لہروں نے ہماری لاگت کو شدید متاثر کیا اور اس کے ساتھ فروخت کے حجم میں کمی ہوئی جو ہمارے مجموعی نفع میں کمی لانے والی بنیادی وجہ بنی۔ لاگت میں کمی کے لیے کیئے جانے والے اقدامات کے باوجود، بجلی کی قیمت میں 44% اضافہ ہوا جبکہ سالہا سال تقابلی طور پر کرایے میں بھی 14% اضافہ ہوا۔ اسی طرح، آپریٹنگ نفع 12.3 ملین روپے ہو گیا جو کہ گزشتہ سال 235.9 ملین روپے تھا۔

ANNEXURE "A"

TO THE DIRECTORS REPORT "SIX YEARS AT A GLANCE:"

	2020	2019	2018	2017	2016	2015
Assets employed:						
Property, plant and equipment	1,408,042	1,426,872	1,362,572	1,001,273	999,085	1,055,461
Intangibles and others	18,314	36,973	19,149	9,714	11,463	7,097
Current Assets	729,134	1,102,483	999,833	690,979	659,621	618,038
	2,155,490	2,566,328	2,381,554	1,701,966	1,670,169	1,680,596
Assets financed by:						
Shareholders' equity including revaluation surplus	804,629	907,422	868,294	771,249	550,794	435,876
Long term finances	287,476	267,303	325,194	149,906	247,379	323,094
Employee benefits	104,884	126,996	106,325	92,319	75,821	66,981
Deffered Liabilities	133,001	163,992	132,429	169,246	187,343	196,275
Short term finances	583,116	894,636	650,396	353,070	425,097	386,508
Other current liabilities	242,384	205,979	298,916	166,176	183,735	271,862
	2,155,490	2,566,328	2,381,554	1,701,966	1,670,169	1,680,596
Profit & Loss:						
Sales	3,053,947	4,074,873	3,312,401	2,205,360	2,097,028	1,847,868
Cost of Sales	2,905,983	3,689,056	2,949,201	1,890,903	1,754,272	1,562,629
Gross Profit	147,964	385,817	363,200	314,457	342,756	285,239
Operating expenses	135,632	149,898	164,068	110,233	135,866	126,373
Operating profit	12,332	235,919	199,132	204,224	206,890	158,866
Financial charges	157,213	127,088	66,821	54,302	70,034	103,987
Net profit / (loss) before taxation	(144,881)	108,831	132,311	149,922	136,856	54,879
Taxation	(41,181)	34,020	8,855	44,061	34,938	28,404
Net profit / (loss) after taxation	(103,700)	74,811	123,456	105,861	101,918	26,475
Other comprehensive income and Transactions with owners:						
Other comprehensive income	18,247	(305)	136	27,965	18,720	20,655
Bonus shares	0%	10%	15%	5%	25%	-
Dividend	0%	5%	10%	10%	-	-
Key Financial Ratios:						
Gross profit	4.85%	9.47%	10.96%	14.26%	16.34%	15.44%
Operating profit	0.40%	5.79%	6.01%	9.26%	11.80%	8.95%
Profit before tax to net sales	-4.74%	2.67%	3.99%	6.80%	6.53%	2.97%
Return on capital employed	0.93%	16.10%	13.90%	17.27%	19.49%	15.54%
Fixed assets turnover (times)	2.14	2.78	2.40	2.18	2.08	1.74
Debt equity ratio	36:64	23:77	36:64	25:75	37:63	38:62
Current ratio	0.88	1.00	1.05	1.33	1.08	0.94
Earnings per share	(2.72)	1.96	3.24	2.77	2.67	0.69

ANNEXURE "B"

TO THE DIRECTORS' REPORT COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

STATEMENT OF DIRECTORS RESPONSIBILITIES

1. The financial statements prepared by the management present fairly its state of affairs, the results of its operations, cash-flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International financial reporting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there-from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts on company's ability to continue as a going concern.
7. There has been no departure from the best practice of corporate governance, as detailed in the listing regulations.

OTHER DISCLOSURES

1. Key operating and financial data for the last six years in summarized form has attached with the directors' report as Annexure "A".
2. There are no outstanding statutory payments on account of taxes, levies and charges except of normal and routine nature.
3. The company operates a contributory provident funded scheme for its management employees and defined benefit gratuity funded scheme for all employees. The value of investments as at June 30, 2020 are as follows:
 - Provident Fund Rs. 10.83 million
 - Gratuity Fund Rs. 30.12 million
4. There is no any adverse impact on environment due to the business activity carried by the company.
5. On account of "Corporate Social Responsibility" (CSR), donation during the year paid to various charitable organizations & hospitals, please refer note No. 28.1 of the financial statements for the year ended June 30, 2020.
6. The Composition of Board is as follows:

a.	Male	:	06
b.	Female	:	01
7. The composition of Board is as follows:
 - a) **Independent Directors**
 - (1) Mr. Asad Ali Sheikh
 - (2) Mr. Amar Zafar Khan

- b) **Non-executive Directors**
 (1) Mr. Ahsan Jamil (2) Mr. Ali Jamil (3) Mr. Shahan Ali Jamil
- (c) **Executive Director**
 Mr. Hussain Jamil
- (d) **Female Director**
 Mrs. Sonya Jamil (Non- executive Director)

8. Board has approved the Remuneration Policy of Directors; significant features are as follows:

- The Board of Directors ("BOD") shall, from time to time, determine and approve the remuneration of the members of the BOD for attending Board Meetings. Such level of remuneration shall be appropriate and commensurate with the level of responsibility and expertise offered by the members of the BOD, and shall be aimed at attracting and retaining members needed to govern the Company successfully, and creating value addition.
- No single member of the BOD shall determine his/her own remuneration.
- The fee is paid to Directors (independent and non-executive) for attending the Board and Committee meetings and the same has been approved by the Board. They are also entitled to obtain reimbursement of expenses incurred on account of boarding, lodging and traveling to attend such meetings. The total amount of money paid to the Directors during the year is indicated in Note 36 of the attached financial statements

9. The Board has formed committees comprising of members given below:

- a) **Audit Committee**
- | | | | |
|-----|----------------------|---|----------|
| (1) | Mr. Asad Ali Sheikh | - | Chairman |
| (2) | Mr. Amar Zafar Khan | - | Member |
| (3) | Mr. Ahsan Jamil | - | Member |
| (4) | Mr. Shahan Ali Jamil | - | Member |
- b) **Human Resource and Remuneration (HR & R) Committee**
- | | | | |
|-----|---------------------|---|----------|
| (1) | Mr. Amar Zafar Khan | - | Chairman |
| (2) | Mr. Hussain Jamil | - | Member |
| (3) | Mr. Asad Ali Sheikh | - | Member |
| (4) | Mr. Ali Jamil | - | Member |
| (5) | Mr. Ahsan Jamil | - | Member |

10. During the year, 05 board of Directors, 04 Audit Committee & 04 HR & Remuneration Committee Meetings were held and the attendance of each director is given below:

- a) **Board of Directors Meetings:-**
- | <u>Name of Directors</u> | <u>No. of Meetings Attended</u> |
|--------------------------|---------------------------------|
| Mr. Amar Zafar Khan | 05 |
| Mr. Hussain Jamil | 04 |
| Mr. Shahid Jamil | 01 |
| Mr. Ali Jamil | 05 |
| Ms. Laila Jamil | 01 |
| Mrs. Sonya Jamil | 04 |
| Mr. Asad Ali Sheikh | 05 |
| Mr. Ahsan Jamil | 05 |
| Mr. Shahan Ali Jamil | 04 |

b) **Audit Committee Meetings:-**

<u>Name of Members</u>	<u>No. of Meetings Attended</u>
Mr. Asad Ali Sheikh	04
Ms. Laila Jamil	02
Mr. Amar Zafar Khan	04
Mr. Ahsan Jamil	04
Mr. Shahan Ali Jamil	02

c) **Human Resource & Remuneration Committee Meetings:-**

<u>Name of Members</u>	<u>No. of Meetings Attended</u>
Mr. Amar Zafar Khan	04
Mr. Hussain Jamil	03
Mr. Asad Ali Sheikh	04
Mr. Ali Jamil	04
Ms. Laila Jamil	02
Mr. Ahsan Jamil	02

11. Trading of shares by Directors, Spouse of a Director, Chief Financial Officer & Secretary of the Company during the year 2019-2020 is as under:

<u>Name</u>	<u>Designation</u>	<u>No. of Shares Acquired /(Sold)</u>
Mr. Amar Zafar Khan	Director	Nil
Mr. Hussain Jamil	Chief Executive Officer	Nil
Mr. Ahsan Jamil	Director	Nil / (4,135,000)
Mr. Ali Jamil	Director	Nil
Mr. Asad Ali Sheikh	Director	Nil
Mrs. Sonya Jamil	Director	513 / (Nil)
Mr. Shahan Ali Jamil	Director	Nil
Mr. Muhammed Ali Adil	Chief Financial Officer	Nil
Mr. Awais Imdad	Company Secretary	Nil

BOARD CHANGES:

- In 28th Annual General Meeting of the Company held on October 26th, 2019, the members of the Company elected a new board comprising of seven (07) Directors for the term of three years commencing from October 26, 2019.
- The Board of Directors places on record its appreciation for services rendered by retiring Directors Mr. Shahid Jamil and Ms. Laila Jamil. Further, the Board welcomes newly elected Directors i.e, Mr. Shahan Ali Jamil and Mrs. Sonya Jamil on the Board.

AUDITORS:

Auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants were appointed as auditors for the year ended June 30, 2020. The Board of Directors recommended the suggestion of the Audit Committee, to the 29th AGM, for the appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the Company for the year ending June 30, 2021.

For & on behalf of the Board of Directors



ASAD ALI SHEIKH

DIRECTOR

September 26, 2020



HUSSAIN JAMIL

Chief Executive Officer

11. ڈائریکٹرز، ڈائریکٹرز کی شریک حیات، چیف فنانشل آفیسر اور کمپنی سیکرٹری کی جانب سے 20-2019 کے دوران شیئرز کی خرید و فروخت مندرجہ ذیل ہے:

نام	عہدہ	شیئرز کی تعداد، خرید/ (فروخت)
عامر ظفر خان	ڈائریکٹر	کوئی نہیں
حسین جمیل	چیف ایگزیکٹو آفیسر	کوئی نہیں
احسن جمیل	ڈائریکٹر	کوئی نہیں/ (4135000)
علی جمیل	ڈائریکٹر	کوئی نہیں
اسد علی شیخ	ڈائریکٹر	کوئی نہیں
سونیا جمیل	ڈائریکٹر	513 / کوئی نہیں
شہان علی جمیل	ڈائریکٹر	کوئی نہیں
محمد علی عادل	چیف فنانشل آفیسر	کوئی نہیں
اوئیس امداد	کمپنی سیکرٹری	کوئی نہیں

بورڈ کی تبدیلیاں:

- مورخہ 26 اکتوبر 2019 کو کمپنی کے ہونیوالے 28 ویں سالانہ عام اجلاس میں، کمپنی کے اراکین نے سات ڈائریکٹرز کی ٹیم پر مشتمل ایک نیا بورڈ منتخب کیا جس کی مدت 26 اکتوبر 2019 سے شروع ہو کر تین سالوں تک کے لیے ہے۔
- بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے ڈائریکٹرز جناب شاہد جمیل اور لیلی جمیل کو باقاعدہ طور پر سراہا۔ مزید برآں، بورڈ نے نو منتخب ڈائریکٹرز جناب شہان علی اور مسز سونیا جمیل کو خوش آمدید کہا۔

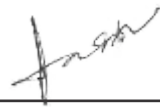
آڈیٹرز:

30 جون 2020 کو ختم ہونے والے سال کے لیے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو آڈیٹرز مقرر کیا گیا۔ بورڈ آف ڈائریکٹرز نے 29 ویں سالانہ اجلاس عام کے لیے 30 جون 2021 کو ختم ہونے والے سال کے دوران کمپنی کے آڈیٹرز کے طور پر میسرز کے پی ایم جی تاثیر اینڈ ہادی کو تعینات کرنے کی تجویز کی سفارش کی۔

برائے اور منجانب بورڈ آف ڈائریکٹرز



حسین جمیل
چیف ایگزیکٹو آفیسر



اسد علی شیخ
ڈائریکٹر
26 ستمبر 2020

10. سال کے دوران، بورڈ آف ڈائریکٹرز کے پانچ، آڈٹ کمیٹی کے چار، ہیومن ریسورس اور معاوضہ جاتی کی کمیٹی کے چار اجلاس منعقد کیے گئے اور ہر ایک ڈائریکٹر کی حاضری از ذیل ہے:

(a) بورڈ آف ڈائریکٹرز کے اجلاس	
ڈائریکٹرز کے نام	اجلاسوں میں شمولیت کی تعداد
عامر ظفر خان	05
حسین جمیل	04
شاہد جمیل	01
علی جمیل	05
لیلی جمیل	01
سونیا جمیل	04
اسد علی شیخ	05
احسن جمیل	05
شاہان علی جمیل	04

(b) آڈٹ کمیٹی کے اجلاس	
ڈائریکٹرز کے نام	اجلاسوں میں شمولیت کی تعداد
اسد علی شیخ	04
لیلی جمیل	02
عامر ظفر خان	04
احسن جمیل	04
شاہان علی جمیل	04

(c) ہیومن ریسورس اور معاوضہ جاتی کی کمیٹی کے اجلاس	
ڈائریکٹرز کے نام	اجلاسوں میں شمولیت کی تعداد
عامر ظفر خان	04
حسین جمیل	03
اسد علی شیخ	04
علی جمیل	04
لیلی جمیل	02
احسن جمیل	02

7. بورڈ کی ہیئت ترکیبی از ذیل ہے:

(a) آزاد ڈائریکٹرز

(1) اسد علی شیخ (2) عامر ظفر خان

(b) غیر ایگزیکٹو ڈائریکٹرز

(1) احسن جمیل (2) علی جمیل (3) شاہان علی جمیل

(c) ایگزیکٹو ڈائریکٹر

حسین جمیل

(d) خاتون ڈائریکٹر

مسز سونیا جمیل (غیر ایگزیکٹو ڈائریکٹر)

8. بورڈ نے ڈائریکٹرز کے لیے معاوضے کی پالیسی منظور کی ہے، اس کے نمایاں نقاط مندرجہ ذیل ہیں:

• بورڈ آف ڈائریکٹرز وقتاً فوقتاً بورڈ اراکین کے لیے بورڈ میٹنگز میں شمولیت کے عوض معاوضے کا تعین کرے گا اور منظوری دے گا۔ اس طرح کا معاوضہ معقول اور ذمہ داری کے مطابق اور بورڈ آف ڈائریکٹرز کے اراکین کی مہارت کے مطابق ہونا چاہیے اور اس کا مقصد ایسے اراکین کے لیے کشش پیدا کرنا اور انہیں منسلک رکھنا ہے جن کی کمپنی کو کامیابی سے چلانے اور قدری اضافے کے لیے ضرورت ہے۔

• بورڈ آف ڈائریکٹرز کا کوئی اکلوتا رکن اپنے معاوضے کا خود تعین نہیں کرے گا۔

• بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز (آزاد اور غیر ایگزیکٹو) کو فیس ادا کی جاتی ہے اور بورڈ نے اسے منظور کر لیا ہے۔ وہ اس طرح کے اجلاسوں میں شرکت کے لئے بورڈ ٹنگ، قیام اور سفر کی وجہ سے ہونے والے اخراجات کی ادائیگی حاصل کرنے کے بھی حقدار ہیں۔ سال کے دوران ڈائریکٹرز کو دی جانے والی رقم کی کل رقم منسلک مالی بیانات کے نوٹ 36 میں ظاہر کی گئی ہے

9. بورڈ نے ذیل میں دیئے گئے اراکین پر مشتمل کمیٹیاں تشکیل دیں ہیں:

(a) آڈٹ کمیٹی

(1) اسد علی شیخ - چیئر مین

(2) عامر ظفر خان - رکن

(3) احسن جمیل - رکن

(4) شاہان علی جمیل - رکن

(b) ہیومن ریسورس اور معاوضہ جات کی کمیٹی

(1) عامر ظفر خان - چیئر مین

(2) حسین جمیل - رکن

(3) اسد علی شیخ - رکن

(4) علی جمیل - رکن

(5) احسن جمیل - رکن

ڈائریکٹر ز رپورٹ کا منسلکہ -B کارپوریٹ گورننس کے ضابطے کی تعمیل

ڈائریکٹر ز کی ذمہ داریوں کا بیان:

1. انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کے امور کی صورتحال، آپریشنز کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی درست صورتحال پیش کرتے ہیں۔
2. باقاعدہ کھاتہ جات تیار کر کے اور سنبھال کے رکھے گئے ہیں۔
3. مالیاتی گوشواروں کی تیاری میں موزوں کھاتہ جاتی پالیسیوں کو مسلسل نافذ کیا گیا ہے اور حساب کتاب کے تخمینے معقول اور محتاط اندازے پر مشتمل ہیں۔
4. مالیاتی گوشواروں کی تیاری کے دوران پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر عمل کیا گیا ہے اور ان سے کسی قسم کے احتراز کے متعلق بتایا اور وضاحت کی گئی ہے۔
5. اندرونی کنٹرول کا نظام اپنی ہیئت میں مضبوط ہے اور اسے موثر انداز میں نافذ کیا گیا اور اس کی موثر نگرانی ہوتی ہے۔
6. کمپنی کا کاروبار جاری رکھنے کے لیے کمپنی کی صلاحیت کے متعلق کسی قسم کے واضح شکوک نہیں ہیں۔
7. کارپوریٹ گورننس کے بہترین طریقے سے کسی قسم کا احتراز نہیں کیا گیا جیسا کہ لسٹنگ کے قواعد و ضوابط میں تفصیل سے دیا گیا ہے۔

دیگر معلومات:

1. گذشتہ چھ سال کے کلیدی آپریشنل اور مالیاتی اعداد و شمار کو اختصاری صورت میں ڈائریکٹر ز رپورٹ کے ساتھ منسلک الف کے طور پر منسلک کیا گیا ہے۔
 2. عمومی اور روزمرہ جاتی نوعیت کے اخراجات کے علاوہ دیگر آئینی نوعیت کے اخراجات اور ٹیکسوں کی ادائیگیوں کی مد میں بقایا جات واجب نہیں ہیں۔
 3. کمپنی اپنی انتظامی ملازمین کے لیے شراکت داری پر مبنی پراویڈنٹ فنڈ سکیم چلاتی ہے اور اس نے تمام ملازمین کے لیے وضع کردہ مستفیدی گریجویٹ فنڈ والی سکیم متعارف کروا رکھی ہے۔ 30 جون 2020 تک سرمایہ کاریوں کی قدر ذیل میں ہے:
- | | |
|-----------------|------------|
| a. پراویڈنٹ فنڈ | 10.83 ملین |
| b. گریجویٹ فنڈ | 30.12 ملین |
4. کمپنی کی کاروباری سرگرمی کی وجہ سے ماحول پر کوئی نقصان دہ اثر نہیں ہو رہا۔
 5. کاروباری سماجی ذمہ داری کے ضمن میں، مختلف خیراتی اداروں اور ہسپتالوں کو سال کے دوران عطیات دیئے گئے، اس سلسلے میں 30 جون 2020 کو ختم ہونے والی مالی سال کے مالیاتی گوشواروں کے نوٹ نمبر 28.1 کو ملاحظہ کریں۔
 6. بورڈ کی ہیئت ترکیبی مندرجہ ذیل ہے:
- | | |
|-----------|------|
| a. مرد | : 06 |
| b. خواتین | : 01 |

PATTERN OF SHARE HOLDING

ANNEXURE - C
AS AT JUNE 30,2020

Serial No	No. Of Shareholders	Shareholding		Total Shares Held	Percentage %
		From	To		
1	365	1	100	11,464	0.03%
2	905	101	500	283,903	0.74%
3	282	501	1000	222,521	0.58%
4	702	1001	5000	1,604,701	4.21%
5	99	5001	10000	707,351	1.85%
6	43	10001	15000	521,741	1.37%
7	8	15001	20000	144,424	0.38%
8	9	20001	25000	201,088	0.53%
9	13	25001	30000	361,505	0.95%
10	6	30001	35000	191,121	0.50%
11	6	35001	40000	223,198	0.59%
12	3	40001	45000	124,541	0.33%
13	7	45001	50000	342,405	0.90%
14	1	50001	55000	55,000	0.14%
15	3	55001	60000	175,751	0.46%
16	2	60001	65000	122,800	0.32%
17	1	65001	70000	68,000	0.18%
18	1	70001	75000	72,650	0.19%
19	1	75001	80000	79,504	0.21%
20	1	85001	90000	88,424	0.23%
21	2	90001	95000	181,367	0.48%
22	2	95001	100000	200,000	0.52%
23	2	100001	105000	203,324	0.53%
24	2	120001	125000	245,355	0.64%
25	1	125001	130000	126,500	0.33%
26	1	145001	150000	146,825	0.38%
27	1	150001	155000	150,949	0.40%
28	1	170001	175000	170,537	0.45%
29	1	175001	180000	179,000	0.47%
30	1	195001	200000	200,000	0.52%
31	1	225001	230000	225,375	0.59%
32	1	230001	235000	234,182	0.61%
33	1	325001	330000	329,165	0.86%
34	1	335001	340000	338,000	0.89%
35	1	355001	360000	358,364	0.94%
36	1	395001	400000	400,000	1.05%
37	1	455001	460000	458,588	1.20%
38	1	925001	930000	929,725	2.44%
39	1	995001	1000000	1,000,000	2.62%
40	1	1760001	1765000	1,762,000	4.62%
41	1	1995001	2000000	2,000,000	5.24%
42	1	2255001	2260000	2,256,800	5.92%
43	1	2345001	2350000	2,349,671	6.16%
44	1	2595001	2600000	2,599,500	6.81%
45	1	2815001	2820000	2,817,628	7.39%
46	1	3090001	3095000	3,092,000	8.11%
47	1	3265001	3270000	3,267,000	8.56%
48	1	6320001	6325000	6,325,000	16.58%
2490		Total Shares Held		38,148,947	100.00%

CATEGORIES OF SHAREHOLDERS

S.NO	Name	Number of Share Holders	Total Shares Held	Percentage
1	Directors, Chief Executive Officer, and their Spouse and Minor Children:-			
	Mr. Hussain Jamil	1	6,559,182	17.194%
	Mr. Ali Jamil	1	28,177	0.074%
	Mr. Ahsan Jamil	1	163,107	0.428%
	Mr. Amar Zafar Khan	1	818	0.002%
	Mr. Asad Ali Sheikh	1	818	0.002%
	Mrs. Deborah Jamil	1	8,519	0.022%
	Mrs. Sonya Jamil	1	514	0.001%
	Mr. Shahan Ali Jamil	1	818	0.002%
	Sub-Total:	8	6,761,953	17.725%
2	Associated Companies, Undertakings and related parties	NIL	NIL	0.00%
3	NIT AND ICP			
	M/S. Investment Corporation Of Pakistan	1	154	0.000%
	Sub-Total:	1	154	0.000%
4	Banks, Development Financial Institutions & Non Banking Financial Institutions:-			
	National Development Fin.Corp.Investor	1	11,537	0.030%
	National Bank Of Pakistan	1	392	0.001%
	Sub-Total:	2	11,929	0.031%
5	Insurance Companies	NIL	NIL	0.00%
6	Modarabas And Mutual Funds:-			
	Prudential Stock Fund Ltd.	1	189,990	0.498%
	Modaraba Al-Mali	1	24,594	0.064%
	CDC - Trustee NAFA Islamic Stock Fund	1	2,290	0.006%
	Sub-Total:	3	216,874	0.568%

CATEGORIES OF SHAREHOLDERS

S.No	Name	Number of Share Holders	Total Shares Held	Percentage
7	Share holding 10% or more voting interest			
	Hussain Jamil	1	6,559,182	17.194%
	Total	1	6,559,182	17.194%
8	General Public			
	Local - Individuals	2,455	28,506,759	74.725%
	Sub-Total:	2,455	28,506,759	74.725%
	Foreign Investors:-			
	M/S Somers Nominee (Far East) Limited	1	10,232	0.027%
	Sub-Total:	1	10,232	0.027%
9	Others			
	Margalla Financial (Private) Limited	1	28,000	0.073%
	Dr. Arslan Razaque Securities (Smc-Pvt)	1	1,761	0.005%
	Akhai Securities (Private) Limited	1	5	0.000%
	Fikree'S (Pvt) Ltd.	1	27,962	0.073%
	Prudential Securities Limited	1	991	0.003%
	M/S. Freedom Enterprises (Pvt) Ltd.	1	4,128	0.011%
	Maple Leaf Capital Limited	1	1	0.000%
	Muhammad Ahmed Nadeem Securities (Smc-Pvt)	1	825	0.002%
	Federal Board Of Revenue	1	458,588	1.202%
	S.A. Prosperity (Pvt.) Ltd.	1	115	0.000%
	Mam Securities (Pvt) Limited	1	161	0.000%
	Amanah Investments Limited	1	1,268	0.003%
	Mra Securities Limited - Mf	1	1,500	0.004%
	Dawood Equities Limited- Mf	1	5,000	0.013%
	Axis Global Limited - Mf	1	2,000	0.005%
	Y.S. Securities (Private) Limited	1	1,147	0.003%
	Shaffi Securities (Pvt) Limited	1	94	0.000%
	Time Securities (Pvt) Ltd.	1	5,000	0.013%
	Maan Securities (Private) Limited	1	2,000,000	5.243%
	Ncc - Pre Settlement Delivery Account	1	102,500	0.269%
	Sub-Total:	20	2,641,046	6.923%
	Grand Total:	2,490	38,148,947	100%

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF ECOPACK 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 Ecopack Limited for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

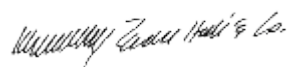
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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 2020.

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

Reference	Description
I. Paragraph 19(i)	As stated in paragraph 19(i), the Board of Directors has not constituted a nomination committee.
ii. Paragraph 19(ii)	As stated in paragraph 19(ii), the Board of Directors has not constituted the risk management committee.
iii. Paragraph 19(iii)	As stated in paragraph 19(iii), the Company has not arranged orientation for its directors.



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
October 5, 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ECOPACK LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	<p>Going Concern</p> <p><i>Refer Note 1.1 to the Financial statements</i></p> <p>The Company has been operating at low profit margin for the past years and incurred loss before taxation amounting to Rs.144,880 thousand in current year. Further,</p>	<p>Our audit procedures in respect of the management's assessment of the Company's ability to continue as a going concern included the following:</p> <ul style="list-style-type: none"> Obtaining management's assessment of the Company's ability to continue as going concern which included cashflow projections and budgets.

	<p>the COVID-19 pandemic is an unprecedented challenge for the economy globally, and at the date of the financial statements its effects are subject to significant levels of uncertainty.</p> <p>Above factors give an indication of the events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.</p> <p>Company's management made their assessment of the Company's ability to continue as a going concern and concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern.</p> <p>We identified going concern as a key audit matter because a significant degree of management judgement is involved in making this assessment.</p>	<ul style="list-style-type: none"> ▪ Evaluating management's assessment by: <ul style="list-style-type: none"> ▪ considering Company's external and economical environment and past history of market growth and future expectations; ▪ reviewing Company's past history of loan repayments; and ▪ assessing effect of the COVID-19 pandemic on the Company's current and future operations. ▪ assessing the mathematical accuracy of the cashflow forecasts; ▪ performing an analysis of the cash flow projections prepared by the management, which includes evaluation of the reliability and relevance of the underlying data used to prepare the forecast and the appropriateness of the assumptions used by comparing with the external/internal environment, past history, subsequent to year end results and other matters identified in the audit; ▪ assessing the availability of banking and other financing facilities during the forecast period by inspecting relevant underlying documentation in relation to banking and other financing facilities and evaluating whether the financing facilities were sufficient to meet the Company's needs in the context of the cash flow forecast, taking into the account any breach of loan covenants which may trigger early repayment of loans; ▪ carrying sensitivity analysis of the key assumptions (including forecast sales volumes, average selling prices, raw materials costs and necessary capital expenditure for production) adopted in the cash flow forecast prepared by management and assessing the impact on the conclusions of the going concern assessment; and ▪ assessing the related disclosures in the financial statements with reference to the requirements of the approved accounting and reporting standards as applicable in Pakistan.
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2.	<p>Recognition of Revenue (Refer to note 4.11 to the financial statements)</p> <p>The Company is engaged in the production and sale of PET Preforms and PET Bottles.</p> <p>The Company recognized gross revenue from the sales of PET preforms of Rs. 1,909,664 thousand and from the sale of PET bottles of Rs. 1,667,601 thousand for the year ended 30 June 2020.</p> <p>We identified recognition of revenue as a 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.</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; comparing a sample of revenue transactions recorded during the year with sales orders, sales tax invoices, delivery challans / notes and other relevant underlying documents; comparing a sample of revenue transactions recorded around the year end with the sales orders, sales tax invoices, delivery challans / notes and other relevant underlying documents to assess if the related revenue was recorded in the appropriate accounting period; comparing the details of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; assessing the appropriateness of the accounting policy for revenue recognition and comparing with the applicable accounting and reporting standards; and assessing the adequacy of disclosures related to revenue as required under applicable accounting and reporting standards.
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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Riaz Pesnani.



KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
October 5, 2020

Statement of Financial Position

As at 30 June 2020

ASSETS

Non-Current Assets

	Note	30 June 2020	30 June 2019
----- Rupees in '000' -----			
Property, plant and equipment	5	1,408,042	1,426,872
Intangibles	6	6,105	6,623
Advance for capital expenditure		-	18,207
Long-term deposits		12,209	12,143
		1,426,356	1,463,845

Current Assets

Inventories	7	297,598	388,069
Trade debts	8	214,694	402,706
Loans and advances	9	31,183	123,641
Deposits, prepayments and other receivables		7,381	13,973
Advance tax - net	10	158,000	138,581
Cash and bank balances	11	20,278	35,513
		729,134	1,102,483
Total assets		2,155,490	2,566,328

SHARE CAPITAL AND RESERVES

Share capital	12	381,489	346,809
Revaluation surplus on operating fixed assets	13	138,582	144,962
Unappropriated profits	14	284,558	415,651
		804,629	907,422

LIABILITIES

Non-Current Liabilities

Long term loans	15	91,816	66,667
Deferred grant	15	3,123	-
Lease liabilities	16	195,660	200,636
Employee benefits	17	104,884	126,996
Deferred tax liabilities - net	18	129,878	163,992
		525,361	558,291

Current Liabilities

Trade and other payables	19	239,665	203,452
Unclaimed dividend		2,719	2,527
Short term borrowings	20	525,209	737,682
Current portion of non-current liabilities	21	57,907	156,954
		825,500	1,100,615
Total equity and liabilities		2,155,490	2,566,328

CONTINGENCIES AND COMMITMENTS

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



Chief Financial
Officer



Chief Executive
Officer



Director

Statement of Profit or Loss

For the year ended 30 June 2020

		30 June 2020	30 June 2019
	<i>Note</i>	----- Rupees in '000' -----	
Sales - net	23	3,053,947	4,074,873
Cost of sales	24	(2,905,983)	(3,689,056)
Gross profit		147,964	385,817
Other income	25	16,469	20,149
Selling expenses	26	(27,878)	(27,397)
Administrative expenses	27	(95,786)	(100,650)
Impairment gain / (loss) on trade debts	8	1,979	(3,633)
Other expenses	28	(30,416)	(38,367)
Operating profit		12,332	235,919
Finance costs	29	(157,213)	(127,088)
(Loss) / profit before taxation		(144,881)	108,831
Income tax credit / (charge)	30	41,181	(34,020)
(Loss) / profit for the year		(103,700)	74,811
			Restated
(Loss) / earnings per share-basic and diluted - Rupees	31	(2.72)	1.96

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



Chief Financial
Officer



Chief Executive
Officer



Director

Statement of Comprehensive Income

For the year ended 30 June 2020

		30 June 2020	30 June 2019
	Note	----- Rupees in '000' -----	
(Loss) / profit for the year		(103,700)	74,811
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Surplus on revaluation of operating fixed assets	13	21,700	-
Related tax		(6,018)	-
- Reversal of surplus on recognition of impairment loss on idle machinery	13	(11,497)	-
Related tax		3,334	-
		7,519	-
- Remeasurements of defined benefit liability	17.1.6	15,110	(429)
Related tax		(4,382)	124
		10,728	(305)
Total comprehensive income for the year - (loss)		<u>(85,453)</u>	<u>74,506</u>

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



Chief Financial Officer


Chief Executive Officer


Director

Statement of Changes in Equity

For the year ended 30 June 2020

	Share Capital	Revaluation surplus on Property and Plant	Revenue Reserve- Unappropriated profits	Total Equity
	----- (Rupees in '000') -----			
Balance as at 1 July 2018	301,573	161,552	399,948	863,073
Total comprehensive income for the year				
Profit for the year	-	-	74,811	74,811
Other comprehensive income for the year	-	-	(305)	(305)
	-	-	74,506	74,506
Transfer of incremental depreciation - net of deferred tax	-	(16,590)	16,590	-
Transactions with owners of the Company				
Distributions				
Issuance of bonus shares @ 15%	45,236	-	(45,236)	-
Final dividend @ 10% for the year ended 30 June 2018	-	-	(30,157)	(30,157)
	45,236	-	(75,393)	(30,157)
Balance as at 30 June 2019	346,809	144,962	415,651	907,422
Balance as at 01 July 2019	346,809	144,962	415,651	907,422
Total comprehensive income for the year				
Loss for the year	-	-	(103,700)	(103,700)
Other comprehensive income for the year	-	7,519	10,728	18,247
	-	7,519	(92,972)	(85,453)
Transfer of incremental depreciation - net of deferred tax	-	(13,899)	13,899	-
Transactions with owners of the Company				
Distributions				
Issuance of bonus shares @ 10%	34,680	-	(34,680)	-
Final dividend @ 5% for the year ended 30 June 2019	-	-	(17,340)	(17,340)
	34,680	-	(52,020)	(17,340)
Balance as at 30 June 2020	381,489	138,582	284,558	804,629

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


Chief Financial Officer


Chief Executive Officer


Director

Statement of Cash Flows

For the year ended 30 June 2020

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before taxation

Adjustments for:

Depreciation and amortization
(Gain) / loss on disposal of operating fixed assets
Provision for Workers' Profits Participation Fund
Provision for Workers' Welfare Fund
Cash settled share-based payment transaction
Other receivables written off
(Reversal) / impairment loss on trade debts
Impairment loss on operating fixed assets - idle machine
Charge for staff retirement benefit - gratuity
Finance costs

Changes in:

Inventories
Trade debts
Loans and advances
Deposits, prepayments and other receivables
Trade and other payables
Long-term deposits

Cash generated from operating activities

Finance cost paid - short-term borrowings
Contributions to gratuity fund / gratuity paid
Payment to Workers' Profit Participation Fund
Payment to Workers' Welfare Fund
Income taxes paid

Net cash from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment
Advance for capital expenditure
Proceeds from disposal of operating fixed assets
Acquisition of intangible assets

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Principal repayment of lease liabilities
Dividends paid
Proceeds from short-term borrowings
Repayment of short term borrowings
Proceeds from long-term loans
Repayment of long-term loans
Finance cost paid on long-term loans and lease liabilities

Net cash (used in) / generated from financing activities

Net decrease in cash and cash equivalents
Cash and cash equivalents at beginning of the year
Cash and cash equivalents at end of the year

Note	30 June 2020	30 June 2019
	----- Rupees in '000' -----	
	(144,881)	108,831
24 & 27	135,343	133,176
25	(277)	198
28	-	5,742
28	-	17
	(122)	1,301
28	1,382	3,002
8.1	(1,979)	3,633
28	13,166	-
17.1.5	27,535	19,891
29	157,213	127,088
	187,380	402,879
	90,471	(104,737)
	189,991	40,929
	92,458	(65,133)
	5,210	(4,586)
	41,955	(87,935)
	(66)	(396)
	420,019	(221,858)
	607,399	181,021
	(108,381)	(68,573)
	(34,415)	(950)
	(5,742)	(7,285)
	-	(4,700)
10	(19,419)	(27,533)
	439,442	71,980
	(117,356)	(176,883)
	18,207	(18,207)
	940	3,455
6	(279)	-
	(98,488)	(191,635)
	(46,435)	(72,257)
16	(17,148)	(28,932)
	2,042,205	3,118,399
	(2,281,962)	(2,874,702)
	35,918	80,000
	(65,000)	(94,465)
	(50,773)	(48,619)
	(383,195)	79,424
	(42,241)	(40,231)
	22,148	62,379
32	(20,093)	22,148

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


Chief Financial
Officer


Chief Executive
Officer


Director

Notes of the Financial Statements

For the year ended 30 June 2020

1. STATUS AND NATURE OF BUSINESS

Ecopack Limited (the Company) is a limited liability Company incorporated in Pakistan under repealed Companies Ordinance 1984 (Currently Companies Act 2017) and is listed on Pakistan Stock Exchange Limited. The registered office and manufacturing facility of the Company is located at Hattar Industrial Estate, Khyber Pakhtunkhwa. The principal business activity of the Company is manufacturing and sale of Polyethylene Terephthalate (PET) bottles and preforms for the market of Beverages and other liquid packaging industry.

Geographical location and address of business unit / plant:

Location	Address	Purpose
Hattar	Plot - 112,113, Phase V, Hattar Industrial Estate, Hattar, KPK	Registered office and factory
Rawalpindi	19, Citi villas Near High Court Road	Head Office
Lahore	5, 1st Floor Al Hafeez View Gulberg III	Sales & Marketing
Karachi	Suite # 306, 3rd Floor, Clifton Diamond, Block - 4, Clifton	Administration Office

- 1.1 The reported loss for the year amounting to Rs. 144.8 million has impelled the Management to evaluate Company's ability to continue as Going Concern. Considering various internal and external risk factors e.g. market conditions, inflation, future demand and growth, future cash flows, profitability ratios etc. it has been concluded that despite of difficult economic and market conditions there is no material uncertainty about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and
- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Liabilities for cash-settled share-based payment arrangements	Fair value
Net defined benefit liability	Present value of the defined benefit obligation
Operating fixed assets	Revalued amount (land, machinery)

This is the first set of the Company's annual financial statements in which 'IFRS 16 Leases' has been applied. The related changes to significant accounting policies are described in note 4.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

	Note
i) Useful life and residual values of property, plant and equipment	4.2
ii) Useful life and amortization of Intangible assets	4.3
iii) Provision for slow moving and obsolete stores, spares and loose tools	4.4.1
iv) Provision for staff retirement benefits - key actuarial assumptions	4.8
v) Provision for taxation and recognition of deferred tax assets	4.9
vi) Measurement of ECL allowance for trade receivables	4.6
vii) Provisions and contingencies	4.14

2.5 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established controlled framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements including Level 3 values.

The management regularly reviews significant unobservable inputs, if relevant, and valuation adjustments. If third party information, such as broker codes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that their valuations meet the requirements of approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into following levels of fair value hierarchy based on the inputs used in valuation techniques:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included in Level 1 above that are observable market data for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

3. STANDARDS ISSUED BUT 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 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
- Amendments to IFRS-16- IASB 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. 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 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. 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.
 - 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.
 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost 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.

Annual improvements to IFRS standards 2018-2020

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022 and are not likely to have an impact on Company's financial statements.

- 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 percent' 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.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for the change as indicated below:

4.1 IFRS 16 Leases

The Company has initially adopted 'IFRS 16 Leases' from 01 July 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. Previously, the Company determined at contract inception whether an arrangement, was or contained, a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Company's leased assets comprise of leased machinery and vehicles, warehouses and office premises.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 01 July 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. However, the change in accounting policy did not result in any impact on the retained earnings at 01 July 2019.

The Company applies the short-term lease recognition exemption to its short-term leases (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). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

The Company's leased machinery and vehicles were previously classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 01 July 2019 were determined at the carrying amount of the leased asset and lease liability under IAS 17 immediately before that date.

For Accounting policy on lease liability and Right of Use Asset refer to note 4.2 and 4.7.

4.2 Property, plant and equipment

Owned

i) Recognition and measurement

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except for free hold land, factory building and owned plant and machinery which are stated at revalued amount less accumulated depreciation and accumulated impairment loss, if any. Cost of an asset comprises acquisition and other costs which are directly attributable to the asset.

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

Any surplus arising on revaluation of plant and machinery is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of plant and machinery (net of deferred taxation) is transferred directly to retained earnings / unappropriated profit.

ii) Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

iii) Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized. The related balance of surplus on revaluation of such item, if any, is transferred directly to retained earnings /unappropriated profits.

iv) Depreciation

Depreciation is charged to statement of profit or loss applying either straight line method or written down value method whereby the cost or revalued amount of an asset less its estimated residual value, if any, is written off over its useful life at the rates specified in note 5 to the financial statements. Depreciation on additions is charged for the full month in which asset is available for use and no depreciation is charged for the month in which asset is disposed off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at 30 June 2020 did not require any adjustment as its impact is considered insignificant.

Right-of-use assets

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

Policy applicable before 01 July 2019**Leased assets**

Assets subject to finance lease are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets each determined at the inception of lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Leased assets are depreciated on either straight line method or reducing balance method at the rates specified in note to the financial statements as disclosed in the fixed asset schedule to the financial statements.

4.3 Intangible assets**i) Recognition and measurement**

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably. Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost represents price equivalent to the consideration given, i.e., cash and cash equivalent paid.

ii) Subsequent expenditure

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

iii) Amortization

Intangible assets are amortized using the straight line method over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.4 Inventories

Inventories comprise of stores, spares, loose tools and stock-in-trade:

4.4.1 Stores, spares and loose tools

Stores, spares and loose tools excluding items in transit are valued at lower of weighted average cost and net realizable value. Provision is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the date of statement of financial position.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

4.4.2 Stock-in-trade

Raw materials and packing materials are valued at weighted average cost and finished goods are valued at lower of weighted average cost and net realizable value. Raw material and packing material in transit are valued at invoice value plus other charges paid thereon.

Work-in-process is valued at weighted average cost of raw materials including a proportionate of manufacturing overheads. Cost of finished goods includes an appropriate share of production overheads based on normal operating capacity.

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

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

4.5 Financial Instruments

i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

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

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

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

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

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortized cost

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

Financial liabilities - Classification, subsequent measurement and gains and losses

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

iii) Derecognition**Financial assets**

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

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

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of modified liability are substantially different, in which case a new financial liability is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.6 Impairment**i) Non-derivative financial assets**

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECLs. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the counter party is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset.

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise
- it is probable that the counterparty will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets and charged to profit or loss.

Write-off

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

ii) Non-Financial Assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets 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 CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 recognised.

4.7 Leases liability

Policy applicable after 01 July 2019

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments in the measurement of the lease liability comprise the following:

- a. fixed payments, including in-substance fixed payments;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. amounts expected to be payable under a residual value guarantee; and
- d. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Policy applicable before 01 July 2019

Leases of property, plant and equipment that transfer to the company, substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases in which a significant portion of the risks and rewards of ownership were retained by the lessor, were classified as operating leases. Contractual payments under operating lease contracts were charged on a straight line basis to the statement of profit or loss unless another systematic basis was more representative of the underlying use of such assets.

4.8 Staff Benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Share-based payment arrangements

An entity recognizes a cost over the vesting period and a corresponding liability. Measurement is based on the fair value of the liability at each reporting date, and it is remeasured until settlement date. The share-based payment is classified and accounted for as either equity-settled or cash-settled, depending on whether the entity has a present obligation to settle in cash.

iv) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which the Company pays fixed contribution into a separate entity and will have no legal and constructive obligation to pay further amounts. Obligation for contributions to defined contribution plans are recognized as an employee benefit expense in statement of profit or loss when they are due. The Company also operates an approved funded contributory provident fund for its permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 5% per annum of the basic salary. Company's contributions are charged to statement of profit or loss.

v) Defined benefit plans

A defined benefit plan is post employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Previously gratuity scheme was unfunded, but with effect from 1st June 2020, the Company is operating approved gratuity fund and covers those permanent employees and management staff of the Company who have completed prescribed qualifying period of service. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation.

Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on the straight line basis over the average period until the amended benefits become vested.

All actuarial gains and losses arising on valuation are charged to other comprehensive income.

4.9 Taxation**i) Income tax**

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

ii) Current tax

Provision for current tax is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous year.

iii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption. Deferred tax assets and liabilities are offset if certain criteria are met.

4.10 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except, to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.11 Revenue from contracts with customers

Nature and timing of satisfaction of performance obligations, including significant payment terms

Customers obtain control of PET bottles and PET preforms when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30-90 days. No material discounts are provided against sale of these goods. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.

Accounting Policy

Revenue is recognized when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historical data for specific type of product and size etc. In these circumstances, a refund liability and a right to recover returned goods asset are recognized. The 'right to recover returned goods' asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. Based on historical data, no refund liability and the right to recover returned goods is recognized. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

4.12 Foreign currency transactions and translation

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

4.13 Dividend

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the date of statement of financial position is considered as a non-adjusting event and is recognized in the financial statements in the period in which such transfers are made.

4.14 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

4.15 Government Grant

Recognition and measurement

The loan obtained under the refinance scheme from State Bank of Pakistan is received at below market interest rate. The benefit of below market interest is accounted for as government grant under IAS-20. The benefit is measured as the difference between the initial carrying value of the loan (i.e. fair value of the loan) and the proceeds received. The amount of grant is recognised and presented in the statement of financial position as 'deferred grant'.

Subsequent measurement

In subsequent years, the grant is recognised in the statement of profit or loss, in line with the recognition of interest expenses as the grant is compensating. The amount is presented as reduction of related interest expense.

4.16 Finance Costs

The Company's Finance Cost represents interest expense on short and long term borrowings and lease liabilities. Interest expense is recognised using the effective interest method whereby the effective interest rate is applied to the amortized cost of the liability.

		2020	2019
	Note	Rupees in '000'	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,384,078	1,409,907
Capital work in progress		935	-
Capital machines' spares	5.6	23,029	16,965
		<u>1,408,042</u>	<u>1,426,872</u>

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

5.1 Operating fixed assets

	Owned							Right of Use Assets (Note 4.2)			Total	
	Lease-hold land	Factory building and roads on lease-hold land	Plant and machinery	Vehicles	Factory equipment	Furniture and fittings	Office equipment	Sub total	Plant and machinery	Vehicles		Sub total
Rupees in '000												
Cost / revalued amounts	23,750	116,033	1,370,520	10,249	416,433	4,790	24,948	1,966,723	411,689	18,105	429,794	2,396,517
Accumulated depreciation	-	(41,634)	(673,248)	(7,100)	(297,735)	(3,278)	(14,275)	(1,037,270)	(6,567)	(5,996)	(12,563)	(1,049,833)
Net book values as at 01 July 2018	23,750	74,399	697,272	3,149	118,698	1,512	10,673	929,453	405,122	12,109	417,231	1,346,684
For the year 30 June 2019	-	15,543	126,079	1,458	35,699	-	1,578	180,357	393	18,523	18,916	199,273
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Inter transfers:	-	-	-	1,986	-	-	-	1,986	-	(1,986)	(1,986)	-
- Cost	-	-	-	1,340	-	-	-	1,340	-	(1,340)	(1,340)	-
- Accumulated depreciation	-	-	-	3,326	-	-	-	3,326	-	(3,326)	(3,326)	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
- Cost	-	-	(4,163)	(2,110)	-	-	(170)	(6,443)	-	(2,670)	(2,670)	(9,113)
- Accumulated depreciation	-	-	2,230	1,432	-	-	115	3,777	-	1,683	1,683	5,460
Depreciation for the year - Note 5.2	-	-	(1,933)	(678)	-	-	(55)	(2,666)	-	(987)	(987)	(3,653)
Net book values as at 30 June 2019	23,750	86,088	767,724	6,617	113,452	1,361	10,121	1,009,113	379,150	21,644	400,794	1,409,907
Cost and revaluation	23,750	131,576	1,492,436	11,583	452,132	4,790	26,356	2,142,623	412,082	31,972	444,054	2,586,677
Accumulated depreciation	-	(45,488)	(724,712)	(4,966)	(338,680)	(3,429)	(16,235)	(1,133,510)	(32,932)	(10,328)	(43,260)	(1,176,770)
Net book values as at 1 July 2019	23,750	86,088	767,724	6,617	113,452	1,361	10,121	1,009,113	379,150	21,644	400,794	1,409,907
For the year 30 June 2020	-	1,762	84,015	154	20,583	-	3,963	110,477	-	1,865	1,865	112,342
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation surplus for the year	950	4,934	15,817	-	-	-	-	21,701	-	-	-	21,701
Inter transfers	-	-	-	-	-	-	-	-	-	-	-	-
- Cost	-	(538)	80	-	-	-	458	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	(538)	80	-	-	-	458	-	-	-	-	-
- Cost	-	-	(600)	(727)	-	-	-	(1,327)	-	-	-	(1,327)
- Accumulated depreciation	-	-	16	648	-	-	-	664	-	-	-	664
Impairment loss on idle machine - Note 37.6	-	-	(584)	(79)	-	-	-	(663)	-	-	-	(663)
Depreciation for the year - Note 5.2	-	-	(24,663)	-	-	-	-	(24,663)	-	-	-	(24,663)
Net book values as at 30 June 2020	24,700	87,860	775,613	3,197	105,172	1,225	12,293	1,010,060	352,777	21,241	374,018	1,384,078
Cost / revalued amounts	24,700	137,734	1,591,748	11,010	472,715	4,790	30,777	2,273,474	412,082	33,837	445,919	2,719,393
Accumulated depreciation	-	(49,874)	(816,135)	(7,813)	(367,543)	(3,565)	(18,484)	(1,263,414)	(59,305)	(12,596)	(71,901)	(1,335,315)
Net book values as at 30 June 2020	24,700	87,860	775,613	3,197	105,172	1,225	12,293	1,010,060	352,777	21,241	374,018	1,384,078
Rate of depreciation	0%	5%-10%	5%-20%	20%	10%-40%	10%	10%-33%	8%	20%			

		2020	2019
		----- Rupees in '000' -----	
5.2	Depreciation charge has been allocated as follows:		
	Note		
Cost of sales	24	124,683	123,717
Administrative expenses	27	9,863	8,680
		<u>134,546</u>	<u>132,397</u>
5.3	<p>Latest revaluation of the Company's assets was carried out on 31 May 2020 by M/s Iqbal A.Nanjee & Co (Private) Limited, independent valuers, taking market value / depreciated replacement cost, as applicable, as a basis of valuation. The revaluation resulted in a net surplus of Rs. 21.7 million. The fair value when determined falls under level 3 hierarchy. Sensitivity analysis has not been presented since data about observable input is not available. The incremental values resulting from revaluation are being depreciated over the remaining useful lives of the respective assets.</p> <p>The forced sale value of the revalued plant and machinery, factory building and roads, and leasehold land at the date of revaluation was Rs. 640.885 million, Rs. 70.597 million and Rs. 19.760 million respectively.</p>		
5.4	Had there been no revaluation, the net carrying value of specific classes of operating fixed assets would have been as follows:		
		2020	2019
		----- Rupees in '000' -----	
Leasehold land		2,995	2,995
Factory building and roads on leasehold land		55,282	56,959
Plant and machinery-owned		644,798	623,137
		<u>703,075</u>	<u>683,091</u>
5.5	All operating fixed assets disposed off during the year had an aggregate net book value less than Rs. 5 million and all the disposals were made in accordance with the Company's policy.		
5.6	Capital machines' spares	Note	
		2020	2019
		----- Rupees in '000' -----	
Gross carrying value	7.1	23,459	17,395
Provision for impairment		(430)	(430)
		<u>23,029</u>	<u>16,965</u>
5.7	Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:		
Location	Usage of property	Total area (in sq. ft.)	
Plot - 112,113, Phase V, Hattar Industrial Estate, Hattar, KPK.	Registered office and factory	102,507	
6. INTANGIBLES - ERP Software		2020	2019
		----- Rupees in '000' -----	
<i>Cost</i>			
Opening balance		9,042	9,042
Additions		279	-
		<u>9,321</u>	<u>9,042</u>
<i>Accumulated amortization</i>			
Opening balance		(2,419)	(1,640)
Amortization for the year		(797)	(779)
		<u>(3,216)</u>	<u>(2,419)</u>
Closing balance		<u>6,105</u>	<u>6,623</u>
Rate of amortization and amortization method (per annum)		10% straight line	10% straight line

		2020	2019
		----- Rupees in '000' -----	
7. INVENTORIES	Note		
Stores, spares and loose tools	7.1	61,790	63,239
Stock in trade	7.2	235,808	324,830
		297,598	388,069
7.1 Stores, Spares and Loose Tools			
Stores and spares		93,249	88,735
Loose tools		2,415	2,314
		95,664	91,049
Provision against slow moving stores and spares		(10,415)	(10,415)
Capital spares transferred to property, plant and equipment	5.6	(23,459)	(17,395)
		61,790	63,239
7.2 Stock in Trade			
Raw material		74,183	68,026
Packing material		14,874	15,975
Work in process		99,846	198,170
Finished goods		48,077	43,613
	7.2.1	236,980	325,784
Allowance for obsolete stocks	7.2.2	(1,172)	(954)
		235,808	324,830

7.2.1 This includes stock costing Rs. 43.04 million (2019: Rs. 21.02 million) carried at net realizable value of Rs. 41.55 million (2019: Rs. 20.94 million).

		2020	2019
		----- Rupees in '000' -----	
7.2.2 Allowance for obsolete stocks	Note		
Balance at 1 July		954	35,550
Provision for the year		217	263
Write off during the year		-	(34,859)
Balance at 30 June		1,172	954
8. TRADE DEBTS			
Trade debts - unsecured		219,775	409,766
Allowance for impairment	8.1	(5,081)	(7,060)
		214,694	402,706
8.1 Allowance for impairment			
Balance at 1 July		7,060	14,841
Effect of impairment as per IFRS 9:			
Impact on retained earnings on initial application of IFRS 9		-	7,355
Credit impaired trade debts written off		-	(17,601)
Adjusted balance as at 01 July		7,060	4,595
Net remeasurement of loss allowance		(1,979)	3,633
Credit impaired trade debts written off during the year		-	(1,168)
Balance at 30 June		5,081	7,060

8.2 Information about the Company's exposure to credit and market risks, and impairment losses for trade debts is included in note 38.

		2020	2019
	Note	----- Rupees in '000' -----	
9. LOANS AND ADVANCES			
Considered good			
Advance to suppliers - unsecured	9.1	22,772	111,825
Advances for expenses		3,879	5,700
Loans to employees - secured against staff retirement benefit (gratuity)		4,532	6,116
		31,183	123,641

- 9.1** This includes advances amounting to Rs. 2.9 million (2019: Rs. 14.013 million) to foreign suppliers for purchase of items of store and spares in normal course of business of the Company. Detail of major suppliers is as follows:

Name of Supplier	Currency	Country	2020	2019	2020	2019
			Foreign currency		Rupees	
			-----	'000'	-----	
Guangdong Xinglian Precision Machinery Limited Company	CNY	China	-	392	-	8,201
Sidel France	USD	France	-	22	-	3,105
Husky Injection Molding System Ltd.	EUR	England	9	9	1,554	1,554
Krones AG	USD	Germany	-	3	-	376
					1,554	13,236

		2020	2019
	Note	----- Rupees in '000' -----	
10. ADVANCE TAX - NET			
Advance tax as at 01 July		138,581	111,248
Tax charge for the year	30	-	(200)
Advance tax paid during the year		19,419	27,533
Advance tax as at 30 June		158,000	138,581

11. CASH AND BANK BALANCES			
Cash at bank			
- in saving account	11.1	360	659
- in current accounts		19,818	34,754
		20,178	35,413
Cash in hand		100	100
		20,278	35,513

- 11.1** This carries markup at 11.25% (2019: 12.97%) per annum.

12. SHARE CAPITAL**12.1 Authorized share capital**

This represents 50,000,000 (2019: 50,000,000) ordinary shares of Rs. 10 each.

12.2 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
----- Number -----			----- Rupees in '000' -----	
10,262,664	10,262,664	Ordinary shares of Rs. 10/- each issued against cash	102,627	102,627
27,886,283	24,418,247	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	278,862	244,182
38,148,947	34,680,911		381,489	346,809

12.2.1 Movement in issued, subscribed and paid-up capital

2020	2019		2020	2019
----- Number -----			----- Rupees in '000' -----	
34,680,911	30,157,311	Balance at 1 July	346,809	301,573
3,468,036	4,523,600	Bonus shares issued during year	34,680	45,236
38,148,947	34,680,911	Balance at 30 June	381,489	346,809

12.2.2 Closing number of shares include 7,915,125 (2019: 10,943,639) ordinary shares of Rs. 10 each held by the Directors of the Company.

12.2.3 All ordinary shareholders have same rights regarding voting, board selection, right of first refusal and block voting.

Note

2020 2019
----- Rupees in '000' -----

13. REVALUATION SURPLUS ON OPERATING FIXED ASSETS**Gross surplus**

Balance as at 01 July		194,471	217,809
Surplus on revaluation of operating fixed assets	5.1	21,700	-
Reversal of surplus on recognition of impairment loss on idle machinery		(11,497)	-
Incremental depreciation transferred to unappropriated profits		(19,576)	(23,338)
		185,098	194,471

Related deferred tax charge

Balance as at 01 July		(49,509)	(56,257)
Deferred tax on recognition of revaluation surplus for the year		(6,018)	-
Deferred tax on reversal of revaluation surplus for the year		3,334	-
Deferred tax on incremental depreciation charged during the year		5,677	6,748
		(46,516)	(49,509)
		138,582	144,962

14. UNAPPROPRIATED PROFITS

During the year, in accordance with the relief package announced by the State Bank Of Pakistan in the wake of COVID-19, the Company has availed the relief by which deferment on repayment of long term borrowings has been accorded for a period of one year. In pursuance of the covenants as required by the commercial banks, the Company has restriction on distribution of cash dividend for a period of one year. This restriction has been imposed up to 31 March 2021.

	Note	2020 ----- Rupees in '000' -----	2019 ----- Rupees in '000' -----
15. LONG TERM LOANS			
Loans from banking companies - secured			
Askari Bank Limited		-	57,000
Bank Al-Habib Limited	15.1	72,000	80,000
JS Bank Limited	15.2	32,795	-
		104,795	137,000
Less: current portion of long term loans		(12,979)	(70,333)
		91,816	66,667

15.1 This represents term loan obtained in year 2019 to release import documents under letter of credit arrangements for the capital expenditure. Tenor of the loan is five years, including six months grace period. This is repayable in 20 equal quarterly installments started from 24 May 2019. It carries mark-up at 3 months KIBOR plus 1.5% p.a. payable on quarterly basis. This loan is secured by specific (first exclusive) charge of Rs. 171 million over imported / purchased machinery.

15.2 This represents subsidized rate Term Finance obtained under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to combat effect of COVID 19. Tenor of the loan is 2 years and 9 months (inclusive of 6 month grace period starting from July 2020). The loan is repayable in 8 equal quarterly installments starting from January 2021. It carries mark-up at SBP Rate plus 3% p.a. payable quarterly. In case of active tax payer, rebate equal to SBP rate to be allowed as per SBP policy as incentive. The loan is secured by pari passu charge over land, building, plant and machinery of the Company amounting Rs. 84.2 million.

Below is detail of loan proceeds received and amount recognized as deferred grant for the impact of below market interest rate on the loan.

	Note	2020 ----- Rupees in '000' -----	2019 ----- Rupees in '000' -----
Loan proceeds received		35,918	-
Present value of future cash flows discounted at market interest rate		(32,795)	-
Amount recognized as deferred grant		3,123	-
16. LEASE LIABILITIES			
Balance at 1 July		280,330	330,870
Leases obtained during the year		1,985	21,717
Payments made during the year		(46,435)	(72,257)
	16.1	235,880	280,330
Less: Current portion shown under current liabilities		(40,220)	(79,694)
	16.2	195,660	200,636

16.1 The future minimum lease payments and the period in which they become due are :

For the year ended 30 June 2020

More than one year but less then five years
 Upto one year
 Total lease payments

Minimum lease payments	Markup Value	Present Value
----- Rupees in '000' -----		
214,845	(19,185)	195,660
60,205	(19,985)	40,220
275,050	(39,170)	235,880

For the year ended 30 June 2019

More than one year but less then five years
 Upto one year
 Total lease payments

Minimum lease payments	Markup Value	Present Value
----- Rupees in '000' -----		
223,365	(22,729)	200,636
115,777	(36,083)	79,694
339,142	(58,812)	280,330

16.2 Leases

In past years the Company obtained plant and machinery and vehicles on finance lease arrangements. Leases of plant and machinery were obtained in last quarter of year 2018 from Habib Bank Limited and Bank of Khyber. Leased vehicles have been obtained during different time periods from year 2016 to year 2020. Plant and machinery and vehicles both have lease term of five years. Under the terms of lease arrangement, the Company has an option to acquire leased assets at the end of respective lease term and intends to exercise the option. There are no restrictions imposed on the Company under the terms of leases. Taxes, repair, replacements and insurance costs are borne by the Company. Interest rate used as discounting factor ranges from 9.67% to 15.66% (2019: 6.68% to 13.42%) per annum. Previously, these leases were classified as finance lease under IAS 17.

16.2.1 Short term leases

In addition to above Company's leased assets comprise of rented warehouses and office premises, lease term of which is 12 months or less than 12 months (short term leases). The Company has elected not to recognize right of use assets and related liability for these short term leases.

16.2.2 Amount recognized in statement of profit or loss

30 June 2020

Interest expense on lease liabilities
 Expense relating to short term leases

30 June 2019

Expense relating to operating leases – year 2019

2020	2019
----- Rupees in '000' -----	
34,821	33,936
18,804	-
-	29,863
83,345	109,044

16.2.3 Amount recognized in statement of cash flows

Total cash outflow for leases

		2020	2019
		----- Rupees in '000' -----	
17. EMPLOYEE BENEFITS	<i>Note</i>		
Staff retirement gratuity - net	17.1	103,705	125,695
Shares Appreciation Rights to Chief Executive Officer	17.2	1,179	1,301
		104,884	126,996
17.1 Staff retirement gratuity - net			
Present value of defined benefit obligation	17.1.4	133,820	125,695
Fair value of plan assets	17.1.2	(30,115)	-
		103,705	125,695
17.1.1 Movement in the net assets / (liability) recognised in the statement of financial position			
Balance as at 01 July		125,695	106,325
Expense recognized in statement of profit or loss	17.1.5	27,535	19,891
Contributions to fund		(31,002)	(950)
Benefits directly paid to employees by the Company		(3,413)	-
Remeasurements chargeable in other comprehensive income		(15,110)	429
Balance as at 30 June		103,705	125,695
17.1.2 Movement in the fair value of plan assets			
Balance at 1 July		-	-
Contributions during the year		31,002	-
Return on plan assets		2,151	-
Benefits paid		(892)	-
Actuarial loss on plan assets		(2,146)	-
Balance at 30 June		30,115	-
	2020	2019	
	--- Percentage ---		
17.1.3 Fair value of plan assets		2020	2019
		----- Rupees in '000' -----	
Mutual funds	99.94%	30,098	-
Cash / Others	0.06%	17	-
	100.00%	30,115	-
17.1.4 Movement in the present value of defined benefit obligation:			
Present value of defined benefit obligation as at 01 July		125,695	106,325
Current service cost		12,086	10,368
Interest cost on defined benefit obligation		17,600	9,523
Benefits paid		(4,305)	(950)
Remeasurements chargeable in other comprehensive income		(17,256)	429
Present value of defined benefit obligation as at 30 June		133,820	125,695
17.1.5 Expense recognized in statement of profit or loss is as follows:			
Current service cost		12,086	10,368
Interest cost on defined benefit obligation		17,600	9,523
Return on plan assets		(2,151)	-
		27,535	19,891

17.1.6 Remeasurements chargeable in other comprehensive Income are as follows:

	2020	2019
	----- Rupees in '000' -----	
Actuarial gains from changes in financial assumptions	(8,866)	(3,926)
Experience adjustments	(8,390)	4,355
	(17,256)	429
Actuarial loss on plan assets	2,146	-
	(15,110)	429

17.1.7 Comparison of present value of defined benefit obligation for the current year and previous four years is as follows:

	Present value of defined benefit obligation	Experience adjustments on obligations
June 2020	133,820	(17,256)
June 2019	125,695	429
June 2018	106,325	192
June 2017	92,319	(5,143)
June 2016	75,822	(1,067)

17.1.8 Year End Sensitivity Analysis (± 100 bps) on Defined Benefit Obligation

	2020	2019
	----- Rupees in '000' -----	
Discount Rate + 100 bps	126,721	119,252
Discount Rate - 100 bps	141,964	132,885
Salary Increase + 100 bps	142,152	133,042
Salary Increase - 100 bps	126,420	118,996

The average duration of the defined benefit obligation is 6 years.

17.1.9 Following significant assumptions were used by the actuary in valuation of the scheme:

	2020	2019
Discount rate per annum (%)	8.50%	14.25%
Expected rate of increase in salary level per annum (%)	8.50%	14.25%
Average expected remaining working life time of employees	6 years	5 years

17.1.10 The above figures are based on current year's actuarial valuation carried out by Nauman Associates.

17.2 Share Appreciation Rights to Chief Executive Officer (cash-settled)

On 27 October 2018, the Board approved share appreciation rights for the Chief Executive Officer (CEO) and affixed 96,946 shares. The CEO is entitled to an amount equal to the market value of these shares after 3 years, beginning from 27 October 2018. Liability for these rights is measured at fair value of the shares as at the year end.

	Note	2020 ----- Rupees in '000' -----	2019
18. DEFERRED TAX LIABILITIES - NET			
18.1 Taxable temporary differences:			
Accelerated depreciation and amortization		125,859	127,139
Revaluation surplus on operating fixed assets		46,515	49,509
Right of use assets		39,446	33,714
		211,820	210,362
Deductible temporary differences:			
Staff retirement benefit - gratuity		(30,074)	(36,452)
Unused tax losses		(47,034)	(4,448)
Provisions		(4,834)	(5,470)
		(81,942)	(46,370)
	18.1.1	129,878	163,992
18.1.1 Movement of deferred tax liability is as follows:			
Balance at 01 July		163,992	132,429
Effect of initial application of IFRS 9		-	(2,133)
Adjusted balance as at 01 July		163,992	130,296
(Reversal) / charge recognized in statement of profit or loss		(41,181)	33,820
Charge / (reversal) recognized in other comprehensive income		7,066	(124)
Balance at 30 June		129,878	163,992
19. TRADE AND OTHER PAYABLES			
Trade creditors and bills payable		160,753	132,214
Accrued and other liabilities		47,379	43,575
Advances from customers - unsecured	19.1	4,711	8,064
Sales tax payable		25,152	10,211
Withholding taxes payable		995	2,960
Workers' profit participation fund payable		-	5,742
Workers' welfare fund payable		17	17
Payable to employees provident fund		658	669
		239,665	203,452
19.1	This includes contract liabilities amounting to Rs. 1.42 million (2019: Rs. 3.82 million). This also includes security deposit from customers amounting to Rs. 0.7 million (2019: Rs. 2.5 million) which are utilizable for Company business as per the terms agreed with the customers. No amount was utilized for the purpose of the Company's business during the year.		

20. SHORT TERM BORROWINGS

	Note	Facility Amount	2020	2019
----- Rupees in '000' -----				
From banking companies - Secured				
Short-term running finance		75,000	40,371	13,365
Inland bills purchased - IBPs		150,000	-	-
Finance against trust receipt - FATR		710,000	335,608	551,667
Short term loan		-	5,459	29,157
		935,000	381,438	594,189
Others - NBFC				
Short-term loan		125,000	125,000	125,000
Accrued markup on short term borrowings		-	18,771	18,493
	20.1	1,060,000	525,209	737,682

- 20.1** Short-term running finance and other facilities have been obtained from various commercial banks and one Non-Banking Finance Company (NBFC) carrying mark-up ranging from 3 Months KIBOR plus 1.25% to 2% (2019: 3 Months KIBOR plus 1.5% to 2%) per annum calculated on daily product basis.

These facilities are secured by first pari passu and ranking hypothecation charges of entire present and future current assets, equitable mortgage of property of the Company and personal guarantee of one original founder / sponsor Director of the Company.

	Note	2020	2019
----- Rupees in '000' -----			
21. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term loans	15	12,979	70,333
Current portion of lease liabilities	16	40,220	79,694
Accrued markup on long term loans		2,589	2,719
Accrued markup on lease liabilities		2,119	4,208
		57,907	156,954

22. CONTINGENCIES AND COMMITMENTS

- 22.1** The Company has filed an appeal to 'Commissioner Inland Revenue Appeals - III, Regional Tax Office, Rawalpindi', against the order passed by the 'Deputy Commissioner Inland Revenue, Audit-I, Zone-I, Haripur' dated 20 May 2020 regarding admissibility of sales tax input amounting Rs. 35.9 million on various products relating to tax year 2017. The Company has not recognized any provision in this respect in these financial statements as in view of its Legal Advisor, the said case is likely to be decided in the Company's favor on legal grounds that a similar case has already been decided in the Company's favour in recent past.
- 22.2** The Company has filed an appeal to 'Collector (Appeals), Khyber-Pakhtunkhwa Regulatory Authority (KPRA)' against the order of 'Additional Commissioner (Withholding)' dated 17 June 2020 regarding sales tax amounting to Rs. 18.9 million, withheld on services relating to tax year 2019. The Company has not recognized provision in this respect in these financial statements as in view of its Legal Advisor the said case is likely to be decided in the Company's favor on legal grounds that the Company has duly discharged its obligations as per sales tax withholding rules.
- 22.3** Bank guarantees issued by two financial institutions of the Company amounting Rs. 9.15 million (2019: 9.15 million) in favor of the Company's fuel and electricity suppliers.

	2020	2019
	----- Rupees in '000' -----	
23. SALES - Net		
Sales		
- PET Preforms	1,909,664	2,634,497
- PET Bottles	1,667,601	2,133,212
	3,577,265	4,767,709
Less: Sales tax		
- PET Preforms	(278,085)	(380,406)
- PET Bottles	(242,355)	(309,749)
	(520,440)	(690,155)
- Sales returns and discounts	(2,878)	(2,681)
	3,053,947	4,074,873

- 23.1** Revenue recognized during the period includes Rs. 3.8 million (2019: Rs. 3.1 million) which was shown as advances from customers at the beginning of the period.

	2020	2019
	----- Rupees in '000' -----	
24. COST OF SALES		
Raw material consumed	1,917,976	2,858,304
Packing material consumed	97,164	121,679
Stores, spares and loose tools consumed	53,246	48,721
Salaries, wages and other benefits	202,803	196,411
Electricity, gas and water	287,927	233,893
Travelling and conveyance	9,936	16,805
Vehicle repair and maintenance	11,546	11,624
Rent, rates and taxes	22,137	29,369
Repair and maintenance	8,950	11,470
Safety and security	12,388	14,963
Medical	8,274	6,925
Carriage and freight inward	6,434	11,939
Communication charges	2,398	2,416
Printing, postage and stationery	2,072	2,226
Technical testing and analysis	618	690
Fees, subscription and professional charges	2,480	2,224
Entertainment	617	1,301
Staff welfare and support	4,346	4,300
Depreciation	124,683	123,717
Other directly attributable cost	115	123
	2,776,110	3,699,100
Work-in-process - opening	198,170	132,514
Work-in-process - closing	(99,846)	(198,170)
	98,324	(65,656)
Cost of goods manufactured	2,874,434	3,633,444
Finished goods - opening	43,613	51,048
Finished goods - closing	(48,077)	(43,613)
	(4,464)	7,435
Costs to fulfill a contract	36,013	48,177
	2,905,983	3,689,056

- 24.1** This includes staff retirement benefits amounting to Rs. 22.27 million (2019: Rs. 16.36 million).

		2020	2019
		----- Rupees in '000' -----	
25. OTHER INCOME			
Gain on scrap sales - net		16,058	10,341
Net gain on disposal of operating fixed assets		277	-
Write back of long outstanding liabilities		-	3,879
Miscellaneous income		134	5,929
		16,469	20,149

26. SELLING EXPENSES			
Salaries and benefits	26.1	20,687	19,701
Vehicle running and maintenance		2,197	2,335
Office rent		736	704
Travelling and conveyance		1,910	3,307
Communications		456	358
Entertainment		333	303
Professional charges		100	50
Repair and maintenance		754	196
Electricity, water and gas		351	353
Printing and stationery		48	69
Advertisement		258	-
Miscellaneous		48	21
		27,878	27,397

26.1 This includes staff retirement benefits amounting to Rs. 3.257 million (2019: Rs. 2.45 million).

		2020	2019
		----- Rupees in '000' -----	
27. ADMINISTRATIVE EXPENSES			
Salaries and benefits	27.1	53,140	57,950
Directors' meeting fee		5,850	5,475
Legal and professional		5,997	6,178
Travelling and conveyance		4,028	6,016
Vehicle running and maintenance		3,564	4,295
Medical		2,251	2,431
Rent, rates and taxes		172	320
Auditors' remuneration	27.2	2,637	1,400
Electricity, gas and water		382	445
Entertainment		984	662
Courses, seminars and subscription		2,168	2,280
Repair and maintenance		1,832	1,503
Communications		639	761
Printing and stationery		168	552
Safety and security		514	631
Advertisement		647	226
Depreciation and amortization		10,659	9,459
Miscellaneous		154	66
		95,786	100,650

27.1 This includes staff retirement benefits amounting to Rs. 5.846 million (2019: Rs. 4.77 million).

	Note	2020 ----- Rupees in '000' -----	2019 ----- Rupees in '000' -----
27.2 Auditors' Remuneration			
Annual audit		1,100	800
Half year review		400	300
Other assurance services		100	125
Advisory / consultation services		700	-
Out-of-pocket expenses		337	175
		2,637	1,400

28. OTHER EXPENSES

Workers' Welfare Fund		-	17
Workers' Profits' Participation Fund		-	5,742
Donation	28.1	751	897
Abnormal loss of materials		14,900	28,248
Provision for obsolete stock in trade		217	263
Loss on disposal of operating fixed assets		-	198
Other receivables written off		1,382	3,002
Impairment loss on operating assets - idle machine	37.6	13,166	-
		30,416	38,367

- 28.1** Donation to "Karwan-e-Hayat Institute of Mental Health Care" exceeds 10% of the total amount of donation and none of the directors and their spouse have any interest in the donee's fund.

	Note	2020 ----- Rupees in '000' -----	2019 ----- Rupees in '000' -----
29. FINANCE COSTS			
Mark-up on:			
Long-term loans		13,733	11,546
Short-term borrowings		99,942	65,966
Lease liabilities		34,821	33,936
		148,496	111,448
Letter of credit charges		6,436	9,794
Bank and other charges		2,281	5,846
		157,213	127,088

30. TAXATION

Current

Provision for current year		-	-
Prior year charge		-	200
	30.1	-	200

Deferred tax (income) / expense

	(41,181)	33,820
	(41,181)	34,020

- 30.1** As a result of tax loss for the year, the Company's income is subject to minimum tax under section 113 of the Income Tax Ordinance, 2001 for tax year 2019 and 2020. Since minimum tax is adjustable against future years' tax liability, hence no provision for current tax has been recognized in these financial statements.

	2020	2019
	----- Rupees in '000' -----	
30.2 Relationship between tax (credit) / charge and accounting profit:		
(Loss) / profit before taxation	(144,881)	108,831
Applicable tax rate	29%	29%
Tax (credit) / charge at the applicable tax rate	(42,015)	31,561
Tax effect of prior year charge	-	200
Other permanent differences	834	2,259
	(41,181)	34,020

30.3 Income tax assessments of the Company have been finalized up to and including tax year 2019. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ("the Ordinance"). However, the taxation authorities are empowered to reopen these assessments with five years from the end of the financial year in which the returns have been filed.

31. EARNINGS PER SHARE - BASIC AND DILUTED

	2020	2019
31.1 Basic		
(Loss) / profit after taxation (Rupees in '000')	(103,700)	74,811
Weighted average number of ordinary shares	38,148,947	38,148,947
(Loss) / earnings per share - basic (Rupees)	(2.72)	1.96

31.2 The number of shares for the prior period has also been adjusted for the effect of bonus shares issued during the current year.

31.3 Diluted

There is no dilution effect on the basic earnings per share of the Company as the Company has no convertible potential dilutive instruments outstanding as on 30 June 2020, which would have effect on the basic EPS, if the option to convert would have been exercised.

		2020	2019
	Note	----- Rupees in '000' -----	
32. CASH AND CASH EQUIVALENTS			
Cash and bank balances	11	20,278	35,513
Short-term running finance	20	(40,371)	(13,365)
		(20,093)	22,148

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including certain benefits to Directors, Chief Executive Officer and Executives of the Company are as follows:

	2020			
	Chief Executive Officer	Executive Director	Executives	Total
	----- Rupees in '000' -----			
Managerial remuneration	19,984	-	25,070	45,054
Provision for shared based payment	(122)	-	-	(122)
Employee benefits	2,226	-	15,408	17,634
	22,088	-	40,478	62,566
Number of persons	1	-	10	
	2019			
	Chief Executive Officer	Executive Director	Executives	Total
	----- Rupees in '000' -----			
Managerial remuneration	20,925	1,500	23,353	45,778
Provision for shared-based payment	1,301	-	-	1,301
Cash bonus	3,000	-	-	3,000
Employee benefits	2,595	-	15,590	18,185
	27,821	1,500	38,943	68,264
Number of persons	1	1	9	

- 33.1** In addition to the above, the Chief Executive Officer and some of the executives have been provided with free use of the Company maintained cars. Charge for the year in respect of staff retirement benefit gratuity is determined on basis of actuarial valuation.

34. PROVIDENT FUND

The investments in collective investment scheme out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act, 2017 and the regulations formulated for this purpose.

35. NUMBER OF EMPLOYEES

	2020	2019
	----- Number -----	
Number of employees as at 30 June	247	280
Average number of employees during the year	264	277

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of directors, key management personnel, entities over which the directors are able to exercise influence, employees' provident fund and gratuity fund. Balances with related parties have been disclosed in note 12, 17 and 19 and 20.1 to the financial statements. Transactions with related parties during the year are as follows:

	2020	2019
	----- Rupees in '000' -----	
Cash dividend to Non-Executive Directors	2,177	5,088
Meeting fee paid to Non-Executive Directors	5,850	5,475
Remuneration including benefits and perquisites of key management personnel	46,784	56,750
Cash dividend to Executive Directors	2,974	5,207
Contribution to employees' provident fund	7,754	7,465
Payment towards employees' gratuity fund	31,002	-

Following are the related parties with whom the Company had entered into transactions during the year:

Related Party	Basis of relationship	Bonus shares issued	Number of shares held in the Company (Closing)	Aggregate %age shareholding in the Company
Mr. Amar Zafar Khan	Chairman of the Board	74	818	0.002%
Mr. Hussain Jamil	Chief Executive Officer	596,289	6,559,182	17.194%
Mr. Ahsan Jamil	Non-Executive Director	390,737	163,107	0.428%
Mr. Shahan Jamil	Non-Executive Director	74	818	0.002%
Mr. Ali Jamil	Non-Executive Director	2,562	28,177	0.074%
Mr. Asad Ali Sheikh	Non-Executive Director	74	818	0.002%
Ms. Sonya Jamil	Non-Executive Director	1	514	0.001%
Mr. Mohammad Raza Chinoy	Key Management Personnel	-	-	0.00%
Mr. Muhammad Ali Adil	Key Management Personnel	-	-	0.00%
Mr. Zameer-ul-Hassan	Key Management Personnel	-	-	0.00%
Employees' Provident Fund	Employees' Post	N/A	N/A	N/A
Employees' Gratuity Fund	Employment benefit	N/A	N/A	N/A

37. SEGMENT REPORTING

37.1 Description of operating segments

Business segments are determined based on the Company's management and internal reporting structure. The Company has two operating segments which are also the reporting segments i.e., injection and blowing.

Reportable segments	Operations
Injection	Engaged in buying PET Resin and other raw materials for the purpose of production of PET preforms (finished product of this segment) which is used as a raw material in Blowing segment for manufacturing of PET bottles.
Blowing	Engaged in using PET preforms produced by the Injection segment, purchasing PET preforms and other raw materials from external suppliers for the purpose of production of PET bottles (finished product of this segment).

The Company's Chief Executive officer reviews the internal management reports of each segment at least quarterly.

37.2 Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	Injection		Blowing		Total	
	2020	2019	2020	2019	2020	2019
	----- Rupees in '000' -----					
Total Sales	2,512,298	3,515,886	1,423,944	1,821,321	3,936,242	5,337,207
Less: Intersegment sales (eliminated)	(882,295)	(1,262,334)	-	-	(882,295)	(1,262,334)
Sales-net	1,630,003	2,253,552	1,423,944	1,821,321	3,053,947	4,074,873
Total Cost of Sales	(1,560,351)	(2,093,794)	(2,227,927)	(2,857,596)	(3,788,278)	(4,951,390)
Less: Intersegment cost (eliminated)	-	-	882,295	1,262,334	882,295	1,262,334
Cost of sales-net	(1,560,351)	(2,093,794)	(1,345,632)	(1,595,262)	(2,905,983)	(3,689,056)
	69,652	159,758	78,312	226,059	147,964	385,817
Selling expenses	(14,880)	(15,152)	(12,998)	(12,245)	(27,878)	(27,397)
Administrative expenses	(51,124)	(55,663)	(44,662)	(44,987)	(95,786)	(100,650)
Impairment loss on trade debts	1,056	(2,009)	923	(1,624)	1,979	(3,633)
	(64,948)	(72,824)	(56,737)	(58,856)	(121,685)	(131,680)
Operating profit	4,704	86,934	21,575	167,203	26,279	254,137
Segment assets	1,249,680	1,389,558	682,863	548,181	1,932,543	1,937,739
Unallocated assets	-	-	-	-	222,947	628,589
	1,249,680	1,389,558	682,863	548,181	2,155,490	2,566,328
Segment liabilities	726,837	842,948	381,640	66,549	1,108,477	909,497
Unallocated liabilities	-	-	-	-	242,384	749,409
	726,837	842,948	381,640	66,549	1,350,861	1,658,906
Capital expenditure	46,732	121,100	42,861	41,335	89,593	162,435
Unallocated capital expenditure	-	-	-	-	22,749	36,838
	46,732	121,100	42,861	41,335	112,342	199,273

37.3 Reconciliations of information on reportable segments to the amounts reported in the statement of Profit or loss

	Total	
	2020	2019
	----- Rupees in '000' -----	
Operating profit of the reportable segments	26,279	254,137
Add: other income	16,469	20,149
Less: other expenses	(30,416)	(38,367)
Finance costs	(157,213)	(127,088)
(Loss) / Profit before taxation as per statement of profit or loss	(144,881)	108,831

37.4 Administrative expenses, selling expenses and impairment loss on trade debts have been allocated on the basis of the net sales value of each segment.

37.5 Revenue from six customers of the Company amounted to Rs. 2,173 million (2019: Rs. 2,739 million). The segments from which these revenues were generated are listed below:

- Blowing Segment: three customers having revenues amounting to Rs. 1,226 million (2019: Rs. 1,361 million)
- Injection Segment: two customers having revenues amounting to Rs. 666 million (2019: Rs. 915 million)
- Injection and Blowing: one customer having revenues amounting to Rs. 281 million (2019: Rs. 463 million)

37.6 Impairment loss amounting to Rs. 13.6 million and Rs. 8.1 million (net of related tax) has been recognized in statement of profit and loss and statement of other comprehensive income respectively, on a machine relating to injection segment.

37.7 Both the segments are operating in same geographical locations and does not have geographically dispersed customers.

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

38.1 Classification and fair values

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

		Carrying amount			Fair value			
		Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
Note		Rs. in '000'						
For the year ended 30 June 2020								
Financial assets measured at fair value								
		-	12,209	12,209	-	-	12,209	12,209
		-	3,027	3,027	-	-	3,027	3,027
Financial assets not measured at fair value								
Trade debts - net of allowance for impairment	8	214,694	-	214,694	-	-	-	-
Cash and bank balances	11	20,278	-	20,278	-	-	-	-
		234,972	15,236	250,208	-	-	15,236	15,236
Financial liabilities not measured at fair value								
Long-term loans (including current portion)	15	104,795	-	104,795	-	-	-	-
Lease liabilities (including current portion)	16	235,880	-	235,880	-	-	-	-
Trade creditors and bills payable	19	160,753	-	160,753	-	-	-	-
Accrued and other liabilities	19	47,379	-	47,379	-	-	-	-
Short-term borrowings	20	525,209	-	525,209	-	-	-	-
		1,074,016	-	1,074,016	-	-	-	-
For the year ended 30 June 2019								
<i>Financial assets measured at fair value</i>								
Long-term deposits		-	12,143	12,143	-	-	12,143	12,143
Short-term deposits		-	4,412	4,412	-	-	4,412	4,412
<i>Financial assets not measured at fair value</i>								
Trade debts - net of impairment loss	8	402,706	-	402,706	-	-	-	-
Cash and bank balances	11	35,513	-	35,513	-	-	-	-
		438,219	16,555	454,774	-	-	16,555	16,555
<i>Financial liabilities not measured at fair value</i>								
Long-term loans (including current portion)	15	137,000	-	137,000	-	-	-	-
Liabilities against assets subject to finance lease (including current portion)	16	280,330	-	280,330	-	-	-	-
Trade creditors and bills payable	19	132,214	-	132,214	-	-	-	-
Accrued and other liabilities	19	43,575	-	43,575	-	-	-	-
Short-term borrowings	20	737,682	-	737,682	-	-	-	-
		1,330,801	-	1,330,801	-	-	-	-

38.2 Financial risk management

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

- credit risk
- liquidity risk
- market risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

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

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

38.2.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and bank balances.

The carrying amounts of financial assets represent the maximum credit exposure. 'Impairment reversal on financial assets' recognized in statement of profit or loss amounts to Rs. 1.979 million and relates only to trade debts.

i) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base. Geographically there is no concentration of credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. The Company's reviews includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for customers.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trading history with the company and existence of previous financial difficulties.

The Company does not require collateral in respect of trade receivables. The Company does not have trade debts for which no loss allowance is recognized because of collateral. At 30 June 2020, the carrying amount of the Company's most significant customer was Rs. 49.7 million (2019: Rs. 99.63 million)

Expected credit loss (ECL) assessment for customers

The Company uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated based on the following credit risk characteristics – geographic region, age of customer relationship and average of year-wise probability of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2020.

30 June 2020		Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	Note	Percentage	----- Rupees in '000' -----		
Current (not past due)		0.57%	115,635	(665)	No
1–30 days past due		1.16%	98,010	(1,137)	No
31–60 days past due		12.95%	108	(14)	No
61–90 days past due		39.34%	-	-	No
More than 90 days past due		54.21%	6,022	(3,265)	No
	8		219,775	(5,081)	

30 June 2019

	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	Percentage	----- Rupees in '000' -----		
Current (not past due)	0.46%	238,093	(1,091)	No
1–30 days past due	1.03%	150,278	(1,545)	No
31–60 days past due	19.57%	20,107	(3,936)	No
61–90 days past due	37.94%	1,288	(489)	No
8		409,766	(7,061)	

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Scalar factors are based on actual and forecast unemployment rates, gross domestic product rates, consumer price index rates and foreign exchange rates.

The decrease in loss allowance is mainly attributable to the total decrease in the gross carrying amounts of trade receivables. The methodology for the calculation of ECL is the same as described in the last annual financial statements.

Movements in the allowance for impairment in respect of trade debts has been disclosed in note 8.1, Trade receivables written off are still subject to enforcement activity.

ii) Bank balances

The Company has bank balances of Rs. 20.178 million at 30 June 2020 (2019: Rs. 35.41 million). The bank balances are held with banks which are rated A1 to AA-, based on PACRA and VIS ratings. Although bank balances are also subject to the requirements of IFRS 9, the identified impairment loss was immaterial as the counter parties have reasonably high credit ratings.

38.2.2 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk.

a) Foreign exchange risk management

PKR is the functional currency of the Company and exposure arises from transactions and balances in currencies other than PKR as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items
- Transactional exposure in respect of non functional currency expenditure and revenues
- The potential currency exposures are discussed below

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditures are incurred by the Company in currencies other than the functional currency.

Exposure to foreign currency risk

The Company is not significantly exposed to foreign currency risk as at date of statement of financial position.

b) Interest / mark up 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 cash flow interest rate risk on its running finance arrangements which is repriced at a maximum period of 120 days.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

	Note	2020 ----- Rupees in '000' -----	2019
Fixed-rate instruments			
Financial Assets			
Bank balance in interest-bearing account	11	360	659
Financial Liabilities			
Long-term loans (including current portion)		32,795	-
Variable-rate instruments - Financial liabilities			
Short-term borrowings	20	525,209	737,682
Long-term loans (including current portion)	15	72,000	137,000
Lease liabilities	16	235,880	280,330
		<u>833,089</u>	<u>1,155,012</u>

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

During the year, if average KIBOR interest rate on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs. 8.66 million (2019: higher / lower by Rs. 11.55 million) respectively, mainly as a result of higher / lower interest exposure on variable rate borrowing.

38.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Beyond effective working capital and cash management, the Company mitigates liquidity risk by arranging short-term financing from highly rated financial institutions.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The maturity profile of the Company's financial liabilities based on the contractual amounts are as follows:

		2020					
	Note	Carrying amount	Contractual cash flows	Up to one year	One to two years	Two to five years	Five years onwards
		----- Rupees '000' -----					
Short-term borrowings	20	525,209	525,209	525,209	-	-	-
Long-term loans - secured (including current portion)	15	104,795	130,302	21,342	40,290	64,611	4,059
Lease liabilities (including current portion)	16	235,880	275,050	60,135	102,300	112,615	-
Trade and other payables	19	187,575	187,575	187,575	-	-	-
		1,053,459	1,118,136	794,261	142,590	177,226	4,059
		2019					
	Note	Carrying amount	Contractual cash flows	Up to one year	One to two years	Two to five years	Five years onward
		----- Rupees '000' -----					
Short-term borrowings	20	737,682	737,682	737,682	-	-	-
Long-term loans - secured (including current portion)	15	137,000	162,884	80,793	24,976	57,115	-
Liabilities against assets subject to finance lease (including current portion)	16	280,330	339,142	115,777	96,687	242,455	-
Trade and other payables	19	175,789	175,789	175,789	-	-	-
		1,330,801	1,415,497	1,110,041	121,663	299,570	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The contractual cash flows relating to long term borrowings have been determined on the basis of expected mark-up rates. The mark-up rates have been disclosed in note 15 & 16.2 to these financial statements.

38.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return on capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term financing' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity and surplus on revaluation of fixed assets as shown on the face of the statement of financial position.

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

39. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities				Equity		Total
	Short term borrowings	Short-term running finance	Finance lease liabilities	Long term loan	Share capital	Unappropriated profits	
	Rupees '000'						
Balance at 01 July 2019	724,317	13,365	280,330	137,000	346,809	415,651	1,917,472
Changes from financing cash flows							
Proceeds from loans	2,042,205	-	-	35,918	-	-	2,078,123
Repayment of loans	(2,281,962)	-	-	(65,000)	-	-	(2,346,962)
Payment of lease liabilities	-	-	(46,435)	-	-	-	(46,435)
Finance costs paid	-	-	(36,910)	(13,863)	-	-	(50,773)
Dividend paid	-	-	-	-	-	(17,148)	(17,148)
<i>Total changes from financing cash flows</i>	(239,757)	-	(83,345)	(42,945)	-	(17,148)	(383,195)
Other changes							
<i>Liability related</i>							
Increase in short-term running finance	-	27,006	-	-	-	-	27,006
Finance cost paid - short-term borrowings	(108,381)	-	-	-	-	-	(108,381)
Decrease in accrued mark up	-	-	2,089	130	-	-	2,219
Transferred to deferred grant	-	-	-	(3,123)	-	-	(3,123)
Leases obtained	-	-	1,985	-	-	-	1,985
Finance cost expense for the year	108,659	-	34,821	13,733	-	-	157,213
<i>Total liability related other changes</i>	278	27,006	38,895	10,740	-	-	76,919
<i>Equity related</i>							
Total comprehensive income for the year-loss	-	-	-	-	-	(92,972)	(92,972)
Transfer of incremental depreciation	-	-	-	-	-	13,899	13,899
Issue of bonus shares	-	-	-	-	34,680	(34,680)	-
Change in unclaimed dividend	-	-	-	-	-	(192)	(192)
<i>Total equity related other changes</i>	-	-	-	-	34,680	(113,945)	(79,265)
Balance at 30 June 2020	484,838	40,371	235,880	104,795	381,489	284,558	1,531,931
Balance at 01 July 2018	467,587	17,354	330,870	151,465	301,573	399,948	1,668,797
Changes from financing cash flows							
Proceeds from loans	3,118,399	-	-	80,000	-	-	3,198,399
Repayment of loans	(2,874,702)	-	-	(94,465)	-	-	(2,969,167)
Payment of liabilities against assets subject to finance lease	-	-	(72,257)	-	-	-	(72,257)
Finance cost paid for the year	-	-	(36,787)	(11,832)	-	-	(48,619)
Dividend paid	-	-	-	-	-	(28,932)	(28,932)
<i>Total changes from financing cash flows</i>	243,697	-	(109,044)	(26,297)	-	(28,932)	79,424
Other changes							
<i>Liability related</i>							
Decrease in short-term running finance	-	(3,989)	-	-	-	-	(3,989)
Finance leases obtained	-	-	21,717	-	-	-	21,717
Finance cost expense for the year	13,033	-	36,787	11,832	-	-	61,652
<i>Total liability related other changes</i>	13,033	(3,989)	58,504	11,832	-	-	79,380
<i>Equity related</i>							
Total comprehensive income for the year	-	-	-	-	-	74,506	74,506
Transfer of incremental depreciation	-	-	-	-	-	16,590	16,590
Issue of bonus shares	-	-	-	-	45,236	(45,236)	-
Change in unclaimed dividend	-	-	-	-	-	(1,225)	(1,225)
<i>Total equity related other changes</i>	-	-	-	-	45,236	44,635	89,871
Balance at 30 June 2019	724,317	13,365	280,330	137,000	346,809	415,651	1,917,472

		2020	2019
40. PLANT CAPACITY AND ACTUAL PRODUCTION	Note		
Blowing			
Capacity - no. of bottles (in '000)		327,144	304,200
Production - no. of bottles (in '000)	40.1	134,505	176,535
Utilization		41%	58%
Injection			
Capacity - no. of preforms (in '000)		728,864	796,733
Production - no. of preforms (in '000)	40.1	376,837	467,866
Utilization		52%	59%

40.1 The reason of shortfall is due to the demand and supply situation of the market and effects of the COVID-19 on overall economy.

41. COMPARATIVE FIGURES

41.1 Reclassifications

Statement of Profit or Loss

For better presentation, following reclassifications have been made within line items of "Cost of sales" and "Administrative expenses".

	30 June 2019		
	As previously reported	Effect of reclassification	Balance after reclassification
	----- Rupees in '000' -----		
Cost of sales			
Salaries, wages and other benefits	206,983	(10,572)	196,411
Safety and security - (Insurance)	5,471	9,492	14,963
Staff welfare expenses	3,220	1,080	4,300
Administrative expenses			
Salaries and benefits	58,520	(570)	57,950
Safety and security - (Insurance)	61	570	631

Statement of Financial Position

For better presentation, following presentational changes have been incorporated in the comparative Statement of Financial Position.

	30 June 2019		
	As previously reported	Effect of reclassification	Balance after reclassification
	----- Rupees in '000' -----		
Stores, spares and loose tools	63,239	(63,239)	-
Stock in trade	324,830	(324,830)	-
Inventories	-	388,069	388,069
Deferred liabilities	289,687	(289,687)	-
Employee benefits	-	126,996	126,996
Deferred tax liabilities	-	163,992	163,992
Long term liabilities	67,968	(67,968)	-
Long term loans	-	66,667	66,667
Operating fixed assets			
Net book value of plant and machinery	818,163	(50,439)	767,724
Net book value of factory equipment	63,013	50,439	113,452

- Stores, spares and loose tools and stock in trade were previously presented as separate line item and have now been classified as part of "Inventories" in the statement of financial position.
- Deferred tax and employee benefit liabilities were previously classified as part of "Deferred liabilities" have now been presented as separate line items in the statement of financial position.
- Liability relating to share appreciation rights was previously classified under "Long term liabilities" has now been presented as part of "Employee benefits".
- In operating fixed assets (note 5.1), previously electrification work was classified under class of "plant and machinery". This has now been reclassified to 'factory equipment' for better presentation.

42. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

Amid universal pandemic owing to COVID-19 virus which ravaged the livelihood and lives of people all over the world. Pakistan too became a victim of this deadly infectious disease by March 2020 as large parts of the country went into a sudden lockdown closing markets, production plants/factories and aviation and hospitality businesses, among many other commercial enterprises. Any early green shoots were swiftly erased as people and businesses went into survival mode while the governments grappled to manage the extreme fallout of hitherto unprecedented crises.

Ecopack was fortunate to be included in the list of 'essential services industries' as an established vendor of packaging to the Food & Beverage companies and continued to function throughout the lockdown periods albeit at comparatively low output as demand at the start of the summer season sharply fell, only to return strongly with the advent of Ramazan in the last week of April. As the Corona virus infections slowed down and markets continued to reopen, the demographic dividends of a robust young population became clearly visible as the infection curve was effectively beaten and the trend reversed by end June/early July. Despite the managements all out efforts, some vital sales were lost in March & April, thus evading the strong turnaround always made during financial year Quarter 4 of exponential summer sales which would have effectively reversed the losses incurred.

The carrying amounts of assets and liabilities have not been impacted materially due to COVID-19, however, there was decrease in net sales amounting to Rs. 417 million which resulted in loss before tax amounting to Rs. 144.8 million.

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 26, 2020.



**Chief Financial
Officer**


**Chief Executive
Officer**


Director

Proxy Form








- i. The Proxy Form in order to be valid must be deposited with the Company not later than 48 hours before the time of holding the meeting.
- ii. The proxy must be a member of the company.
- iii. CDC Shareholders and their Proxies must attached either an attested photocopy of their Computerized National Identity Card or Passport with the proxy form.










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