



DYNEA PAKISTAN LIMITED

***38th Annual Report
For the year ended
30th June, 2020***

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COMPANY INFORMATION

Board of Directors :

Dr. Donald Jenkin	<i>Chairman</i>
Mr. Shabbir Abbas	<i>Chief Executive Officer</i>
Mr. Ameen Mohammad Bandukda	
Ms. Anam Fatima Khan	
Mr. Adnan Afridi	
Mr. Andalib Alavi	
Mr. Murtaza Lalan	

Audit Committee :

Mr. Adnan Afridi	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Mr. Andalib Alavi	<i>Member</i>

Human Resource and Remuneration Committee:

Mr. Andalib Alavi	<i>Chairman</i>
Dr. Donald Jenkin	<i>Member</i>
Mr. Ameen Mohammad Bandukda	<i>Member</i>
Ms. Anam Fatima Khan	<i>Member</i>

Chief Financial Officer :

Mr. Muhammad Shakeel Uddin

Company Secretary :

Mr. Saqib Naim

Head of Internal Audit:

Mr. Mujtaba Hassan Ghanchi

Bankers :

M/s. Habib Bank Limited	M/s. National Bank of Pakistan
M/s. Habib Metropolitan Bank Limited	M/s. Allied Bank Limited
M/s. MCB Bank Limited	M/s. Bank Al-Falah Limited
M/s. Standard Chartered Bank (Pakistan) Limited	M/s. Meezan Bank Limited
M/s. United Bank Limited	
M/s. Dubai Islamic Bank Pakistan Limited	

Auditors :

M/s. EY Ford Rhodes
Chartered Accountants

Legal Advisors :

M/s. Zahid & Tariq Advocates

Share Registrar :

FAMCO Associates (Pvt) Ltd
Management Consultants & Share Registrars
8-F, Next to Hotel Faran Nursery, Block - 6, P.E.C.H.S
Shahra-e-Faisal, Karachi.
Ph: (92-21) 34380101-5, 34384621-3 (Ext. 103) Fax: (92-21) 34380106

Registered Office :

Office No.406, Parsa Tower, Plot No.31/1/A,
Block-6, P.E.C.H.S., Shahrah-e-Faisal,
Karachi.75400
Ph: (92-21) 34520132 – 35 Fax: (92-21) 34392182

Factories :

- Hub Unit**
A101 - A105, A132 - A136,
Hub Industrial Trading Estate,
Hub Chowki, Distt. Lasbella, Baluchistan.
Ph: (92-853) 363706 - 09 Fax: (92-853) 363907
- Gadoon Unit**
34-A, 34-B & 35, Road-3, Industrial Estate,
Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa.
Ph: (92-938) 270150 - 52 Fax: (92-938) 270246

VISION AND MISSION STATEMENTS

Vision

Dynea Pakistan is Market Leader in its core and diversified business, delighting its customers by providing quality products at competitive price through development of market, product range, technology and human whilst ensuring sound return to stakeholders.

Mission

Maximize productivity and sales of Formaldehyde, Resins for wood-based panel industries and Moulding Compounds and provide satisfaction to customers.



NOTICE OF 38th ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Eighth Annual General Meeting of the Members of the Company will be held on Wednesday, October 21, 2020 at 10:00 AM to transact the following business. Due to the current situation caused by COVID-19 pandemic, shareholders shall be entitled to attend the meeting through video conference facility managed by the Company as per the instructions given in the notes section:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2020 together with the Chairman's Review Report and Reports of the Directors' and Auditors' thereon.
2. To approve cash dividend (2019-2020) on the ordinary shares of the Company. The Directors have recommended a Final Cash Dividend at 100% i.e. Rs. 5/- per share.
3. To appoint Auditors for the year 2020-2021 and to fix their remuneration. The present auditors - Messrs. EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for re-appointment.

By Order of the Board

Karachi.
Dated: September 09, 2020

Saqib Naim
Company Secretary

NOTES:

i. Participation in the AGM Proceeding via the Video Conference Facility

Participation in the AGM Proceeding via the Video Conference Facility Due to current COVID-19 situation, the AGM proceedings shall be held via video conference facility only. Shareholders interested to participate in the meeting are requested to share below information at agm2020@dynea.com.pk for their appointment and proxy's verification at least 48 hours before the time of the meeting.

S.No.	Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

NOTICE OF 38th ANNUAL GENERAL MEETING

Video conference link details and login credentials will be shared with those shareholders whose emails containing all the particulars are received at least 48 hours before the time of the meeting. Shareholders can also provide their comments and questions for the agenda items of the AGM on agm2020@dynea.com.pk at least 48 hours before the time of the meeting.

ii. Closure of Share Transfer Books

The Share Transfer Books of the Company will be closed from October 14, 2020 to October 21, 2020 (both days inclusive) for the purpose of the Annual General Meeting and payment of the final dividend. Transfer requests received by Share Registrar of the Company M/s. FAMCO Associates (Private) Ltd, 8-F, Nursery, Block 6 P.E.C.H.S., Shakra-e-Faisal, Karachi. Tel: 0092-21-34380101-5, 0092-21-34384621-3 (Ext-103) Fax: 00 92-21-34380106 at the close of business on October 13, 2020 will be treated in time for the purpose of determining above entitlement to the transferees for payment of final dividend and to attend the Annual General Meeting.

iii. Proxy

A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his place at the Meeting. Instrument appointing a proxy must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be provided at least 48 hours before the time of the meeting. The Form of Proxy in English and Urdu is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC numbers should be mentioned on the Forms. The Form of Proxy is also available on the Company's website (www.dynea.com.pk).

iv. Change of Address

The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar.

v. Submission of Copies of Valid CNIC not Provided Earlier

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar. In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the Company shall withhold the Dividend under the provisions of Section 243 of the Companies Act 2017.

NOTICE OF 38th ANNUAL GENERAL MEETING

vi. Withholding Tax on Dividend

Currently, the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, are as under:

(a) For persons appearing in Active Tax Payer List (ATL): 15%

(b) For persons not appearing in Active Tax Payer List (ATL): 30%

Shareholders who have filed their return are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as persons not appearing in ATL and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

vii. Withholding tax on Dividend in Case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by October 13, 2020, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

viii. Payment of Cash Dividend Electronically (E-mandate)

In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Notice in this regard has already been published earlier in newspapers as per Regulations. All shareholders are once again requested to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) IBAN number (iv) bank name and (v) branch name, code & address; to Company's Share Registrar. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

The "Electronic Dividend Mandate Form" in English and Urdu is available on the Company's website (www.dynea.com.pk).

NOTICE OF 38th ANNUAL GENERAL MEETING

ix. Distribution of Annual Report through Email (Optional)

Pursuant to the provisions of section 223(6) of the Companies Act, 2017, the companies are permitted to circulate their annual financial statements, along with Auditor's Report, Directors' Report etc. ("Annual Report") and the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and Notice by email are requested to provide the completed Electronic Communication Consent Form (available on the Company's website), to the Company's Share Registrar.

The audited financial statements of the Company for the year ended June 30, 2020 have been made available on the Company's website (www.dynea.com.pk) in addition to annual and quarterly financial statements for prior years.

x. Transmission / Dispatch of Annual Report through CD/DVD

The Company has circulated Annual Financial Statements / Annual Report 2020 to its members through CD/DVD at their registered addresses. Printed copy of the same can be provided to the members upon request. The audited financial statements of the Company for the year ended June 30, 2020 have been made available on the Company's Website (www.dynea.com.pk).

The Standard Request Form is available on the Company's website (www.dynea.com.pk). If a member prefers to receive hard copies for all the future Audited Financial Statements and notice of AGM, then such preference of the member shall be noted in the Standard Request Form.

CHAIRMAN'S REVIEW REPORT

Board Structure

The Board has a strong background in financial management complemented by directors with legal, technical and manufacturing expertise. During the year, Mr. Andalib Alavi filled the casual vacancy created due to the resignation of Mr. Muhammad Aqeel Loon. Mr Tayyeb Afzal also resigned and he was replaced by Mr. Mutaza Lalan.

I wish to thank Mr. Muhammad Aqeel Loon and Mr. Tayyeb Afzal for their valuable contribution over many years and I welcome Mr. Andalib Alavi and Mr. Mutaza Lalan to our Board.

Dynamics and Functioning of the Board

Board meetings are held quarterly and otherwise as required. Attendance and participation are good and directors are available at other times to support management, in particular with compliance and legal matters. Their input is highly valued and much appreciated by both management and myself.

Business Strategy Governance

In a mature market such as that in which the Company finds itself, it is not always easy to devise a strategy going forward. The strategy developed in 2010 to rebuild the Company was fully supported by the Board and the results speak for themselves. A new strategy has been developed to begin growing the Company's manufacturing base and improving efficiency. The first phase of this has been approved by the Board and it is currently being implemented by management. Further land adjacent to the existing site has been acquired in Gadoon. The site is now under development and it will be used to expand the Company's manufacturing base when economic and market conditions are favourable.

Financial Reporting Process, Internal Audit and Internal Controls

The Board contains a strong representation of directors with backgrounds in finance, banking and business management. Systems are in place to ensure that financial management of all aspects of the Company's operations are managed with transparency, honesty and integrity. I feel that the outsourcing of the internal audit function to PwC adds further strength to the financial management of the business.

Risk Management

The Board is very conscious of the need to evaluate and manage risk to ensure business continuity. Two projects in which directors are currently active is in succession planning to ensure smooth transitions when key people leave the Company and the unauthorised infiltration of the IT function by internal or external sources. During the past year, IT systems have been upgraded and new access protocols established. I believe that the Company's proprietary data are now much more secure from the threat of cyber attack.

CHAIRMAN'S REVIEW REPORT

Monitoring Role

The Audit Committee and Board have implemented a programme whereby a number of Company policies and procedures are presented for review and updating at their meetings. Efforts are ongoing to maintain corporate governance compliance at a time of increasingly stricter requirements.

Supporting and Advisory Role

As mentioned earlier in this review, the Directors willingly give of their time and expertise on a regular basis. This is important to management. Beyond that, the Company often outsources support services that are beyond the scope of the Board and management to provide as illustrated by the use of an external consultant to review the Company's IT systems and to advise on how to better secure our data.

The Chairperson's Role

I see my role as Chairman as that of a leader and facilitator. I am not based in Pakistan although I am a frequent visitor. With the assistance of modern communication systems I am able to maintain a mentoring and advisory role during my periods of absence.

All in all, I think the Company's results during the last 10 years are a reflection of the performance of the Board and its management. I wish to thank my fellow directors for having faith in me to continue in my role as Chairman. The direction and guidance provided by the Board of Directors is hereby acknowledged.

It is with thanks that I sign off on this review.

-Sd- through email

DONALD JENKIN
Chairman

Karachi.

Dated: September 09, 2020

DIRECTORS' REPORT

The Directors of your Company are pleased to present the Annual Report together with the Company's Audited Financial Statements for the financial year ended June 30, 2020.

The Board of Directors

The Board of Directors of the Company as at the Balance Sheet Date is as follows:

S.No.	Name	Status	Type of Directorship
1.	Dr. Donald Jenkin	Director & Chairman	Non-Executive
2.	Mr. Shabbir Abbas	Director & Chief Executive Officer	Executive
3.	Mr. Ameen Mohammad Bandukda	Director	Non-Executive
4.	Mr. Murtaza Lalan	Director	Non-Executive
5.	Mr. Adnan Afridi	Director	Independent
6.	Mr. Andalib Alavi	Director	Independent
7.	Ms. Anam Fatima Khan	Director	Independent

Economic Environment

Pakistan's economy witnessed a sharp decline in GDP growth this year due to the impact of the Covid-19 pandemic. However, business is gradually recovering as progress is made in reducing the number of Covid-19 infections.

Company Affairs and Principal Activities

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to the shareholders in the annual report, interim quarterly reports and through the information portal of the Pakistan Stock Exchange as and when required.

The Board encourages the shareholders' participation at the Annual General Meetings and Corporate Briefing Sessions to ensure a high level of accountability. The Company's financial statements are available on the Company's website and an officer is designated to answer all shareholder enquiries.

The Company is principally engaged in the manufacture and sale of formaldehyde, urea/melamine formaldehyde resins and adhesives, and thermosetting moulding compounds.

DIRECTORS' REPORT

Business Review

Operations

Sales revenue during 2019-20 was Rs. 4,492.45 million compared to Rs. 5,140.03 million in the previous financial year and the profit before tax was Rs. 358.66 million compared to Rs. 321.48 million in the previous financial year.

a. Resin Division

Turnover of the Resin Division in 2019-20 was Rs. 1,920.91 million compared to Rs. 2,485.01 million in the previous financial year, a decline of 22.70%. The segment result of the Resin Division was Rs. 136.30 million compared to Rs. 241.60 million for the previous financial year. The main reason for the decline in turnover and profitability is a slowdown in the construction industry allied to the general economic contraction caused by the Covid-19 pandemic.

b. Moulding Compound Division

Turnover of the Moulding Compound Division in 2019-20 was Rs. 2,571.54 million compared to Rs. 2,655.02 million in the previous financial year, a decline of 3.14%. The segment result of the Moulding Compound Division was Rs. 443.05 million compared to Rs. 320.54 million for the previous financial year.

Financial Performance

Following are the summarised financial results of the Company for the year 2019-20 :

	-----{Rupees '000'}-----	
	2019-20	2018-19
Sales Revenue	4,492,455	5,140,030
Gross Profit	783,342	698,876
Profit Before Taxation	358,664	321,480
Profit After Taxation	253,349	226,901
Earnings per Share in Rupees	13.42	12.02

DIRECTORS' REPORT

Contribution to the National Exchequer

The Company's contribution to the National Exchequer in the form of various taxes and levies for the year under review was Rs. 1,069 million (2018-19 was Rs. 1,282 million).

Remuneration Policy for Non-Executive Directors (including Independent Directors)

The Board approved the remuneration policy acknowledging the valuable contributions being made by the non-executive and independent directors and currently a meeting fee is paid for attendance and participation at each Board meeting and those of its committees.

The key element in determining directors' fees is by market benchmarking, thereby enabling the Company to attract and retain high quality directors.

Disclosure with respect to remuneration package of directors and chief executive is given in the Note No. 43 to the Financial Statements.

Performance Evaluation of Board of Directors and its Committees

In accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has carried out an evaluation of performance of its individual members, the board as a whole and the performance of its committees.

The Board evaluation process was conducted internally by the Chairman of the Board by circulating an evaluation assessment questionnaire to the directors to provide feedback on performance. Overall, the evaluation outcome was positive. However, a couple of areas for improvement were highlighted and these are in the process of being rectified.

Risk and Uncertainties

The Company's operations could be adversely affected by a number of factors including but not exclusively due to restrictions on imports and sources of supply, lockdowns due to Covid-19, prolonged labour strikes (including any at key manufacturing operations), adverse weather conditions, imposition of further duties or tariffs, adverse changes in governmental regulations, the introduction of additional measures to control inflation, foreign currency fluctuations, entrance of new competitors, changes in the rate or method of taxation or a deterioration in the security situation.

DIRECTORS' REPORT

Both the Board and Company management constantly appraise the various risks and they take action to minimise their impact wherever possible.

Future Outlook

As noted above, the economic slowdown due to the COVID-19 pandemic has negatively impacted sales. While the situation, both with respect to Covid-19 and economic growth, has started to improve, management believes that there will be ongoing implications to achieving Company sales targets. Hence a continual focus on raw material procurement, production efficiencies and maximising the use of the workforce to ensure that the Company can continue to operate profitably. The recent incentives for the construction industry and the planning for a mega-project in Punjab announced by the government are also positive for future growth.

As part of its growth strategy, the Company has announced the establishment of a new moulding compound plant at its Gadoon site so that it can keep pace with the increasing demands of its customers. Overall capacity between Gadoon and Hub factories will be increased to 24,000 MT per annum.

It is envisaged that growth will continue into the future. This will inevitably put a strain on internal resources but this can be managed with proper planning and implementation. While the Covid-19 pandemic has had some negative impacts on the Company's business, the Board and Company management believe that it will also create opportunities. As part of its strategy the Company is looking to diversify into related industries; that is, to continue to develop what we are good at.

Health, Safety and Environment (HSE)

The Company has continued its focus on improving its HSE performance. Both factories are certified to international safety and environmental management system standards. The Company complies with all applicable rules and regulations in the formulation, manufacture, labeling and marketing of its products and it also takes active measures to reduce discharges of waste products to the environment.

DIRECTORS' REPORT

Similarly, the Company currently has projects underway to improve the quality of its liquid waste with the aim of being able to recycle it back into the processes, thereby reducing its outsourced water usage.

Corporate Social Responsibility

The Company not only fosters a culture of mutual respect among all its employees but it also encourages people to share their input towards improving the quality of the work environment.

The Company runs a well maintained primary school at Jenson Village in Hub, Baluchistan. This school was established primarily for the children of the Company's employees but other children of the locality are also permitted to study at the school. Presently there are 96 students of whom 28 come from the local community. Furthermore, the Company contributes 1% of PBT to a charitable trust, hospitals and the Prime Minister's fund.

Adequacy of Internal Financial Controls

Internal audit services continued to be outsourced. During the year, significant and material findings of internal and external auditors were addressed on a priority basis by the management and the status was regularly reported to the Audit Committee.

Based upon the results achieved from reviews, ongoing testing of financial reporting controls and audits conducted during the year, the Company considers that the existing system of internal controls is adequate and is being effectively implemented and monitored. Directors are vigilant and periodically monitor adequacy, effectiveness and promptness of internal financial controls.

Transactions with Related Parties:

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

Code of Corporate Governance

The Directors and management of the Company are committed to good corporate governance. As required under the Code of Corporate Governance, the Directors are pleased to state as follows:

DIRECTORS' REPORT

- 1) The financial statements prepared by the management of the Company present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- 2) Proper books of accounts of the Company have been maintained.
- 3) Appropriate accounting policies have been consistently applied in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- 4) International Financial Reporting Standards have been used as the basis for the preparation of the financial statements and any departure therefrom has been adequately disclosed and explained.
- 5) The system of internal control is sound in design and has been effectively implemented and monitored.
- 6) There are no significant doubts upon the Company's ability to continue as a going concern unless there is an adverse decision in the Vend and Permit Fee case by any competent Court. Information about this issue is being presented separately in this report.
- 7) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations. A Code of Conduct has been prepared and delivered to every director and employee.
- 8) The Board of Directors has adopted Vision and Mission Statements.
- 9) Information about taxes and levies is given in the notes to the accounts.
- 10) The value of the investments in the Company's provident fund scheme, based on unaudited accounts for the year ended June 30, 2020, stands at Rs. 106.27 million.
- 11) Statements are annexed in respect of the following:
 - i) Key financial data for the last six years.
 - ii) Pattern of shareholding.
- 12) During the year under review:
 - i) The Board of Directors convened 5 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meetings Attended
1.	Dr. Donald Jenkin (Chairman)	4/5
2.	Mr. Shabbir Abbas	5/5
3.	Mr. Ameen Mohammad Bandukda	5/5

DIRECTORS' REPORT

4	Mr. Adnan Afridi	5/5
5	Ms. Anam Fatima Khan	5/5
6	Mr. Andalib Alavi (appointed on 26/11/2019)	2/2
7	Mr. Murtaza Lalan (appointed on 03/03/2020)	1/1
8	Mr. Tayyeb Afzal (resigned on 21/02/2020)	3/4
9	Mr. Muhammad Aqeel Loon (resigned on 26/11/2019)	3/3

The Audit Committee convened 4 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meeting Attended
1	Mr. Adnan Afridi (Chairman)	4/4
2	Dr. Donald Jenkin	4/4
3	Mr. Andalib Alavi	2/2*
4	Mr. Tayyeb Afzal	2/3**
5	Mr. Muhammad Aqeel Loon	2/2***

* Mr. Andalib Alavi was appointed as a member after two meetings.

** Mr. Tayyeb Afzal resigned after three meetings.

*** Mr. Muhammad Aqeel Loon resigned after two meetings.

The Human Resource & Remuneration Committee convened 2 times and attendance of the respective directors was as under:

Sr.#	Names of Directors	Meeting Attended
1	Mr. Andalib Alavi (chairman)	1/1*
2	Dr. Donald Jenkin	2/2
3	Mr. Ameen Mohammad Bandukda	2/2
4	Ms. Anam Fatima Khan	2/2

* Mr. Andalib Alavi was appointed as a member after one meeting.

DIRECTORS' REPORT

Directors Training Programme

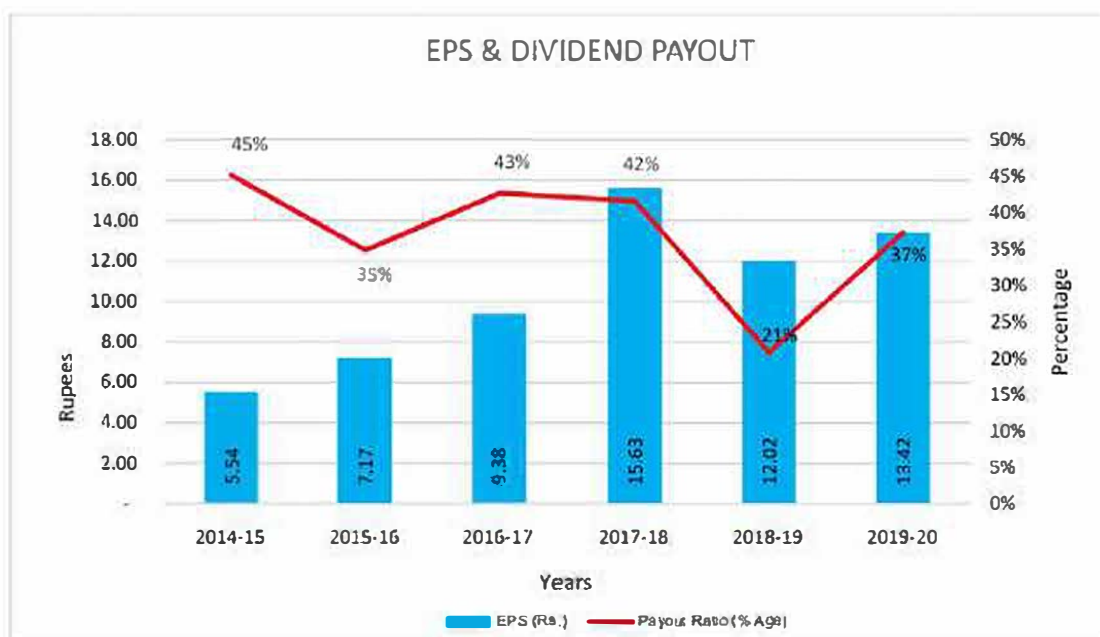
Six directors out of seven of the Company have attended director's training as required under the Code of Corporate Governance.

Vend Fee and Permit Fee Case

In December 2019, The Government of Sindh filed an application that the Department does not press the instant and connected appeals, and that a fresh demand shall be raised following the notification dated 14 February 2002 and Sindh (Amendment) Abkari Ordinance 2002 notified on 30 October 2002. In addition to that, the Department would surrender the demand secured by Indemnity Bonds for the period 1990 up to October 2002. The Supreme Court accepted the withdrawal on those terms. Upon the receipt of the fresh demand from the Department, the Company intends to approach the relevant Court of Justice to defend the case. There is no demand has been raised by the Excise Department as yet. The Company expects, based on the view of the legal advisor and the merits of the case, that the decision will be in the favour of the Company. Accordingly, no provision for any liability has been made in these financial statements. The management is confident that the Company will be able to continue as a going concern.

Dividend and Appropriations

The Company has made the following cash dividend payments since 2014-15.



DIRECTORS' REPORT

In view of the Company's performance during the outgoing financial year, the Directors propose a payment of Rs 5.00 per share i.e. 100% dividend to the shareholders. The Directors have also announced a transfer of Rs. 200 million to the general reserve.

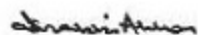
Appointment of Auditors

The retiring auditors, M/s. EY Ford Rhodes, Chartered Accountants, being eligible, offer themselves for re-appointment for the ensuing year. They have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan. The Directors recommend that they be reappointed for the upcoming year.

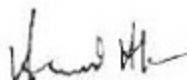
Acknowledgement

The Directors acknowledge and extend their appreciation to all the stakeholders for their efforts in contributing to the satisfactory outcome for the current financial year, especially the motivation and support received from the customers and employees of the Company.

On behalf of the Board of Directors



SHABBIR ABBAS
Chief Executive Officer



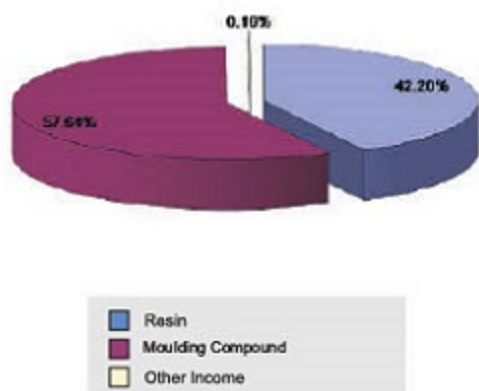
ANDALIB ALAVI
Director

Karachi: September 09, 2020

KEY OPERATING AND FINANCIAL DATA

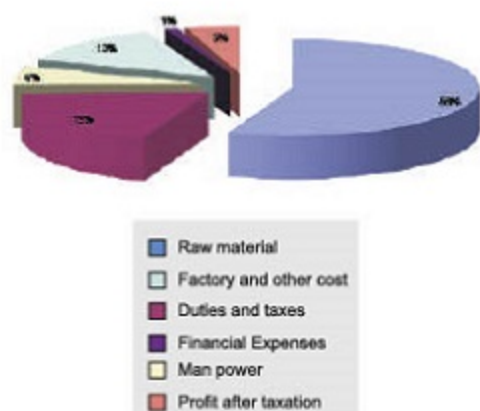
	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Rupees in thousands						
FINANCIAL POSITION :						
SHAREHOLDERS EQUITY	1,584,896	1,378,728	1,274,497	1,055,100	925,304	837,138
TOTAL ASSETS	2,345,880	2,360,672	2,275,142	1,292,328	1,190,005	1,294,972
OPERATING RESULTS :						
TURNOVER	4,492,455	5,140,030	3,858,318	2,497,540	2,418,400	2,387,736
PROFIT / (LOSS) BEFORE TAXATION	358,664	321,480	379,096	258,910	199,229	156,199
TAXATION	(105,315)	(94,579)	(84,209)	(81,932)	(63,882)	(51,610)
PROFIT / (LOSS) AFTER TAXATION	253,349	226,901	294,887	176,978	135,347	104,588
EARNING / (LOSS) PER SHARE Rs.	13.42	12.02	15.63	9.38	7.17	5.54
CASH DIVIDEND DECLARED %	100.00 proposed	50.00	130.00	80.00	50.00	50.00

Sources of Income



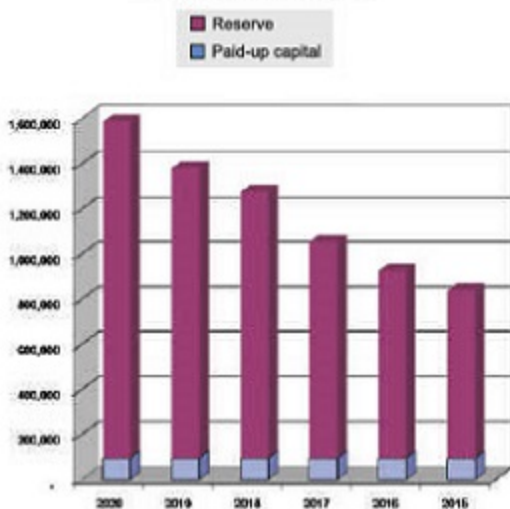
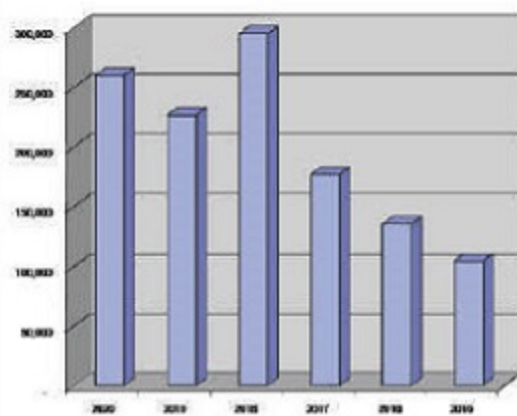
* Includes Sales Tax on Resin Rs. 339.98 million and on Moulding Compound Rs. 508.22 million.

Application of Funds



**Duties and taxes including Sales Tax amounting to Rs. 1,006.99 million.

Shareholders' Equity

Profit after tax
Rs. in '000

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

Name of company Dynea Pakistan Limited
Year ended: June 30, 2020

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

1. The total number of Directors are seven (07) as per the following:

Male	Female
6	1

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Adnan Afridi Mr. Andalib Alavi Ms. Anam Fatima Khan
Other Non-Executive Directors	Dr. Donald John Jenkin Mr. Ameen Mohammad Bandukda Mr. Murtaza Lalan
Executive Director	Mr. Shabbir Abbas
Female Director	Ms. Anam Fatima Khan

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 Board/ Shareholders as empowered by the relevant provisions of the Companies Act 2017 ("Act") and these Regulations;

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

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Six out of seven directors have a certification under Directors' Training Program;
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 the relevant requirements of 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:

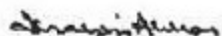
Audit Committee	Mr. Adnan Afridi Dr. Donald John Jenkin Mr. Andalib Alavi
HR and Remuneration Committee	Mr. Andalib Alavi Dr. Donald John Jenkin Mr. Ameen Mohammad Bandukda Ms. Anam Fatima Khan

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:

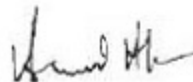
**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

Name of Committee	Frequency of Meeting
Audit Committee	The meetings of Audit Committee were held in each quarter during the year.
HR and Remuneration Committee	The meetings of HR & Remuneration Committee were held two times this year.

15. The Board has outsourced the internal audit function to M/s. A.F. Ferguson & Co. Chartered Accountants (a member of the PwC network) 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 the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.



SHABBIR ABBAS
Chief Executive Officer



ANDALIB ALAVI
Director

Karachi: September 09, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dynea Pakistan Limited (the Company)

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

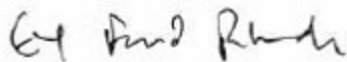
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Dynea Pakistan Limited for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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.

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.



Chartered Accountants
Place: Karachi
Date: 17 September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Dynea Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Dynea Pakistan 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 cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 profit, the comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

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.



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Following are the key audit matters:

S No.	Key audit matters	How the matters as addressed in our audit
1.	Contingency	
	<p>As fully disclosed in note 27.1 to the financial statements, the Company has contingency in respect of vend and permit fee.</p> <p>Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies in accordance with the applicable financial reporting framework.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered this as a key audit matter.</p>	<p>Our key audit procedures in this area included, amongst others, a review of the related available correspondences including with the relevant authority and legal advisor.</p> <p>We also reviewed the orders passed by the Courts of competent jurisdiction from time to time to understand and ascertain the nature and status of the case.</p> <p>We discussed the matter with management and evaluated their judgements in relation to recognition of any provision in this respect that may be required.</p> <p>We also obtained and evaluated the confirmation from the Company's legal advisor.</p> <p>We further assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework.</p>
2.	Allowance for Expected Credit Loss against Trade Debts	
	<p>As referred to in note 16.1 to the accompanying financial statements, the Company has allowance for expected credit losses (ECL) against trade debts amounting to Rs. 184.163 million.</p> <p>Assessment of allowance for ECL against trade debts requires significant judgment, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking information. Therefore, we have identified this area as a key audit matter.</p>	<p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit.</p> <p>We considered and evaluated the assumptions used in applying the ECL model based on historical information and qualitative factors as relevant for such estimate.</p> <p>Further, we assessed the integrity and quality of the data used for ECL computation by matching the same with the accounting records and information system of the Company.</p> <p>We also checked the mathematical accuracy of the ECL computation on a sample basis.</p> <p>We assessed the adequacy of disclosures in the accompanying financial statements of the Company as per the applicable financial reporting framework.</p>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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 cash flows and the statement of changes in equity 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 auditor's report is Tariq Feroz Khan.

Chartered Accountants

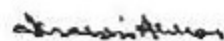
Place: Karachi

Date: 17 September 2020

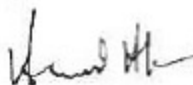
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	30 June 2020 ----- (Rupees) -----	30 June 2019 ----- (Rupees) -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	414,796,455	490,398,547
Intangible assets	10	-	558,536
Long-term loans	11	150,595	144,767
Long-term deposits	12	6,673,726	6,673,726
Deferred taxation - net	13	57,592,846	12,146,505
		479,213,622	509,922,081
CURRENT ASSETS			
Stores and spares	14	18,827,867	23,789,725
Stock-in-trade	15	698,834,091	683,109,925
Trade debts	16	788,497,315	929,058,669
Loans and advances	17	22,917,675	29,998,370
Trade deposits and short-term prepayments	18	4,030,199	6,773,444
Accrued markup		479,773	257,581
Other receivables	19	2,072,449	-
Taxation - net	35	7,287,513	75,990,468
Cash and bank balances	20	323,719,436	101,772,034
		1,866,666,318	1,850,750,216
TOTAL ASSETS		2,345,879,940	2,360,672,297
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40,000,000 (2019: 40,000,000) ordinary shares of Rs.5/- each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	21	94,362,065	94,362,065
Revenue reserves		1,490,533,711	1,284,365,705
		1,584,895,776	1,378,727,770
NON-CURRENT LIABILITIES			
Long-term financing	22	140,625,000	253,125,000
Lease liabilities	23	5,151,891	5,844,617
		145,776,891	258,969,617
CURRENT LIABILITIES			
Trade and other payables	24	485,191,003	316,940,543
Accrued mark-up		4,592,715	10,421,323
Short-term running finance	25	-	274,783,631
Current portion of long-term financing	22	112,500,000	112,500,000
Current portion of lease liabilities	23	7,473,667	3,069,710
Unclaimed dividend	26	5,449,888	5,259,703
		615,207,273	722,974,910
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		2,345,879,940	2,360,672,297

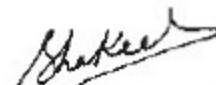
The annexed notes from 1 to 50 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive Officer



ANDALIB ALAVI
Director

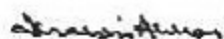


SHAKEEL UDDIN
Chief Financial Officer

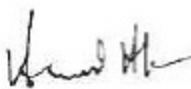
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 ----- (Rupees) -----	30 June 2019 ----- (Rupees) -----
Turnover - net	28	4,492,454,676	5,140,029,779
Cost of sales	29	(3,709,112,293)	(4,441,153,923)
Gross profit		783,342,383	698,875,856
Distribution costs	30	(141,851,255)	(155,762,001)
Administrative expenses	31	(101,460,643)	(101,513,097)
Allowance for expected credit loss	16	(95,591,292)	(12,006,177)
		(338,903,190)	(269,281,275)
Other income	32	8,809,382	6,861,011
Operating profit		453,248,575	436,455,592
Finance costs	33	(58,020,809)	(75,714,940)
Other charges	34	(36,563,783)	(39,260,470)
		(94,584,592)	(114,975,410)
Profit before taxation		358,663,983	321,480,182
Taxation	35	(105,314,635)	(94,578,708)
Net profit for the year		253,349,348	226,901,474
Basic and diluted earnings per share	36	13.42	12.02

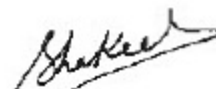
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SHABBIR ABBAS
Chief Executive Officer



ANDALIB ALAVI
Director

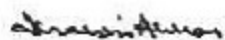


SHAKEEL UDDIN
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020 ----- (Rupees) -----	30 June 2019 ----- (Rupees) -----
Net profit for the year	253,349,348	226,901,474
Other comprehensive income	-	-
Total comprehensive income for the year	<u>253,349,348</u>	<u>226,901,474</u>

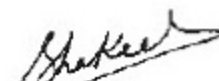
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SHABBIR ABBAS
Chief Executive Officer



ANDALIB ALAVI
Director

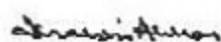


SHAKEEL UDDIN
Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 ----- (Rupees) -----	30 June 2019 ----- (Rupees) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		358,663,983	321,480,182
Adjustments for non-cash and other items			
Depreciation on operating fixed assets	9.3	119,180,520	119,258,501
Depreciation on right-of-use assets	9.5.1	4,676,682	834,341
Amortisation	10.1	536	288,721
Allowance for expected credit loss	16.1	95,591,292	12,006,177
Finance costs	33	58,020,809	75,714,940
Gain on disposals of operating fixed assets	32	(2,961,201)	(1,378,749)
		<u>274,508,638</u>	<u>206,723,931</u>
		633,172,621	528,204,113
(Increase) / decrease in current assets			
Stores and spares		4,961,858	(2,491,112)
Stock-in-trade		(15,724,166)	16,400,805
Trade debts		44,970,062	(212,978,543)
Loans and advances		7,080,695	(15,831,266)
Trade deposits and short-term prepayments		2,743,245	(796,418)
Accrued markup		(222,192)	(214,610)
Other receivables		(2,072,449)	3,709,209
		<u>41,737,053</u>	<u>(212,201,935)</u>
Increase in current liabilities			
Trade and other payables		168,808,461	47,179,795
		<u>843,718,135</u>	<u>363,181,973</u>
Finance costs paid		(63,849,417)	(72,401,878)
Income taxes paid - net		(82,058,021)	(62,053,871)
Long-term loans and deposits - net		(5,828)	45,441
Net cash generated from operating activities		<u>697,804,869</u>	<u>228,771,665</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(38,437,828)	(58,770,513)
Proceeds from disposal of operating fixed assets		3,008,043	2,240,870
Net cash used in investing activities		<u>(35,429,785)</u>	<u>(56,529,643)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing	40	(112,500,000)	(84,375,000)
Lease rentals paid	40	(6,152,894)	(1,519,174)
Dividend paid	40	(46,991,157)	(121,103,156)
Net cash used in financing activities		<u>(165,644,051)</u>	<u>(206,997,330)</u>
Net increase / (decrease) in cash and cash equivalents			
		496,731,033	(34,755,308)
Cash and cash equivalents at the beginning of year		(173,011,597)	(138,256,289)
Cash and cash equivalents at the end of year		<u>323,719,436</u>	<u>(173,011,597)</u>
CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	323,719,436	101,772,034
Short-term running finance	25	-	(274,783,631)
		<u>323,719,436</u>	<u>(173,011,597)</u>

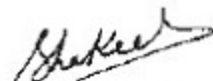
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SHABBIR ABBAS
Chief Executive Officer



ANDALIB ALAVI
Director

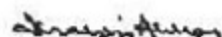


SHAKEEL UDDIN
Chief Financial Officer


STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

		Revenue reserves			
	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total	Total
	(Rupees)				
Balance as at 30 June 2018	94,362,065	691,000,000	489,135,222	1,180,135,222	1,274,497,287
Transferred to general reserve	-	300,000,000	(300,000,000)	-	-
Final dividend for the year ended 30 June 2018 @ Rs. 6.5 per share	-	-	(122,670,991)	(122,670,991)	(122,670,991)
Net profit for the year	-	-	226,901,474	226,901,474	226,901,474
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	226,901,474	226,901,474	226,901,474
Balance as at 30 June 2019	94,362,065	991,000,000	293,365,705	1,284,365,705	1,378,727,770
Transferred to general reserve	-	150,000,000	(150,000,000)	-	-
Final dividend for the year ended 30 June 2019 @ Rs. 2.5 per share	-	-	(47,181,342)	(47,181,342)	(47,181,342)
Net profit for the year	-	-	253,349,348	253,349,348	253,349,348
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	253,349,348	253,349,348	253,349,348
Balance as at 30 June 2020	94,362,065	1,141,000,000	349,533,711	1,490,533,711	1,584,895,776

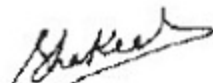
The annexed notes from 1 to 50 form an integral part of these financial statements.



SHABBIR ABBAS
Chief Executive Officer



ANDALIB ALAVI
Director



SHAKEEL UDDIN
Chief Financial Officer

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

1 THE COMPANY AND ITS OPERATIONS

Dynea Pakistan Limited (the Company) was incorporated on June 20, 1982, in Pakistan as a public limited company and is listed on Pakistan Stock Exchange Limited. It is engaged in the manufacture and sale of formaldehyde, urea / melamine formaldehyde and moulding compound. The registered office of the Company is situated at Office No. 406, Parsa Tower, Plot No. 31/1/A, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, Pakistan.

2 GEOGRAPHICAL LOCATIONS AND ADDRESSES

Geographical locations and addresses of all the business units are as under:

Location	Business unit
Karachi Office No. 406, Parsa Tower, Block-6, P.E.C.H.S, Shahrah-e-Faisal.	Registered office
Hub A101-105, A132-136, H.I.T.E., Hub Chowki, Distt. Lasbella, Baluchistan.	Production plant
Gadoon 34-A, 34-B, 35 & 38-A Road-3, Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa.	Production plant

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

4 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

During the year, the World Health Organization declared Covid-19 a global pandemic. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of Covid-19. Resultantly, the Company temporarily suspended its production for around two months which caused disruption in supply to the customers for the same period. Consequently, Covid-19 being one of the factors which contributed towards the overall decrease in revenue by 13%.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business despite slowed down economic activity.

The Company's management is fully cognisant of the business challenges posed by the Covid-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate

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

in response to current situation. Due to this, the management has considered the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- The impairment of tangible and intangible assets under IAS 36, "Impairment of non-financial assets"
- The net realizable value of inventory under IAS 2, "Inventories"
- Allowance for expected credit loss under IFRS 9, "Financial Instruments"

Based on the assessment, there is no significant financial impact arising out of the effects of Covid-19 on these financial statements except for allowance for expected credit loss and revenue as disclosed in notes 16.1 & 28 to these financial statements, respectively.

5 BASIS OF MEASUREMENT

5.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for lease liabilities which are carried at present value of minimum lease payments.

5.2 Functional and presentation currency

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

6 STANDARDS, INTERPRETATION AND AMENDMENTS APPLICABLE TO FINANCIAL STATEMENTS

6.1 New standards, interpretation, amendments and improvements effective during the year

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

Standard, Amendment or Interpretation

IFRS 9 - Prepayment Features with Negative Compensation (Amendments);

IFRS 14 - Regulatory Deferral Accounts;

IFRS 16 - Leases;

IFRS 16 - COVID 19 Related Rent Concessions (Amendments);

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

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

IFRIC 23 - Uncertainty over income tax treatments.

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

Improvements to accounting standards issued by the IASB (2015-2017 cycle)

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

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

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

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation.

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

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on statement of financial position model.

The Company has adopted IFRS 16 using the modified retrospective approach with initial application date of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The new accounting policy in respect of leases is disclosed in note 8.1 and 8.9 to these financial statements. The impact of adoption of IFRS 16 as at 1 July 2019 on the statement of financial position is summarised below:

	-----Rupees-----
Assets	
Right-of-use assets	13,163,284
Property, plant and equipment	(9,599,159)
Prepayments	(282,908)
	<u><u>3,281,217</u></u>
Liabilities	
Lease liabilities	1,573,479
Current portion of lease liabilities	1,707,738
	<u><u>3,281,217</u></u>

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

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments and lease accruals (if any). Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as on 1 July 2019.

The impact of adoption of IFRS 16 on the statement of profit or loss for the year ended 30 June 2020 is summarized below:

	-----Rupees-----
Decrease in rent	(1,796,458)
Increase in depreciation expense	1,644,984
Increase in financial charges	365,837
	<u>214,363</u>

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	-----Rupees-----
Operating lease commitments as at 30 June 2019	3,759,660
Impact of discounting	(478,443)
Discounted operating lease commitments as at 1 July 2019	3,281,217
Add: commitments relating to leases previously classified as finance leases	8,914,327
Total adjusted lease liability at 1 July 2019	<u>15,476,761</u>
Weighted average incremental borrowing rate as at 1 July 2019	16.13%

During the year, there were no rent concessions with respect to any lease of the Company.

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

The following standards, amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 — Definition of a Business (Amendments)	01 January 2020
IFRS 3 — Reference to the Conceptual Framework (Amendments)	01 January 2022

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

IFRS 9 / IAS 39 / IFRS 7 — Interest Rate Benchmark Reform — (Amendments)	01 January 2020
IFRS 10 / IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet finalised
IAS 1 / IAS 8 — Definition of Material — (Amendments)	01 January 2020
IAS 1 — Classification of Liabilities as Current or Non-current — (Amendments)	01 January 2022*
IAS 16 — Proceeds before Intended use — (Amendments)	01 January 2022
IAS 37 — Onerous Contracts — Costs of Fulfilling a Contract — (Amendments)	01 January 2022

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)	IASB Effective date (annual periods beginning on or after)
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IFRS 9 — Financial Instruments — Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
AS 41 — Agriculture — Taxation in fair value measurements	01 January 2022

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

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

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

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

7 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

- Residual values, method of depreciation and useful lives of property, plant and equipment	8.1 & 9.1
- Method of amortisation and useful lives of intangible assets	8.2 & 10.1
- Impairment of financial and non-financial assets	8.3 & 8.11
- Net realizable value estimation	8.4, 8.5, 14 & 15
- Allowance for expected credit loss on financial assets	8.11 & 16.1
- Leases	8.9 & 23
- Provisions	8.10
- Provision for compensated absences	8.12
- Recognition of current and deferred taxation	8.13, 13 & 35
- Contingencies	27

8 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost. Depreciation is charged to statement of profit or loss using the straight line method, at the rates specified in note 9.1 to these financial statements. Depreciation on additions is charged from the month when the asset is available for use and in case of disposals up to the month of disposal. Leasehold land is amortised in equal installments over the lease period of 70 years and 99 years.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of operating fixed assets are recognized in statement of profit or loss in the period of disposal.

Capital work in progress

These are stated at cost less accumulated impairment losses, if any, and represents expenditures incurred and advances made in respect of specific assets during the construction / erection period. These are transferred to specific assets as and when assets are available for use.

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

Right-of-use assets

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

Vehicles	1 to 3 years
City office	5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of an asset.

8.2 Intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any except for intangibles under development capital work-in-progress which are stated at cost less impairment loss, if any. Amortisation is charged to the statement of profit or loss using the straight line method at the rates specified in note 10 to these financial statements.

8.3 Impairment of non-financial assets

The carrying amount of non-financial assets other than inventories are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised as an expense in the statement of profit or loss, for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

8.4 Stores and spares

These are valued at the lower of weighted average cost and net realizable value (NRV). NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

8.5 Stock-in-trade

These are stated at the lower of cost and net realisable value (NRV) determined as follows:

Raw and packing materials	Weighted average cost
Finished goods	Cost of direct materials and labour plus attributable overheads
Goods in transit and stock in bonded warehouse	Invoice price plus other charges paid thereon

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

8.6 Ijarah rentals

Ijarah payments for assets under Ijarah finance agreements are recognised as an expense in the statement of profit or loss on a straight line basis over the Ijarah term.

8.7 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances net off short-term running finance.

8.8 Borrowing costs

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

8.9 Lease liabilities

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

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the initial application date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

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). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

8.10 Provisions

Provisions are recognised in the statement of financial position where the Company has a legal or constructive obligation as a result of past event, and it is probable that out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

8.11 Financial instruments**Financial instruments – Initial recognition and subsequent measurement****Initial recognition and measurement**

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

The Company's financial assets at amortised cost include loans, trade debts, deposits, accrued markup (asset) and cash and bank balances.

The Company does not have any debt instruments at fair value through OCI, equity instruments at fair value through OCI and financial assets at fair value through profit or loss.

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

Derecognition

A financial asset, a part of a financial asset or part of a group of similar financial assets is primarily derecognised when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Company considers a financial asset in default when contractual payments are 120 days past due, however, in certain cases, the Company also considers a financial asset in default when contractual payments are 360 days past due.

Further, the Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

The Company has applied the general approach for other financial assets.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, as appropriate.

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

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

Financial liabilities at amortised cost

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

The Company's financial liabilities at amortized cost include certain long-term financing, lease liabilities, certain portion of trade and other payables, accrued markup (liability), short-term running finance and unclaimed dividend.

The Company has not designated any financial liability as fair value through profit or loss.

Derecognition

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

Offsetting of financial instruments

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

8.12 Employee retirement benefits

Defined contribution plan

The Company operates a recognized provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognized as employee benefit expenses when they are due.

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

Compensated absences

The Company accounts for these benefits in the accounting period in which the absences are earned. Provisions to cover the obligations are made using the current salary levels of employees. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

8.13 Taxation**Current**

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account tax credits and tax rebates available, if any. The tax charged as calculated above is compared with turnover tax. Higher of normal tax or turnover tax is compared with Alternate Corporate Tax and whichever is higher is provided in the financial statements. Turnover tax is calculated in accordance with the provisions of section 113 of Income Tax Ordinance 2001. Alternate Corporate Tax is calculated in accordance with the provisions of section 113C of Income Tax Ordinance 2001.

Deferred

Deferred tax is provided on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised.

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

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

8.14 Revenue recognition

Revenue is recognised at the point in time when control of the asset is transferred to the customer. Revenue is measured at fair value of the consideration received or receivable and is recognised on the following basis:

8.14.1 Sale of goods

Revenue from sale of goods is recognised when or as control of goods have been transferred to a customer either over time or at a point in time, when the performance obligations are met. It is recorded at net of trade discounts and rebates, if any.

8.14.2 Other income

- Interest on bank deposits and profit on PLS accounts are recognized on time proportion basis using effective interest rate method.
- Scrap sales are accounted for on accrual basis.
- Others are accounted for on accrual basis.

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

8.15 Foreign currency transactions

Transaction denominated in foreign currencies are translated into Pakistani rupees at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the statement of profit or loss.

8.16 Dividends distribution and appropriation to reserves

Dividend and appropriation to the reserves are recognized in the period in which these are approved.

8.17 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Senior management to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Senior management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets / liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

Resin division

The resin division produces urea/ melamine formaldehyde and formaldehyde.

Moulding compound division

The moulding compound division produces urea/ melamine formaldehyde moulding compound and melamine glazing powder.

		30 June 2020	30 June 2019
	Note	----- (Rupees) -----	
9	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	9.1 388,658,692	480,549,388
	Capital work-in-progress	9.4 11,351,162	250,000
	Right of use assets	9.5 14,786,601	9,599,159
		<u>414,796,455</u>	<u>490,398,547</u>

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

9.1 Operating fixed assets

	COST					ACCUMULATED DEPRECIATION					NET BOOK VALUE
	As at 01 July 2019	Additions: transfers from capital work-in - progress*	Disposals	As at 30 June 2020	Depreciation rate/ years	As at 01 July 2019	Charge for the year (note 9.3)	Disposals	As at 30 June 2020	As at 30 June 2020	
Freehold land	659,961	-	-	659,961	-	-	-	-	-	659,961	
Leasehold land	43,115,159	1,261,829 *	-	44,376,988	70, 99 years	1,903,038	620,846	-	2,523,884	41,853,104	
Buildings on freehold land	20,307,457	-	-	20,307,457	10%	19,780,786	526,335	-	20,307,121	336	
Buildings on leasehold land	203,392,895	-	-	203,392,895	10%	96,521,284	17,928,736	-	114,450,020	88,942,875	
Plant and machinery	831,773,322	7,207,134	(2,302,831)	853,196,773	16.67%	548,227,956	86,180,140	(2,302,831)	632,105,265	221,091,508	
		16,519,148 *									
Electrical installations	61,100,799	1,296,625	-	62,397,424	16.67%	30,709,368	7,636,691	-	38,346,059	24,051,365	
Furniture and fittings	3,080,302	-	-	3,080,302	20%	2,282,262	377,022	-	2,659,284	421,018	
Office equipment	6,663,965	207,000	-	7,070,965	20%	4,357,914	673,829	-	5,031,743	2,039,222	
Computers and accessories	19,348,043	632,500	(106,000)	19,874,543	33%	5,780,693	5,138,144	(106,000)	10,812,837	9,061,706	
Vehicles	2,820,998	212,430	(46,842)	2,986,586	20%	2,350,212	98,777	-	2,448,989	537,597	
Storage tanks	2,507,035	-	-	2,507,035	20%	2,507,035	-	-	2,507,035	-	
2020	1,194,969,936	9,555,689	(2,455,673)	1,219,850,929		714,420,548	119,180,520	(2,408,831)	831,192,237	388,658,692	
		17,780,977									
	1,194,969,936	27,336,666	(2,455,673)	1,219,850,929		714,420,548	119,180,520	(2,408,831)	831,192,237	388,658,692	

	COST					ACCUMULATED DEPRECIATION				NET BOOK VALUE
	As at 01 July 2018	Additions: transfers from capital work-in - progress*	Disposals	As at 30 June 2019	Depreciation rate/ years	As at 01 July 2018	Charge for the year (note 9.3)	Disposals	As at 30 June 2019	As at 30 June 2019
Freehold land	659,961	-	-	659,961	-	-	-	-	-	659,961
Leasehold land	11,920,159	31,195,000 *	-	43,115,159	70, 99 years	1,468,062	434,976	-	1,903,038	41,212,121
Buildings on freehold land	20,307,457	-	-	20,307,457	10%	19,254,451	526,335	-	19,780,786	526,671
Buildings on leasehold land	203,392,895	-	-	203,392,895	10%	78,812,261	17,909,023	-	96,521,284	106,871,611
Plant and machinery	810,140,965	6,087,033	(1,153,137)	831,773,322	16.67%	458,978,690	90,402,402	(1,153,136)	548,227,956	283,545,366
		16,698,461 *								
Electrical installations	59,340,799	1,760,000	-	61,100,799	16.67%	23,169,595	7,539,773	-	30,709,368	30,391,431
Furniture and fittings	3,080,302	-	-	3,080,302	20%	1,890,956	391,306	-	2,282,262	798,040
Office equipment	5,701,989	1,186,576	(24,600)	6,863,965	20%	3,878,348	504,166	(24,600)	4,357,914	2,506,051
Computers and accessories	6,716,519	13,581,560	(950,026)	19,348,043	33%	5,278,196	1,451,517	(950,020)	5,780,693	13,587,350
Vehicles	4,099,983	50,940	(1,329,925)	2,820,998	20%	3,565,110	99,002	(1,313,900)	2,350,212	470,786
Storage tanks	2,507,035	-	-	2,507,035	20%	2,507,035	-	-	2,507,035	-
2019	1,127,868,064	22,666,099	(3,457,888)	1,194,969,930		598,603,704	119,258,500	(3,441,656)	714,420,548	480,549,388
		47,893,461 *								
	1,127,868,064	70,559,560	(3,457,888)	1,194,969,936		598,603,704	119,258,500	(3,441,656)	714,420,548	480,549,388

Immovable properties i.e. land (freehold land and leasehold land) and buildings thereon, are situated at Hub and Gadoon measuring 17,500 Square meter and 28,273.63 square meter respectively.

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

	Note	30 June 2020 ----- (Rupees) -----	30 June 2019 ----- (Rupees) -----
9.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales	29	113,887,341	117,737,968
Distribution costs	30	532,355	635,017
Administrative expenses	31	4,760,824	885,516
		<u>119,180,520</u>	<u>119,258,501</u>

9.4 Capital work-in-progress

Plant and machinery		11,351,162	250,000
	9.4.1	<u>11,351,162</u>	<u>250,000</u>

9.4.1 Movement in capital work-in-progress is as follows:

Balance at beginning of the year	250,000	12,039,047
Additions during the year	28,882,139	36,104,414
Transferred to operating fixed assets	(17,780,977)	(47,893,461)
Balance at end of the year	<u>11,351,162</u>	<u>250,000</u>

9.5 Right of use assets

	Note	Vehicles ----- (Rupees) -----	City office ----- (Rupees) -----	Total ----- (Rupees) -----
At July 01, 2018		-	-	-
Additions		10,433,500	-	10,433,500
Depreciation	9.5.1	(834,341)	-	(834,341)
At June 30, 2019		<u>9,599,159</u>	<u>-</u>	<u>9,599,159</u>
Impact of initial application of IFRS 16		-	3,564,124	3,564,124
Additions		6,300,000	-	6,300,000
Depreciation	9.5.1	(3,031,698)	(1,644,984)	(4,676,682)
At June 30, 2020		<u>12,867,461</u>	<u>1,919,140</u>	<u>14,786,601</u>
		30 June 2020	30 June 2019	
	Note	----- (Rupees) -----	----- (Rupees) -----	

9.5.1 The depreciation charge for the year on right-on-use assets has been allocated as follows:

Cost of sales	29	1,765,047	481,211
Distribution costs	30	1,233,730	-
Administrative expenses	31	1,677,905	353,130
		<u>4,676,682</u>	<u>834,341</u>

10 INTANGIBLE ASSETS

Software	10.1	-	536
Intangibles under development	10.2	-	558,000
		<u>-</u>	<u>558,536</u>

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

10.1 Software

	COST					ACCUMULATED AMORTISATION				NET BOOK VALUE
	As at 01 July 2019	Additions	Disposals	As at 30 June 2020	Amort- ization rate	As at 01 July 2019	Charge for the year (note 31)	Disposals	As at 30 June 2020	As at 30 June 2020
	----- (Rupees) -----					----- (Rupees) -----				Rupees
2020	5,362,500	-	-	5,362,500	33%	5,361,964	536	-	5,362,500	-
2019	5,362,500	-	-	5,362,500	33%	5,073,243	288,721	-	5,361,964	536

10.2 During the year, the Company has written off intangible asset under development.

		30 June 2020	30 June 2019
	Note	(Rupees)	(Rupees)
11 LONG-TERM LOANS - secured, considered good			
Loan to employees		332,271	314,640
Current portion of long-term loans	17	(181,676)	(169,873)
	11.1	<u>150,595</u>	<u>144,767</u>

11.1 Interest free loans are granted for purchase of property, motor vehicles and for miscellaneous purposes to the employees which are repayable within a maximum period of three years as per the Company's human resource policy. These loans are secured against the retirement benefits of the employees. These loans are carried at cost due to practicality and materiality of the amounts involved.

	30 June 2020	30 June 2019
	(Rupees)	(Rupees)
12 LONG-TERM DEPOSITS		
Lasbella Industrial Estate Development Authority	4,915,870	4,915,870
Water and Power Development Authority	823,200	823,200
Others	934,656	934,656
	<u>6,673,726</u>	<u>6,673,726</u>

13 DEFERRED TAXATION - net

Temporary differences arising due to:		
Accelerated tax depreciation and amortisation	2,129,192	(13,340,677)
Assets subject to finance lease	(4,288,114)	(2,783,756)
Lease liabilities	3,661,412	2,585,155
Allowance for expected credit loss and infrastructure cess	56,090,356	25,685,783
	<u>57,592,846</u>	<u>12,146,505</u>

15.1 Include item amounting to Rs. 4.46 million (2019: Nil) carried at net realisable value. [Cost Rs. 4.94 million (2019: Nil)].

16.1 Movement of allowance for expected credit loss:

17 LOANS AND ADVANCES - considered good

Loans - secured		
Executives		208,335
Employees		1,760,439
Current portion of long-term loans	11	181,676
		<u>2,150,450</u>
Advances - unsecured		
Suppliers and contractors		20,767,225
		<u>22,917,675</u>

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

	Note	30 June 2020 ----- (Rupees) -----	30 June 2019 -----
18 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits		400,051	2,301,086
Prepayments		3,630,148	4,472,358
		<u>4,030,199</u>	<u>6,773,444</u>
19 OTHER RECEIVABLES			
Workers' Profit Participation Fund (WPPF)	19.1	2,072,449	-
		<u>2,072,449</u>	<u>-</u>
19.1 Movement of Workers' Profit Participation Fund (WPPF)			
Opening balance		(2,329,116)	2,140,376
Interest charge	33	(26,322)	-
Charge for the year	34	(19,427,551)	(17,329,116)
Payments made during the year		23,855,438	12,859,624
Closing balance		<u>2,072,449</u>	<u>(2,329,116)</u>
20 CASH AND BANK BALANCES			
Cash in hand		-	22,500
Cash at banks			
Current accounts	20.1	37,202,001	42,607,265
PLS accounts	20.2	257,247,909	29,872,743
Deposit account	20.3	29,269,526	29,269,526
		<u>323,719,436</u>	<u>101,749,534</u>
		<u>323,719,436</u>	<u>101,772,034</u>
20.1	Include an amount of Rs. 1.373 million (2019: Rs. 0.720 million) in an Islamic bank.		
20.2	Include an amount of Rs. 30.169 million (2019: 20.970 million) placed with an Islamic bank carrying profit at the rates ranging from 3.25% to 7.06% (2019: 2.4% to 6.56%). Profit rate under conventional banking relationship is at the rates ranging from 6.50% to 11.25% (2019: 5.75% to 10.25%) per annum.		
20.3	Represents deposit with a commercial bank against bank guarantee and carries interest at the rates ranging from 7% to 10.99% (2019: 9.05%) per annum.		

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

30 June 2020 30 June 2019

----- (Rupees) -----

21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of ordinary shares of Rs. 5/- each				
2020	2019			
8,316,000	8,316,000	Fully paid in cash	41,580,000	41,580,000
10,556,413	10,556,413	Issued as bonus shares	52,782,065	52,782,065
<u>18,872,413</u>	<u>18,872,413</u>		<u>94,362,065</u>	<u>94,362,065</u>

21.1 AICA Asia Pacific Holding Pte Limited (a related party) held 4,716,216 (2019: 4,716,216) ordinary shares representing 24.99% (2019: 24.99%) shareholding as of the reporting date.

22 LONG-TERM FINANCING - secured

Long-term financing	253,125,000	365,625,000
Current portion of long-term financing	(112,500,000)	(112,500,000)
	<u>140,625,000</u>	<u>253,125,000</u>

22.1 Represents utilized portion of long-term finance facility obtained from a commercial bank amounting to Rs. 500 million (2019: Rs. 500 million). This facility carry a mark-up at the rate of three months' KIBOR plus 0.35% (2019: three months' KIBOR plus 0.35%) per annum. This is repayable latest by August 2022 in sixteen equal quarterly installments commenced from November 2018 and is secured against equitable mortgage and hypothecation of the Company's operating fixed assets.

23 LEASE LIABILITIES

The Company has entered into various lease agreements with a financial institution in respect of vehicles. The lease arrangement carries mark-up at the rate of KIBOR plus 2.75% (2019: KIBOR plus 2.75%). Rentals are payable in equal monthly installments whereas repairs and insurance costs are borne by the Company. These are secured against promissory notes.

The Company also has lease contract for the city office having lease term of 5 years. In general, the Company is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options subject to the mutual consent of the Company and the Lessors. The Company is bound by certain covenants which includes but are not limited to payment of certain taxes and to exercise reasonable care.

	30 June 2020	30 June 2019
Note	----- (Rupees) -----	
Lease liabilities	12,625,558	8,914,327
Current portion of lease liabilities	(7,473,667)	(3,069,710)
23.1	<u>5,151,891</u>	<u>5,844,617</u>

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

23.1 Movement of lease liabilities:

	30 June 2020 ----- (Rupees) -----			30 June 2019 ----- (Rupees) -----		
	Vehicles	City office	Total	Vehicles	City office	Total
Balance at beginning of the year	8,914,327	-	8,914,327	-	-	-
Impact of initial implication of IFRS-16 (note 6.1)	-	3,564,125	3,564,125	-	-	-
Additions during the year	6,300,000	-	6,300,000	10,433,500	-	10,433,500
Finance cost during the year	1,862,327	365,837	2,228,164	645,254	-	645,254
Payments during the year	(6,281,892)	(2,099,166)	(8,381,058)	(2,164,427)	-	(2,164,427)
Balance at end of the year	10,794,762	1,830,796	12,625,558	8,914,327	-	8,914,327
Current portion of lease liabilities	(5,642,871)	(1,830,796)	(7,473,667)	(3,069,710)	-	(3,069,710)
	5,151,891	-	5,151,891	5,844,617	-	5,844,617

23.2 The amount of future minimum lease payments, together with the present value of the minimum lease payments, and the periods during which they fall due are as follows:

	30 June 2020 ----- (Rupees) -----		30 June 2019 ----- (Rupees) -----	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Within one year	8,628,160	7,473,667	4,166,160	3,069,710
Later than one year and not later than five years	5,540,992	5,151,891	6,703,175	5,844,617
Total lease payments	14,169,152	12,625,558	10,869,335	8,914,327
Less: Financial charges allocated to future periods	(1,543,594)	-	(1,955,008)	-
Present value of lease payments	12,625,558	12,625,558	8,914,327	8,914,327
Less: Current portion of lease liabilities	(7,473,667)	(7,473,667)	(3,069,710)	(3,069,710)
	5,151,891	5,151,891	5,844,617	5,844,617

24 TRADE AND OTHER PAYABLES

	Note	30 June 2020 ----- (Rupees) -----	30 June 2019 ----- (Rupees) -----
Creditors		6,332,423	6,576,083
Bills payable		176,685,162	70,173,191
Accrued liabilities	24.1	230,715,401	205,468,299
Workers' Welfare Fund		10,459,507	7,773,010
Workers' Profit Participation Fund (WPPF)	19	-	2,329,116
Vend / permit fee payable	24.2	4,552,438	4,552,438
Tax deducted at source		708,934	1,397,378
Sales tax payable - net		55,737,138	18,671,028
		485,191,003	316,940,543

24.1 Include accrual for leave encashment of Rs. 16.84 million (2019: Rs. 20.34 million) and bonus to employees of Rs. 10.22 million (2019: Rs. 11.13 million).

24.2 Represents amount charged to certain customers in respect of vend and permit fee. Depending on the outcome of the law suit mentioned in note 27.1.1 to these financial statements, the amount would either be paid to the Excise and Taxation Department, Government of Sindh or refunded to the customers. The Company discontinued this practice of charging the fee from July 2002 in accordance with the industrial norms.

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

25 SHORT-TERM RUNNING FINANCE - secured

Represents portion of running finance facilities obtained from various commercial banks amounting to Rs. 750 million (2019: Rs. 550 million). These facilities are secured by joint / first pari passu hypothecation of stores and spares, stock in trade and trade debts of the Company. The rate of mark-up on these facilities ranges from one month KIBOR plus 0.50% to six months' KIBOR plus 0.50% (2019: one month KIBOR plus 0.75% to three months' KIBOR plus 0.50%) per annum and mark-up is payable quarterly. The facilities remained unutilized as at the reporting date.

The facilities for foreign currency import financing obtained from various commercial banks amounting to Rs. 100 million (2019: Rs.100 million) remained unutilized at the reporting date.

26 UNCLAIMED DIVIDEND

Subsequent to the year ended 30 June 2020, in accordance with section 244 of the Act, a separate profit bearing bank account has been opened and the amount has been transferred.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 The Excise and Taxation Department, Government of Sindh (the Department) imposed, vend and permit fee on methanol, a major raw material used by the Company in the production of formaldehyde. The Company filed a petition against the imposition of these levies in the Honourable High Court of Sindh (HCS) in August 1996. In June 2001, the Honourable HCS decided the case in the favour of the Company. However, the Department filed an appeal in the Honourable Supreme Court of Pakistan (SCP) against the above judgement. The Honourable SCP suspended the decision of the Honourable HCS and reverted the case back to the Honourable HCS for fresh hearing. In March, 2003, the Honourable HCS once again decided the case in favour of the Company. The Department once again filed an appeal before the Honourable SCP.

In December 2019, the Honourable SCP disposed off the appeal on the basis that the Department would not press the instant and connected appeals, and that a fresh demand shall be raised following the notification dated 14 February 2002 and Sindh (Amendment) Abkari Ordinance 2002 notified on 30 October 2002. In addition to that the Department would surrender the demand secured by Indemnity Bonds for the period 1990 up to October 2002.

As of the reporting date, the Company's management is expecting a fresh demand from the Department against Vend and Permit fee amounting to Rs. 1,257.84 million (2019: Rs. 1,159.33 million) on the basis of consumption of methanol by the Company since November 2002.

Upon the receipt of the fresh demand from the Department, the Company intend to approach the relevant Court of Justice to defend the case. The Company expects, based on the view of the legal advisor and the merit of the case, that the Company has strong grounds to challenge such a demand and its challenge is likely to succeed. Accordingly no provision for any liability has been made in these financial statements. The management is confident that the Company will be able to continue as a going concern.

	Note	30 June 2020 ----- (Rupees) -----	30 June 2019 ----- (Rupees) -----
27.2 Commitments			
27.2.1 Outstanding bank guarantees		23,883,947	23,883,947
27.2.2 Outstanding letter of credits		158,235,932	283,805,782
27.2.3 Commitment for capital expenditure		9,400,000	267,500
27.2.4 Commitment for rental under Ijarah finance agreement	27.2.4.1	-	1,402,004
27.2.4.1 Represents Ijarah finance facility entered into with First Habib Modaraba in respect of vehicles. Total Ijarah payments due under the agreement is nil (2019: Rs. 1.402 million) and were payable in monthly installments. These liabilities were secured by on demand promissory note for entire amount of the Ijarah rentals.			

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

		30 June 2020	30 June 2019
	Note	----- (Rupees) -----	
28 TURNOVER - net			
Sales		5,349,425,515	6,141,150,234
Sales tax		(847,868,597)	(982,526,761)
Sales return		(8,159,284)	(16,672,367)
Trade discount		(942,958)	(1,921,327)
		<u>(856,970,839)</u>	<u>(1,001,120,455)</u>
	28.1	<u>4,492,454,676</u>	<u>5,140,029,779</u>

28.1 Revenue earned from the normal operations of the Company is Shariah Compliant.

		30 June 2020	30 June 2019
	Note	----- (Rupees) -----	
29 COST OF SALES			
Opening stock - raw and packing materials		469,201,963	491,185,266
Purchases		<u>2,987,396,639</u>	<u>3,765,158,150</u>
		<u>3,456,598,602</u>	<u>4,256,343,416</u>
Closing stock - raw and packing materials		<u>(480,136,922)</u>	<u>(469,201,963)</u>
Raw and packing material consumed		<u>2,976,461,680</u>	<u>3,787,141,453</u>
Manufacturing expenses			
Indirect material consumed		6,492,787	18,659,535
Stores and spares consumed		57,057,046	64,694,747
Fuel and power		178,730,111	147,455,410
Salaries, wages and other benefits		262,494,239	259,166,483
Rent, rates and taxes		1,212,885	1,164,365
Insurance		2,449,797	2,503,764
Repairs and maintenance		9,310,113	20,429,332
Vehicles running and maintenance		8,066,796	7,895,940
Ijarah rentals		1,260,543	1,491,826
Postage, telephone and telex		1,775,571	1,695,240
Storage and handling charges		18,837,908	17,179,508
Travelling and conveyance		445,890	1,066,685
Printing and stationery		1,041,393	1,049,709
Depreciation on operating fixed assets	9.3	113,887,341	117,737,968
Depreciation on right of use assets	9.5.1	1,765,047	481,211
Internet charges		1,338,093	849,783
Water and conservancy cost		2,865,021	974,923
Gas expense		1,181,314	1,197,770
Others		10,831,570	8,919,353
		<u>681,043,465</u>	<u>674,613,552</u>
Cost of goods manufactured		<u>3,657,505,145</u>	<u>4,461,755,005</u>
Opening stock - finished goods	15	91,599,125	70,998,043
Closing stock - finished goods	15	<u>(39,991,977)</u>	<u>(91,599,125)</u>
		<u>51,607,148</u>	<u>(20,601,082)</u>
		<u>3,709,112,293</u>	<u>4,441,153,923</u>

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

		30 June 2020	30 June 2019
	Note	----- (Rupees) -----	
30 DISTRIBUTION COSTS			
Salaries and other benefits		21,142,042	17,890,555
Cartage and freight		108,400,766	124,734,628
Rent, rates and taxes	30.1	587,512	2,060,466
Insurance		2,502,437	1,773,725
Repairs and maintenance		173,206	211,346
Vehicles running and maintenance		2,091,672	1,865,774
Postage, telephone and telex		1,472,363	857,805
Travelling and conveyance		2,067,185	2,775,877
Printing and stationery		96,459	194,924
Electricity		602,013	492,039
Depreciation on operating fixed assets	9.3	532,355	635,017
Depreciation on right of use assets	9.5.1	1,233,730	-
Sales promotion		335,000	261,917
Market Research		-	1,350,350
Others		614,515	657,578
		<u>141,851,255</u>	<u>155,762,001</u>

30.1 Include short-term lease amounting to Rs. 0.442 million.

		30 June 2020	30 June 2019
	Note	----- (Rupees) -----	
31 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		63,321,461	61,049,191
Insurance		310,084	376,471
Repairs and maintenance		2,909,652	8,572,946
Vehicles running and maintenance		4,187,865	4,424,653
Ijarah rentals		-	376,805
Postage, telephone and telex		1,446,600	1,622,372
Travelling and conveyance		4,253,846	6,639,960
Printing and stationery		770,758	918,027
Utilities		1,200,000	1,200,000
Depreciation on operating fixed assets	9.3	4,760,824	885,516
Depreciation on right of use assets	9.5.1	1,677,905	353,130
Amortisation	10	536	288,721
Legal and professional charges		7,274,154	5,084,979
Advertisement and publicity		84,608	99,612
Donations	31.1	3,586,500	3,214,802
Auditor's remuneration	31.2	2,107,666	2,073,830
ISO certification fee		199,526	761,945
Others		3,368,658	3,570,137
		<u>101,460,643</u>	<u>101,513,097</u>

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

- 31.1** Represent donations made to Mohamed Ali Habib Welfare Trust, Indus Hospital, Sindh Institute of Urology & Transplantation and Prime Minister Covid Relief Fund. None of the directors of the Company or their spouses had any interest in the donee.

	Note	30 June 2020	30 June 2019
		----- (Rupees) -----	
31.2 Auditor's remuneration			
Statutory audit fee		1,080,000	1,080,000
Half yearly review fee		127,000	127,000
Review of Code of Corporate Governance		57,500	57,500
Other certifications		380,575	485,500
Out of pocket and sales tax expense		462,591	323,830
		<u>2,107,666</u>	<u>2,073,830</u>

32 OTHER INCOME - net

Income from financial assets

Interest on PLS accounts	20.2	3,518,682	1,002,980
Interest on deposit account	20.3	1,996,166	1,504,913
	32.1	<u>5,514,848</u>	<u>2,507,893</u>

Income from non-financial assets

Scrap sales		333,333	323,181
Gain on disposals of operating fixed assets		2,961,201	1,378,749
Insurance claims		-	2,651,188
		<u>3,294,534</u>	<u>4,353,118</u>
		<u>8,809,382</u>	<u>6,861,011</u>

- 32.1** Includes an amount of Rs. 0.994 million (2019: Rs. 0.710 million) earned from an Islamic bank.

	Note	30 June 2020	30 June 2019
		----- (Rupees) -----	
33 FINANCE COSTS			
Markup on long-term financing		42,238,634	40,000,972
Markup on short-term running finance		11,022,454	32,331,565
Interest on WPPF		26,322	-
Leases		2,228,164	645,254
	33.1	<u>55,515,574</u>	<u>72,977,791</u>
Bank guarantees commission		1,123,544	1,183,708
Bank charges		1,381,691	1,553,441
		<u>58,020,809</u>	<u>75,714,940</u>

- 33.1** Include an amount of Rs. 0.44 million (2019: Rs. 5.03 million) paid to an Islamic bank.

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

		30 June 2020	30 June 2019
	Note	----- (Rupees) -----	
34 OTHER CHARGES			
Workers' Profit Participation Fund		19,427,551	17,329,116
Workers' Welfare Fund		10,459,507	7,773,010
Net exchange loss	34.1	6,676,725	14,158,344
		<u>36,563,783</u>	<u>39,260,470</u>
34.1	Represents net exchange loss arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.		
	Note	30 June 2020	30 June 2019
		----- (Rupees) -----	
35 TAXATION			
Current		147,589,506	108,411,901
Prior		3,171,470	1,729,392
Deferred		(45,446,341)	(15,562,585)
	35.1	<u>105,314,635</u>	<u>94,578,708</u>
35.1 Relationship between accounting profit and tax expense			
Profit before taxation		<u>358,663,983</u>	<u>321,480,182</u>
Tax @ 29% (2019: 29%)		104,012,555	93,229,253
Effects of previous year's tax charge		3,171,470	1,729,392
Effect of tax credit under section 65B		-	(1,139,275)
Effect of infrastructure cess		(2,671,401)	-
Others		802,011	759,338
Tax expense		<u>105,314,635</u>	<u>94,578,708</u>
Effective tax rate		<u>29.36%</u>	<u>29.42%</u>
36 BASIC AND DILUTED EARNINGS PER SHARE			
Net profit for the year		<u>253,349,348</u>	<u>226,901,474</u>
		----- (No. of shares) -----	
Weighted average number of ordinary shares in issue during the year		<u>18,872,413</u>	<u>18,872,413</u>
		----- (Rupees) -----	
Basic earnings per share	36.1	<u>13.42</u>	<u>12.02</u>
36.1	There is no dilutive effect on basic earning per share of the Company as calculated above.		

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

37 OPERATING SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on their products and has two reportable operating segments as follows:

- The resin division produces urea/ melamine formaldehyde and formaldehyde; and
- The moulding compound division produces urea/ melamine formaldehyde moulding compound and melamine glazing powder.

	30 June 2020			30 June 2019		
	Resin division	Moulding compound division	Total	Resin division	Moulding compound division	Total
	(Rupees)			(Rupees)		
Turnover - net	1,920,910,662	2,571,544,014	4,492,454,676	2,485,011,405	2,855,018,374	5,140,029,779
Segment result	136,300,281	443,050,043	579,350,324	241,598,336	320,536,715	562,135,051
Unallocated expenses:						
Administrative expenses			(101,460,643)			(101,513,097)
Distribution costs			(33,450,488)			(31,027,373)
Other income			8,809,382			6,861,011
Finance costs			(58,020,809)			(75,714,940)
Other charges			(36,563,783)			(39,260,470)
Taxation			(105,314,635)			(94,578,708)
Net profit for the year			253,349,348			226,901,474
Segment assets	822,720,134	1,062,033,016	1,884,753,150	976,593,454	1,107,816,623	2,084,410,077
Unallocated assets			461,126,790			276,262,220
Total assets			2,345,879,940			2,360,672,297
Segment liabilities	310,286,062	273,960,341	584,246,403	365,066,497	286,191,076	651,257,573
Unallocated liabilities			176,737,761			330,686,954
Total liabilities			760,984,164			981,944,527
Capital expenditure	7,589,134	29,778,194	37,367,328	9,902,798	35,202,865	45,105,663
Unallocated capital expenditure			1,070,500			13,664,850
Total capital expenditure			38,437,828			58,770,513
Depreciation and amortisation	53,653,711	61,998,678	115,652,389	55,781,978	62,482,869	118,264,847
Unallocated depreciation and amortisation			8,205,350			2,116,716
Total depreciation and amortisation			123,857,739			120,381,563

37.1 Administrative expenses, distribution costs (excluding cartage and freight), other income, finance costs, other charges and taxation is managed on Company basis and are not allocated to operating segments.

37.2 Total sales of the Company are made to customers in Pakistan during the year ended 30 June 2020 and 2019. There were no sales among different operating segments of the Company.

37.3 There were no major customer of the Company which formed sale of 10% or more of the Company's revenue.

37.4 All non-current assets of the Company as at 30 June 2020 and 2019 are located in Pakistan.

37.5 Segment assets and liabilities

Segment assets include all operating assets by a segment and consist principally of property, plant and equipment, stock-in-trade and trade debts. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

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

37.5.1 Reconciliation of segment assets and liabilities to total assets and liabilities

	30 June 2020	30 June 2019
	----- (Rupees) -----	
Segment assets		
Allocated segment assets	1,884,753,150	2,084,410,077
Long-term deposits	6,673,726	6,673,726
Deferred taxation - net	57,592,846	12,146,505
Cash and bank balances	323,719,436	101,772,034
Other unallocated assets	73,140,782	155,669,955
	<u>2,345,879,940</u>	<u>2,360,672,297</u>
Segment liabilities		
Allocated segment liabilities	584,246,403	651,257,573
Trade and other payables	166,695,158	315,005,928
Accrued mark-up	4,592,715	10,421,323
Unclaimed dividend	5,449,888	5,259,703
	<u>760,984,164</u>	<u>981,944,527</u>

37.5.2 All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 Financial assets and financial liabilities

	Note	30 June 2020	30 June 2019
		----- (Rupees) -----	
Financial assets			
Debts instruments at amortised cost			
Long-term loans	11	150,595	144,767
Long-term deposits	12	6,673,726	6,673,726
Trade debts	16	788,497,315	929,058,669
Current portion of long-term loans	17	2,150,450	2,683,434
Trade deposits	18	400,051	2,301,086
Accrued markup		479,773	257,581
Cash and bank balances	20	323,719,436	101,772,034
		<u>1,122,071,346</u>	<u>1,042,891,297</u>
Financial liabilities			
Financial liabilities at amortised cost			
Financing	22	253,125,000	365,625,000
Lease liabilities	23	12,625,558	8,914,327
Trade and other payables	24	418,285,424	286,770,011
Accrued markup		4,592,715	10,421,323
Short-term running finance	25	-	274,783,631
Unclaimed dividend	26	5,449,888	5,259,703
		<u>694,078,585</u>	<u>951,773,995</u>

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

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management programme focuses on minimizing potential adverse effects on the Company's financial performance. The overall risk management of the Company is carried out by the Company's senior management team under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company. The Company's overall risk management procedures to minimize the potential adverse affects of financial market on the Company's performance are as follows:

38.2 Market risk

Market risk is the risk that fair value or future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and equity price risk, such as equity risk.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Company is exposed to interest rate risk in respect of long-term financing and short-term running finance. Management of the Company estimates that 10% increase / decrease in the market interest rate, with all other factors remaining constant, would decrease / increase the Company's profit after tax by Rs. 25.31 million (2019: Rs. 64.04 million). However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rates. As of the reporting date, this risk primarily relates to payables in foreign currency.

The Company is exposed to foreign currency risk amounting to Rs. 176.7 million in relation to foreign currency financial liabilities. Management of the Company estimates that 5% increase / decrease in exchange rate, with all other factors remaining constant, would decrease / increase the Company's profit before tax by Rs. 8.8 million (2019: Rs. 3.5 million). However, in practice, the actual result may differ from sensitivity analysis.

(iii) Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As of the reporting date, the Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

38.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economical, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

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

Credit risk of the Company arises principally from the long-term loans, long-term deposits, trade debts, current portion of long-term loans, accrued markup and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk on trade debts, the Company has developed a formal approval process, whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. The credit risk on liquid funds such as balances with banks is limited because the counter parties are banks with reasonably high credit ratings.

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

	Note	30 June 2020 ----- (Rupees) -----	30 June 2019 ----- (Rupees) -----
Long-term loans	11	150,595	144,767
Long-term deposits	12	6,673,726	6,673,726
Trade debts	16	788,497,315	929,058,669
Current portion of long-term loans	17	2,150,450	2,683,434
Trade deposits	18	400,051	2,301,086
Accrued markup		479,773	257,581
Bank balances	20	323,719,436	101,749,534
		<u>1,122,071,346</u>	<u>1,042,868,797</u>

Loans, deposits and accrued markup as mentioned above are neither past due nor impaired.

The impaired trade debts and the basis of impairment are disclosed in notes 8.11 and 16.1 respectively.

Set out below is the information about the credit risk exposure on the Company's trade debts from its customers.

30 June 2020							
Trade Debts (in Rupees)							
Days Past Due							
	Current	0-30	30-60	60-90	90-120	>120	Total
ECL Rate	1.71%	17.89%	36.63%	57.38%	86.74%	90.39%	
Estimated total gross carrying amount at default	585,641,648	126,152,139	121,771,891	56,445,654	3,667,349	78,981,591	972,660,272
ECL	(10,029,319)	(22,564,865)	(44,605,519)	(32,388,820)	(3,180,955)	(71,393,479)	(184,162,957)
Amount past due but not impaired	575,612,329	103,587,274	77,166,372	24,056,834	486,394	7,588,112	788,497,315
30 June 2019							
Trade Debts (in Rupees)							
Days Past Due							
	Current	0-30	30-60	60-90	90-120	>120	Total
ECL Rate	0.83%	13.63%	32.34%	54.10%	88.28%	93.09%	
Estimated total gross carrying amount at default	783,600,545	118,547,963	51,166,803	25,452,957	11,241,400	27,620,666	1,017,630,334
ECL	(6,466,083)	(16,153,629)	(16,546,177)	(13,769,992)	(9,923,807)	(25,711,977)	(88,571,665)
Amount past due but not impaired	777,134,462	102,394,334	34,620,626	11,682,965	1,317,593	1,908,689	929,058,669

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

	30 June 2020	30 June 2019
	----- (Rupees) -----	
Bank balances		
Rating		
A1+	323,719,436	101,749,534
	<u>323,719,436</u>	<u>101,749,534</u>

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

38.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained:

	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- (Rupees) -----			
30 June 2020				
Financing	28,125,000	84,375,000	140,625,000	253,125,000
Trade and other payables	480,638,565	4,552,438	-	485,191,003
Accrued markup	4,592,715	-	-	4,592,715
Short-term running finance	-	-	-	-
Unclaimed dividend	5,449,888	-	-	5,449,888
	<u>518,806,168</u>	<u>88,927,438</u>	<u>140,625,000</u>	<u>748,358,606</u>
	Less than 3 months	3 to 12 months	1 to 5 years	Total
	----- (Rupees) -----			
30 June 2019				
Financing	28,125,000	84,375,000	253,125,000	365,625,000
Trade and other payables	312,388,105	4,552,438	-	316,940,543
Accrued markup	10,421,323	-	-	10,421,323
Short-term running finance	274,783,631	-	-	274,783,631
Unclaimed dividend	5,259,703	-	-	5,259,703
	<u>630,977,762</u>	<u>88,927,438</u>	<u>253,125,000</u>	<u>973,030,200</u>

39 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. As of the reporting date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

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

40 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 July 2019	Cash flows	New leases	Dividend declared	Financing	30 June 2020
30 June 2020	(Rupees)					
Dividend	5,259,703	(46,991,157)	-	47,181,342	-	5,449,888
Leases liabilities	8,914,327	(6,152,894)	9,864,125	-	-	12,625,558
Financing	365,625,000	(112,500,000)	-	-	-	253,125,000
	<u>379,799,030</u>	<u>(165,644,051)</u>	<u>9,864,125</u>	<u>47,181,342</u>	<u>-</u>	<u>271,200,446</u>
30 June 2019	(Rupees)					
Dividend	3,691,868	(121,103,156)	-	122,670,991	-	5,259,703
Leases liabilities	-	(1,519,174)	10,433,501	-	-	8,914,327
Financing	450,000,000	(84,375,000)	-	-	-	365,625,000
	<u>453,691,868</u>	<u>(206,997,330)</u>	<u>10,433,501</u>	<u>122,670,991</u>	<u>-</u>	<u>379,799,030</u>

41 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing its operations through long-term financing and short-term running finance in addition to its equity.

The gearing ratio as at 30 June 2020 and 30 June 2019 is as follows:

		30 June 2020	30 June 2019
	Note	(Rupees)	
Financing	22	253,125,000	365,625,000
Short-term running finance	25	-	274,783,631
Total debt		253,125,000	640,408,631
Issued, subscribed and paid-up capital	21	94,362,065	94,362,065
Revenue reserves		1,490,533,711	1,284,365,705
Equity		1,584,895,776	1,378,727,770
Total debt plus equity		1,838,020,776	2,019,136,401
Gearing ratio		13.77%	31.72%

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

42 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, associated companies, employee retirement benefits fund, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. Transactions with related parties are as follows:

Name of related party	Relationship	% of shareholding	Nature of transaction	30 June 2020	30 June 2019
				(Rupees)	
Provident Fund	Retirement benefits	Nil	Contribution to fund	9,564,275	8,883,294
AICA Asia Pacific Holding Pte Ltd.	Associate	24.99	Dividend Paid	11,790,540	30,655,404

- 42.1 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers all members of their executive management team, including the chief executive and directors, to be key management personnel.

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including certain benefits to the chief executive, directors and executives of the Company are as follows:

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
(Rupees)						
Managerial remuneration	9,609,804	-	18,733,154	8,939,604	-	12,243,600
Bonus/ ex-gratia	3,015,974	-	4,069,172	4,227,723	-	3,407,187
Retirement and other benefits	1,996,246	-	3,536,921	2,033,508	-	2,856,311
House rent	3,929,808	-	7,650,286	3,655,632	-	5,001,384
	18,541,832	-	33,989,533	18,856,467	-	23,508,482
Number of persons	1	6	9	1	6	5

- 43.1 In addition, the chief executive and certain executives are provided with free use of Company's maintained cars as per terms of employment.
- 43.2 Directors' fee to non executive directors for attending the board meetings amounted to Rs. 8.16 million (2019: Rs. 7.29 million).
- 43.3 No remuneration was paid to any of the directors other than the chief executive.

44 CAPACITY AND PRODUCTION

Resin division

	2020	2019
	Rated Capacity	Actual Production
		(M. tonnes)
Urea/ Melamine formaldehyde	77,000	30,990
Formaldehyde	109,000	57,474
	186,000	88,464

Moulding compound division

	2020	2019
	Rated Capacity	Actual Production
		(M. tonnes)
Urea/ melamine formaldehyde moulding compound	18,000	18,718
Melamine Glazing Powder	2,000	1,153
	20,000	19,871

- 44.1 The reason for shortfall in actual production is low demand during the year.

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

45 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on September 09, 2020 proposed final cash dividend of Rs. 5.00 per share for the year ended 30 June 2020 amounting to Rs. 94.36 million for approval of the members at the Annual General Meeting to be held on October 21, 2020.

The directors have also approved appropriation of Rs. 200 million (2019: Rs. 150 million) to general reserve. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 30 June 2020 do not include the effect of these appropriations which will be accounted in the financial statements for the year ending 30 June 2021.

	30 June 2020 (Unaudited)	30 June 2019 (Audited)
	----- (Rupees) -----	
46 PROVIDENT FUND		
Size of the fund	108,081,374	95,245,540
Cost of investments made	102,408,642	89,031,470
Percentage of investment made	94.75%	93.48%
Fair value of investments made	106,271,049	92,504,023

	30 June 2020		30 June 2019	
	Investment Rupees	% of investment as size of the fund	Investment Rupees	% of investment as size of the fund
Break-up of fair value of investments:				
Term Deposit Receipts	100,986,135	93.44%	87,895,999	92.28%
National Investment Trust Units	3,080,294	2.85%	2,980,576	3.13%
Cash at bank	2,204,620	2.04%	1,627,448	1.71%
	106,271,049	98.33%	92,504,023	97.12%

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose.

	30 June 2020	30 June 2019
47 NUMBER OF EMPLOYEES		
Total number of employees as at the reporting date	218	225
Average number of employees during the year	217	225

48 GENERAL

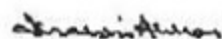
48.1 Figures have been rounded off to the nearest rupee.

49 RECLASSIFICATION

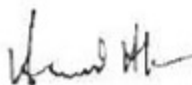
49.1 Certain figures have been reclassified for better presentation.

50 DATE OF AUTHORISATION FOR ISSUE

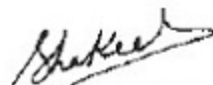
These financial statements were authorised for issue on September 09, 2020 by the Board of Directors of the Company.



SHABBIR ABBAS
Chief Executive Officer



ANDALIB ALAVI
Director



SHAKEEL UDDIN
Chief Financial Officer

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS
AS AT JUNE 30, 2020

NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORYWISE NO. OF FOLIOS/CDC ACCOUNTS	CATEGORYWISE SHARES HELD	PERCENTAGE %
1	INDIVIDUALS		1,562	5,238,425	27.76
2	INVESTMENT COMPANIES		2	4,200	0.02
3	JOINT STOCK COMPANIES		20	1,265,774	6.71
4	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN Mr. Shabbir Abbas Mr. Andalib Alavi Ms. Anam Fatima Khan Mr. Mohammad Ameen Bandukda Mr. Murtaza Lalan	1,000 1,000 1,000 1,000 1,000	5	5,000	0.03
5	EXECUTIVES		-	-	-
6	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES AICA Asia Pacific Holding Pte Ltd.		1	4,716,216	24.99
7	PUBLIC SECTOR COMPANIES AND CORPORATIONS		-	-	-
8	BANKS, DFIS, NBFIS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS Financial Institutions Insurance Companies Modaraba Pension Funds	2,597 142,000 616 348,430	10	493,643	2.62
9	MUTUAL FUNDS MCBFSL - Trustee JS Value Fund CDC - Trustee JS Large Cap. Fund CDC - Trustee NBP Stock Fund CDC - Trustee NBP Islamin Samaya Izafa Fund MC FSL - Trustee JS Growth Fund CDC - Trustee National Investment (Unit) Trust CDC - Trustee NBP Islamic Stock Fund CDC - Trustee NBP Islamic Active Allocation Equity Fund CDC - Trustee Golden Arrow Stock Fund	2,500 29,000 19,000 21,500 87,000 1,647,310 17,500 4,500 305,733	9	2,134,043	11.31
10	FOREIGN INVESTORS		18	4,859,399	25.75
11	COOPERATIVE SOCIETIES		2	4,701	0.02
12	CHARITABLE TRUST		2	119,137	0.63
13	OTHERS		11	31,875	0.17
	TOTAL		1,642	18,872,413	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

TOTAL PAID-UP CAPITAL OF THE COMPANY 18,872,413 SHARES
5% OF THE PAID-UP CAPITAL OF THE COMPANY 943,621 SHARES

NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE %
Aica Asia Pacific Holding Pte Ltd.	FALL IN CAT.# 6	4,716,216	24.99
CDC - Trustee National Investment (Unit) Trust	FALL IN CAT.# 9	1,647,310	8.73
Aylesbury International Ltd.	FALL IN CAT.# 10	1,548,715	8.21
Robert Finance Corporation AG	FALL IN CAT.# 10	1,105,169	5.86
TOTAL		9,017,410	47.78

Detail of trading in the shares by the Directors, Executive and their spouses and minor children:

None of the Directors, Executives and their spouses and minor children has traded in the shares of the Company during the year of the company

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2020

Number of Shareholders	Share Holdings Rs.5/- each			Total Shares Held
583	1	----	100	16,392
403	101	----	500	130,612
219	501	----	1000	187,621
288	1001	----	5000	700,328
59	5001	----	10000	420,581
20	10001	----	15000	246,668
12	15001	----	20000	226,933
7	20001	----	25000	155,996
4	25001	----	30000	111,500
1	30001	----	35000	35,000
2	35001	----	40000	77,751
4	45001	----	50000	185,486
1	50001	----	55000	55,000
1	55001	----	60000	58,643
2	60001	----	65000	121,538
1	65001	----	70000	67,855
1	70001	----	75000	73,500
3	75001	----	80000	230,296
1	85001	----	90000	87,000
4	95001	----	100000	399,137
1	100001	----	105000	103,500
1	105001	----	110000	110,000
1	110001	----	115000	115,000
1	120001	----	125000	123,000
1	130001	----	135000	133,500
2	135001	----	140000	275,311
1	150001	----	155000	154,200
1	155001	----	160000	159,300
2	160001	----	165000	325,304
1	195001	----	200000	200,000
1	245001	----	250000	250,000
1	305001	----	310000	305,733
4	385001	----	390000	1,547,832
1	400001	----	405000	400,500
1	445001	----	450000	447,000
1	795001	----	800000	800,000
1	815001	----	820000	816,986
1	1105001	----	1110000	1,105,169
1	1545001	----	1550000	1,548,715
1	1645001	----	1650000	1,647,310
1	4715001	----	4720000	4,716,216
1,642				18,872,413

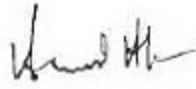
محاسب کا تقرر

سکدوش ہونے والی محاسب EY فورڈر ہوڈس، چارٹرڈ اکاؤنٹنٹس، اہل ہونے کی بناء پر، آئندہ مالی سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کرتے ہیں۔ انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش کارکردگی کا مظاہرہ کیا ہے۔ ڈائریکٹرز تجویز کرتے ہیں کہ ان کا آئندہ سال کے لئے دوبارہ تقرر کیا جائے۔

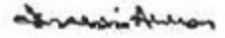
اعتراف

ڈائریکٹرز موجودہ مالی سال کے تسلی بخش نتائج کے حصول کیلئے اپنے تمام اسٹیک ہولڈرز کی کاوشوں کا اعتراف کرتے ہیں اور ان کے شکر گزار ہیں، خاص طور پر صارفین اور کمپنی کے ملازمین کے تعاون اور گہری دلچسپی کیلئے ان کے ممنون ہیں۔

منجانب بورڈ آف ڈائریکٹرز



عنایب علوی
ڈائریکٹر



شیر عباس
چیف ایگزیکٹو
کراچی، ۰۹ جنوری ۲۰۲۰

ڈائریکٹرز ٹریڈنگ پروگرام

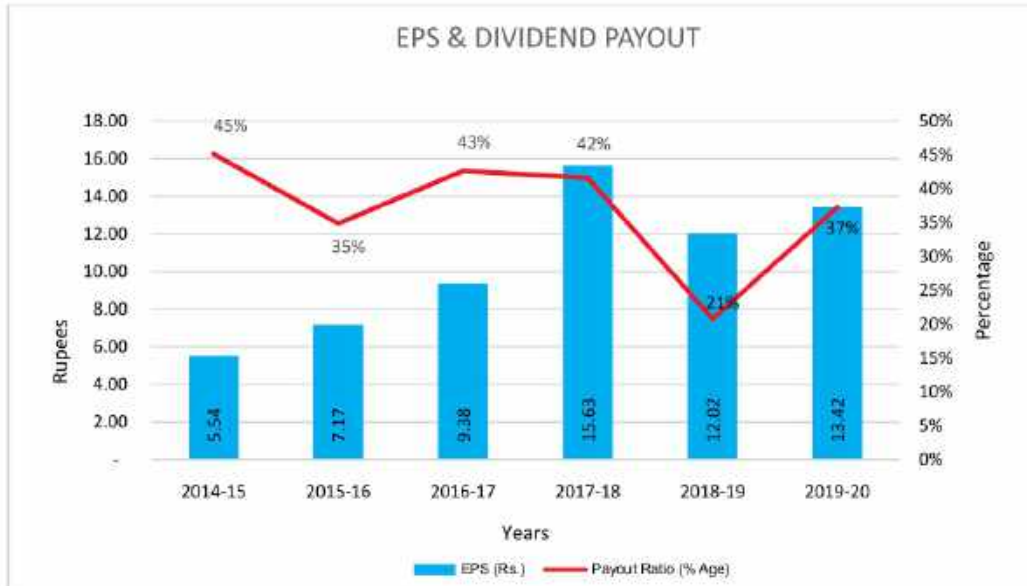
کارپوریٹ گورننس کے ضابطہ کے تحت کمپنی کے ساتھ ساتھ سے چھ ڈائریکٹرز نے ڈائریکٹرز ٹریڈنگ پروگرام کر رکھا ہے۔

ویڈیو فیس اور پرمٹ فیس کیس

دسمبر 2019 میں، حکومت سندھ نے ایک درخواست دائر کی کہ محکمہ فوری اور منسلک اپیلوں پر دیاؤ نہیں ڈالنا، اور 14 فروری 2002 کے نوٹیفکیشن اور سندھ (تریمی) آرڈیننس 2002 کے 30 اکتوبر 2002 کو مطلع شدہ نوٹیفکیشن کے بعد ایک نیا مطالبہ اٹھایا جائے گا۔ اس کے علاوہ، محکمہ انڈسٹریل بانڈز کے ذریعہ حاصل کردہ مطالبہ کو سال 1990 سے لیکر اکتوبر 2002 تک کے حوالے کر دے گا۔ سپریم کورٹ نے ان شرائط پر دستبرداری قبول کر دی۔ محکمہ کی طرف سے تازہ مطالبہ کی وصولی کے بعد، کمپنی اس کیس کا دفاع کرنے کے لئے متعلقہ عدالت انصاف سے رجوع کرنے کا ارادہ رکھتی ہے۔ کمپنی قانونی مشیر کے تحت نظر کے مطابق اور اس معاملے کی خوبوں کے پیش نظر، کمپنی کے حق میں فیصلے کی توقع رکھتی ہے۔ اسی مناسبت سے، اس مالی گوشوارے میں کسی بھی قسم کی کوئی ذمہ داری فراہم نہیں کی گئی ہے۔ انتظامیہ کو یقین ہے کہ کمپنی اپنی موجودہ حیثیت کے مطابق کام جاری رکھے گی

منافع منقسمہ اور مختص کردہ فنڈ

کمپنی نے 2014-15 سے لے کر اب تک مندرجہ ذیل نقد منافع منقسمہ دیے



رواں مالی سال کی کارکردگی کو دیکھتے ہوئے ڈائریکٹرز نے تجویز دی ہے کہ حتمی نقد منافع منقسمہ بحساب 5.00 روپے فی شیئر، یعنی 100% ادا کیا جائے۔ اس کے علاوہ ڈائریکٹرز نے 200 ملین روپے جنرل ریزرو میں منتقل کرنے کا اعلان کیا ہے۔

ڈائریکٹرز کی رپورٹ

(۱۲) زیر جائزہ سال کے دوران

(i) بورڈ آف ڈائریکٹرز نے 5 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	ڈاکٹر ڈوئلڈ جینکن (چیئر مین)	4 / 5
۲۔	جناب شیر عباس	5 / 5
۳۔	جناب امین محمد بندو قدا	5 / 5
۴۔	جناب عدنان آفریدی	5 / 5
۵۔	محترمہ انعم فاطمہ خان	5 / 5
۶۔	جناب عندلیب علوی (تقرری کی تاریخ ۲۶ نومبر ۲۰۱۹)	2 / 2
۷۔	جناب مرتضیٰ لال (تقرری کی تاریخ ۰۳ مارچ ۲۰۲۰)	1 / 1
۸۔	جناب طیب افضل (مستعفی ہونے کی تاریخ ۲۱ فروری ۲۰۲۰)	3 / 4
۹۔	جناب محمد عقیل لون (مستعفی ہونے کی تاریخ ۲۶ نومبر ۲۰۱۹)	3 / 3

(ii) آڈٹ کمیٹی نے 4 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل ہیں۔

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	جناب عدنان آفریدی (چیئر مین)	4 / 4
۲۔	ڈاکٹر ڈوئلڈ جینکن	4 / 4
۳۔	جناب عندلیب علوی	2 / 2 *
۴۔	جناب طیب افضل	2 / 3 **
۵۔	جناب محمد عقیل لون	2 / 2 ***

* جناب عندلیب علوی دو اجلاسوں کے بعد ممبر مقرر ہوئے۔

** جناب طیب افضل تین اجلاسوں کے بعد مستعفی ہوئے۔

*** جناب محمد عقیل لون دو اجلاسوں کے بعد مستعفی ہوئے۔

(iii) انسانی وسائل اور معاوضہ کمیٹی نے 2 اجلاس منعقد کیے اور متعلقہ ڈائریکٹرز کی ان میں حاضری درج ذیل رہی۔

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت
۱۔	جناب عندلیب علوی (چیئر مین)	1 / 1 *
۲۔	ڈاکٹر ڈوئلڈ جینکن	2 / 2
۳۔	جناب امین محمد بندو قدا	2 / 2
۴۔	محترمہ انعم فاطمہ خان	2 / 2

* جناب عندلیب علوی ایک اجلاس کے بعد ممبر مقرر ہوئے۔

کاروباری نظم و نسق کا ضابطہ

کمپنی کی انتظامیہ ایک اچھی کارپوریٹ گورننس پر عمل پیرا ہے۔ کارپوریٹ گورننس کے ضوابط پر عمل درآمد کے بارے میں ڈائریکٹرز ہمسرت بیان کرتے ہیں کہ:

- (۱) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشواروں میں کمپنی کے معاملات، آپریشنز کے نتائج، رقومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کے معاملات کو شفاف طور پر پیش کیا گیا ہے۔
- (۲) کمپنی کے کھاتہ جات کو درست طور پر مرتب کیا گیا ہے۔
- (۳) مالیاتی گوشواروں کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- (۴) مالیاتی گوشوارے بین الاقوامی مالیاتی رپورٹنگ کے معیار کی بنیاد پر تیار کئے گئے ہیں اور ضرورت کے تحت ان سے گریز کو اطمینان بخش طور پر ظاہر اور واضح کیا گیا ہے۔
- (۵) اندرونی کنٹرول کے نظام کا طریقہ کار نہایت مضبوط ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- (۶) کمپنی کے موجودہ حیثیت میں کام جاری رکھنے میں کسی رکاوٹ کا شبہ نہیں ہے تا آنکہ وینڈیٹور پر مٹ فیس کے معاملہ میں کمپنی کے خلاف کسی بھی مجاز عدالت سے کوئی فیصلہ نہ آجائے۔ اس معاملہ کے بارے میں معلومات اسی رپورٹ میں کسی دوسری جگہ فراہم کی گئی ہیں۔
- (۷) اصول و ضوابط کی فہرست میں درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بات خارج نہیں کی گئی ہے۔ ایک ضابطہ اخلاق تیار کر کے ہر ڈائریکٹر اور ہر ملازم کو پہنچا دیا گیا ہے۔
- (۸) بورڈ آف ڈائریکٹرز نے وٹن اور مشن اسٹینٹ کو اپنایا ہے۔
- (۹) ٹیکسوں اور محصولات کی معلومات اکاؤنٹس کے نوٹس میں موجود ہیں۔
- (۱۰) کمپنی کی پراویڈنٹ فنڈ اسکیم میں سرمایہ کاری کی رقم، غیر آڈٹ شدہ اکاؤنٹس برائے سال مختتم 30 جون 2020 کے مطابق 106.27 ملین روپے ہے۔

(۱۱) درج ذیل کے بارے میں بیانات منسلک ہیں:

- گزشتہ چھ سال کی بنیادی مالیاتی معلومات
- شیئرز کا طرز عمل

خیال یہی ہے کہ مستقبل میں بھی ترقی جاری رہے گی۔ اس سے لازمی طور پر داخلی وسائل پر دباؤ پڑے گا لیکن اس کا انتظام مناسب منصوبہ بندی اور عمل درآمد سے کیا جاسکتا ہے۔ اگرچہ (Covid-19) کی عالمی وباء کی وجہ سے کمپنی کے کاروبار پر کچھ منفی اثرات مرتب ہوئے ہیں، بورڈ اور کمپنی انتظامیہ کا یقین ہے کہ اس سے مواقع بھی پیدا ہوں گے۔ کمپنی اپنی حکمت عملی کے ایک حصے کے طور پر متعلقہ صنعتوں کے حوالے سے میں تنوع لانے کی کوشش کر رہی ہے۔ یعنی، جس میں ہم اچھے ہیں اسے تیار کرتے رہیں۔

صحت، تحفظ اور ماحولیات (HSE)

کمپنی کا HSE کی کارکردگی کو بہتر بنانے پر مرکوز توجہ کا سلسلہ جاری ہے۔ دونوں فیکٹریوں میں تحفظ اور ماحولیات کے انتظامات کے بین الاقوامی تصدیق شدہ جدید ترین نظام موجود ہیں۔ کمپنی اپنی مصنوعات کی تشکیل، تیاری، لیبلنگ اور مارکیٹنگ میں تمام قابل اطلاق قواعد و ضوابط کی تعمیل کرتی ہے اور ماحول میں فضلہ مصنوعات کے اخراج کو کم کرنے کے لئے بھی سرگرم اقدامات کرتی ہے۔

کمپنی اس وقت اپنے مائع فضلے کے معیار کو مزید بہتر بنا کر اس کو دوبارہ قابل استعمال بنانے کے منصوبوں پر کام کر رہی ہے جس کا مقصد پانی کے بیرونی استعمال کو کم سے کم کرنا ہے۔

اجتماعی سماجی ذمہ داریاں

کمپنی نہ صرف اپنے تمام ملازمین کے درمیان باہمی احترام کے ماحول کو فروغ دیتی ہے بلکہ کام کے ماحول میں بہتری لانے کی کوششوں میں شرکت کیلئے اپنے لوگوں کی حوصلہ افزائی بھی کرتی ہے۔

کمپنی کی جانب سے بلوچستان کے علاقے جب کے گاؤں جنسن میں ایک بہترین معیار پر انٹری اسکول کام کر رہا ہے۔ ابتداء میں یہ اسکول کمپنی کے ملازمین کے بچوں کیلئے قائم کیا گیا تھا لیکن اب اس میں مقامی آبادی کے بچے بھی تعلیم حاصل کر رہے ہیں۔ اس وقت اسکول میں طلبہ کی کل تعداد 96 ہے جن میں سے 28 مقامی کمیونٹی کے بچے ہیں۔ اس کے علاوہ خیراتی اداروں، ہسپتالوں اور وزیراعظم فنڈ میں قبل از ٹیکس منافع کا 1% کمپنی کی جانب سے شامل کیا جاتا ہے۔

اندرونی مالیاتی مضبوطی کی مناسب کوششیں

حساب کتاب کی اندرونی جانچ پڑتال کا عمل بیرونی طور پر جاری رہا۔ سال کے دوران اندرونی اور بیرونی محاسب کی موزوں اور ضروری نشاندہی کی بنیاد پر انتظامیہ کی جانب سے ترجیحی بنیاد پر نمٹنے کے اقدامات کئے گئے اور اس کے بارے میں باقاعدگی سے آڈٹ کمیٹی کو آگاہ کیا جاتا رہا۔

جائزوں، مالیاتی رپوننگ کنٹرولز کی جانچ پڑتال اور اس سال کے دوران کی جانے والی جانچ پڑتال سے حاصل کردہ منہج کی بنیاد پر کمپنی یہ سمجھتی ہے کہ اندرونی کنٹرولز کا موجودہ نظام موزوں و مناسب اور اس کو موثر طور پر لاگو کیا گیا ہے اور بہتر انداز میں اس کی نگرانی کی جارہی ہے۔ ڈائریکٹر متوجہ رہتے ہیں اور وقتاً فوقتاً اہلیت، تاثیر اور اندرونی مالی کنٹرول بروقت کرنے کیلئے نگرانی کرتی ہے۔

متعلقہ پارٹی سے لین دین

کمپنی کی جانب سے متعلقہ پارٹی کی تمام لین دین عمومی کاروباری نوعیت اور طے شدہ ضوابط کی بنیاد پر کی گئی ہیں اور جنہیں مالیاتی گوشواروں کے متعلقہ نوٹ میں ظاہر کیا گیا ہے۔

معاوضے کی پالیسی برائے غیر ایگزیکٹو ڈائریکٹرز (بشمول خود مختار ڈائریکٹرز)

بورڈ نے غیر ایگزیکٹو خود مختار ڈائریکٹرز کی گرانقدر شراکت کو تسلیم کرتے ہوئے معاوضہ پالیسی کی منظوری دی ہے جو فی الحال بورڈ کے ہر اجلاس اور اس کی کمیٹیوں میں شرکت کے لئے ایک مینٹل فیس کی صورت میں ادا کی جاتی ہے۔

ڈائریکٹرز کی فیسوں کے تعین میں کلیدی عنصر مارکیٹ شیڈ مارکیٹ سے ہے، اس طرح سے کمپنی اعلیٰ معیار کے ڈائریکٹرز کو راغب کرتی ہے اور انہیں کمپنی سے وابستہ رکھتی ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا اندازہ

درج کمپنیوں (کاروباری نظم و نسق کا ضابطہ) ضابطہ 2019 کے مطابق، بورڈ نے اپنے انفرادی ممبروں کی کارکردگی کا جائزہ، مجموعی طور پر بورڈ اور اپنی کمیٹیوں کی کارکردگی کا جائزہ لیا ہے۔

بورڈ کی تحقیقات کا عمل بورڈ کے چیئرمین کے ذریعہ کارکردگی کے بارے میں آراء فراہم کرنے کے لئے ڈائریکٹرز کو ایک تشہیعی سوالنامہ جاری کر کے داخلی طور پر کیا گیا تھا۔ مجموعی طور پر، تحقیقات کا نتیجہ مثبت تھا۔ تاہم، بہتری کے لئے ایک دو حصوں کو اجاگر کیا گیا تھا اور یہ اصلاح کرنے کے عمل میں ہیں۔

خطرات اور غیر یقینی صورتحال

کمپنی کا کاروبار درآمدات اور سپلائی کے ذرائع پر پابندیوں (Covid-19) کی وجہ سے لاک ڈاؤن، مزدوروں کی طویل پابندیوں بشمول کسی بھی اہم مینوفیکچرنگ آپریشنز موسم کی خراب صورتحال، مزید حاصل یا ٹیرف کے لاگو کرنے، حکومتی قوانین و ضوابط میں بڑی تبدیلیوں، افراط زر کو قابو کرنے کیلئے اضافی اقدامات کا نفاذ، غیر ملکی کرنسی کے نرخوں میں اتار چڑھاؤ، نئے مسابقتی اداروں کی آمد، نرخ یا حاصل کے طریقہ کار میں تبدیلیوں یا محافظت کی صورتحال گزرنے کے باعث بری طرح متاثر ہو سکتا ہے۔ خطرات اور غیر یقینی صورتحال کی موجودہ فہرست مکمل نہیں ہے۔

بورڈ اور کمپنی دونوں ہی اپنے کاروبار کے عملیات کی گہرائی اپنے مجموعی کاروبار پر اس کے اثرات کو کم سے کم کرنے کے پیش نظر کی جو دراشتی خدشہ کے نتیجے میں مرتب ہو سکتے تھے۔

مستقبل پر ایک نظر

جیسا کہ اوپر بتایا گیا ہے کہ Covid-19 عالمی وبا کی بیماری کی وجہ سے ہونے والی معاشی ست روی نے فروخت پر منفی اثر ڈالا ہے۔ اگرچہ صورتحال Covid-19 اور معاشی نمو کے سلسلے میں بہتر ہونا شروع ہو گئی ہے، انتظامیہ کا خیال ہے کہ کمپنی پر فروخت کے اہداف کے حصول کے لئے اس کے اثرات مرتب ہوں گے۔ لہذا خام مال کی خریداری، پیداوار کی استعداد کاروں اور افرادی قوت کے استعمال کو زیادہ سے زیادہ بنانے پر مستقل توجہ مرکوز ہے تاکہ یہ یقینی بنایا جاسکے کہ کمپنی منافع بخش کام جاری رکھ سکتی ہے۔ حکومت کی جانب سے اعلان کردہ تعمیراتی صنعت کے لئے حالیہ مراعات اور پنجاب میں میگا پروجیکٹ کی منصوبہ بندی مستقبل کی ترقی کے لئے بھی مثبت ہیں۔

اپنی نمو کی حکمت عملی کے ایک حصے کے طور پر، کمپنی نے اپنے گدو ن سائٹ پر ایک نئی مولڈنگ کمپاؤنڈ پلانٹ کے قیام کا اعلان کیا ہے تاکہ وہ اپنے صارفین کی بڑھتی ہوئی مانگ کو برقرار رکھ سکے۔ گدو ن اور حب فیکٹریوں کے مابین مجموعی گنجائش کو بڑھا کر 24,000 میٹرک ٹن سالانہ کیا جائے گا۔

ڈائریکٹرز کی رپورٹ

کاروباری جائزہ

آپریٹنگز

مالی سال 2019-20 کے دوران فروخت سے آمدن 4,492.45 ملین روپے بمقابلہ گزشتہ مالی سال کے 5,140.03 ملین روپے رہی اور قبل از ٹیکس منافع 358.66 ملین روپے گزشتہ مالی سال کے مقابلے میں 321.48 ملین روپے رہا۔

ریٹرن قسمت

مالی سال 2019-20 میں ریٹرن قسمت کی مجموعی بکری 1,920.91 ملین روپے بمقابلہ گزشتہ مالی سال کے 2,485.01 ملین روپے کے رہی، جو 22.70% کے کمی کو ظاہر کرتی ہے۔ ریٹرن قسمت کے شعبہ جاتی نتائج 136.30 ملین روپے بمقابلہ گزشتہ مالی سال کے 241.60 ملین روپے کے رہے۔ کاروبار اور منافع میں کمی کی بنیادی وجہ تعمیراتی صنعت میں سست روی ہے جو (Covid-19) کی وبائی امراض کی وجہ سے عمومی معاشی صورتحال کی کمی ہے۔

ایمینو پلاسٹ مرکب قسمت

مالی سال 2019-20 میں ایمینو پلاسٹ مرکب قسمت کی بکری 2,571.54 ملین روپے بمقابلہ 2,655.02 ملین روپے گزشتہ مالی سال کے رہی جو کہ 3.14% کمی کو ظاہر کرتی ہے۔ شعبہ جاتی نتیجہ 443.05 ملین روپے بمقابلہ گزشتہ مالی سال کے 320.54 ملین روپے رہا۔

مالیاتی کارکردگی

کمپنی کے سال 2019-20 کے مالیاتی نتائج مختصر طور پر درج ذیل ہیں:

-----('000 روپے)-----

2018-19	2019-20	
5,140,030	4,492,455	فروخت سے آمدنی
698,876	783,342	مجموعی منافع
321,480	358,664	منافع قبل از ٹیکس
226,901	253,349	منافع بعد از ٹیکس
12.02	13.42	آمدنی فی شیئر روپے میں

قومی خزانے میں شراکت

زیر جائزہ سال میں کمپنی نے مختلف ٹیکسوں اور محصولات کی شکل میں قومی خزانہ میں 1,069 ملین روپے کی رقم جمع کرائی ہے (19-2018 میں 1,282 ملین روپے)۔

آپ کی کمپنی کے ڈائریکٹرز ہمسرت کمپنی کی سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مالی سال ختم شدہ 30 جون 2020 پیش کرتے ہیں۔

بورڈ کے ڈائریکٹرز

کمپنی کے موجودہ بورڈ آف ڈائریکٹرز کی تفصیلات مندرجہ ذیل ہے۔

نمبر شمار	نام	عہدہ	ڈائریکٹرشپ کی قسم
۱۔	ڈاکٹر ڈولڈ جینکن	ڈائریکٹر اور چیئرمین	غیر ایگزیکٹو
۲۔	جناب شبیر عباس	ڈائریکٹر اور چیف ایگزیکٹو آفیسر	ایگزیکٹو
۳۔	جناب امین محمد ہندو قدا	ڈائریکٹر	غیر ایگزیکٹو
۴۔	جناب مرتضیٰ لالہ	ڈائریکٹر	غیر ایگزیکٹو
۵۔	جناب عدنان آفریدی	ڈائریکٹر	خود مختار
۶۔	جناب عندلیب علوی	ڈائریکٹر	خود مختار
۷۔	محترمہ انعم فاطمہ خان	ڈائریکٹر	خود مختار

معاشی صورت حال

رواں سال پاکستان کی معیشت میں (Covid-19) کی عالمی وبا کی مرض کی وجہ سے (GDP) کی شرح نمو میں شدید کمی دیکھنے میں آئی۔ تاہم کاروبار آہستہ آہستہ بہتر ہو رہا ہے کیونکہ (Covid-19) انکیشن کی تعداد کو کم کرنے میں پیشرفت ہوئی ہے۔

کمپنی امور اور بنیادی سرگرمیاں

بورڈ کا مقصد اس بات کو یقینی بنانا ہے کہ حصص داروں کو کمپنی کی حالت کو متاثر کرنے والی تمام بڑی پیشرفت سے آگاہ کیا جائے۔ حصص یافتگان کو سالانہ رپورٹ، عبوری سہ ماہی کی رپورٹس اور پاکستان اسٹاک ایکسچینج کے معلوماتی پورٹل کے ذریعہ جب ضرورت ہو تو معلومات فراہم کی جاتی ہیں۔

بورڈ سالانہ عام اجلاسوں اور کارپوریٹ بریفنگ اجلاسوں میں حصص داروں کی شرکت کی حوصلہ افزائی کرتا ہے تاکہ اعلیٰ سطح کے احتساب کو یقینی بنایا جاسکے۔ کمپنی کے مالی بیانات کمپنی کی ویب سائٹ پر دستیاب ہیں اور ایک آفیسر نامزد کیا گیا ہے تاکہ وہ تمام حصص داروں کی طرف سے کئے گئے مطلوبہ سوالات کے جوابات دے سکے۔

یہ کمپنی بنیادی طور پر فارملڈ ہیڈ، یوریا / میٹالین فارملڈ ہیڈ، نائٹروژن اور چکنے والی، اور تھر مو سیٹنگ مولڈنگ مرکبات کی تیاری اور فروخت میں مصروف ہے۔

کے معاملات میں غیر قانونی مداخلت کا اندیشہ ہو۔ گزشتہ سال کے دوران آئی ٹی سسٹمز کو آپ گریڈ کیا گیا اور رسائی کے نئے پروٹوکول وضع کئے گئے۔ مجھے یقین ہے کہ کمپنی کا پروپرائیٹری اب پہلے سے زیادہ محفوظ ہو چکا ہے اور اسے کسی بھی سائبر حملے سے مزید تحفظ ملا ہے۔

نگرانی کا کردار

آڈٹ کمپنی اور بورڈ نے ایک پروگرام پر عملدرآمد کا آغاز کیا ہے جس کے ذریعے کمپنی کی بیشتر پالیسیوں اور طریقہ کار ان کے اجلاسوں میں نظر ثانی اور اپ ڈیٹ کرنے کیلئے پیش کی جاتی ہیں۔ سخت انتظامی شرائط اور ضروریات پر عمل کرنے کی غرض سے کارپوریٹ گورننس کو برقرار رکھنے کی کوششیں بھی جاری ہیں۔

معاونتی اور مشاورتی کردار

جیسا کہ اس جائزے میں پہلے بھی بیان کیا جا چکا ہے، ڈائریکٹرز جو مستقل بنیادوں پر اپنا وقت اور مہارت کمپنی کی تعمیر و ترقی کیلئے فراہم کرتے ہیں۔ انتظامیہ اور اس سے بڑھ کر کمپنی کیلئے یہ ضروری ہے کہ عمومی طور پر وہ بیرونی معاونتی خدمات حاصل کی جائیں جو کہ بورڈ کی استعداد کار سے بڑھ کر ہوں اور انتظامیہ ایک ایکٹرل کنسلٹنٹ کے استعمال کے ذریعے کمپنی کے آئی ٹی سسٹمز کا جائزہ لینے کیلئے بطور نگران کام کرتی ہے اور مشاورت فراہم کرتی ہے کہ ہمارے ڈیٹا کو بہتر تحفظ کیسے دیا جاسکتا ہے۔

چیمبرین کا کردار

میں بحیثیت چیمبرین اپنا کردار ایک لیڈر اور سہولت کار کے طور پر دیکھتا ہوں۔ میں پاکستان میں مستقل طور پر مقیم نہیں تاہم میرا یہاں آمد کا سلسلہ جاری رہتا ہے۔ جدید ترین مواصلاتی سسٹمز کی بدولت میں اپنی غیر موجودگی کی مدت کے دوران بھی نگرانی اور مشاورت کا عمل جاری رکھتا ہوں۔

سب سے بڑھ کر یہ میرے خیال میں گزشتہ ۱۰ سال کے دوران کمپنی کے نتائج بورڈ اور اس کی انتظامیہ کی کارکردگی کا عکاس ہیں۔ میں اپنے ساتھی ڈائریکٹرز کا خود پران کے عہد کیلئے شکر گزار ہوں جو وہ بطور چیمبرین مجھ پر کرتے ہیں۔ بورڈ آف ڈائریکٹرز کی جانب سے فراہم کردہ ہدایت اور رہنمائی کا بذریعہ بڈ ایگزیکٹو اعتراف کرتا ہوں۔ شکر یہ ادا کرنے کے ساتھ میں اس جائزہ رپورٹ کا اختتام کرتا ہوں۔

-Sd- through email

ڈونلڈ جینکسن

چیمبرین

مورخہ: ۰۹ ستمبر ۲۰۲۰ء

بورڈ کا اسٹرکچر

بورڈ ڈائریکٹر کے ساتھ قانونی، تکنیکی اور مینوفیکچرنگ مہارت کے تحت مالیاتی انتظام کے ذریعے مستحکم پس منظر کا حامل ہے۔ سال کے دوران جناب عقیل لون نے استعفیٰ دیا اور ان کی جگہ جناب عندلیب علوی نے سنبھالی اور جناب طیب افضل نے استعفیٰ دیا اور ان کی جگہ جناب مرتضیٰ لالہ نے سنبھالی۔

میں جناب عقیل لون اور جناب طیب افضل کا ان کی قابل قدر خدمات پر شکریہ ادا کرتا ہوں اور میں اپنے بورڈ میں شامل ہونے والے دو نئے ڈائریکٹر کا خیر مقدم کرتا ہوں۔

بورڈ کے اہداف اور کارکردگی

بورڈ کے اجلاس سہ ماہی طور پر اور دوسری صورت میں ضرورت کی بنیاد پر منعقد ہوتے ہیں۔ موجودگی اور شرکت بھی بہتر ہوتی ہے اور ڈائریکٹرز انتظامیہ کی معاونت کیلئے دیگر اوقات میں بھی موجود ہوتے ہیں، بالخصوص قانونی معاملات پر عمل درآمد کے سلسلے میں ان کا تعاون رہتا ہے۔ ان کی کارکردگی انتہائی قابل قدر اور انتظامیہ اور میری طرف سے قابل تحسین قرار دی گئی ہے۔

کاروباری حکمت عملی کی گورننس

ایک ایسی پختہ مارکیٹ جس میں کمپنی اپنا مقام حاصل کرے، اس کیلئے ہمیشہ آگے بڑھنے کی حکمت عملی بنانا آسان نہیں ہوتا۔ کمپنی کو ریبلڈ کرنے کیلئے ایک حکمت عملی ۲۰۱۰ء میں تیار کی گئی تھی جس کو بورڈ کی مکمل حمایت حاصل تھی اور اس کے نتائج اپنی مثال آپ تھے۔ کمپنی کی مینوفیکچرنگ بنیاد میں توسیع اور کارکردگی میں بہتری کے سلسلے کی غرض سے ایک نئی حکمت عملی تیار کی گئی ہے۔ موجودہ سائنٹ سے متصل مزید اراضی گدون میں حاصل کی گئی ہے۔ سائنٹ اب ترقی کے مراحل میں ہے اور اسے کمپنی کی مینوفیکچرنگ بنیاد میں توسیع دینے کیلئے اس وقت استعمال کیا جائے گا جب معیشت اور مارکیٹ کی صورت حال مناسب ہوگی۔

مالیاتی رپورٹنگ کا طریقہ کار، انٹرئل آڈٹ اور انٹرئل کنٹرولز

بورڈ مستحکم طور پر فنانس، بینکنگ اور بزنس مینجمنٹ کے حامل ڈائریکٹر زیر مشتمل ہے۔ تمام سسٹمز اس امر کو یقینی بناتے ہیں کہ کمپنی آپریٹنگ کے تمام پہلوؤں کا مالیاتی انتظام شفاف، ایماندارانہ اور مربوط انداز میں انجام دیا جائے۔ میں محسوس کرتا ہوں کہ پی ڈبلیو سی کے لئے انٹرئل آڈٹ کے امور آڈٹ سورشنگ، بزنس کے مالیاتی انتظام میں مزید استحکام کا باعث ہوگی۔

خطرات سے نمٹنے کا انتظام

بورڈ کاروباری امور کو جاری رکھنے کو یقینی بنانے کی غرض سے خطرات (رہسک) کی نشاندہی اور اس سے نمٹنے کی ضرورت کے بارے میں انتہائی محتاط رہتا ہے تاکہ کاروبار کے تسلسل کو یقینی بنایا جاسکے۔ دواہیے پروجیکٹس جن میں ڈائریکٹر موجودہ طور پر فعال ہیں سکیورٹیشن پلاننگ تاہل اور ہموار ٹرانزیشن کو اس وقت یقینی بنایا جائے جب کلیدی افراد کمپنی کو چھوڑ کر جا رہے ہوں اور انٹرئل یا ایکسٹرنل سورشنگ کی جانب سے آئی ٹی

اڑتیسواں سالانہ اجلاس عام

میں اہم۔ ساکن۔ بحیثیت ممبر ڈائمنڈ پاکستان لپیٹر۔ عام حصص یافتہ مطابق شیئر رجسٹر فولیو ای ڈی سی اکاؤنٹ نمبر۔ فولیو ای ڈی سی اکاؤنٹ نمبر۔ مقرر کرتا ہوں۔ فولیو ای ڈی سی اکاؤنٹ نمبر۔ شائع کارڈ نمبر۔ فولیو ای ڈی سی اکاؤنٹ نمبر۔ شائع کارڈ نمبر۔ جو کتنی کے ممبر ہیں، کو کتنی کے بدلہ 21 اکتوبر 2020 کو صبح (10:00) بجے منعقد ہونے والے انڈیسیس (38) سالانہ اجلاس عام میں اپنی جانب سے شرکت اور رائے دی کیلئے اپنا قائم مقام / متبادل۔

گواہی مورخہ _____ 2020

کواہ	کواہ
دستخط	دستخط
نام	نام
پتہ	پتہ
شناختی کارڈ نمبر	شناختی کارڈ نمبر

5/- روپے کا
محصول ٹکٹ

ممبر (ز) کے دستخط

نوٹ:

- ۱۔ پراکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑھالیس (48) گھنٹے قبل کہنی کے رجسٹرڈ آفس دفتر نمبر۔ 406، پارسا ناٹور، پلاٹ نمبر (31/1A)، بلاک۔ 6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی میں جمع کروایا جائیگا۔
- ۲۔ پراکسی کیلئے کہنی کا ممبر ہونا ضروری ہے۔ تاہم کارپوریٹن کسی بھی غیر ممبر کو اپنا پراکسی مقرر کر سکتی ہے۔
- ۳۔ اگر کوئی ممبر ایک سے زائد پراکسی مقرر کرتا ہے اور کہنی کو پراکسی کی ایک سے زائد دستاویزات جمع کرواتا ہے تو پراکسی کی اس طرح کی تمام دستاویزات غیر قانونی تصور ہوگی۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارے

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا:

- ۱۔ پراسیکیوٹر کا نام پراسیکیوٹر کا نام ہے اور شاخ کا نمبر یا پاسپورٹ نمبر فارم میں درج ہوں۔
۲۔ نمبر برائے پراسیکیوٹر کی تصدیق شدہ نقول پراسیکیوٹر کے ہمراہ منسلک کرنی ہوں گی۔
۳۔ پراسیکیوٹر کے وقت اپنا اصل شاخ کا نمبر یا پاسپورٹ نمبر پیش کرنا ہوگا۔
۴۔ کارپوریٹ ادارے کی صورت میں ڈائریکٹر کی تصدیق شدہ نقول پراسیکیوٹر کے ہمراہ منسلک کرنی ہوں گی۔

FORM OF PROXY

THIRTY EIGHTH ANNUAL GENERAL MEETING

I/We _____ of _____

being a member(s) of **DYNEA PAKISTAN LIMITED** and a holder of _____

_____ ordinary shares as per Share Register Folio No. _____

or CDC Participant ID No. _____ Account No. _____

Hereby appoint _____ of _____

Who is also member of **DYNEA PAKISTAN LIMITED** Vide Folio No. _____

or CDC Participant ID No. _____ Account No. _____

or failing him/her _____ of _____

who is also member of **DYNEA PAKISTAN LIMITED** Vide Folio No. _____

or CDC Participant ID No. _____ Account No. _____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Thirty Eighth Annual General Meeting of the Company to be held Wednesday, October 21, 2020 at 10:00 AM and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2020

Signed by the said

Witness _____ Witness _____

(Signature)

(Signature)

Name _____ Name _____

Address _____ Address _____

Please affix
Rs. 5/-
Revenue Stamp

NOTES :

1. This proxy form duly completed and signed must be received at the Registered Office of the Company, Office No. 406, Parsa Tower, Plot No. 31/1/A, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi-75400, not less than 48 hours before the time of holding of the Meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company. Except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES

In addition to the above the following requirements have to be met:

- a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- b) Attested copy of CNIC or the passport of the beneficial owners shall be furnished with the proxy form.
- c) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- d) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

SIGNATURE OF MEMBER(S)