Ecopack Limited

Financial Statements

For the year ended 30 June 2020

Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd

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19, Main Street, Citi Villas,
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Chairman's Review Report

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

Pakistan was no exception as the impact of COVID-19 adversely impacted commerce, industry and retail businesses all over the country. Economic growth has reduced by almost Rs 03 trillion which has brought down the GDP growth projections from 3.3% to -0.4%. On the Fiscal front the shortfall in tax revenue collections and the burden of additional expenditures, the fiscal deficit for the financial year 2019-20 was 9.1% against the budgeted 7.1% of GDP.

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

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

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

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

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

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

Amar Zafar Khan
Chairman of the Board of Directors

September 26, 2020

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چیئرمین جائزہ رپورٹ:

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

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

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

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

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

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

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

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

عامر ظفر خان
چیئرمین بورڈ آف ڈائریکٹرز، ایکو پیک لمیٹڈ
26 ستمبر 2020

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DIRECTORS' REPORT

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

OVERVIEW

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

Your company was fortunate to be included in the list of 'essential services industries' as an established vendor of packaging to the Food & Beverage companies and continued to function throughout the lockdown periods albeit at a comparatively low output as demand at the start of the summer season sharply fell, only to return strongly with the advent of Ramazan in the last week of April. As the Corona virus infections slowed down and markets continued to reopen, the demographic dividends of a robust young population became clearly visible as the infection curve was effectively beaten and the trend reversed by end June/early July. Despite your managements all out efforts, some vital sales were lost in March & April, thus evading the strong turnaround always made during FYQ4 of exponential summer sales which would have effectively reversed the losses incurred.

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

State Bank of Pakistan (SBP) discount rate and related KIBOR reduced the borrowing costs of the company at the fag end of the last quarter of the financial year. Since then hopes for a

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significantly lower interest regime in the new FY have rekindled life into struggling businesses in dire need of macro-economic support.

SALES & FINANCIAL HIGHLIGHTS

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

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

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

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

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

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

FUTURE OUTLOOK

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

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

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

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

RISKS

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

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

COMPANY & HR RELATIONS

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

For & on behalf of the Board of Directors

ASAD ALI SHEIKH
DIRECTOR

HUSSAIN JAMIL
CHIEF EXECUTIVE OFFICER

September 26, 2020

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ڈائریکٹرز رپورٹ

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

جائزہ

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

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

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

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

فروخت اور مالیات کے اہم نقاط

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

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

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

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

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

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

مستقبل کے امکانات

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

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

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

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

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خطرات

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

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

کمپنی اور ہیومن ریسورس کے تعلقات

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

ہرائے اور منجاب بورڈ آف ڈائریکٹرز

اسد علی شیخ
ڈائریکٹر

حسین جمیل
چیف ایگزیکٹو آفیسر
26 ستمبر 2020

Manufacturers of Quality PET Bottles and Preforms

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

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

OTHER DISCLOSURES

1. Key operating and financial data for the last six years in summarized form has attached with the directors' report as Annexure "A".
2. There are no outstanding statutory payments on account of taxes, levies and charges except of normal and routine nature.
3. The company operates a contributory provident funded scheme for its management employees and defined benefit gratuity funded scheme for all employees. The value of investments as at June 30,2020 are as follows:
   - Provident Fund Rs. 10.83 million
   - Gratuity Fund Rs. 30.12 million
4. There is no any adverse impact on environment due to the business activity carried by the company.
5. On account of "Corporate Social Responsibility" (CSR), donation during the year paid to various charitable organizations & hospitals, please refer note No. 28.1 of the financial statements for the year ended June 30, 2020.
6. The Composition of Board is as follows:
   a. Male : 06
   b. Female : 01
7. The composition of Board is as follows:
   a) **Independent Directors**
      (1) Mr. Asad Ali Sheikh (2) Mr. Amar Zafar Khan
   b) **Non-executive Directors**
      (1) Mr. Ahsan Jamil (2) Mr. Ali Jamil (3) Mr. Shahan Ali Jamil
   (c) **Executive Director**
      Mr. Hussain Jamil
   (d) **Female Director**
      Mrs. Sonya Jamil (Non- executive Director)

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

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

a) **Audit Committee**

(1) Mr. Asad Ali Sheikh	-	Chairman
(2) Mr. Amar Zafar Khan	-	Member
(3) Mr. Ahsan Jamil	-	Member
(4) Mr. Shahan Ali Jamil	-	Member

b) **Human Resource and Remuneration (HR & R) Committee**

(1) Mr. Amar Zafar Khan	-	Chairman
(2) Mr. Hussain Jamil	-	Member
(3) Mr. Asad Ali Sheikh	-	Member
(4) Mr. Ali Jamil	-	Member
(5) Mr. Ahsan Jamil	-	Member

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

a) Board of Directors Meetings: -

Name of Directors	No. of Meetings Attended
Mr. Amar Zafar Khan	05
Mr. Hussain Jamil	04
Mr. Shahid Jamil	01
Mr. Ali Jamil	05
Ms. Laila Jamil	01
Mrs. Sonya Jamil	04
Mr. Asad Ali Sheikh	05
Mr. Ahsan Jamil	05
Mr. Shahan Ali Jamil	04

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b) Audit Committee Meetings: -

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

c) Human Resource & Remuneration Committee Meetings: -

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

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

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

BOARD CHANGES:

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

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AUDITORS:

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

For & on behalf of the Board of Directors

ASAD ALI SHEIKH
Director
Date: September 26, 2020

HUSSAIN JAMIL
CHIEF EXECUTIVE OFFICER

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ڈائریکٹرز رپورٹ کا منسلکہ-B
کارپوریٹ گورننس کے ضابطے کی تعمیل

ڈائریکٹرز کی ذمہ داریوں کا بیان:

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

دیگر معلومات:

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

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7. بورڈ کی ہیئت ترکیبی ازذیل ہے:

a) آزاد ڈائریکٹرز

(1) اسد علی شیخ (2) عامر ظفر خان

b) غیر ایگزیکٹو ڈائریکٹرز

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

(c) ایگزیکٹو ڈائریکٹر

حسین جمیل

(d) خاتون ڈائریکٹر

مسز سونیا جمیل (غیر ایگزیکٹو ڈائریکٹر)

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

- بورڈ آف ڈائریکٹرز وقتاً فوقتاً بورڈ اراکین کے لیے بورڈ میٹنگز میں شمولیت کے عوض معاوضے کا تعین کرے گا اور منظوری دے گا۔ اس طرح کا معاوضہ معقول اور ذمہ داری کے مطابق اور بورڈ آف ڈائریکٹرز کے اراکین کی مہارت کے مطابق ہونا چاہیئے اور اس کا مقصد ایسے اراکین کے لیے کشش پیدا کرنا اور انہیں منسلک رکھنا ہے جن کی کمپنی کو کامیابی سے چلانے اور قدری اضافے کے لیے ضرورت ہے۔
- بورڈ آف ڈائریکٹرز کا کوئی اکثریتی رکن اپنے معاوضے کا خود تعین نہیں کرے گا۔
- بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز (آزاد اور غیر ایگزیکٹو) کو فیس ادا کی جاتی ہے اور بورڈ نے اسے منظور کر لیا ہے۔ وہ اس طرح کے اجلاسوں میں شرکت کے لئے بورڈنگ، قیام اور سفر کی وجہ سے ہونے والے اخراجات کی ادائیگی حاصل کرنے کے بھی حقدار ہیں۔ سال کے دوران ڈائریکٹرز کو دی جانے والی رقم کی کل رقم منسلک مالی بیانات کے نوٹ 36 میں ظاہر کی گئی ہے

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

a) آڈٹ کمیٹی

(1) اسد علی شیخ - چیئرمین
(2) عامر ظفر خان - رکن
(3) احسن جمیل - رکن
(4) شاہان علی جمیل - رکن

b) ہیومن ریسورس اور معاوضہ جات کی کمیٹی

(1) عامر ظفر خان - چیئرمین
(2) حسین جمیل - رکن
(3) اسد علی شیخ - رکن
(4) علی جمیل - رکن
(5) احسن جمیل - رکن

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

a) بورڈ آف ڈائریکٹرز کے اجلاس

ڈائریکٹرز کے نام	اجلاسوں میں شمولیت کی تعداد
عامر ظفر خان	05
حسین جمیل	04
شاہد جمیل	01
علی جمیل	05
لیلیٰ جمیل	01
سونیا جمیل	04
اسد علی شیخ	05
احسن جمیل	05
شاہان علی جمیل	04

b) آڈٹ کمیٹی کے اجلاس

ڈائریکٹرز کے نام	اجلاسوں میں شمولیت کی تعداد
اسد علی شیخ	04
لیلیٰ جمیل	02
عامر ظفر خان	04
احسن جمیل	04
شاہان علی جمیل	04

c) ہیومن ریسورس اور معاوضہ جاتی کی کمیٹی کے اجلاس

ڈائریکٹرز کے نام	اجلاسوں میں شمولیت کی تعداد
عامر ظفر خان	04
حسین جمیل	03
اسد علی شیخ	04
علی جمیل	04
لیلیٰ جمیل	02
احسن جمیل	02

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

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

بورڈ کی تبدیلیاں:

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

آڈیٹرز:

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

برائے اور منجانب بورڈ آف ڈائریکٹرز

حسین جمیل
چیف ایگزیکٹو آفیسر
26 ستمبر 2020

اسد علی شیخ
ڈائریکٹر

Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd

Ecopack Limited
19, Main Street, Citi Villas,
Near High Court Road, Rawalpindi.
Tel : +92-51-5974098-99
Fax: +92-51-5974097

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

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

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

1. The total number of Directors are seven as per the following,-
   a. Male : 06
   b. Female : 01
2. The composition of Board is as follows:
   i. **Independent Directors**
      (1) Mr. Amar Zafar Khan
      (2) Mr. Asad Ali Sheikh
   ii. **Non-executive Directors**
      (1) Mr. Ali Jamil
      (2) Mr. Shahan Ali Jamil
      (3) Mr. Ahsan Jamil
   iii. **Executive Directors**
      (1) Mr. Hussain Jamil
   iv. **Female Directors**
      (1) Mrs. Sonya Jamil (Non-executive director)
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies, along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders, as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

9. Three of the directors of the Company had obtained certification under directors training program in previous years and one of the director obtained same certification in current year. Currently, the Company is in the process of arranging directors training program for newly appointed directors;

10. The Board has approved appointment of chief financial officer, Company secretary and head of internal audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below,-

    a) **Audit Committee**

(1)	Mr. Asad Ali Sheikh	-	Chairman
(2)	Mr. Amar Zafar Khan	-	Member
(3)	Mr. Shahan Ali Jamil	-	Member
(4)	Mr. Ahsan Jamil	-	Member

    b) **Human Resource and Remuneration (HR&R) Committee**

(1)	Mr. Amar Zafar Khan	-	Chairman
(2)	Mr. Hussain Jamil	-	Member
(3)	Mr. Asad Ali Sheikh	-	Member
(4)	Mr. Ali Jamil	-	Member
(5)	Mr. Ahsan Jamil	-	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following,-

    a) Audit Committee (4 meetings held)
    b) HR and Remuneration Committee (4 meetings held)

15. The Board has outsourced the internal audit function to M/s BDO Ebrahim & Co. who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse,

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Registered Office:- 112-113, Phase 5, Hattar Industrial Estate, Hattar District Haripur, Khyber Pakhtunkhwa. Tel: +92-995-617720 & 23, Fax: +92-995-617074

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parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;

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

18. We confirm that all requirements of regulations 3, 6*, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

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

    i. As required under clause 29(1), the Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances. However, by virtue of the size & structure of the Board, the need for the nomination committee has not been observed.

    ii. As mentioned under clause 30(1), the Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board. However, Risk management and its mitigants have been duly addressed in the Board meetings and also have a duly approved risk policy in this regard. Hence, the need for a Risk Management Committee has not been observed.

    iii. As required under clause 18, all companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders. The Company has not arranged such orientation.

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

September 26, 2020

AMAR ZAFAR KHAN
Chairman of the Board

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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the members of Ecopack Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss and the comprehensive income, the changes in equity and its cash flows for the year then ended

Basis for Opinion

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

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Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit

1.	**Going Concern**
	Refer Note 1.1 to the Financial statements
	The Company has been operating at low profit margin for the past years and incurred loss before taxation amounting to Rs.144,881 thousand in current year. Further, the COVID-19 pandemic is an unprecedented challenge for the economy globally, and at the date of the financial statements its effects are subject to significant levels of uncertainty.
	Above factors give an indication of the events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.
	Company's management made their assessment of the Company's ability to continue as a going concern and concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern.
		Our audit procedures in respect of the management's assessment of the Company's ability to continue as a going concern included the following:
		• obtaining management's assessment of the Company's ability to continue as going concern which included cashflow projections and budgets.
		• evaluating management's assessment by:
		  • considering Company's external and economical environment and past history of market growth and future expectations;
		  • reviewing Company's past history of loan repayments; and
		  • assessing effect of the COVID-19 pandemic on the Company's current and future operations
		• assessing the mathematical accuracy of the cashflow projections;

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	We identified going concern as a key audit matter because a significant degree of management judgement is involved in making this assessment.	• performing an analysis of the cash flow projections prepared by the management, which includes evaluation of the reliability and relevance of the underlying data used to prepare the projections and the appropriateness of the assumptions used by comparing with the external/internal environment, past history, subsequent to year end results and other matters identified in the audit; • assessing the availability of banking and other financing facilities during the forecast period by inspecting relevant underlying documentation in relation to banking and other financing facilities and evaluating whether the financing facilities were sufficient to meet the Company's needs in the context of the cash flow projections, taking into the account any breach of loan covenants which may trigger early repayment of loans; • carrying out sensitivity analysis of the key assumptions (including projected sales volumes, average selling prices, raw material costs and necessary capital expenditure for production) adopted in the cash flow projections prepared by management and assessing the impact on the conclusions of the going concern assessment; and

		• assessing the related disclosures in the financial statements with reference to the requirements of the approved accounting and reporting standards as applicable in Pakistan.
2.	**Recognition of Revenue** *(Refer to note 4.11 to the financial statements)* The Company is engaged in the production and sale of PET Preforms and PET Bottles. The Company recognized gross revenue from the sales of PET preforms of Rs. 1,909,664 thousand and from the sale of PET bottles of Rs. 1,667,601 thousand for the year ended 30 June 2020. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.	Our audit procedures to assess the recognition of revenue, amongst others included the following: • obtaining an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • comparing a sample of revenue transactions recorded during the year with sales orders, sales tax invoices, delivery challans / notes and other relevant underlying documents; • comparing a sample of revenue transactions recorded around the year end with the sales orders, sales tax invoices, delivery challans / notes and other relevant underlying documents to assess if the related revenue was recorded in the appropriate accounting period; • comparing the details of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria,

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		with the relevant underlying documentation; • assessing the appropriateness of the accounting policy for revenue recognition and comparing with the applicable accounting and reporting standards; and • assessing the adequacy of disclosures related to revenue as required under applicable accounting and reporting standards.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained,

whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

05 October 2020

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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Ecopack Limited

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

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

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

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

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

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

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

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

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Chartered Accountants
Islamabad

05 October 2020

Ecopack Limited

Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020	30 June 2019
		---------- Rupees in '000 ----------	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	**1,408,042**	1,426,872
Intangibles	6	**6,105**	6,623
Advance for capital expenditure		**-**	18,207
Long-term deposits		**12,209**	12,143
		1,426,356	1,463,845
Current Assets			
Inventories	7	**297,598**	388,069
Trade debts	8	**214,694**	402,706
Loans and advances	9	**31,183**	123,641
Deposits, prepayments and other receivables		**7,381**	13,973
Advance tax - net	10	**158,000**	138,581
Cash and bank balances	11	**20,278**	35,513
		729,134	1,102,483
Total assets		**2,155,490**	2,566,328
SHARE CAPITAL AND RESERVES			
Share capital	12	**381,489**	346,809
Revaluation surplus on operating fixed assets	13	**138,582**	144,962
Unappropriated profits	14	**284,558**	415,651
		804,629	907,422
LIABILITIES			
Non-Current Liabilities			
Long term loans	15	**91,816**	66,667
Deferred grant	15	**3,123**	-
Lease liabilities	16	**195,660**	200,636
Employee benefits	17	**104,884**	126,996
Deferred tax liabilities - net	18	**129,878**	163,992
		525,361	558,291
Current Liabilities			
Trade and other payables	19	**239,665**	203,452
Unclaimed dividend		**2,719**	2,527
Short term borrowings	20	**525,209**	737,682
Current portion of non-current liabilities	21	**57,907**	156,954
		825,500	1,100,615
Total equity and liabilities		**2,155,490**	2,566,328
CONTINGENCIES AND COMMITMENTS	22		

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

Chief Executive Officer	Director	Chief Financial Officer

Ecopack Limited

Statement of Profit or Loss

For the year ended 30 June 2020

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

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

Chief Executive Officer | **Director** | **Chief Financial Officer**

Ecopack Limited

Statement of Comprehensive Income

For the year ended 30 June 2020

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

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

Chief Executive Officer | **Director** | **Chief Financial Officer**

Ecopack Limited

Statement of Changes In Equity

For the year ended 30 June 2020

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

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

Chief Executive Officer	Director	Chief Financial Officer

Ecopack Limited

Statement of Cash Flows

For the year ended 30 June 2020

	Note	30 June 2020	30 June 2019
		---------- Rupees in '000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(144,881)**	108,831
Adjustments for:			
Depreciation and amortization	*24 & 27*	**135,343**	133,176
(Gain) / loss on disposal of operating fixed assets	*25*	**(277)**	198
Provision for Workers' Profits Participation Fund	*28*	**-**	5,742
Provision for Workers' Welfare Fund	*28*	**-**	17
Cash settled share-based payment transaction		**(122)**	1,301
Other receivables written off	*28*	**1,382**	3,002
(Reversal) / impairment loss on trade debts	*8.1*	**(1,979)**	3,633
Impairment loss on operating fixed assets - idle machine	*28*	**13,166**	-
Charge for staff retirement benefit - gratuity	*17.1.5*	**27,535**	19,891
Finance costs	*29*	**157,213**	127,088
		187,380	402,879
Changes in:			
Inventories		**90,471**	(104,737)
Trade debts		**189,991**	40,929
Loans and advances		**92,458**	(65,133)
Deposits, prepayments and other receivables		**5,210**	(4,586)
Trade and other payables		**41,955**	(87,935)
Long-term deposits		**(66)**	(396)
		420,019	(221,858)
Cash generated from operating activities		**607,399**	181,021
Finance cost paid - short-term borrowings		**(108,381)**	(68,573)
Contributions to gratuity fund / gratuity paid		**(34,415)**	(950)
Payment to Workers' Profit Participation Fund		**(5,742)**	(7,285)
Payment to Workers' Welfare Fund		**-**	(4,700)
Income taxes paid	*10*	**(19,419)**	(27,533)
Net cash from operating activities		**439,442**	71,980
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(117,356)**	(176,883)
Advance for capital expenditure		**18,207**	(18,207)
Proceeds from disposal of operating fixed assets		**940**	3,455
Acquisition of intangible assets	*6*	**(279)**	-
Net cash used in investing activities		**(98,488)**	(191,635)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of lease liabilities	*16*	**(46,435)**	(72,257)
Dividends paid		**(17,148)**	(28,932)
Proceeds from short-term borrowings		**2,042,205**	3,118,399
Repayment of short term borrowings		**(2,281,962)**	(2,874,702)
Proceeds from long-term loans		**35,918**	80,000
Repayment of long-term loans		**(65,000)**	(94,465)
Finance cost paid on long-term loans and lease liabilities		**(50,773)**	(48,619)
Net cash (used in) / generated from financing activities		**(383,195)**	79,424
Net decrease in cash and cash equivalents		**(42,241)**	(40,231)
Cash and cash equivalents at beginning of the year		**22,148**	62,379
Cash and cash equivalents at end of the year	*32*	**(20,093)**	22,148

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

Chief Executive Officer | **Director** | **Chief Financial Officer**

Ecopack Limited

Notes to the Financial Statements

For the year ended 30 June 2020

1. STATUS AND NATURE OF BUSINESS

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

Geographical location and address of business unit / plant:

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

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

2.5 Measurement of fair values

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 above that are observable market data for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

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

  –the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  -any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  -there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Annual improvements to IFRS standards 2018-2020

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

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 IFRS 16 Leases

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

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

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

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

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

4.2 Property, plant and equipment

Owned

i) Recognition and measurement

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

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

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

ii) Subsequent costs

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

iii) Derecognition

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

iv) Depreciation

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

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

Right-of-use assets

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

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

Policy applicable before 01 July 2019

Leased assets

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

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

4.3 Intangible assets

i) Recognition and measurement

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

ii) Subsequent expenditure

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

iii) Amortization

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

4.4 Inventories

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

4.4.1 Stores, spares and loose tools

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

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

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

4.4.2 Stock-in-trade

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

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

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

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

4.5 Financial Instruments

i) Recognition and initial measurement

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

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

ii) Classification and subsequent measurement

Financial assets

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

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

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

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

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

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

Financial assets – Business model assessment

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities - Classification, subsequent measurement and gains and losses

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

iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv) Offsetting

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

4.6 Impairment

i) Non-derivative financial assets

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

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

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

ii) Non-Financial Assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

4.7 Leases liability

Policy applicable after 01 July 2019

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

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

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

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

Policy applicable before 01 July 2019

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

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

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

4.8 Staff Benefits

i) Short-term employee benefits

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

ii) Share-based payment arrangements

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

iv) Defined contribution plans

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

v) Defined benefit plans

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

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

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

4.9 Taxation

i) Income tax

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

ii) Current tax

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

iii) Deferred tax

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

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

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

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

4.10 Borrowing costs

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

4.11 Revenue from contracts with customers

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

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

Accounting Policy

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

4.12 Foreign currency transactions and translation

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

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

4.13 Dividend

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

4.14 Provisions

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

4.15 Government Grant

Recognition and measurement

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

Subsequent measurement

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

4.16 Finance Costs

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

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

Ecopack Limited

Notes to the Financial Statements

For the year ended 30 June 2020

5.1 Operating fixed assets

	Owned								Right of Use Assets (Note 4.2)			
	Lease-hold land	Factory building and roads on lease-hold land	Plant and machinery	Vehicles	Factory equipment	Furniture and fittings	Office equipment	Sub total	Plant and machinery	Vehicles	Sub total	Total
	Rupees in '000											
Cost / revalued amounts	23,750	116,033	1,370,520	10,249	416,433	4,790	24,948	1,966,723	411,689	18,105	429,794	2,396,517
Accumulated depreciation	-	(41,634)	(673,248)	(7,100)	(297,735)	(3,278)	(14,275)	(1,037,270)	(6,567)	(5,996)	(12,563)	(1,049,833)
Net book values as at 01 July 2018	23,750	74,399	697,272	3,149	118,698	1,512	10,673	929,453	405,122	12,109	417,231	1,346,684
For the year 30 June 2019												
Additions during the year	-	15,543	126,079	1,458	35,699	-	1,578	180,357	393	18,523	18,916	199,273
Inter transfers:												
- Cost	-	-	-	1,986	-	-	-	1,986	-	(1,986)	(1,986)	-
- Accumulated depreciation	-	-	-	1,340	-	-	-	1,340	-	(1,340)	(1,340)	-
	-	-	-	3,326	-	-	-	3,326	-	(3,326)	(3,326)	-
Disposals												-
- Cost	-	-	(4,163)	(2,110)	-	-	(170)	(6,443)	-	(2,670)	(2,670)	(9,113)
- Accumulated depreciation	-	-	2,230	1,432	-	-	115	3,777	-	1,683	1,683	5,460
	-	-	(1,933)	(678)	-	-	(55)	(2,666)	-	(987)	(987)	(3,653)
Depreciation for the year - Note 5.2	-	(3,854)	(53,694)	(638)	(40,945)	(151)	(2,075)	(101,357)	(26,365)	(4,675)	(31,040)	(132,397)
Net book values as at 30 June 2019	23,750	86,088	767,724	6,617	113,452	1,361	10,121	1,009,113	379,150	21,644	400,794	1,409,907
Cost and revaluation	23,750	131,576	1,492,436	11,583	452,132	4,790	26,356	2,142,623	412,082	31,972	444,054	2,586,677
Accumulated depreciation	-	(45,488)	(724,712)	(4,966)	(338,680)	(3,429)	(16,235)	(1,133,510)	(32,932)	(10,328)	(43,260)	(1,176,770)
Net book values as at 1 July 2019	23,750	86,088	767,724	6,617	113,452	1,361	10,121	1,009,113	379,150	21,644	400,794	1,409,907
For the year 30 June 2020												
Additions during the year	**-**	**1,762**	**84,015**	**154**	**20,583**	**-**	**3,963**	**110,477**	**-**	**1,865**	**1,865**	**112,342**
Revaluation surplus for the year	**950**	**4,934**	**15,817**	**-**	**-**	**-**	**-**	**21,701**	**-**	**-**	**-**	**21,701**
Inter transfers												
- Cost	**-**	**(538)**	**80**	**-**	**-**	**-**	**458**	**-**	**-**	**-**	**-**	**-**
- Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	**(538)**	**80**	**-**	**-**	**-**	**458**	**-**	**-**	**-**	**-**	**-**
Disposals												**-**
- Cost	**-**	**-**	**(600)**	**(727)**	**-**	**-**	**-**	**(1,327)**	**-**	**-**	**-**	**(1,327)**
- Accumulated depreciation	**-**	**-**	**16**	**648**	**-**	**-**	**-**	**664**	**-**	**-**	**-**	**664**
	-	**-**	**(584)**	**(79)**	**-**	**-**	**-**	**(663)**	**-**	**-**		**(663)**
Impairment loss on idle machine - Note 37.6	**-**	**-**	**(24,663)**	**-**	**-**	**-**	**-**	**(24,663)**	**-**	**-**	**-**	**(24,663)**
Depreciation for the year - Note 5.2	**-**	**(4,386)**	**(66,776)**	**(3,495)**	**(28,863)**	**(136)**	**(2,249)**	**(105,905)**	**(26,373)**	**(2,268)**	**(28,641)**	**(134,546)**
Net book values as at 30 June 2020	**24,700**	**87,860**	**775,613**	**3,197**	**105,172**	**1,225**	**12,293**	**1,010,060**	**352,777**	**21,241**	**374,018**	**1,384,078**
Cost / revalued amounts	24,700	137,734	1,591,748	11,010	472,715	4,790	30,777	2,273,474	412,082	33,837	445,919	2,719,393
Accumulated depreciation	-	(49,874)	(816,135)	(7,813)	(367,543)	(3,565)	(18,484)	(1,263,414)	(59,305)	(12,596)	(71,901)	(1,335,315)
Net book values as at 30 June 2020	**24,700**	**87,860**	**775,613**	**3,197**	**105,172**	**1,225**	**12,293**	**1,010,060**	**352,777**	**21,241**	**374,018**	**1,384,078**
Rate of depreciation	0%	5%-10%	5%-20%	20%	10%-40%	10%	10%-33%		8%	20%		

		Note	2020	2019
			------- Rupees in '000 -------	
5.2	**Depreciation charge has been allocated as follows:**			
	Cost of sales	*24*	**124,683**	123,717
	Administrative expenses	*27*	**9,863**	8,680
			134,546	132,397

5.3 Latest revaluation of the Company's assets was carried out on 31 May 2020 by M/s Iqbal A.Nanjee & Co (Private) Limited, independent valuers, taking market value / depreciated replacement cost, as applicable, as a basis of valuation. The revaluation resulted in a net surplus of Rs. 21.7 million. The fair value when determined falls under level 3 hierarchy. Sensitivity analysis has not been presented since data about observable input is not available. The incremental values resulting from revaluation are being depreciated over the remaining useful lives of the respective assets.

The forced sale value of the revalued plant and machinery, factory building and roads, and leasehold land at the date of revaluation was Rs. 640.885 million, Rs. 70.597 million and Rs. 19.760 million

5.4 Had there been no revaluation, the net carrying value of specific classes of operating fixed assets would have been as follows:

	2020	2019
	------- Rupees in '000 -------	
Leasehold land	**2,995**	2,995
Factory building and roads on leasehold land	**55,282**	56,959
Plant and machinery- owned	**644,798**	623,137
	703,075	683,091

5.5 All operating fixed assets disposed off during the year had an aggregate net book value less than Rs. 5 million and all the disposals were made in accordance with the Company's policy.

		Note	2020	2019
5.6	**Capital machines' spares**		------- Rupees in '000 -------	
	Gross carrying value	*7.1*	**23,459**	17,395
	Provision for impairment		**(430)**	(430)
			23,029	16,965

5.7 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of property	Total area (in sq. ft.)
Plot - 112,113, Phase V, Hattar Industrial Estate, Hattar, KPK.	Registered office and factory	102,507

		2020	2019
6.	**INTANGIBLES - ERP Software**	------- Rupees in '000 -------	
	Cost		
	Opening balance	**9,042**	9,042
	Additions	**279**	-
		9,321	9,042
	Accumulated amortization		
	Opening balance	**(2,419)**	(1,640)
	Amortization for the year	**(797)**	(779)
		(3,216)	(2,419)
	Closing balance	**6,105**	6,623
	Rate of amortization and amortization method (per annum)	**10% straight line**	10% straight line

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

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

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

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

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

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

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

	Note	2020	2019
		------- Rupees in '000 -------	
10. ADVANCE TAX - NET			
Advance tax as at 01 July		**138,581**	111,248
Tax charge for the year	*30*	**-**	(200)
Advance tax paid during the year		**19,419**	27,533
Advance tax as at 30 June		**158,000**	138,581
11. CASH AND BANK BALANCES			
Cash at bank			
- in saving account	*11.1*	**360**	659
- in current accounts		**19,818**	34,754
		20,178	35,413
Cash in hand		**100**	100
		20,278	35,513

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

12. SHARE CAPITAL

12.1 Authorized share capital

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

12.2 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

12.2.1 Movement in issued, subscribed and paid-up capital

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

12.2.2 Closing number of shares include 7,915,125 (2019: 10,943.639) ordinary shares of Rs. 10 each held by the Directors of the Company.

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

13. REVALUATION SURPLUS ON OPERATING FIXED ASSETS

	Note	**2020**	2019
		------- Rupees in '000 -------	
Gross surplus			
Balance as at 01 July		**194,471**	217,809
Surplus on revaluation of operating fixed assets	*5.1*	**21,700**	-
Reversal of surplus on recognition of impairment loss on idle machinery		**(11,497)**	-
Incremental depreciation transferred to unappropriated profits		**(19,576)**	(23,338)
		185,098	194,471
Related deferred tax charge			
Balance as at 01 July		**(49,509)**	(56,257)
Deferred tax on recognition of revaluation surplus for the year		**(6,018)**	-
Deferred tax on reversal of revaluation surplus for the year		**3,334**	-
Deferred tax on incremental depreciation charged during the year		**5,677**	6,748
		(46,516)	(49,509)
		138,582	144,962

14. UNAPPROPRIATED PROFITS

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

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

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

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

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

	Note	**2020**	2019
		------- Rupees in '000 -------	
Loan proceeds received		**35,918**	-
Present value of future cash flows discounted at market interest rate		**(32,795)**	-
Amount recognized as deferred grant		**3,123**	-

16. LEASE LIABILITIES

Balance at 1 July		**280,330**	330,870
Leases obtained during the year		**1,985**	21,717
Payments made during the year		**(46,435)**	(72,257)
	16.1	**235,880**	280,330
Less: Current portion shown under current liabilities		**(40,220)**	(79,694)
	16.2	**195,660**	200,636

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

	Minimum lease payments	Markup Value	Present Value
	---------- Rupees in '000 ----------		
For the year ended 30 June 2020			
More than one year but less then five years	**214,845**	**(19,185)**	**195,660**
Upto one year	**60,205**	**(19,985)**	**40,220**
Total lease payments	**275,050**	**(39,170)**	**235,880**

	Minimum lease payments	Markup Value	Present Value
	---------- Rupees in '000 ----------		
For the year ended 30 June 2019			
More than one year but less then five years	223,365	(22,729)	200,636
Upto one year	115,777	(36,083)	79,694
Total lease payments	339,142	(58,812)	280,330

16.2 Leases

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

16.2.1 Short term leases

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

	2020	2019
	------- Rupees in '000 -------	
16.2.2 Amount recognized in statement of profit or loss		
30 June 2020		
Interest expense on lease liabilities	**34,821**	33,936
Expense relating to short term leases	**18,804**	-
30 June 2019		
Expense relating to operating leases – year 2019	**-**	29,863
16.2.3 Amount recognized in statement of cash flows		
Total cash outflow for leases	**83,345**	109,044

17. EMPLOYEE BENEFITS

Staff retirement gratuity - net	*17.1*	**103,705**	125,695
Shares Appreciation Rights to Chief Executive Officer	*17.2*	**1,179**	1,301
		104,884	126,996

	Note	2020	2019
		------- Rupees in '000 -------	
17.1 Staff retirement gratuity - net			
Present value of defined benefit obligation	*17.1.4*	**133,820**	125,695
Fair value of plan assets	*17.1.2*	**(30,115)**	-
		103,705	125,695
17.1.1 Movement in the net assets / (liability) recognised in the statement of financial position			
Balance as at 01 July		**125,695**	106,325
Expense recognized in statement of profit or loss	*17.1.5*	**27,535**	19,891
Contributions to fund		**(31,002)**	(950)
Benefits directly paid to employees by the Company		**(3,413)**	-
Remeasurements chargeable in other comprehensive income		**(15,110)**	429
Balance as at 30 June		**103,705**	125,695
17.1.2 Movement in the fair value of plan assets			
Balance at 1 July		**-**	-
Contributions during the year		**31,002**	-
Return on plan assets		**2,151**	-
Benefits paid		**(892)**	-
Actuarial loss on plan assets		**(2,146)**	-
Balance at 30 June		**30,115**	-

	2020	2019	2020	2019
	--- Percentage ---		------- Rupees in '000 -------	
17.1.3 Fair value of plan assets				
Mutual funds	**99.94%**	-	**30,098**	-
Cash / Others	**0.06%**	-	**17**	-
	100.00%		**30,115**	**-**

17.1.4 Movement in the present value of defined benefit obligation:		
Present value of defined benefit obligation as at 01 July	**125,695**	106,325
Current service cost	**12,086**	10,368
Interest cost on defined benefit obligation	**17,600**	9,523
Benefits paid	**(4,305)**	(950)
Remeasurements chargeable in other comprehensive income	**(17,256)**	429
Present value of defined benefit obligation as at 30 June	**133,820**	125,695
17.1.5 Expense recognized in statement of profit or loss is as follows:		
Current service cost	**12,086**	10,368
Interest cost on defined benefit obligation	**17,600**	9,523
Return on plan assets	**(2,151)**	-
	27,535	19,891

		2020	2019
		------- Rupees in '000 -------	
17.1.6	**Remeasurements chargeable in other comprehensive Income are as follows:**		
	Actuarial gains from changes in financial assumptions	**(8,866)**	(3,926)
	Experience adjustments	**(8,390)**	4,355
		(17,256)	429
	Actuarial loss on plan assets	**2,146**	-
		(15,110)	429

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

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

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

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

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

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

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

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

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

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

	Note	2020	2019
		------- Rupees in '000 -------	
18. DEFERRED TAX LIABILITIES - NET			
18.1 Taxable temporary differences:			
Accelerated depreciation and amortization		**125,859**	127,139
Revaluation surplus on operating fixed assets		**46,515**	49,509
Right of use assets		**39,446**	33,714
		211,820	210,362
Deductible temporary differences:			
Staff retirement benefit - gratuity		**(30,074)**	(36,452)
Unused tax losses		**(47,034)**	(4,448)
Provisions		**(4,834)**	(5,470)
		(81,942)	(46,370)
	18.1.1	**129,878**	163,992

18.1.1 Movement of deferred tax liability is as follows:

Balance at 01 July	**163,992**	132,429
Effect of initial application of IFRS 9	**-**	(2,133)
Adjusted balance as at 01 July	**163,992**	130,296
(Reversal) / charge recognized in statement of profit or loss	**(41,181)**	33,820
Charge / (reversal) recognized in other comprehensive income	**7,066**	(124)
Balance at 30 June	**129,878**	163,992

19. TRADE AND OTHER PAYABLES

	Note	2020	2019
Trade creditors and bills payable		**160,753**	132,214
Accrued and other liabilities		**47,379**	43,575
Advances from customers - unsecured	*19.1*	**4,711**	8,064
Sales tax payable		**25,152**	10,211
Withholding taxes payable		**995**	2,960
Workers' profit participation fund payable		**-**	5,742
Workers' welfare fund payable		**17**	17
Payable to employees provident fund		**658**	669
		239,665	203,452

19.1 This includes contract liabilities amounting to Rs. 1.42 million (2019: Rs. 3.82 million). This also includes security deposit from customers amounting to Rs. 0.7 million (2019: Rs. 2.5 million) which are utilizable for Company business as per the terms agreed with the customers. No amount was utilized for the purpose of the Company's business during the year.

20. SHORT TERM BORROWINGS

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

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

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

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

22. CONTINGENCIES AND COMMITMENTS

22.1 The Company has filed an appeal to 'Commissioner Inland Revenue Appeals - III, Regional Tax Office, Rawalpindi', against the order passed by the 'Deputy Commissioner Inland Revenue, Audit-I, Zone-I, Haripur' dated 20 May 2020 regarding admissibility of sales tax input amounting Rs. 35.9 million on various products relating to tax year 2017. The Company has not recognized any provision in this respect in these financial statements as in view of its Legal Advisor, the said case is likely to be decided in the Company's favor on legal grounds that a similar case has already been decided in the Company's favour in recent past.

22.2 The Company has filed an appeal to 'Collector (Appeals), Khyber-Pakhtunkhwa Regulatory Authority (KPRA)' against the order of 'Additional Commissioner (Withholding)' dated 17 June 2020 regarding sales tax amounting to Rs. 18.9 million, withheld on services relating to tax year 2019. The Company has not recognized provision in this respect in these financial statements as in view of its Legal Advisor the said case is likely to be decided in the Company's favor on legal grounds that the Company has duly discharged its obligations as per sales tax withholding rules.

22.3 Bank guarantees issued by two financial institutions of the Company amounting Rs. 9.15 million (2019: 9.15 million) in favor of the Company's fuel and electricity suppliers.

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

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

		Note	2020	2019
			------- Rupees in '000 -------	
24.	**COST OF SALES**			
	Raw material consumed		**1,917,976**	2,858,304
	Packing material consumed		**97,164**	121,679
	Stores, spares and loose tools consumed		**53,246**	48,721
	Salaries, wages and other benefits	*24.1*	**202,803**	196,411
	Electricity, gas and water		**287,927**	233,893
	Travelling and conveyance		**9,936**	16,805
	Vehicle repair and maintenance		**11,546**	11,624
	Rent, rates and taxes		**22,137**	29,369
	Repair and maintenance		**8,950**	11,470
	Safety and security		**12,388**	14,963
	Medical		**8,274**	6,925
	Carriage and freight inward		**6,434**	11,939
	Communication charges		**2,398**	2,416
	Printing, postage and stationery		**2,072**	2,226
	Technical testing and analysis		**618**	690
	Fees, subscription and professional charges		**2,480**	2,224
	Entertainment		**617**	1,301
	Staff welfare and support		**4,346**	4,300
	Depreciation		**124,683**	123,717
	Other directly attributable cost		**115**	123
			2,776,110	3,699,100
	Work-in-process - opening		**198,170**	132,514
	Work-in-process - closing		**(99,846)**	(198,170)
			98,324	(65,656)
	Cost of goods manufactured		**2,874,434**	3,633,444
	Finished goods - opening		**43,613**	51,048
	Finished goods - closing		**(48,077)**	(43,613)
			(4,464)	7,435
	Costs to fulfill a contract		**36,013**	48,177
			2,905,983	3,689,056

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

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

	Note	2020	2019
		------- Rupees in '000 -------	
26. SELLING EXPENSES			
Salaries and benefits	*26.1*	**20,687**	19,701
Vehicle running and maintenance		**2,197**	2,335
Office rent		**736**	704
Travelling and conveyance		**1,910**	3,307
Communications		**456**	358
Entertainment		**333**	303
Professional charges		**100**	50
Repair and maintenance		**754**	196
Electricity, water and gas		**351**	353
Printing and stationery		**48**	69
Advertisement		**258**	-
Miscellaneous		**48**	21
		27,878	27,397

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

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

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

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

	Note	2020	2019
		------- Rupees in '000 -------	
28. OTHER EXPENSES			
Workers' Welfare Fund		**-**	17
Workers' Profits' Participation Fund		**-**	5,742
Donation	*28.1*	**751**	897
Abnormal loss of materials		**14,900**	28,248
Provision for obsolete stock in trade		**217**	263
Loss on disposal of operating fixed assets		**-**	198
Other receivables written off		**1,382**	3,002
Impairment loss on operating assets - idle machine	*37.6*	**13,166**	-
		30,416	38,367

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

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

30. TAXATION

Current			
Provision for current year		**-**	-
Prior year charge		**-**	200
	30.1	**-**	200
Deferred tax (income) / expense		**(41,181)**	33,820
		(41,181)	34,020

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

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

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

31. EARNINGS PER SHARE - BASIC AND DILUTED

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

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

31.3 Diluted

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

32. CASH AND CASH EQUIVALENTS

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

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2020			
	Chief Executive Officer	**Executive Director**	**Executives**	**Total**
	---------- Rupees in '000 ----------			
Managerial remuneration	**19,984**	**-**	**25,070**	**45,054**
Provision for shared based payment	**(122)**	**-**	**-**	**(122)**
Employee benefits	**2,226**	**-**	**15,408**	**17,634**
	22,088	**-**	**40,478**	**62,566**
Number of persons	**1**	**-**	**10**	

	2019			
	Chief Executive Officer	Executive Director	Executives	Total
	---------- Rupees in '000 ----------			
Managerial remuneration	20,925	1,500	23,353	45,778
Provision for shared-based payment	1,301	-	-	1,301
Cash bonus	3,000	-	-	3,000
Employee benefits	2,595	-	15,590	18,185
	27,821	1,500	38,943	68,264
Number of persons	1	1	9	

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

34. PROVIDENT FUND

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

35. NUMBER OF EMPLOYEES

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

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	2020	2019
	------- Rupees in '000 -------	
Cash dividend to Non-Executive Directors	**2,117**	5,088
Meeting fee paid to Non-Executive Directors	**5,850**	5,475
Remuneration including benefits and perquisites of key management personnel	**46,784**	56,750
Cash dividend to Executive Directors	**2,974**	5,207
Contribution to employees' provident fund	**7,754**	7,465
Payment towards employees' gratuity fund	**31,002**	-

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

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

37. SEGMENT REPORTING

37.1 Description of operating segments

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

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

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

37.2 Information about reportable segments

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

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

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

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

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

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

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

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

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

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

38.1 Classification and fair values

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

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

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

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

38.2 Financial risk management

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

- credit risk
- liquidity risk
- market risk

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

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

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

38.2.1 Credit risk

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

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

i) Trade receivables

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

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

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

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

Expected credit loss (ECL) assessment for customers

The Company uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through

successive stages of delinquency to write-off. Roll rates are calculated based on the following credit risk characteristics – geographic region, age of customer relationship and average of year-wise probability of default.

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

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

30 June 2019		**Weighted average loss rate**	**Gross carrying amount**	**Loss allowance**	**Credit impaired**
		Percentage	---------- Rupees in '000 ----------		
Current (not past due)		0.46%	238,093	(1,091)	No
1–30 days past due		1.03%	150,278	(1,545)	No
31–60 days past due		19.57%	20,107	(3,936)	No
61–90 days past due		37.94%	1,288	(489)	No
	8		**409,766**	**(7,061)**	

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

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

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

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

ii) Bank balances

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

38.2.2 Market risk

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

a) Foreign exchange risk management

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

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

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to foreign currency risk

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

b) Interest / mark up rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to cash flow interest rate risk on its running finance arrangements which is repriced at a maximum period of 120 days.

Exposure to interest rate risk

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

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

Fair value sensitivity analysis for fixed-rate instruments

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

Cash flow sensitivity analysis for variable-rate instruments

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

38.2.3 Liquidity risk

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

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

		2020					
		Carrying amount	**Contractual cash flows**	**Up to one year**	**One to two years**	**Two to five years**	**Five years onwards**
	Note	---------- Rupees '000 ----------					
Short-term borrowings	*20*	**525,209**	**525,209**	**525,209**	**-**	**-**	-
Long-term loans - secured (including current portion)	*15*	**104,795**	**130,302**	**21,342**	**40,290**	**64,611**	**4,059**
Lease liabilities (including current portion)	*16*	**235,880**	**275,050**	**60,135**	**102,300**	**112,615**	-
Trade and other payables	*19*	**187,575**	**187,575**	**187,575**	**-**	**-**	-
		1,053,459	**1,118,136**	**794,261**	**142,590**	**177,226**	**4,059**

		2019					
		Carrying amount	Contractual cash flows	Up to one year	One to two years	Two to five years	Five years onward
		---------- Rupees '000 ----------					
Short-term borrowings	*20*	737,682	737,682	737,682	-	-	-
Long-term loans - secured (including current portion)	*15*	137,000	162,884	80,793	24,976	57,115	-
Liabilities against assets subject to finance lease (including current portion)	*16*	280,330	339,142	115,777	96,687	242,455	-
Trade and other payables	*19*	175,789	175,789	175,789	-	-	-
		1,330,801	1,415,497	1,110,041	121,663	299,570	-

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

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

38.3 Capital risk management

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

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

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

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

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

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

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

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

41. COMPARATIVE FIGURES

41.1 Reclassifications

Statement of Profit or Loss

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

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

Statement of Financial Position

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

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

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

42. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

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

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

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

43. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive Officer	Director	Chief financial Officer