

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE, 2020**

**IBRAHIM, SHAIKH & CO**

**CHARTERED ACCOUNTANTS**

**259-260 & 403, Panorama Centre, Fatima Jinnah Road,  
Karachi-74400**

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# **MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

## **COMPANY INFORMATION**

### **Board of Directors**

Mr. Abdul Qadir Shiwani	Chairman /Director
Mr. Azeem H. Mandviwalla	Chief Executive/Director
Mrs. Farha Qureshi	Director
Mr. Shamim Ahmed Khan	Director
Mr. Tariq Mehmood	Director
Mr. Naseer Ahmed	Director
Mr. S. Asghar Ali	Director

### **Board of Audit Committee**

Mr. Tariq Mehmood	Member
Mr. Abdul Qadir Shiwani	Member
Mr. Shamim Ahmed Khan	Member

### **Company Secretary**

Ms. Hina Ambreen

### **Bankers**

Habib Metropolitan Bank Limited  
SILK Bank Limited  
MCB Bank Limited

### **Auditors**

Ibrahim, Shaikh & Co.  
Chartered Accountant

### **Tax Consultants**

Jamal Yousuf (Advocates)

### **Legal Advisor**

Tasawur Ali Hashmi (Advocate)

### **Registered Office**

Mandviwalla Building, Old Queens Road,  
Karachi -74000.  
Tel: 021-32441116-9 Fax 021-32441276  
Website: [www.mandviwallamauser.com](http://www.mandviwallamauser.com)  
E-mail: [mmpil@cyber.net.pk](mailto:mmpil@cyber.net.pk)

### **Shares Registrar**

Registrar THK Associates (Pvt.) Limited  
1st Floor, 40 - C,  
Block 6, P,E,C,H.S,  
Karachi.

### **Factory**

C-5, Uthal Industrial Estate,  
Uthal, District Lasbella, Baluchistan.  
Tel: 0853-610333, 0853-203218, Fax: 0853-610393

**New Factory Location:** - A-68/B, Eastern  
Industrial Zone, Port Qasim Authority,  
Karachi.

### **Notice of Annual General Meeting**

Notice is hereby given that the 32nd Annual General Meeting of **Mandviwalla MAUSER Plastic Industries Limited** will be held on Friday, November 27, 2020, at 12:00 noon via Zoom video link, Karachi to transact the following business-

1. To confirm the minutes of the 31<sup>st</sup> Annual General Meeting held on December 07, 2019.
2. To receive, consider and adopt the Audited Accounts of the Company along with the Directors' and Auditors' Reports thereon for the year ended June 30, 2020.
3. To appoint the Auditors of the Company and fix their remuneration.
4. To transact any other business with the permission of the Chairman.

By order of the Board of Directors

**HINA AMBREEN**  
Company Secretary

**November 06, 2020**  
**Karachi**

#### **Notes:**

In light of the COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP"), in term of its Circular No. 5 dated March 17, 2020 and Circular No. 25 dated August 31, 2020, have advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large with minimal physical interaction. Hence, the proceedings of the meeting will be carried out through video-link facility. In this regard, special arrangements have been made for the AGM which are as under:

To attend the meeting, members are requested to register themselves by providing the following information through email at [mandviwalla.investor.relations@thk.com.pk](mailto:mandviwalla.investor.relations@thk.com.pk) on or before November 25 2020.

<b>Name of Shareholder</b>	<b>CNIC Number</b>	<b>CDC Account No./Folio No.</b>	<b>Cell Number</b>	<b>Email Address</b>

Members, who are registered, after the necessary verification, will be provided a Zoom video link by the Company on the same email address that they email the Company with. The login facility will remain open from 11:45 a.m. till the end of the meeting.

## **1. Book of Closure**

The share transfer books of the Company will remain closed from November 20, 2020 to November 27, 2020 (both days inclusive).

## **2. For appointing proxies**

A member entitled to attend and vote at this meeting may appoint any other member as his/ her proxy to attend and vote on his/ her behalf. The instrument appointing proxy must be received at the registered office of the Company duly stamped and signed not later than 48 hours before the meeting.

Members are requested to notify our Registrar THK Associates (Pvt) Ltd, State 1<sup>st</sup> Floor, 40 – C, Block 6, P.E.C.H.S, Karachi, if there is any change in their addresses immediately.

CDC Account Holders will further have to strictly follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.



## VISION STATEMENT

To diversity and expand in other related sectors where quality plastic products are not available and fill the gaps in these fields. Increase awareness of our Company and the international quality standards being met nationally and internationally. Further improve whenever possible and identify areas which can be better managed

## MISSION STATEMENT

Our mission is to exceed the expectations of our customers in producing, with efficiency, quality plastic products, employing international best practices and applying an integrated approach to product research and development, manufacturing technology, operations management, material procurement, financial management and information system.

### **Strategic goals:**

- a) **Achieving customer satisfaction** by manufacturing quality products, timely management of deliveries and after sales support.
- b) **Ensuring quality manufacturing** by producing highest quality of plastic products at competitive prices.
- c) **Expanding customer base** by exploring new national and international markets and understanding product research and development in plastic products as well as our own market requirement.
- d) **Ensuring efficient resource management** by managing human, financial, technical and infrastructural resources to support the above strategic goals and to ensure highest possible value addition to stakeholders.

### **Core Values:**

- 1. Striving for continuous improvement and innovation with commitment and responsibility;
- 2. Treating stake holders with respect, courtesy and competence;
- 3. Practicing highest personal and professional integrity;
- 4. Maintaining teamwork, trust and support , with open an candid communication;
- 5. Ensuring cost consciousness in all decisions and operations;

(Rupees in Million)

Rupees in Thousand

## Key Operating And Financial Results

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Operating Data</b>						
Sales (Net)	-	-	-	-	-	-
Cost of sales	(26.741)	(12.066)	(6,327)	(6,293)	(7,469)	(7,552)
Gross Profit /(loss)	(26.741)	(12.066)	(6,327)	(6,293)	(7,469)	(7,552)
Operating Profit/lose	(35.733)	(19.209)	(8,161)	(7,749)	(9,889)	(15,343)
Financial Charges	(0.00709)	(0.00452)	(0.00166)	-	(5,000)	(3.00)
Profit/(lose) before Taxation	(36.084)	(19.217)	(8,163)	22.357	127.838	(14,908)
Profit/(lose) after Taxation	(36.084)	(19.217)	(8,163)	18.556	43.906	(14,908)
<b>Financial Data</b>						
Shareholders equity	(88.528)	(52.958)	(31.132)	(78.468)	(285,757)	(287,495)
Long term liabilities	-	-	-	-	-	-
Deferred liabilities	10.747	11.689	8.519	5.8660	5.561	7.329
Current liabilities	161.692	122.724	99.223	153.972	366,279	408,345
Fixed Assets	32.727	36.638	38,662	42,898	47,610	52.853
Work in Progress	4.842	4.625	-	-	-	-
Assest in Bond	19.705	19.705	19.705	19.705	19.705	19.705
Long term deposits	0.23171	0.23171	0.23171	0.73	0.73	0.73
current assets	26.407	20.253	18.011	18,033	18,033	54.886
<b>Key Ratio</b>						
Gross margin	-	-	-	-	-	-
Operating margin	-	-	-	-	-	-
Net Profit/Loss	-	-	-	-	-	-
Current ratio*	0.163	0.16	0.19	0.160	0.049	0.13
Earning/(loss) per share	(4.91)	(2.61)	(1.11)	-	0.01	(2.03)
<b>Dividend</b>						
	-	-	-	-	-	-
<b>Production (Tons)</b>						
Installed	4275	4275	4275	4,275	4,275	4,275
Actual	-	-	-	-	-	-

\*Current ration has been calculated after deducting current maturity of long term liabilities

## Chairman's Review

As the elected Chairmen of the Board of Directors, It is my pleasure to present this report to the shareholders of the Company for the year ended June 30, 2020, pertaining to the overall performance of the Board of Directors and their effectiveness in guiding the Company towards accomplishing its aims and objectives. I appreciate the efforts of the Board and Management for working on the restructuring of the company and I am pleased to announce that the plant is being commissioned and necessary civil works and installations are complete. The Company started commercial production with effect from July 25, 2020.

On behalf of the Board, I would like to thank our existing employees and their contribution for a revival of the company and hopefully in the coming year to bring our company into operations and profitability.



Chairman of the Board of Directors  
Karachi: November 06, 2020

## چینرمین کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کے منتخب چیئرمین کی حیثیت سے، میری خوشی ہے کہ اس رپورٹ کو ربط کو پیش کریں کمپنی کے حصص یافتگان مجموعی کارکردگی سے متعلق 30 جون، 2020 کو ختم ہوئے بورڈ آف ڈائریکٹرز اور کمپنی کو مکمل کرنے کے لئے اس کی رہنمائی میں ان کی تاثیر مقاصد اور مقاصد میں بورڈ پر کام کرنے کیلئے انتظامیہ اور کاوشوں کی کوششوں کو سراہتا ہوں کمپنی کی تنظیم نو اور مجھے یہ اعلان کرتے ہوئے خوشی ہے کہ پلانٹ چل رہا ہے اور ضروری سول ورکس اور تنصیبات مکمل ہیں۔ کمپنی نے تجارتی پیداوار شروع کر دی 25 جولائی، 2020 سے لاگو ہوگا۔

بورڈ کی جانب سے، میں اپنے موجودہ ملازمین اور ایک کے لئے ان کے شراکت کا شکریہ ادا کرتا چاہتا ہوں کمپنی کی بحالی اور امید ہے کہ آنے والے سال میں اپنی کمپنی کو کام اور منافع میں لائیں گے

بورڈ آف ڈائریکٹرز کے چیئرمین

کراچی: 06 نومبر 2020

## Chairman/Directors' Report

The Board of Directors of the company are presenting the 32<sup>nd</sup> Annual Report and Audited Financial Statements of the company for the year ended June 30, 2020.

### Financial Results

Financial results are summarized as under.

	2020 <u>Rupees</u>	2019 <u>Rupees</u>
Sales	-	-
Gross profit/(Loss)	(26,741,330)	(12,006,767)
Net profit/(loss)after taxation	(36,083,646)	(19,217,655)
Accumulated losses	(491,723,790)	(456,154,711)
Earning per share	(4.91)	(2.61)

### Production

The Nil capacity utilization during 2019-20 is due to the closure of the production process with effect from July 01 2013.

### Sales

The net sales revenue was Rs. Nil as compared to previous year Rs. Nil. The reason for Nil Sale is due to closure of production process with effect from July, 01 2013

The closure of production was due to the severe power breakdowns and declining security situation in Uthal, Baluchistan. The non-competitive nature of the location due to its geographical remoteness.

It is my pleasure to inform you that the company has already shifted its Plant & machinery from Uthal Balochistan to its new location in Port Qasim Karachi (Eastern Zone). The plant is being commissioned and necessary civil works and installations are complete. The Company has started commercial production with effect from July 25, 2020 for its world renowned 210-Litre Mauser L-Ring drums.

In March 2019, the company had also obtained consent from the shareholders in the Thirtieth Annual General Meeting of the company to issue 32,900,000 ordinary shares of Rs. 10/- each that is of Rs. 329,000,000/- as fully paid-up shares without the offer and/or issue of right shares, to Azeem Hakim Mandviwalla the Director and Chief Executive of the Company.

These shares were in lieu of his outstanding, Subordinated Loan of Rs 329.381 million towards the Company, under the first proviso to Section 83(1) of the Companies Act, 2017 ("the Act"). Securities and Exchange Commission of Pakistan has granted approval on March 5, 2020 for issue of further shares by way of other than right issue to Azeem Hakim Mandviwalla against loan amounting to Rs 213,927,330/-.Subsequent to the balance sheet date these shares have been issued to Azeem Hakim Mandviwalla after fulfilment of all the relevant requirements.

### **After Tax Profit/Loss and Accumulated losses**

The loss after tax is witnessed at Rs.36.084 million during the year as compared to loss of Rs. 19.218 million (2019).

### **Payments of Creditors**

The company is working on the settlement of these creditors in the near future.

### **Auditors' report to the members**

Our auditor, M/s Ibrahim, Shaikh & Co Chartered Accountants has highlighted certain matters in their reports to the members on the financial statements for the year under review. The respective explanations are as follows.

1. The auditors have given qualification on the going concern assumption that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively However, the management is of the view that the sponsor's are continuously injecting funds into the company and as on June 30, 2020 already provided Subordinated loans to the Company amounting to Rs 329.642 million. The Company has a unique product mix and the highest credibility in their field. The technology is unique and difficult to gain experience in due to which condition in the future are expected to become favorable. The company has elaborated the factors in note 1.1 to the financial statements, and that has been considered in preparation of the financial statements on going concern basis.
2. The Auditors qualified that the management has not carried out a review of operating fixed assets to determine the impairment in the carrying values under IAS 36 "Impairment of assets". Consequently, the amounts for these assets are stated as per the stated accounting policy and no adjustment has been made in respect of impairment loss, if any. The management is making efforts and such review will be carried out in the coming year.

3. Provision for impairment loss of engineering stores in bond of Rs. 19.705 million have not been made as these are still lying in the bonded warehouse therefore, the amount of loss cannot be ascertained with certainty. Further explanation is given in note Note 7.1 to the financial statements.
4. The company has not recorded any additional liability under section 205 of the income tax ordinance 2001, on deposition of third party tax as mentioned in note No.18.1.2 into federal treasury within the stipulated period. The company expects to satisfy the auditors to the full regarding the same as all obligation have been discharged according to law and proof of which will be provided subsequently to the auditors.
5. "Store spares and loose tools" and "Stock in trade" items have been recorded at realizable value and as per management assessment no provision against these items are required. However, independent revaluation of "Store spares and loose tools" and "Stock in trade" will be carried out in 2021.
6. The management is making effort in contacting these creditors to verify their balance to our auditors. This would most probably reflect in the half yearly audit or subsequent accounts.
7. Unclaimed Dividend represents unclaimed dividends of Sponsors and they have given their consent that these unclaimed dividend are payable to them at the discretion of the Company.

#### **Auditors**

The present auditors M/s Ibrahim, Shaikh & Co, Chartered Accountants retire and being eligible to offer themselves for reappointment.

#### **Statement on Corporate and Financial Reporting Frame Work**

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP). Following are statements on Corporate and Financial Reporting Framework:

- a) The Financial Statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the company have been maintained.

- c) Appropriate accounting policies have been consistently applied in the preparation of the financial statements. Accounting estimates are based on reasonable prudent judgment.
- d) International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from if any, has been adequately disclosed.
- e) The system of financial controls, which was in place, is being continuously reviewed by the management for improvement of internal audit and other procedures. The process of review will continue and any weaknesses in the controls will be removed.
- f) The going concern assumption is discussed in note 1.1 to the financial statements.
- g) There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulation.
- h) Key operating & financial data for the last six years in summarized, form is annexed.
- i) In view of the losses sustained, the company has not declared dividend during the year.
- j) Outstanding taxes & levies:  
Please refer to note 27 to the annexed financial statements
- k) During the year four meetings of the board of directors were held. Attendance by each director is as follows:-

<b>Board of Directors</b>	<b>No. of meeting Attended</b>
Mr. Azeem H. Mandviwalla	04
Mr. Tariq Mehmood	04
Mr. Abdul Qadir Shawani	04
Mr. Naseer Ahmed	04
Mr. Syed Asghar Ali	04
Mr. Shamim Ahmed Khan	04
Ms. Farha Qureshi	00



## **Future Outlook**

The future outlook of the plastic industry is very promising. However, the second and third quarters of the 2019-2020 financial year were badly effected due to the Covid-19 pandemic.

The market has been growing constantly over the last five years. The company already resumed its production from July, 25, 2020 at the new location with the award winning Mauser 210 Litre L-Ring drum range and will follow by its line of Industrial crates and containers.

The management is currently involved in re introducing the product in the Chemical, Lube Oil and Food sectors. It has big plans to add a new product range to its line to increase its market share.

## **Acknowledgment**

It is our privilege to share with you our deep appreciation of the sincerity and dedication of our company employees who are our main asset.

We would also like to express our gratitude for the support and co-operation of our valued customers, shareholders, suppliers and financial institutions.

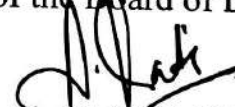


Azeem H. Mandviwalla  
Chief Executive

Karachi

Dated: November 06, 2020

On behalf of the Board of Directors

  
Abdul Qadir Shiwani  
Chairman/Director

## چیئرمین / ڈائریکٹرز رپورٹ

کمپنی کا بورڈ آف ڈائریکٹرز 32 واں سالانہ رپورٹ اور مورخہ 30 جون 2020 کو اختتام پذیر ہونے والے سال کیلئے آڈٹ شدہ مالیاتی گوشوارے آپ کی خدمت میں پیش کر رہا ہے۔

### مالیاتی نتائج

مالی نتائج کا خلاصہ ذیل میں کیا گیا ہے۔

2019	2020	
روپے	روپے	
-----	-----	فروخت
(12,006,767)	(26,741,330)	خام منافع / (خسارہ)
(19,217,655)	(36,083,646)	خالص منافع / (خسارہ) بعد از کٹوتی ٹیکس
(456,154,711)	(491,723,790)	مجموعی خسارہ
(2.61)	(4.91)	آمدنی فی شیئر

### پروڈکشن

مالی سال 2019-20 کے دوران پیداواری صلاحیت کے صفر استعمال کی وجہ مورخہ 01 جولائی 2013 سے پروڈکشن پوسٹس کا بند ہو جانا ہے۔

### فروخت

فروخت کی ر میں خالص آمدنی صفر ہی جو سال گزشتہ میں بھی صفر ہی تھی۔ فروخت صفر رہنے کی وجہ یہ ہے کہ کمپنی کا پروڈکشن پوسٹس مورخہ 01 جولائی 2013 سے بند چلا آ رہا ہے۔

کمپنی کے پیداواری عمل کی بندش کی بڑی وجہ بجلی کی فراہمی میں شدید خلل، اوتھل، بلوچستان میں امن وامان کی صورتحال اور جغرافیائی لحاظ سے دور دراز واقع ہونے کی وجہ سے ٹیکسٹری کے مقام کی ہیئت کا مسابقت کے قابل نہ ہونا ہے۔

مجھے یہ اطلاع دیتے ہوئے مسرت ہو رہی ہے کہ ہمارے بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ کمپنی اقبال بلوچستان سے اپنے پلانٹ اور مشینری کو پورٹ قاسم کراچی (شرقی زون) میں واقع اپنے نئے مقام پر منتقل کر چکی ہے۔ پلانٹ جاری کیا جا رہا ہے اور ضروری کام اور تنصیبات مکمل ہیں۔ کمپنی نے 25 جولائی، 2020ء سے اپنے عالمی شہرت یافتہ 210 لیٹر ماؤسٹرل رنگ ڈریموں کے لئے تجارتی پیداوار کا آغاز کیا ہے۔

مارچ 2019 میں، کمپنی نے کمپنی کے تین سو سالانہ جنرل میٹنگ میں حصص یافتگان سے -/32,900,000 عام حصص کو 500 روپے کے اجراء کے لئے بھی رضامندی حاصل کی تھی۔ 10 -/329,000,000 کمپنی کے ڈائریکٹر اور چیف ایگزیکٹو عظیم حکیم مانڈوی والا کو پیش کش اور / یا دائیں حصص کے اجراء کے بغیر مکمل طور پر ادائیگی کے حصص۔

یہ حصص کمپنی کے ایکٹ 2017، ("ایکٹ") کے سیکشن (1) 83 کی پہلی دفعہ کے تحت کمپنی کے لئے اس کے 329.381 ملین روپے کے ماتحت قرض کے بدلے تھے۔ سیکورٹیز اینڈ ایکسچین کمیشن آف پاکستان نے -/213,927,330 روپے کے قرض کے مقابلے میں عظیم حکیم مانڈوی والا کو حق اشاعت کے علاوہ مزید حصص جاری کرنے کے لئے 5 مارچ 2020 کو منظوری دے دی ہے۔ بیلنس شیٹ کی تاریخ کے بعد یہ شیئرز جاری کر دیے گئے ہیں تمام متعلقہ تقاضوں کی تکمیل کے بعد عظیم حکیم مانڈوی والا کو۔

## بعد از ٹیکس منافع / خسارہ اور مجموعی خسارہ

سال کے دوران ٹیکس کے بعد ہونے والے نقصان کا تخمینہ 36.084 ملین روپے ہے جبکہ اس کے مقابلے میں آئندہ سال کے نقصان کا تخمینہ 19.218 ملین (2019)۔

## قرضوں کی ادائیگی

کچھ مستقبل قریب میں ان قرض دہندگان کے تھپے پر کام کر رہی ہے۔

## آڈیٹرز رپورٹ بنام ممبران

ہمارے آڈیٹرز میسرز ابراہیم، شیخ اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے ممبران کے نامزد ہر جائزہ سال کی اپنی رپورٹ میں مالیاتی تقصیر کے بارے میں چند محاطات کا اجماع کیا ہے۔ ان کی وضاحتیں ذیل میں پیش کی جا رہی ہیں:-

1۔ کمپنی کے قابل نمود (going concern assumption) ہونے کے بارے میں آڈیٹرز نے رائے پیش کی ہے کہ نہ مقرر مالیاتی گنجواروں کی تیاری میں استعمال کردہ پیمانہ غیر موزوں ہے۔ نتیجتاً اثاثہ جات اور واجبات / قرضہ جات کے لئے باترتیب حقیقی قابل وصولی اور حقیقی قابل ادائیگی رقوم بیان کی جانی چاہئے تھیں۔ تاہم انتظامیہ کا نقطہ نگاہ یہ ہے کہ اسپانسرز نے 30 جون 2020 تک کمپنی میں فنڈز مسلسل شامل کئے ہیں اور ”ناقص قرضوں“ (subordinated loans) اور طویل المدتی قرضوں کی مدد سے باترتیب مبلغ 329.642 ملین روپے کی رقم کمپنی میں شامل کی ہے۔ کمپنی کی تیاری جانے والی مصنوعات منفرد ہیں اور کمپنی اپنے شعبے میں بہترین ساکھ کی حامل بھی ہے۔ ہمیں میسرز عینکالوٹی کے تجربے کا حصول انتہائی مشکل ہے جس کے باعث مستقبل میں حالات بہتر ہو جانے کی قوی امید ہے۔ ان عوامل کی وضاحت کمپنی نے فائنل اسٹیٹمنٹس کے نوٹ 1.1 میں کردی ہے اور مالیاتی گنجواروں میں کمپنی کے کاروبار جاری رکھنے کے بارے میں پیش کردہ تصورات کے لئے ان ہی عوامل کو بنیاد بنایا گیا ہے۔

2۔ آڈیٹرز کی رائے ہے کہ IAS 36 ”اثاثہ جات کا نقصان“ کے تحت اثاثہ جات کی قدر کا تعین کرتے ہوئے پائیدار اثاثوں (fixed assets) کی اصل تخمینہ شدہ قیمت (carrying value) کا تعین کرتے ہوئے کمپنی نے پائیدار اثاثوں کے استعمال کا جائزہ (review) نہیں لیا ہے۔ چنانچہ ان اثاثوں کی قیمتیں مقرر کردہ اکاؤنٹنگ پالیسی کے تحت لگائی گئی ہیں اور خرابی / امرت، اگر ہو، کے باعث ہونے والے نقصان کے ضمن میں کوئی ایڈجسٹمنٹ نہیں کی گئی ہے۔ کمپنی کی انتظامیہ اس ضمن میں جھوٹا جواب دے رہی ہے اور یہ جائزہ آئندہ سال تیار کیا جائے گا۔

3۔ مبلغ 19.705 ملین روپے کے تسکات کے حامل انجینئرنگ اسٹورز کی تفصیلات نہیں دی گئی ہیں کیونکہ یہ انجینئرنگ اسٹورز محال ہوئے ڈویژن ہاؤس میں رکھے ہیں چنانچہ نقصانات کی رقم کا تعین پورے یقین سے نہیں کیا جاسکتا۔ اس ضمن میں مزید وضاحت فائنل اسٹیٹمنٹس کے نوٹ 7.1 میں دی گئی ہے۔

4۔ نوٹ نمبر 18.1.2 میں تذکرہ ”قرض پارٹی ٹیکس“ کی تحویل کے ضمن میں کمپنی نے انکم ٹیکس آرڈیننس 2001 کی دفعہ 205 کے تحت مقرر مدت کے دوران قومی خزانے میں قابل ادائیگی کوئی اضافی واجبات ریکارڈ نہیں کئے ہیں۔ کمپنی توقع کرتی ہے کہ وہ اپنے قرض خواہوں کو اس معاملے پر پوری طرح سے مطمئن کر دے گی کیونکہ اس ضمن میں تمام قانونی ذمہ داریاں پوری کی گئی ہیں جس کا ثبوت آڈیٹرز کو پیش کر دیا جائے گا۔

5۔ ”ذخیرہ جات اور کھلے اداوار“ اور ”اسٹاک ان ٹریڈ“ آئٹمز حقیقی قابل فروخت قدر پر ریکارڈ کئے گئے ہیں کیونکہ انتظامیہ کے تخمینوں کے مطابق ان آئٹمز کے لئے کسی خاص شرط کی ضرورت نہیں۔ تاہم ”ذخیرہ جات اور کھلے اداوار“ اور ”اسٹاک ان ٹریڈ“ کی آزادانہ کی قدر کا 2021 میں دوبارہ تعین کیا جائے گا۔

6۔ انتظامیہ ان قرض خواہوں سے رابطہ کرنے کی کوششیں کر رہی ہے تاکہ وہ اپنے بھائیاجات کی تصدیق ہمارے آڈیٹرز کے پاس کر سکیں۔ اس صورتحال کا ذکر ممکنہ طور پر ششماہی آڈٹ یا کے بعد کے کھاتوں میں کیا جائے گا۔

7۔ غیر دعوی شدہ منافع منقسمہ دراصل اسپانسرز کے غیر دعوی شدہ منافع منقسمہ کو ظاہر کرتا ہے اور انہوں نے رضامندی ظاہر کر دی ہے کہ یہ غیر دعوی شدہ منافع منقسمہ کچھ، یا حصہ بہ حصہ قابل

ادائیگی ہے۔

## آڈیٹرز

موجودہ آڈیٹر مسمرز ابراہیم، شیخ اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریشٹرز ہو رہے ہیں اور اہل ہونے کے سبب انہوں نے اپنے دوبارہ تقرر کے لئے خود کو پیش کیا ہے۔

## کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا اسٹیٹمنٹ

ڈائریکٹرز یہ اظہار کرتے ہوئے صرف محسوس کرتے ہیں کہ ہماری کمپنی سیکورٹی اینڈ ایچ جی کمیشن آف پاکستان (SECP) کے مقرر کردہ ”کوڈ آف کارپوریٹ گورننس“ کی مکمل تعمیل کر رہی ہے۔ کارپوریٹ اور فنانشل رپورٹنگ فریم ورک پر اسٹیٹمنٹس درج ذیل ہیں۔

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات یعنی اسکے آپریشنز کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی صورتحال غیر جانبداری سے بیان کرتے ہیں۔
- کمپنی کے کھاتہ جات موزوں طور سے تیار کئے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں موزوں اور مناسب اکاؤنٹنگ پالیسیوں پر عمل درآمد کیا گیا ہے۔ اکاؤنٹنگ تخمینہ جات معقول اور محتاط فیصلوں پر بنیاد کرتے ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق اکاؤنٹنگ کے عالمی معیارات کی تعمیل کی گئی ہے اور کسی بھی انحراف، اگر ہو، کو موزوں طور سے ظاہر کیا گیا ہے۔
- انٹرنل آڈٹ اور دیگر پرو-ہیجرز میں بہتری لانے کی غرض سے مالیاتی انضباط (financial controls) کے نظام، جو پہلے سے موجود ہے، کا انتظامیہ کی جانب سے مسلسل جائزہ لیا جاتا ہے۔ جائزہ لینے کا یہ عمل جاری رہے گا اور کنٹرولز میں پائی جانے والی خامیاں دور کی جاتی رہیں گی۔
- کمپنی کے قابل غمو (going concern assumption) ہونے کے بارے میں بحث فنانشل اسٹیٹمنٹ کے نوٹ نمبر 1.1 میں تفصیلاً موجود ہے۔
- لسٹنگ ریگولیشنز میں صراحت کردہ کارپوریٹ گورننس کے بہترین معمولات سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ (06) برسوں کے اہم آپرینٹنگ اور فنانشل ڈیٹا بصورت خلاصہ دیا گیا ہے جس کا فارم منسلک ہے۔
- کمپنی کو ہونے والے نقصانات کے پیش نظر ہر جائزہ سال کے لئے کمپنی نے منافع منقسمہ کا اعلان نہیں کیا ہے۔
- واجب الادا ڈسکیسز اور محصولات :-
- ازراہ کرم فنانشل اسٹیٹمنٹس کے ساتھ منسلک نوٹ 27 ملاحظہ فرمائیں۔
- دوران سال بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد کئے گئے۔ اس ضمن میں ہر ڈائریکٹر کی حاضری کی صورتحال درج ذیل ہے:-

بورڈ آف ڈائریکٹرز	تعداد اجلاس
مسٹر عظیم ایچ ماٹودی والا	04
مسٹر طارق محمود	04
مسٹر عبدالقادر شادانی	04
مسٹر نصیر احمد	04
مسٹر سید امجد علی	04
مسٹر شمیم احمد خان	04
مس فراح قریشی	00

غیر حاضری کی چھٹی ان ڈائریکٹر کو دی گئی جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے تھے۔

آؤٹ کمیٹی نے سال کے دوران دو (2) اجلاس کیا۔ ہر ممبر کی ضروری مندرجہ ذیل تھی۔

ممبران کا نام	تعداد اجلاس میں شرکت کی
جناب قادر شیوانی	02
جناب طارق محمود	02
جناب شمیم احمد خان	02

(ا) مندرجہ ذیل کے مطابق ہدایت کاروں کی کل تعداد سات ہے۔

(a) مرد: چھ

(b) زنانہ: ایک

(m) بورڈ آف ڈائریکٹرز ("بورڈ") کی تشکیل مندرجہ ذیل ہے۔

زمرہ	م
آزاد ڈائریکٹر	نیل
وسرے مان ایگزیکٹو ڈائریکٹر	

محترمہ فرح تریخی	
جناب شمیم احمد خان	
جناب طارق محمود	
جناب عبدالقادر شیوانی	
جناب نصیر احمد	
جناب سید اصغر علی	
ایگزیکٹو ڈائریکٹر *	جناب عظیم حکیم ماٹھوی والا *

(n) بورڈ نے ذیل میں دیے گئے ممبروں پر مشتمل کمیٹیاں تشکیل دی ہیں:

a. آؤٹ کمیٹی

i. جناب طارق محمود - چیرمین

ii. جناب عبدالقادر شیوانی

iii. جناب شمیم احمد خان

b. بورڈ نے ایچ آر اور معاوضہ کمیٹی تشکیل نہیں دی ہے

ڈائریکٹرز کی معاوضہ کی پالیسی

بورڈ مجلس اجلاس میں شرکت کے لئے اپنے ڈائریکٹرز کے معاوضے/فیس کا تعین کرنے کا مجاز ہے۔ بورڈ کی کمیٹی (کمیٹیوں) کے اجلاسوں میں شرکت کرنے اور کمیٹی کے عمومی اجلاس (اجلاسوں) یا کمیٹی کے کسی اور کاروباری اجلاس (شرکت) میں شرکت کے کسی معاوضے کی ادائیگی نہیں کی جاسکتی ہے۔ سال کے دوران ادا کی جانے والی فیس اور معاوضہ ٹیکس کی تفصیلات چیف ایگزیکٹو آفیسر مل میانات میں نوٹ 30 میں انکشاف کرتے ہیں۔

## مستقبل کا منظر نامہ

مستقبل میں پلاسٹک کی صنعت کا نقطہ نظر بہت امیدوار ہے تاہم، کوویڈ-19 وبا کی امراض کی وجہ سے 2019-2020 مالی سال کا دوسرا اور تیسرا حلقہ بری طرح متاثر ہوا۔

مارکیٹ گذشتہ پانچ سالوں میں مستقل طور پر بڑھ رہی ہے۔ کمپنی نے پہلے ہی جولائی، 2020، 25 سے نئے مقام پر اپنی پیداوار دوبارہ شروع کی جس کے ساتھ ایوارڈ یافتہ موسمر 210 لیٹر ایل رنگ ڈرم کی حد ہوگی اور اس کے بعد اس کی صنعتی خانے اور کنٹینرز کی لکیر ہوگی۔  
انتظامیہ اس وقت کیمیکل، لیب آئل اور فوڈ سیکٹر میں مصنوع کو دوبارہ متعارف کروانے میں شامل ہے۔ اس کے مارکیٹ شیئر کو بڑھانے کیلئے اپنی لائن میں نئی مصنوعات کی حد شامل کرنے کے بڑے منصوبے ہیں۔

## اظہار تشکر

ہم اپنے قیمتی ترین اثاثے، اپنے ملازمین کو دل کی اتھاہ گہرائیوں سے ہدیہ تہنیت پیش کرتے ہوئے فخر محسوس کر رہے ہیں جو انتہائی خلوص اور وفاداری سے ہمارے ساتھ جڑے ہوئے ہیں۔  
ان کے ساتھ ساتھ اعانت اور تعاون فراہم کرنے والے اپنے قابل قدر گاہکوں، شیئر ہولڈروں، سپلائرز اور مالیاتی اداروں کا بھی ہم تہہ دل سے شکریہ ادا کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

عظیم ایچ مانڈوی والا

چیف ایگزیکٹو

عبدالقادر شوانی

چیئرمین / ڈائریکٹر

کراچی

مورخہ 06 نومبر 2020

**I B R A H I M , S H A I K H & C O**  
C H A R T E R E D A C C O U N T A N T S

**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 Mandviwalla MAUSER Plastic Industries Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Further, we highlight below instances of non-compliance with the requirements of the code as reflected in the notes in the statement of compliance.

	<b>Note reference</b>	<b>Description</b>	<b>Non-Compliance</b>
i)	2	Composition of the board	No Independent Director
ii)	4	Code of Conduct	Company has not prepared Code of Conduct.
iii)	9	Directors Training	No orientation course for Directors arranged.
iv)	12	Audit Committee and HR and Remuneration Committee	No Independent Director in Audit Committee and None of the member is financially literate. The Board has not formed an HR and remuneration Committee

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v) 14

Meeting of Audit Committee and  
HR Remuneration Committee

No meeting of HR Remuneration  
was held

Karachi.  
Date: November 06, 2020

  
Ibrahim, Shaikh & Co.  
Chartered Accountants  
Engagement Partner Shabbir Ahmed FCA





## Statement of Compliance

**With the Code of Corporate Governance for the year ended June 30, 2020.**

Mandviwalla MAUSER Plastic Industries Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of directors are seven as per the following:
  - a) Male: Six
  - b) Female: One
2. The composition of the Board of Directors ("the Board") is as follows:

Category	Names
Independent Director	Nil
Other Non-Executive Directors	Mst. Farah Qureshi
	Mr. Shamim Ahmed Khan
	Mr. Tariq Mahmood
	Mr. Abdul Qadir Shiwani
	Mr. Naseer Ahmed
	Mr. Syed Asghar Ali
Executive Directors *	Mr. Azeem H. Mandviwalla *

\*The Chief Executive of the Board is an Executive Director.

One person have resigned and replaced by following person as directors on the Board of the company on August 08, 2019.

Resigned Directors	In coming Directors
Mr. Masih ul Hasan	Mr. Naseer Ahmed

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 not prepared a Code of Conduct.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the dates of approval or updating is maintained by the company.

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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 Companies Act, 2017 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Directors were apprised of their duties and responsibilities from time to time. The directors remained non compliant with the provision with regard to their directors' training program. The company has an arrangement to hold orientation course for their directors in coming year.
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
  - i. Mr. Tariq Mehmood -Chairman
  - ii. Mr. Abdul Qadir Shiwani
  - iii. Mr. Shamim Ahmed Khan

Audit Committee comprises three non- executive directors and no independent director and None of the member is financially literate.

- b. The Board has not formed an HR and Remuneration Committee

13. The terms of reference of the Audit Committee have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the aforesaid committees were as per following:

- a. Audit Committee: Quarterly
- b. No HR and Remuneration Committee formed


15. The Board has set up effective internal audit functions that are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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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 ("the ICAP") and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except with the Act, the 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 other requirements of the Regulations 3, ,7, 8, , 32, 33 and 36 of the Regulations have been complied with excluding Regulation No 6 and 27 are explained below.

S. No.	Requirement	Explanation	Reg. No
1	Independent Director	No Independent Director	6
2	Audit Committee.	No Independent Director in Audit Committee. and None of the member is financially literate	27

  
Azeem H. Mandviwalla  
Shiwani  
Chief Executive

  
Abdul Qadir  
Chairman

Karachi: `November 06, 2020

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**Report on the Audit of the Financial Statements**

**Adverse Opinion**

We have audited the annexed financial statements of Mandviwalla MAUSER Plastics Industries Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss account, 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 explanations given to us, the statement of financial position, statement of profit or loss account, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss the comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Adverse Opinion**

- The financial statements for the year ended June 30, 2020 have been prepared on going concern assumption despite of the fact that company incurred loss after taxation of Rs 36.084 million and as of that date it has accumulated losses of Rs.491.724 million which resulted in negative equity of Rs.88.528 million and its current liabilities exceeded its current assets by Rs. 135.286 million and total assets by Rs.77.781 million. Furthermore, management's assertion as explained fully in note 1.1 we have not been furnished evidence in support of the management's assertion that they shall succeed in their efforts. These conditions lead us to be believe that going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- The management has not carried out a review of operating fixed assets to determine the impairment in the carrying values under IAS 36 "Impairment of assets". Consequently, the amounts for these assets are stated as per the stated accounting policy and no adjustment has been made in respect of impairment loss, if any.
- Company's policy for impairment of assets in respect of engineering stores in bond, having cost of Rs.19.705 million is contrary to International Accounting Standard (IAS-36) "Impairment of Assets". The customs authorities allegedly damaged the said stores. No provision for impairment loss has been made in financial statements in this respect. The company has filed a

suit against the customs authorities. Since, the engineering stores are held in bond, the extent of damage occurred could not be ascertained with reasonable certainty.

Had the company made the provisions the loss for the year, accumulated losses and net capital deficiency of the company would have been higher by Rs. 19.705 million.

- As mentioned in note 18.1.2 to the financial statements, the company has not recorded any additional tax liability under section 205 of the Income Tax Ordinance, 2001 that the company may incur on non-deposit of third party tax liability in the government treasury within stipulated time. Since the age of the tax liability is not ascertainable, the estimate of the financial effect cannot be quantified with substantial accuracy.
- The balance under the head "Stores" and "Stock in Trade" amounting to Rs. 7.945 million and Rs. 4.248 million, respectively, which is unmoved from the last eight years. The Company has not recorded any provision against these slow moving "Stores" and "Stock in Trade" items and we have not been provided NRV working of these items.

Had the company made the provisions the loss for the year, accumulated losses and net capital deficiency of the company would have been higher by Rs. 12.193 million.

- Included in the trade creditors and Contract Liabilities shown in note 14 to the financial statements is an amount of Rs. 85.033 million and Rs. 3.615 million respectively in respect of various parties, which remain unverified. In the absence of information we were unable to verify the actual liability against these creditors and contract liabilities;
- Unclaimed Dividend amounting to Rs 2.209 Million. However balance as per Dividend account in MCB (account No 10075-9) amounting to Rs 0.020 million.

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

### **Key Audit Matters**

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

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Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no key audit matters to communicate in our report.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

Except for the adjustment in respect of matters stated in Basis for Adverse Opinion above, 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 account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

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

  
**IBRAHIM, SHAIKH & CO.**  
**CHARTERED ACCOUNTANTS**  
**KARACHI**

**DATED : 06 NOV 2020**



**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>NON-CURRENT ASSETS</b>			
Property plant and equipment	5	32,727,062	36,638,660
Capital Work in Progress	6	4,841,661	4,625,085
Assets in bond	7	19,705,171	19,705,171
Long term deposits	8	231,710	231,710
		57,505,604	61,200,626
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	9	11,625,904	11,625,904
Stock-in-trade	10	11,591,533	7,178,083
Trade receivable - unsecured	11	-	-
Other receivables	12	3,159,540	1,174,778
Cash and bank balances	13	29,758	274,937
		26,406,735	20,253,702
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	109,053,174	99,953,168
Current portion of long term liabilities		2,208,846	2,208,846
Unclaimed dividend	15	-	-
Provision for taxation	16	50,430,855	20,562,492
Short term Borrowings		161,692,875	122,724,506
		(135,286,140)	(102,470,804)
<b>Net current assets/(liabilities)</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities	17	10,747,396	11,688,675
		10,747,396	11,688,675
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>NET ASSETS</b>			
		<u>(88,527,932)</u>	<u>(52,958,853)</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized: 40,000,000 ordinary shares of Rs.10/- each	19	<u>400,000,000</u>	<u>75,000,000</u>
Issued, subscribed and paid-up capital	19	73,554,000	73,554,000
Subordinated loans	20	329,641,858	329,641,858
Accumulated losses carried forward		(491,723,790)	(456,154,711)
<b>Net shareholders' equity</b>		<u>(88,527,932)</u>	<u>(52,958,853)</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

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

	Note	2020 Rupees	2019 Rupees
Revenue	21	-	-
Cost of sales	22	(26,741,330)	(12,066,767)
<b>Gross (loss)</b>		<u>(26,741,330)</u>	<u>(12,066,767)</u>
General and administrative expenses	23	8,991,636	7,142,906
		<u>(8,991,636)</u>	<u>(7,142,906)</u>
Loss generated from operation		(35,732,966)	(19,209,673)
Other income			
Selling and distribution expense	24	(153,090)	(3,330)
		<u>(35,886,056)</u>	<u>(19,213,003)</u>
Finance cost	25	(7,090)	(4,652)
Other Charges	26	(190,500)	-
Profit / (loss) before taxation		<u>(36,083,646)</u>	<u>(19,217,655)</u>
Taxation	27	-	-
Profit / (loss) after taxation		<u><u>(36,083,646)</u></u>	<u><u>(19,217,655)</u></u>
Earnings per share - basic and diluted	28	<u><u>(4.91)</u></u>	<u><u>(2.61)</u></u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

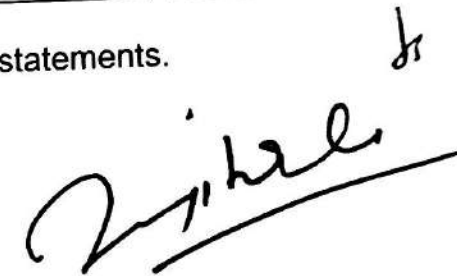
**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Profit / (loss) for the year	(36,083,646)	(19,217,655)
Gain/(loss) on gratuity	514,567	(2,869,625)
Total comprehensive Income/(loss) for the year	<u><u>(35,569,079)</u></u>	<u><u>(22,087,280)</u></u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Note</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before taxation		(36,083,646)	(19,217,655)
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation	5.1	3,757,898	4,243,440
Provision for staff gratuity		920,728	1,124,412
Loss on assets destroyed in transit		190,500	
Allowance for ECL on trade receivable		-	108,682
Finance cost		7,090	4,652
		<u>4,876,216</u>	<u>5,481,186</u>
		(31,207,430)	(13,736,469)
<b>Working capital changes</b>			
<b>Decrease / (Increase) in current assets</b>			
Stores, spares and loose tools		-	(2,080,000)
Stock-in-trade		(4,413,450)	-
Trade receivable - unsecured		-	1,123
Other receivables		(1,897,098)	
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		7,773,329	2,263,488
		<u>1,462,781</u>	<u>184,611</u>
Income tax paid		(87,664)	(24,793)
Staff gratuity/employees compensated absences paid		(20,763)	(150,000)
Finance cost paid		(7,090)	(4,652)
		<u>(115,517)</u>	<u>(179,445)</u>
		(29,860,166)	(13,731,303)
<b>Net cash used in operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditures		(253,376)	(6,845,000)
		(253,376)	(6,845,000)
<b>Net cash used in investing activities</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term Borrowings		29,868,363	20,562,492
Subordinated loans		-	261,000
<b>Net cash generated from financing activities</b>		<u>29,868,363</u>	<u>20,823,492</u>
Net increase / (decrease) in cash and cash equivalents		(245,179)	247,189
Cash and cash equivalents at the beginning of the year		274,937	27,748
Cash and cash equivalents at the end of the year	32	<u>29,758</u>	<u>274,937</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED

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

	Issued, subscribed and paid up share capital	Subordinated loans	Accumulated losses carried forward	Net shareholders' equity
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2018	73,554,000	329,380,858	(434,067,431)	(31,132,573)
During the year		261,000		261,000
Total comprehensive Income/(loss) for the year	-	-	(22,087,280)	(22,087,280)
Balance as at June 30, 2019	73,554,000	329,641,858	(456,154,711)	(52,958,853)
Total comprehensive Income/(loss) for the year	-	-	(35,569,079)	(35,569,079)
Balance as at June 30, 2020	73,554,000	329,641,858	(491,723,790)	(88,527,932)

The annexed notes from 1 to 37 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1 STATUS AND NATURE OF BUSINESS**

The company was incorporated in Pakistan on June 13, 1988, as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) domiciled in the province of Sindh and is listed on Pakistan Stock Exchanges. The company is mainly engaged in manufacturing and sale of plastic and allied products. The registered office of the company is situated at Mandviwalla Building, Old Queens Road, Karachi.

**1.1 GOING CONCERN ASSUMPTION**

The Company accumulated losses amounting to Rs 491.724 million (2019 Rs 456.155 million) as on June 30, 2020. Thus causing a net capital deficiency of Rs 88.528 million (2019 Rs 52.959 million). The current liabilities have exceeded current assets by Rs 135.286 million (2019 Rs 102.471 million). The company has temporarily shut down its operations with effect from July 01, 2013.

These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These Financial Statements however, have been prepared under the going concern assumptions based on following mitigating factors narrated below.

The company shifted plant to Port Qasim Karachi and started commercial production with effect from July 25, 2020. Up to June 30, 2020 Sponsoring Directors of the company have injected funds amounting to Rs 329,641,858 along with written commitment to the company stating that they would inject funds as and when required by the company. The Sponsoring Directors also put on record that they have enough liquid fund to fulfill their commitments.

**1.2 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS**

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures have resulted in an overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX). However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

**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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; 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 using accrual basis of accounting, except for certain financial assets and liabilities which are stated at fair value.

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistan Rupees which is the functional and presentation currency of the Company.

**2.4 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the companies accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Deferred liability - staff gratuity
- b) Provision for taxation
- c) Accrued liabilities
- d) Impairments of doubtful trade debts, capital work in progress
- e) Useful life of operating fixed assets, intangible assets.
- f) Valuation of assets held for sale
- g) Estimates of impairments and recoverable amounts of assets

**3 New and Revised Standards and Interpretations**

**3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year**

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2019, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

**3.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 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.

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**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

- 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 periods. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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



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- 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.

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

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

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

#### **4 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

##### **4.1 PROPERTY PLANT & EQUIPMENT AND DEPRECIATION**

###### **Owned**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any except for capital work-in-progress is stated at cost.

Depreciation on fixed assets is charged to the income statement applying the diminishing balance method whereby the cost of an asset is written off over its estimated useful life. Depreciation is charged on a proportionate basis from the month of addition & up to the month of disposal.

Company accounts for impairment, where indication exists, by reducing its carrying value to the assessed recoverable amount. However, no such indication exists till the authorization of these financial statements.

Expenditure incurred subsequent to the initial acquisition of asset is capitalized only when it increases the future economic benefits embodied in the items of above assets. All other expenditure is recognized in the profit and loss account as and when incurred.

Gains and losses on disposal are included in income currently.

###### **Leased**

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. The entity mainly leases properties for its operations. The entity recognizes a

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right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the diminishing balance method over the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

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 entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a reducing balance basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

**Asset held under Ijarah financing**

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard- 2 (IFAS 2), "Ijarah". The assets are not recognized on the Company's statement of financial position and payments made under Ijarah financing are recognized in the statement of profit or loss on a straight line basis over the term of the Ijarah.

**4.2 IMPAIRMENT OF ASSETS**

The company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired except for assets in bond. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.

**4.3 STORES, SPARES AND LOOSE TOOLS**

Stores, spares and loose tools are stated at cost which is determined under the moving average method except for those in transit and in bond which are valued at actual cost. Provision is made for slow moving and obsolete items. The term cost means invoice price including direct expenses.

**4.4 STOCK IN TRADE**

Raw materials are valued at lower of cost and estimated net realizable value. Cost is arrived at by using first-in, first-out basis except for goods in transit and in bond.

Finished goods are valued at lower of cost determined on average basis and net realizable value. Cost consists of cost of direct materials, labour and appropriate manufacturing overheads.

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

Goods in transit and in bond are stated at cost comprising invoice value plus other charges paid thereon.

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**4.5 TRADE RECEIVABLES**

Trade receivables originated by the company are recognized and carried at original invoice amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as and when incurred.

**4.6 CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES**

Creditors, accrued expenses and other liabilities are stated at cost which is the fair value of the consideration to be paid in future in respect of goods and services.

**4.7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHERS RECEIVABLE**

These are stated at cost.

**4.8 PROVISIONS**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**4.9 FOREIGN CURRENCY TRANSLATIONS**

Foreign currency transactions are converted into rupees at the rates of exchange approximating to those ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated into rupees at the rates of exchange approximating those ruling at the balance sheet date except for liabilities covered under forward exchange contracts which are translated at the contracted rates. Exchange gains or losses are included in income currently.

**4.10 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

**4.10.1 Financial Assets**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

**Classification**

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification is based on the Company's business model for managing the financial assets and the contractual cashflow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

**a) Financial assets at amortized cost**

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**b) Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

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**Reclassification**

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

**Initial recognition and measurement**

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade date – the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Company's right to receive payments is established. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade date.

**Subsequent measurement**

For the purpose of measuring financial assets after initial recognition, these are classified into the following four categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair

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Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

**Derecognition**

Financial assets are derecognized when:

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

The difference between the carrying amount and the consideration received is recognized in profit or Loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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



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If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

**Impairment of financial assets**

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss.

**4.10.2 Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

**The Company does not reclassify any of its financial liabilities.**

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the statement of profit or loss account.

The Company's financial liabilities include trade and other payables, loans and borrowings including Company overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

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Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

**Financial guarantee contracts and commitments to provide a loan at a below-market interest rate**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts and commitments to provide a loan at a below-market interest rate are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

**Contingent consideration recognized in a business combination**

These are subsequently measured at fair value with changes recognized in profit or loss.

**All other liabilities**

All other financial liabilities are measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

If the Company repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or

**4.10.3 Offsetting of financial**

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

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**4.11 Balances from**

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

**Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

**Right of return assets**

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

**Refund**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

**4.12 REVENUE RECOGNITION**

Revenue is to be recognized in accordance with the afore mentioned principle by applying the following steps:

- i) Identify the contract with a customer
- ii) Identify the performance obligation in the contract
- iii) Determine the transaction price of the contract
- iv) Allocate the transaction price to each of the separate performance obligations in the contract
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by supplying the electricity or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

Markup/interest income is recognized on time proportion basis that takes into account effective interest.

**4.13 BORROWING COSTS**

Mark-up, interest and other charges on long term borrowings are capitalized unto the date of commissioning of the related fixed asset, acquired out of the proceeds of such long term borrowings. All other mark-up, interest and other charges are charged to income statement.

**4.14 TAXATION**

**Current**

Provision for current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001.

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**Deferred**

Deferred tax is calculated using the liability method on all temporary differences at the balance sheet date, between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, un-absorbed tax losses to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and significant taxable income will be available against which the deductible temporary differences or un-absorbed tax losses can be utilized.

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

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

**4.15 STAFF RETIREMENT BENEFITS**

**Defined benefit plan - gratuity**

The company operates an unfunded gratuity scheme for its all permanent employees who have completed a minimum qualifying period of service. Provision is made on the basis of Projected Unit Credit Method. The valuation is carried out using the Project Unit Credit Method. The gains and losses are recognized at each

**Employees' compensated absences**

The company provides for liability in respect of employees' compensated absences in the year in which these are earned.

The company accounts for these benefits on an accrual basis.

**4.16 CASH AND CASH EQUIVALENTS**

Cash in hand and at banks, if any, are carried at cost.

For the purposes of the cash flow statement, cash and cash equivalents consists of cash in hand, bank balances net off book overdraft.

**4.17 RELATED PARTY TRANSACTIONS**

All transactions with related parties are carried out by the company at arm's length prices using "Comparable Uncontrolled Price Method".

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**5 PROPERTY PLANT & EQUIPMENT**

**At July 1, 2019**

Cost  
Accumulated depreciation  
**Net book value**

Leasehold land	Buildings on leasehold land	Plant and machinery imported	Plant and machinery local	Engineering stores moulds	Furniture, Hydrant and Air conditioners	Equipment	Generators, Workshops, Tools and Handling Equipment	Tube well	Compressor	Canteen Utensils	Motor Vehicles		Total
Owned Rupees	Owned Rupees	Owned Rupees	Owned Rupees	Owned Rupees	Owned Rupees	Owned Rupees	Owned Rupees	Owned Rupees	Owned Rupees	Owned Rupees	Owned Rupees	Leased Rupees	Rupees
739,202	32,801,122	251,216,368	11,485,380	57,792,581	9,045,566	6,445,426	5,657,631	431,165	1,689,235	192,919	3,571,316	-	381,067,911
-	30,990,357	231,923,054	10,505,507	49,068,935	7,928,137	5,391,548	4,570,282	429,459	1,616,462	188,100	1,817,409	-	344,429,251
<b>739,202</b>	<b>1,810,765</b>	<b>19,293,314</b>	<b>979,873</b>	<b>8,723,646</b>	<b>1,117,429</b>	<b>1,053,878</b>	<b>1,087,349</b>	<b>1,706</b>	<b>72,773</b>	<b>4,819</b>	<b>1,753,907</b>	<b>-</b>	<b>36,638,660</b>

**Year ended June 30, 2020**

Opening net book value  
Additions  
Disposals-net book value  
Asset destroyed in transit-net book value  
Depreciation  
Impairment  
**Closing net book value**

739,202	1,810,765	19,293,314	979,873	8,723,646	1,117,429	1,053,878	1,087,349	1,706	72,773	4,819	1,753,907	-	36,638,660
-	-	-	-	-	36,800	-	-	-	-	-	-	-	36,800
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	(190,500)	-	-	-	-	-	-	-	-	-	-	-
-	(181,077)	(1,910,281)	(97,988)	(872,365)	(111,743)	(109,068)	(108,735)	(341)	(14,555)	(964)	(350,781)	-	(190,500)
-	-	-	-	-	-	-	-	-	-	-	-	-	(3,757,898)
<b>739,202</b>	<b>1,629,688</b>	<b>17,192,533</b>	<b>881,885</b>	<b>7,851,281</b>	<b>1,042,486</b>	<b>944,810</b>	<b>978,614</b>	<b>1,365</b>	<b>58,218</b>	<b>3,855</b>	<b>1,403,126</b>	<b>-</b>	<b>32,727,062</b>

**As at June 30, 2020**

Cost  
Accumulated depreciation  
**Net book value**

739,202	32,801,122	246,722,508	11,485,380	57,792,581	9,082,366	6,445,426	5,657,631	431,165	1,689,235	192,919	3,571,316	-	376,610,851
-	31,171,434	229,529,975	10,603,495	49,941,300	8,039,880	5,500,616	4,679,017	429,800	1,631,017	189,064	2,168,190	-	343,883,789
<b>739,202</b>	<b>1,629,688</b>	<b>17,192,533</b>	<b>881,885</b>	<b>7,851,281</b>	<b>1,042,486</b>	<b>944,810</b>	<b>978,614</b>	<b>1,365</b>	<b>58,218</b>	<b>3,855</b>	<b>1,403,126</b>	<b>-</b>	<b>32,727,062</b>

**As at July 01, 2018**

Cost  
Accumulated depreciation  
**Net book value**

739,202	32,801,122	251,216,368	11,485,380	57,792,581	9,045,566	6,443,296	5,569,846	431,165	1,689,235	192,919	1,441,316	-	378,847,996
-	30,789,161	229,779,353	10,396,631	48,099,641	7,803,978	5,274,451	4,449,465	429,033	1,598,269	186,896	1,378,932	-	340,185,811
<b>739,202</b>	<b>2,011,961</b>	<b>21,437,015</b>	<b>1,088,749</b>	<b>9,692,940</b>	<b>1,241,588</b>	<b>1,168,845</b>	<b>1,120,381</b>	<b>2,132</b>	<b>90,966</b>	<b>6,023</b>	<b>62,384</b>	<b>-</b>	<b>38,662,185</b>

**Year ended June 30, 2019**

Opening net book value  
Additions  
Disposals at net book value  
Transfers  
Depreciation  
Impairment  
**Closing net book value**

739,202	2,011,961	21,437,015	1,088,749	9,692,940	1,241,588	1,168,845	1,120,381	2,132	90,966	6,023	62,384	-	38,662,185
-	-	-	-	-	-	2,130	87,785	-	-	-	2,130,000	-	2,219,915
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	(201,196)	(2,143,701)	(108,876)	(969,294)	(124,159)	(117,097)	(120,817)	(426)	(18,193)	(1,204)	(438,477)	-	(4,243,440)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>739,202</b>	<b>1,810,765</b>	<b>19,293,314</b>	<b>979,873</b>	<b>8,723,646</b>	<b>1,117,429</b>	<b>1,053,878</b>	<b>1,087,349</b>	<b>1,706</b>	<b>72,773</b>	<b>4,819</b>	<b>1,753,907</b>	<b>-</b>	<b>36,638,660</b>

**Rate**

-	10%	10%	10%	10%	10%	10%	10%	20%	20%	20%	20%	20%	20%
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**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
5.1	The depreciation for the year has been allocated as follows: Cost of goods manufactured Administrative expenses	3,185,001 572,897 <u>3,757,898</u>	3,562,077 681,363 <u>4,243,440</u>
5.2	Details of Plant and Machinery destroyed in transit during the year are as follows :	Rupees	Rupees
	Cost	4,493,860	-
	Accumulated depreciation	(4,303,360)	-
	Net book value	<u>190,500</u>	<u>-</u>
	Insurance proceed	-	-
	Mode of disposal	Insurance Claim	
5.2.1	In July 2019, the company had lodged Insurance claim on marine cargo insurance policy for transportation of plant and machinery from Uthal Baluchistan to Port Qasim Authority. During transit machine RMP-135 imported from Italy was completely damaged and certain spares of RMP-1350 were also damaged. The company has filed claim of Rs 30 million with the insurance company which is disputed by the insurance company with regards to amount of claim. The company had recorded the loss on assets destroyed on the basis of book value of the assets. The claim is not settled upto June 30, 2020 and any gain arising on insurance claim will be recognized in subsequent year.		
6	<b>WORK IN PROGRESS</b>		
	<i>Civil Work</i>		
	Construction - running bills and materials	4,841,661 <u>4,841,661</u>	4,625,085 <u>4,625,085</u>
	Capitalized during the year		
	Buildings	- <u>4,841,661</u>	- <u>4,625,085</u>
6.1	Building	4,841,661 <u>4,841,661</u>	4,625,085 <u>4,625,085</u>
7	<b>ASSETS IN BOND</b>		
	Engineering stores	7.1 <u>19,705,171</u>	<u>19,705,171</u>
7.1	These are molds which, have been pledged with a lender. These molds were imported in 1990 and were damaged by the Custom Authorities in respect of which the company has filed suits. Since the Engineering Stores are held in bond, the extent of damage occurred could not be ascertained with reasonable certainty.		
8	<b>LONG TERM DEPOSITS</b>	<u>231,710</u>	<u>231,710</u>
9	<b>STORES, SPARES AND LOOSE TOOLS</b>		
	Stores and spares	17,731,138	17,731,138
	Loose tools	1,600,849	1,600,849
		19,331,987	19,331,987
	Less: Provision for slow moving items	9.1 (7,706,083)	(7,706,083)
		<u>11,625,904</u>	<u>11,625,904</u>
9.1	<b>Provision for slow moving stores, spares and loose tools</b>		
	Opening balance	7,706,083	7,706,083
	Charge for the year	-	-
		<u>7,706,083</u>	<u>7,706,083</u>

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>10 STOCK-IN-TRADE</b>			
Raw materials		5,174,221	760,771
Raw materials in bond		1,084,670	1,084,670
Finished goods		5,755,309	5,755,309
		12,014,200	7,600,750
Less: Provision for slow moving finished goods		(422,667)	(422,667)
		<u>11,591,533</u>	<u>7,178,083</u>
<b>11 TRADE RECEIVABLES - UNSECURED</b>			
Considered doubtful		108,682	108,682
		108,682	108,682
Less: Allowance for ECL	11.1	(108,682)	(108,682)
		<u>-</u>	<u>-</u>
<b>11.1 Allowance for ECL</b>			
Balance at beginning of the year		108,682	-
Charge during the year - net		-	108,682
Allowance no longer required		-	-
Write - off		-	-
Balance at the end of the year		<u>108,682</u>	<u>108,682</u>
<b>12 OTHERS RECEIVABLES</b>			
Advance to Employees		943,995	-
Advance to Suppliers		200	-
Sales tax refundable		952,903	-
Advance income tax		1,262,442	1,174,778
		<u>3,159,540</u>	<u>1,174,778</u>
<b>13 CASH AND BANK BALANCES</b>			
Cash in hand		-	-
Cash at banks - in current accounts		29,758	274,937
Local currency		29,758	274,937
		<u>29,758</u>	<u>274,937</u>
<b>14 TRADE AND OTHER PAYABLES</b>			
Creditors		85,033,200	84,473,719
Accrued liabilities			
Salaries and wages		3,372,201	3,220,773
Staff Gratuity payable		4,448,887	3,122,210
		<u>7,821,088</u>	<u>6,342,983</u>
Other liabilities			
Contract Liabilities		3,615,117	3,615,117
Tax deducted at source		5,038,126	5,023,232
Rent payable		5,850,000	450,000
Book Debts		1,363,342	-
Others		332,301	48,117
		<u>16,198,886</u>	<u>9,136,466</u>
		<u>109,053,174</u>	<u>99,953,168</u>

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**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>15 INCOME TAX PAYABLE</b>			
Opening balance		-	-
Provided during the year	<b>27</b>		
- Current		-	-
- Prior		-	-
		-	-
		-	-
Payments/adjustments during the year		-	-
<b>16 SHORT TERM BORROWING - UN SECURED</b>			
<b>Others</b>	<b>16.1</b>	<u>50,430,855</u>	<u>20,562,492</u>
		<u><u>50,430,855</u></u>	<u><u>20,562,492</u></u>
<b>16.1</b>	The Company has obtain loans from Meskay & Femtee Trading Company (Private) Limited. As per the term of agreement, the loans are repayable on demand.		
<b>17 DEFERRED LIABILITY</b>			
<b>17.1 Deferred Taxation</b>			
In view of the consistent tax losses and expected future turnover, it is probable that the company will not have sufficient future taxable income and hence will not able to utilize the deductible temporary difference. Therefore, deferred tax asset of Rs. 32.685 million (2019: Rs. 31.198 million) has not been recognized in these financial statements."			
<b>17.2 Staff retirement benefits</b>	<b>Note</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
<b>Staff Gratuity</b>			
As at the beginning of the year		10,387,916	7,218,894
Charge to profit and loss account		920,728	1,124,412
Benefits due but now transfer to short term liability		(1,326,677)	(675,015)
Part Payment of gratuity of existing staff & workers		-	(150,000)
(Gain)/ loss during the year		(514,567)	2,869,625
As at end of the year		9,467,400	10,387,916
<b>Employees' compensated absences</b>	<b>17.3</b>	<u>1,279,996</u>	<u>1,300,759</u>
		<u><u>10,747,396</u></u>	<u><u>11,688,675</u></u>
<b>17.2.1 Charge to profit or Loss</b>			
Current service cost		322,460	371,332
Interest on past service Cost		598,268	753,080
		<b>920,728</b>	<b>1,124,412</b>
(Gain) or Loss recognized during the year		-	2,869,625
		920,728	3,994,037
<b>17.2.2 The charge to profit or loss has been allocated as follows</b>			
Cost of sales		745,780	860,304
Administrative expenses		174,948	264,108
		<b>920,728</b>	<b>1,124,412</b>

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Present value of define benefit obligation has been determined using projected unit credit method. The liability as at June 30, 2019 and June 30, 2020 has been determined by the management of the company based on projected unit credit method. The principal assumptions used in determining present value of define benefit obligation are

Note	2020 Rupees	2019 Rupees
	%	%
Discount rate	7	8
Expected rate of increase salary	2	5
<b>Historical information</b>		
Present value of defined benefits obligation	9,467,400	10,387,916
Adjustment arising during the year	(514,567)	2,869,625
Valuation date	June 30, 2020	June 30, 2019

The Experience adjustment components actuarial adjustment is impracticable to determine and thus has not been disclosed

Note	2020 Rupees	2019 Rupees
<b>17.3 Employees' compensated absences</b>		
Net liability / (assets) at the beginning of the year	1,300,759	1,300,759
Charge for the year	-	-
	1,300,759	1,300,759
Benefits paid during the year	(20,763)	-
Net liability / (assets) at the end of the year	<u>1,279,996</u>	<u>1,300,759</u>

## **18 CONTINGENCIES AND COMMITMENTS**

### **18.1 Contingencies**

#### **18.1.1 Wash Basin Mold**

The company has filed two suits 32/92 for Rs. 84,509,000 against the Customs Authority for damaging the wash basin mould during illegal detention. These suits were dismissed and the company has filed an appeal against these judgments in the Honorable High Court of Sindh which is still pending. A suit No 768/93 is also pending in the Honorable High Court of Sindh against the EFU General Insurance Company for refusing payments of claim for damage to the wash basin mould. The amount of claim and mark-up thereon (as claimed) comes to Rs. 48.770 million.

#### **18.1.2 Additional Tax Liability**

Included in creditors, accrued and other liabilities, the company has not provided for additional tax on third party tax liability amounting to Rs. 5,023 million as at June 30, 2020, to be levied under section 205 of Income Tax Ordinance, 2001 as disclosed in note 14 to the audited financial statements for the year ended June 30, 2020. The company believes that the said amount will be paid.

#### **18.1.3 Securities and Exchange Commission of Pakistan (SECP)**

**18.1.3.1** SECP issued show cause notice no EMD/233/602/2002-861-868 date June 16, 2011 under sub section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 on non filing of quarterly income statement and balance sheet for the third quarter ended on March 31, 2011.

**18.1.3.2** SECP has issued an order against the directors of the company for not holding the AGM for the year ended June 30, 2012 and has imposed a fine of Rs. 400,000/- (Rs. 50,000 on each director). SECP has also issued a notice to file quarterly accounts for the periods ended December 31, 2011 and March 31, 2012. The aforesaid violation attracts the penal provisions of sub section (3) of section 245 of the Companies Ordinance, 1984 and every director, including the chief executive and chief accountant of the company may be liable to pay the penalties under the above mentioned section. The directors have decided to file an appeal against the order.

### **18.2 Commitments**

**18.2.1** Guarantee issued to Honorable High Court of Sindh amounting to Rs. 500,000 (2019: Rs. 500,000).

Nil

Nil



**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>19 SHARE CAPITAL</b>			
Authorized Share capital	19.1	<u>400,000,000</u>	<u>400,000,000</u>
<b>Issued, Subscribed and Paid Up capital</b>			
Number of shares			
2020			
2019			
7,355,400			
7,355,400			
10/- each fully paid in cash		<u>73,554,000</u>	<u>73,554,000</u>
<b>Reconciliation of share capital</b>			
7,355,400			
7,355,400			
Opening balance		73,554,000	73,554,000
Issued during the year		-	-
<u>7,355,400</u>		<u>73,554,000</u>	<u>73,554,000</u>
<u>7,355,400</u>		<u>73,554,000</u>	<u>73,554,000</u>
Closing balance			

**19.1** This represents 40,000,000 (2019: 40,000,000) ordinary shares of Rs. 10/- each amounting to Rs. 400,000,000(2019 :400,000,000)

**19.2** Shares held by the related parties of the company

	<u>2020</u>		<u>2019</u>	
	<i>Number of Shares</i>	<i>Percentage Holding</i>	<i>Number of Shares</i>	<i>Percentage Holding</i>
1 Azeem H Mandviwalla	1,296,555	17.627%	1,296,555	17.627%
2 Masih ul Hassan	-	-	500	0.006%
3 Tariq Mahmood	500	0.006%	500	0.006%
4 Syed Asghar Ali	800	0.011%	800	0.011%
5 Shamim Ahmed Khan	<b>500</b>	0.006%	<b>500</b>	0.006%
6 Abdul Qadir Shawani	500	0.006%	500	0.006%
7 Farah Qureshi	500	0.006%	500	0.006%
8 Naseer Ahmed	500	0.006%	-	-

Note  
2020  
Rupees  
2019  
Rupees

**20 SUBORDINATED LOAN - Unsecured**

Due to director

329,641,858	329,641,858
<u>329,641,858</u>	<u>329,641,858</u>

**20.1** The Company has obtain loans from Director. As per the term of agreement, the loans are interest free (2019 interest free ) and repayment of loans is at the discretion of the management of the Company. However the company had obtained consent from the shareholders in the Thirtieth Annual General Meeting of the company to issue 32,900,000 ordinary shares of Rs. 10/- each that is of Rs. 329,000,000/- as fully paid-up shares without the offer and/or issue of right shares, to Azeem H Mandviwalla the Director and Chief Executive of the Company, in lieu of his outstanding Subordinated Loan Rs 329.381 million towards the Company, under the first proviso to Section 83(1) of the Companies Act, 2017 ("the Act"). Securities and Exchange Commission of Pakistan has granted approval on March 5, 2020 for issue of further shares by way of other than right issue to Azeem Hakim Mandviwalla against loan amounting to Rs 213,927,330/-Subsequent to the balance sheet date these shares have been issued to Azeem Hakim Mandviwalla after fulfillment of all the relevant requirements.

**21 REVENUE**

Local sales  
Export sales

21.1

-	-
-	-
<u>-</u>	<u>-</u>

**21.1 Local sales**

Gross sales  
Sales tax

-	-
-	-
<u>-</u>	<u>-</u>

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**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>22 COST OF SALES</b>			
Opening stock of finished goods		5,755,309	5,755,309
Cost of goods manufactured	22.1	26,741,330	12,066,767
		32,496,639	17,822,076
Closing stock of finished goods		(5,755,309)	(5,755,309)
		<u>26,741,330</u>	<u>12,066,767</u>
<b>22.1 Cost of goods manufactured</b>			
Raw materials consumed	22.1.1	-	-
Store and spares consumed		4,909,630	105,204
Salaries, wages and other benefits		10,435,672	4,870,333
Utilities		196,510	58,910
Repairs and maintenance		788,080	359,053
Rent rates & taxes		13,900	266,500
Postage telephone and telegram		58,575	10,600
Fees and subscription		19,400	44,370
Traveling, conveyance and vehicle running expenses		1,395,036	429,971
Insurance		51,300	-
Shifting of plant and machinery		-	1,814,187
Printing and stationery		178,000	5,057
Rent expense		5,400,000	450,000
Freight & octroi		110,226	16,600
Other Expenses		-	73,905
Depreciation	5.1	3,185,001	3,562,077
<b>Cost of goods manufactured</b>		<u>26,741,330</u>	<u>12,066,767</u>
		<u>2020</u>	<u>2019</u>
	Note	Rupees	Rupees
<b>22.1.1 Raw materials consumed</b>			
Opening stock		760,771	760,771
Purchases		4,413,450	-
		5,174,221	760,771
Closing stock		(5,174,221)	(760,771)
		<u>-</u>	<u>-</u>
<b>23 GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits		5,171,776	3,120,973
Directors' remuneration and executive		-	-
Traveling, conveyance and vehicle running expenses		523,863	131,054
Gratuity expense		174,948	264,108
Utility charges		728,176	278,829
Postage, telephone and telegram		334,047	155,033
Repair and maintenance		89,796	61,175
Depreciation on operating assets	5.1	572,897	681,363
Fee and subscription		507,875	1,756,747
Printing and stationery		349,021	124,752
Insurance		-	58,575
Office expenses		221,827	43,360
Books and periodicals		17,570	8,815
Auditors' remuneration	23.1	247,240	339,440
Allowance for ECL on trade receivable		-	108,682
Entertainment		52,600	10,000
		<u>8,991,636</u>	<u>7,142,906</u>

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
<b>23.1 Auditors' remuneration</b>			
Statutory annual audit fee		158 800	163 240
Half yearly review		57 240	53 000
Review report on code of corporate governance		21 200	21 200
Certification		-	102 000
Out-of-pocket expenses		10 000	-
		<u>247,240</u>	<u>339,440</u>
<b>24 SELLING AND DISTRIBUTION EXPENSE</b>			
Advertising and publicity		153 090	3 330
		<u>153,090</u>	<u>3,330</u>
<b>25 FINANCE COST</b>			
Bank charges		7,090	4,652
		<u>7,090</u>	<u>4,652</u>
<b>26 OTHER CHARGES</b>			
Loss on assets destroyed in transit		190,500	-
		<u>190,500</u>	<u>-</u>
<b>26.1</b>	In July 2019, the company had lodged Insurance claim on marine cargo insurance policy for transportation of plant and machinery from Uthal Baluchistan to Port Qasim Authority. During transit machine RMP-135 imported from Italy was completely damaged and certain spares of RMP-1350 were also damaged. The company has filled claim of Rs 30 million with the insurance company which is disputed by the insurance company with regards to amount of claim. The company had recorded the loss on assets destroyed on the basis of book value of the assets. The claim is not settled upto June 30, 2020 and any gain arising on insurance claim will be recognized in subsequent year.		
<b>27 TAXATION</b>			
Current	27.1	-	-
Prior		-	-
		<u>-</u>	<u>-</u>
<b>27.1 Current</b>			
Under normal assessment		-	-
Income tax on exports	27.1.1	-	-
		<u>-</u>	<u>-</u>
<b>27.2 Prior</b>			
Under normal assessment		-	-
<b>27.1.1 Relationship between tax expense and accounting profit</b>			
Profit / (loss) before taxation		<u>(36,083,646)</u>	<u>(19,217,655)</u>
Tax at the applicable rate		29%	29%
Tax on accounting Profit		-	-
Tax effect of income taxed at lower rate		-	-
- Prior year taxation		-	-
- Difference of minimum Tax on accounting profit		-	-
		<u>-</u>	<u>-</u>
Brought forward tax losses		<u>130,869,430</u>	<u>127,181,256</u>

The income tax assessments have been finalized up to the tax year 2019

**28 EARNINGS PER SHARE**

No figures for diluted earnings per share has been presented as the company has not yet issued any instrument which would have an impact on earnings per share when exercised.

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**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 Rupees	2019 Rupees
Profit/(loss) after taxation		<u>(36,083,646)</u>	<u>(19,217,655)</u>
Weighted average number of ordinary shares		<u>7,355,400</u>	<u>7,355,400</u>
Earnings per share - basic and diluted		<u>(4.91)</u>	<u>(2.61)</u>
<b>29 TRANSACTIONS WITH ASSOCIATED/RELATED PARTIES</b>			
Subordinated borrowings from director Azeem H Mandviwalla		329,641,858	329,641,858
Borrowings from Others		50,430,855	20,562,492
Subordinated borrowings from director Azeem H Mandviwalla movement		-	261,000
Borrowings from Others movement		29,868,363	20,562,492
Salary Payable Directors Azeem H Mandviwalla		2,264,193	2,264,193
Staff gratuity payable		9,467,400	10,387,916
Benefits due but now transfer to short term liability		4,448,887	3,122,210
Staff gratuity charged		920,728	1,124,412
Staff gratuity paid		-	(270,000)
Rent payable		5,850,000	450,000

There were no transactions with related parties other than those already disclosed elsewhere in these financial statements.

- 29.1** All transactions with related parties are carried out by the company at arm's length prices using "Comparable Uncontrolled Price Method".

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**30 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES**

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2020	2019	2020	2019	2020	2019
Managerial remuneration	-	-	-	-	-	-
Housing allowance	-	-	-	-	-	-
Medical expense/	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Motor vehicle expense	-	-	-	-	-	-
	-	-	-	-	-	-
Number of persons	1	1	-	-	-	-

**30.1** The chief executive and certain executives are also provided with free use of company maintained motor vehicles.

**30.2** Aggregate amount charged in these accounts in respect of non-executive directors fee is Rs. Nil (2019: Rs. Nil).

**31 PLANT CAPACITY AND ACTUAL PRODUCTION (IN TONS)**

The production capacity of the whole unit plant on single shift basis, comes to 4,275 tons (2019: 4,275) tons per annum. However, the attainable capacity varies on the basis of the product mix determined for the year. The capacity based on the product mix manufactured during the year ended on June 30, 2020 comes to Nil tons (2019: Nil tons) which is Nil% (2019: Nil%) of the total capacity. The nil capacity utilized is due to closure of production process since July, 01 2013.

**32 CASH AND CASH EQUIVALENTS**

	Note	2020 Rupees	2019 Rupees
Cash and bank balances		29,758	274,937
Bank overdraft		-	-
		<u>29,758</u>	<u>274,937</u>

**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**33.1 Maturities of financial assets and liabilities as at June 30, 2020**

	Mark up bearing maturity			Non-mark-up bearing maturity				Total
	Up to one year	Over one year up to five years	Sub-total	Up to one year	Over one year up to five years	Over five years	Sub-total	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Financial assets								
Advances & Deposits	-	-	-	943,995	231,710	-	1,175,705	1,175,705
Trade debts	-	-	-	-	-	-	-	-
Cash and bank balances	-	-	-	29,758	-	-	29,758	29,758
	-	-	-	973,753	231,710	-	1,205,463	1,205,463
Financial liabilities								
	-	-	-	-	-	-	-	-
Deferred liabilities						10,747,396	10,747,396	10,747,396
Short term Borrowings	-	-	-	50,430,855	-	-	50,430,855	50,430,855
Unclaimed dividend				2,208,846			2,208,846	2,208,846
Creditors, accrued and other liabilities	-	-	-	109,053,174	-	-	109,053,174	109,053,174
	-	-	-	161,692,875	-	10,747,396	172,440,271	172,440,271
Sensitivity gap - 2020	-	-	-	(160,719,122)	231,710	(10,747,396)	(171,234,808)	(171,234,808)

**Maturities of financial assets and liabilities as at June 30, 2019**

Maturities of financial assets and liabilities as at June 30, 2019								
	Mark up bearing maturity			Non-mark-up bearing maturity				Total
	Up to	Over one year	Sub-total	Up to	Over one year	Over	Sub-total	
	one year	unto five years		one year	unto five years	five years		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Financial assets								
Advances & Deposits	-	-	-	-	231,710	-	231,710	231,710
Trade debts	-	-	-	-	-	-	-	-
Cash and bank balances	-	-	-	274,937	-	-	274,937	274,937
	-	-	-	274,937	231,710	-	506,647	506,647
Financial liabilities								
	-	-	-	-	-	-	-	-
Deferred liabilities						11,688,675	11,688,675	11,688,675
Unclaimed dividend				2,208,846			2,208,846	2,208,846
Creditors, accrued and other liabilities	-	-	-	99,953,168	-	-	99,953,168	99,953,168
	-	-	-	102,162,014	-	11,688,675	113,850,689	113,850,689
	-	-	-	(101,887,077)	231,710	(11,688,675)	(113,344,042)	(113,344,042)
Sensitivity gap - 2019								

- (a) the effective rate of profit / mark-up are disclosed in the respective notes.  
(b) On-balance sheet gap represents the net amount of on-balance sheet items.

**33.2 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 benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. During 2019 the company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2020 and 2019 were as follows:

Total borrowings	50,430,855	20,562,492
Cash and bank	(29,758)	(274,937)
Net debt / (cash)	50,401,097	20,287,555
Total equity	(88,527,932)	(52,958,853)
Total capital	(38,126,835)	(32,671,298)
Gearing ratio in %	(1.32)	(0.62)

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix of such instruments. Taken as a whole, company is materially exposed to capital risk.

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**MANDVIWALLA MAUSER PLASTIC INDUSTRIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**33.3 Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. As indicated in note 33.1, the company is not exposed to interest rate risk as most of the financial liabilities are not interest based.

**33.4 Liquidity risk**

Liquidity Risk is the risk that an entity will encounter difficulties in meeting obligation associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position. The company maintains flexibility in funding by maintaining availability under committed credit lines.

Financial liabilities in accordance with their contractual maturities are presented

	Carrying Amount Contractual Cash Flows	Up to one year	Over one year up to five years	Over five years
Deferred liabilities				
Short term Borrowings	10,747,396	-	-	10,747,396
Unclaimed dividend	50,430,855	50,430,855	-	-
Creditors accrued and other liabilities	2,208,846	2,208,846	-	-
	109,053,174	109,053,174	-	-
	172,440,271	161,692,875	-	10,747,396

**33.5 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company is not materially exposed to credit risk as the customers are reputable local and foreign parties.

Credit Risk represents the accounting loss that would be recognized in the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counter parties which includes loans and advances, trade debts and other receivables. Out of the total financial assets, those that are subject credit risk amounted to Rs. 1.2 Million (2019: Rs.0.5 million).2

For trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the company also believes that it is not exposed to major concentration of credit risk.

In respect of other counter parties, due to the company's long standing business relationships with them, management does not expect non-performance by these counter parties on their obligations. The maximum exposure to credit risk as at June 30, 2020, along with comparative is tabulated follows:

	2020 Rupees	2019 Rupees
Advances & Deposits	1,175,705	231,710
Cash and bank balances	29,758	274,937
	1,205,463	506,647

**33.6 Fair values of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The estimated fair values of all the financial assets and liabilities are not materially different from their book values as at the balance sheet date.

**33.7 Foreign exchange risk**

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. The company has a foreign currency bank account and export its products to various countries and is exposed to movement in foreign exchange rates.

**34 OPERATING SEGMENTS**

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

**35 STAFF STRENGTH**

Total	9	11
June, 30	9	11
Average		
Plant	6	7
June, 30	6	7
Average		

**36 DATE OF AUTHORIZATION**

These accounts were authorized for issue on 6 November 2020 by the Board of Directors of the company.

**37 GENERAL AND LEVEL OF PRECISION**

Figures in these accounts have been rounded off to the nearest rupee.

Chief Executive

Director

Chief Financial Officer



MANDVIWALLA MAUSER PLASTIC IND. LTD.

Pattern of Shareholding

As On 30/06/2020

OF SHAREHOLDERS	← HAVING SHARES →		SHARES HELD	PERCENTAGE
	From	To		
942	1	100	84859	1.1537
1272	101	500	560258	7.6170
140	501	1000	135981	1.8487
204	1001	5000	600555	8.1648
45	5001	10000	360447	4.9004
13	10001	15000	167900	2.2827
13	15001	20000	235892	3.2071
3	20001	25000	63500	0.8633
6	25001	30000	172032	2.3389
5	30001	35000	166023	2.2572
3	35001	40000	116000	1.5771
2	45001	50000	95500	1.2984
1	50001	55000	54500	0.7410
2	55001	60000	119076	1.6189
2	65001	70000	136545	1.8564
1	80001	85000	83652	1.1373
1	90001	95000	95000	1.2916
1	95001	100000	100000	1.3595
1	110001	115000	113000	1.5363
1	125001	130000	129500	1.7606
1	135001	140000	138000	1.8762
1	235001	240000	239800	3.2602
1	400001	405000	404000	5.4926
1	515001	520000	518855	7.0541
1	1165001	1170000	1167970	15.8791
1	1295001	1300000	1296555	17.6273
2664		Company Total	7355400	100.0000

## **CATEGORIES OF SHARE HOLDERS**

**AS AT JUNE 30, 2020**

<b>Categories</b>	<b>No. of Share Holders</b>	<b>Total Share Held</b>	<b>Percentage%</b>
Individuals Including Directors	2648	7,141,985	97%
Joint Stock Companies	12	76,715	1%
Financial Institutions	3	135,200	2%
Modarabas & Mutual Funds	1	1,500	0%
<b>Total</b>	<b>2664</b>	<b>7,355,400</b>	<b>100%</b>

# Mandviwalla Mauser Plastic Industries Limited

## DETAIL OF CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2020

Category of Shareholders	No. of Shareholders	Share Held
Associated companies, undertakings and related parties	Nil	Nil
MIT and ICP	1	5200
Directors, CEO and their Spouse and Minor Children		
Mr. Azeem H. Mandviwalla (Chief Executive)	1	1,296,555
Mst. Farha Qureshi (Director)	1	500
Mr. Shamim Ahmed (Director)	1	500
Mr. Tariq Mahmood (Director)	1	500
Mr. Abdul Qadir Shiwani (Director)	1	500
Mr. Naseer Ahmed (Director)	1	500
Syed Asghar Ali (Director)	1	800
	7	1,299,855
Executives	Nil	Nil
Public Sector Companies and Corporations	Nil	Nil
Banks, Development Finance Institutions, Non- Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	3	131,500
General Public (local)	2633	5,793,980
General Public (Foreign)	8	48,150
Joint Stock Companies	12	76,715
	<b>2,664</b>	<b>7,355,400</b>

### Shareholders Holding 10% or more Voting interest in Company

Total Paid-up Capital of the Company	7355400 Shares
10% of the Public Paid -up Capital	735540 Shares