



ANNUAL
REPORT

2021

LEINER PAK GELATINE LTD.

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COMPANY INFORMATION BOARD OF DIRECTORS

Mr. Ahmed Ali Riaz	Chairman
Khwaja Imtiaz Ahmed	Chief Executive & Managing Director
Ibrar Ahmed Khwaja	Executive Director
Mian Zia-Ud-Din	Independent Director
Ijaz Ahmed Khwaja	Non-Executive Director
Ayesha Ahmed	Non-Executive Director
Rashid Minhas	Independent Director

AUDIT COMMITTEE

Rashid Minhas (Chairman)
Ijaz Ahmed Khwaja (Member)
Ahmed Ali Riaz (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Rashid Minhas (Chairman)
Khwaja Imtiaz Ahmed (Member)
Ayesha Ahmed (Member)

COMPANY SECRETARY

Ibrar Ahmed Khwaja

CHIEF FINANCIAL OFFICER

Mr. Muhammad Javaid

AUDITORS

M. Almas & Co.

Chartered Accountants

207-Sadiq Plaza, 2nd Floor, 69-The Mall, Lahore.

LEGAL ADVISOR

Labeeb Zafar Bajwa

Advocate

4-A, Mozang Road, Lahore.

REGISTRAR

CORPLINK (PVT) LTD.,

Wings Arcade, 1-K Commercial,

Model Town, Lahore.

REGISTERED OFFICE

17-G, Gulberg-2, G/Postmall No. 3529, Lahore-54660

Ph. #: 0092-42-35756953-54.

PLANT

19th Kilometer,

Shahrah-e-Pakistan, Kala Shah Kaku,

District Sheikhpura.

Ph. #: 0092-42-37950018 – 37980179

BANKERS

Bank Al Habib Limited

Summit Bank Limited

United Bank Limited

National Bank of Pakistan

Bank Islami Pakistan Limited

MCB Bank Limited-Islamic Banking

Bank Alfalah Limited-Islamic Banking

LEINER PAK GELATINE LIMITED.

**DON'T ONLY ASK FOR GELATINE !
INSIST ON "HALAL"
GELATINE AND ITS PRODUCTS**

NOTICE OF 38TH ANNUAL GENERAL MEETING

Notice is hereby given that the 38th Annual General Meeting of LEINER PAK GELATINE LTD., will be held on Thursday, the 28th October, 2021 at 10.00 A.M. at the Registered office of the Company, 17/G, Gulberg-2, Lahore-54660 to transact the following business:

1. Recitation from the Holy Quran.
2. To confirm the minutes of the Annual General Meeting held on Wednesday, 28th October, 2020.
3. To receive and adopt the Annual Accounts of the Company for the Year ended 30th June, 2021 together with Directors' and Auditors' Report thereon.
4. To appoint the Auditors of the Company for the year ending 30th June, 2022 and to fix their remuneration.

Ordinary Business

5. To transact or discuss any other business with the permission of the Chair.

BY ORDER OF THE BOARD,

(Signature)
**(IBRAR AHMED KHWAJA),
COMPANY SECRETARY.**

LAHORE:

DATED: 07th October, 2021.

NOTES:

1. The Share Transfer Books of the Company will remain closed from 22nd October, 2021 to 28th October, 2021 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s CORPLINK (PVT) LTD., Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone Nos: 042-35839182, 35887262, 35916719 Fax No: 042-35869037.
2. The Shareholders are advised to notify the Registrar of any change in their address.
3. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote instead of him. The Proxy Form duly signed and stamped must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. Any individual beneficial owner of the share in the Central Depository Company (CDC) entitled to vote at this meeting with him/her to prove him/her identity together with his/her Account number in CDC and in case of proxy, must enclose an attested copy of his/her CNIC. Representative of Corporate Members should bring the usual documents required for such purpose.
5. Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatory required on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Shares Registrar. In case of non-receipt of the copy of a valid CNIC, the company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders.
6. Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s Corplink (Pvt) Limited. to collect / enquire about their unclaimed dividend or pending shares, if any.

7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.leinerpakgelatine.com.
8. As per section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP. The shareholders having physical shareholding are therefore requested to open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into scrip less form.
9. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company received consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____ of _____, being a member of Leiner Pak Gelatine limited, holder of _____ ordinary Share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____."

VISION STATEMENT

Continue to lead the domestic industry in Gelatine manufacturing with technology and quality of the product along with persistent recognition in international market in the line of code of conduct and best practices of corporate governance.

MISSION

The mission of the management of the company is to focus on the vision and its accomplishment by:

- ◀ Adoption of advanced technologies in Gelatine manufacturing.
- ◀ Investment in human resources to create and strengthen professional environment.
- ◀ Developing company's code of conduct and pursuance of best practices of corporate governance.
- ◀ Exploring new international markets with the satisfaction of existing customers.
- ◀ Continuous improvement of quality system, environmental management system from ISO-9001:2000, ISO 14000 (already obtained) to other achievements of quality management.
- ◀ Fetching and delivering healthy returns to all stakeholders.
- ◀ Contribution towards economic and social uplift of employees and community in general.

LAHORE

Dated: October 07, 2021



AHMED ALI RAZA
Chairman

CORPORATE STRATEGY

OBJECTIVES

Our corporate strategy is very much in line with vision and mission statement. Strategic objectives are covering the following areas.

- Sustainable growth.
- Promotion for efficient use of energy.
- Innovation in product line.
- Customer satisfaction.
- Adherence to the code of conduct.
- Safeguard the share holders interest.
- Continuous improvement of human capital.

STRATEGIC PLANNING

It is planned to innovate the product line with scheduled R&D activities. Energy Conservation through calibration, expert advises and induction of efficient machinery and replacing the old production line which shall lead to sustainable growth. Well equipped quality assurance department is maintained to achieve consistency in quality of the products. Optimal utilization of Company resources to achieve the economy level. Investment in human capital by participating in workshops, conferences, and different technical courses offered by reputed institutions. Formulation of Code of Conduct for better governance and to bring corporate culture in Company.

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I am pleased to present the company's 38th Annual Report. This year also Pakistan remained exposed to COVID-19 pandemic like other countries of the region and undergoing 4th wave of the pandemic. However, Pakistan is among the few less developed countries which have done reasonably well in its fight against COVID-19 pandemic and its economy is in recovery mode.

In financial year (2020-21), company has witnessed a remarkable growth in terms of its revenue and its top line is registered at Rs. 941.515 million as compared to Rs.660.888 million in last year. This unprecedented increase of turnover is mainly attributed to export of Gelatine to our customers in Malaysia. These export orders were deferred last year due to severe lock down in Malaysia. On the other hand, manufacturing cost of our product kept on rising as cost-pull inflation remained unrestrained. The escalated cost of production coupled with strong appreciation of Pak Rupees (October, 2020 to June, 2021) curtailed the margins and company could manage profit after tax at Rs. 5.004 million.

We, being the responsible corporate company, taking fully care of our employees and our production process is continued under all necessary SOPs devised by health department.

The Board of the Company comprises of appropriate mix of Directors in terms of relevant experience. The Board is performing its responsibilities diligently and contributing effectively in business operations and strategic decisions. The Board and its committees (Audit Committee and Human Resources and Remuneration Committee) are functioning according to guidelines of Code of Corporate Governance. Board is having two independent and one female director in total seven directors. Board met five times during the year.

Company has placed a system of evaluation of Directors in accordance with provisions of Code of Corporate Governance. This evaluation is made on annually basis. Company has also adopted a well-defined CSR policy with a special emphasis on education and health of the communities.

Board of Directors recognizes the contribution of company employees to the success of your company.

LAHORE.

Dated: October 07, 2021.



AHMED ALI RIAZ
Chairman

چیئر مین کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے میں کمپنی کی ۳۸ ویں سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتا ہوں۔ اس سال بھی پاکستان کو خطے کے دوسرے ممالک کی طرح COVID - 19 وبا کا سامنا رہا ہے اور اس وبا کی چوتھی لہر سے گزر رہا ہے۔ تاہم پاکستان اُن چند کم ترقی یافتہ ممالک میں سے ایک ہے جس نے COVID-19 وبا کے ساتھ لڑائی کرنے میں بہت مناسب اقدامات اٹھائے ہیں اور اس کی معیشت بہتری کی طرف گامزن ہے۔

مالی سال ۲۰۲۱ء میں کمپنی کو اپنی فروخت میں بہت زیادہ بڑھوتری ملی ہے اور اس کی فروخت پچھلے سال کی فروخت مبلغ ۶۶۰.۸۸۸ ملین روپے کے مقابلے میں مبلغ ۹۴۱.۵۱۵ ملین روپے رہی ہے۔ فروخت کی مد میں بے مثال اضافہ کی سب سے بڑی وجہ ملائیشیا میں اپنے خریداروں کو کی جانے والی ایکسپورٹ ہے۔ یہ ایکسپورٹ ملائیشیا میں ہونے والی سخت ترین لاک ڈاؤن پالیسی کی وجہ سے موخر ہو گئی تھی۔ دوسری جانب پیداواری قیمتوں میں مسلسل اضافہ ہوا ہے کیونکہ قیمتوں میں اضافہ کرنے والی (Inflation) بے لگام رہی ہے۔ پیداواری قیمتوں میں اضافہ کے ساتھ ساتھ پاکستانی روپے کی قدر میں ہونے والے اضافہ (اکتوبر ۲۰۲۰ء تا جون ۲۰۲۱ء) نے کمپنی کے منافع کو کم کیا ہے اور کمپنی کا بعد از ٹیکس منافع مبلغ ۵.۰۰۴ ملین روپے رہی ہے۔

ہم ایک ذمہ دار کارپوریٹ کمپنی ہیں اور اپنے ملازمین کا پوری طرح خیال کرتے ہیں اور اپنے پیداواری عمل کو محکمہ صحت کے اخذ کردہ SOPs کے مطابق جاری رکھے ہوئے ہیں۔

کمپنی کا بورڈ متعلقہ تجربہ رکھنے والے ڈائریکٹران پر مشتمل ہے۔ بورڈ اپنی ذمہ داریاں تن دہی سے ادا کر رہا ہے اور کاروباری معاملات اور حکمت عملی کے فیصلوں میں بھرپور شرکت کر رہا ہے۔ بورڈ اور اُس کی کمیٹیاں (آڈٹ کمیٹی اور انسانی وسائل اور اجرتی کمیٹی) کوڈ آف کارپوریٹ گورننس کی ہدایات کے مطابق کام کر رہی ہیں۔ بورڈ میں سات میں سے دو خود مختار اور ایک خاتون ڈائریکٹر شامل ہے۔ بورڈ نے اس سال ۵ عدد میٹنگس کی ہیں۔

کمپنی ہذا نے ڈائریکٹران کی کارکردگی کا جائزہ لینے کے لیے کوڈ آف کارپوریٹ گورننس کی شقوں کے مطابق نظام وضع کر رکھا ہے۔ یہ کارکردگی کا جائزہ سالانہ بنیادوں پر ہے۔ کمپنی نے کارپوریٹ سماجی ذمہ داری کی بہترین شکل کو اپنایا ہوا ہے، جس میں خاص طور پر تعلیم اور لوگوں کی صحت پر زور دیا گیا ہے۔

بورڈ آف ڈائریکٹرز کمپنی کی کامیابی میں اپنے ملازمین کی خدمات کا اعتراف کرتے ہیں۔



احمد علی ریاض

چیئر مین

لاہور

۷ اکتوبر ۲۰۲۱ء

DIRECTORS' REPORT

The Directors are pleased to present the 38th Annual Report along with company's financial statements for the year ended 30th June, 2021 together with Auditors' Report thereon.

PRINCIPAL ACTIVITY

Leiner Pak Gelatine Limited is involved in manufacturing "Halal" Gelatine and Di-calcium Phosphate (by product).

OPERATIONS

This year also (2020-2021) COVID-19 pandemic remained the cause of the most serious public health and economic crisis. World battled with the COVID-19 pandemic and businesses are adjusting to the new normal ways to work while adhering the devised SOPs.

This year Company's top line is registered at Rs. 941.515 million as compared to Rs.660.888 million last year. Export of Gelatine to Malaysia was resumed during the year, which was restricted due to last year stringent lock down policies, and helped to deliver about 41.32% growth in Export business which ultimately translated in to healthy top line. Despite these healthy top line figures of the year, Company's profit margins were squeezed as shipping lines increased their sea freight rates by 2 to 3 times as compared to last year freight slabs. On the other hand strong appreciation of Pak Rupee (during the period October, 2020 to June, 2021) against U.S.\$ badly affected the export proceeds realization and company's expected margins were depleted. Due to inflationary spree in the country, severe fluctuations in cost of doing the business (including crushed bone prices) have been observed and manufacturing cost kept on rising which restricted the gross profits margins at 11.14% (15.41% in last corresponding year). High sales volume of this year amid upsurged production cost could bring only profit after tax at Rs. 5.004 million as compared to profit after tax at Rs. 1.928 million in last year.

Company has further diversified its product line and embarked upon a new venture to manufacture and export of OSSEIN. At present, company has been awarded with export orders (both of Gelatine and Ossein) worth more than U.S.\$ 2.5 million. It is highly probable that our new endeavour will not only enhance existing portfolio of our products but also meaningful returns.

Current year profitability helped a great deal for smooth business operations but company is still exposed to some deviations. Company's current liabilities exceeded its current assets by Rupees 86.202 million. Further, as mentioned in note 14.6 in these financial statements, the running finance facility amounting to Rupees. 30 million from the Summit Bank Limited was not renewed after September, 2018. In terms of settlement with Summit Bank Limited dated March 15, 2021, Rs. 10.5 million has been paid by April 2021 while the balance Rs. 19.5 is payable in 15 equal monthly installments of Rs 1.3 million each between the period from November, 2021 to January 2023. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore,

the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

This year also company's bottom line is closed at Rs. 5.004 million (profit after tax). Healthy top line and continuous profitability of the company for the past many years is strengthening the company's financial position. Keeping in view the following factors, the management foresees that the company will continue as going concern:-

- There is continued demand for the products of the Company. Demand of "Halal" Gelatine exists in foreign and local markets as "Halal" Gelatine is equally consumed in Muslim and Non-Muslim countries.
- There is continued financial support of the Company's sponsors. The sponsors' of the Company have inducted up to June 30, 2021 Rupees 111.166 million (June 30, 2020: Rupees 80.263 million) interest free loans. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations; and
- The existence of new sales orders (local as well as exports) along with advance payments received there against.

These financial statements have, therefore, been prepared using going concern basis of accounting and, accordingly, do not include any adjustments relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

The auditors' report contains emphasis of matter paragraph to draw attention towards the going concern matter. In this regard management's assessment is detailed in note 2 in the annexed financial statements.

CORPORATE AND FINANCIAL REPORTING FRAME WOK

Company is fully compliant with the Code of Corporate Governance and Corporate and Financial Reporting framework of the Securities & Exchange Commission of Pakistan (SECP). Board is pleased to place following statement on record:

1. The financial statements prepared by the management of the company present fairly its state of the affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements. The accounting estimates wherever required are based on reasonable and prudent judgment.
4. IFRS and International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The management has explained their review in detail regarding going concern ability of the company in note 2 to the annexed financial statements.
7. There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
8. Outstanding taxes, duties and charges have been disclosed in the financial statements.

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Years ending on June:	2020	2019	2018	2017	2016	2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Turnover	660,888	779,659	752,297	692,372	727,664	691,778
Profit/(Loss) after Taxation	1,928	2,537	(3,956)	(3,009)	2,748	(14,402)
Assets	994,892	860,191	715,769	661,874	652,850	519,059
Dividend	-	-	-	-	-	-
Non-current Liabilities	13,423	864	1,043	504	856	-

ADEQUACY OF INTERNAL CONTROL

Internal control system of the company is properly designed keeping in view the nature of business and materiality of the transactions involved. Internal control system is periodically reviewed by the audit committee and improvements in the system are made keeping in view recommendations of internal audit department.

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

The "Statement of Value Addition and its Distribution is annexed to the report.

DIRECTORS' REMUNERATION

Remuneration of the Board of Directors is approved by the Board. Non-executive Directors and independent Directors are entitled for fee for attending the meetings. Remuneration of Directors and Chief Executive Officer are disclosed in Note No. 43 to the financial statements for the year ended June 30, 2021.

DIRECTORS OF THE COMPANY

During the year following Directors served on the Board of the company.

Sr. No.	Name of Directors	Number of Meetings
1.	Ahmed Ali Riaz	5
2.	Khwaja Imtiaz Ahmed	5
3.	Ijaz Ahmed Khwaja	5
4.	Ibrar Ahmed Khwaja	5
5.	Mian Zia ud Din (independent)	5
6.	Ayesha Ahmed	5
7.	Rashid Minhas (independent)	5

APPROPRIATIONS

In view of the low profitability and to ease business operations, it has been decided to omit the dividend for the current year.

EARNING RATIO:

The earning per share after tax works out to Rs. 0.67 {last year Rs.0.26 }.

PROVIDENT FUND

The company operates an approved contributory provident fund covering all permanent employees. The value of the fund at the year ended 30th June, 2021 is Rs.179.410 million. The investment values of the respective fund is as follows:

Provident Fund**Last audited statements****June 30, 2021**Investments at fair value **Rs.(000s)****117,639**

These funds are invested as given below:

Rs.(000s)

Unit Trust Schemes	51,377
Mutual Funds	1,445
Savings Schemes of Banks	4,014
Bank Deposits	22,734
Listed Securities	38,069

117,639

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Management believes that we are integral part of the society in which we operate. Company is committed in supporting the community and has a policy to contribute to uplift the society with special emphasis on education and health of the people.

OUT STANDING STATUTORY PAYMENTS

All outstanding payments are of routine nature.

CODE OF CONDUCT

Company has developed and adopted a comprehensive Code of conduct in accordance with Code of Corporate Governance Regulations 2019. This code of conduct prescribes rules and regulations to be followed by every employee of the company. Board has also adopted controls for timely identification and redressal of unethical practices performed on the part of employees. Code of conduct is fully disseminated throughout the company.

BOARD COMMITTEES

AUDIT COMMITTEE

Company has formulated Audit Committee in accordance with code of corporate governance. This committee is headed by an independent Director. Names of Audit Committee members are given below:

Name of Directors

Rashid Minhas	(Chairman)
Ijaz Ahmed Khwaja	(Member)
Ahmed Ali Riaz	(Member)

Audit Committee provides assistance to the Board of Directors in discharging their responsibilities in accordance with provisions of code of corporate governance and financial reporting framework. This committee is also entrusted to implement an effective internal control system and forward recommendations to the Board of Directors for further improve of the systems.

Audit Committee's other responsibilities in the light of code of corporate governance also include the following:

1. Determination of appropriate measures to safeguard the company's assets;
2. Review of annual and interim financial statements of the company, prior to their approval by the board, focusing on;
 - a) major judgmental areas;

- b) significant adjustments resulting from the audit;
 - c) going concern assumption;
 - d) any changes in accounting policies and practices;
 - e) compliance with applicable accounting standards;
 - f) compliance with the regulations of code of corporate governance and other statutory and regulatory requirements; and
 - g) all related party transactions;
3. Review of the preliminary announcements of results prior to external communication and publication;
 4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
 5. Review of management letter issued by external auditors and managements' response thereto;
 6. Ensuring coordination between the internal and external auditors of the company;
 7. Review of the scope and extent of internal audit, audit plan, reporting frame work and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
 8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
 9. Ascertaining the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
 10. Review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
 11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with Chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
 12. Determination of compliance with relevant statutory requirements;
 13. Monitoring compliance with these regulations (including code of corporate governance) and identification of significant violation thereof;
 14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
 15. Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
 16. Consideration of any other issue or matter as may be assigned by the board;

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Human resource management is an important faction of management that deals with most valuable assets of an organization which is human resource. Human Resource and Remuneration committee of the company comprises three directors, which include one

executive director and one non-executive director being the members and one independent director as chairman of the committee. Following three members are entrusted by the board to form the Human Resource and Remuneration Committee:

Rashid Minhas	(Chairman)
Khwaja Imtiaz Ahmed	(Member)
Ayesha Ahmed	(Member)

In accordance with code of corporate governance , the responsibilities of the committee include:

1. Recommendation to the Board for consideration and approval a policy framework for determining remuneration of Directors (both executive and non-executive Directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;
2. undertaking annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' report disclosing therein name and qualification of such consultant and major terms of his/its appointment;
3. recommending human resource management policies to the Board;
4. recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary, and head of internal audit;
5. consideration and approval on recommendation of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
6. where human resource and remuneration consultants are appointed, they shall disclose to the committee their credentials and as to whether they have any other connection with the company.

RISK AND UNCERTAINTIES

Company's ability to create value for its share holders is affected primarily by changes in macroeconomic environment in which it operates and some associated risks with respect to its nature of business.

At present company is exposed to following risk areas which can affect the business operations and profitability of the company:

Raw material prices (crushed bone).

Foreign currency exchange rate.

Energy (availability and prices of gas & electricity)

Bovine animal bones are pre requisite to produce high quality Gelatine. Raw material of the company (bovine bone) is being exported to China, Japan and other neighboring countries from Pakistan. Company has to buy animal bones on export parity price for its own consumption. Devaluation of Pak Rupee can further aggravate the situation and procurement of animal bone at feasible prices may become more difficult.

Devaluation of Pak Rupee always stimulates the cost-pull inflation. Devaluation of Pak Rupee will increase the prices of our industrial inputs including raw material and it can reduce the intensity of capacity utilization.

Energy crises in the country are still not over and manufacturing sector is consuming very high priced gas, fuel and electricity. Government is importing LNG to cater the industrial requirement. Escalation in gas prices in furtherance to the existing tariff will increase the manufacturing cost of the industrial concerns including Gelatine manufacturing.

IMPACT ON ENVIRONMENT

It is prime responsibility of the company to operate in safe and healthy working environment. Company's production facility is equipped with state of the art machinery which is mostly European origin. To ensure environment friendly practices, company has attained ISO-14000 certification from SGS Pakistan. Manufacturing process of Gelatine adopted at factory premises is strictly in accordance with international practices and no any hazardous impact on environment is traced so far.

FUTURE PROSPECTS

Pakistan at present is experiencing 4th wave of COVID-19 pandemic but its impact on economic activities is curtailed by improved containment strategies including smart lock downs and mass vaccination drive. As a whole, Pakistan economy is in recovery mode and it is expected that stability on economic front will be witnessed in coming days.

Management of the company is striving to fetch high sales volume and to improve its production along with quality and diversification of its product line. In the wake of diversification, new venture to manufacture and export of OSSEIN is laid down. Company has also been awarded enormous export orders (both of Gelatine and Ossein). It is highly expected that our new endeavour will yield healthy returns in future.

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TRAINING PROGRAMME OF DIRECTORS

Directors training is an on going process in the company. Company offers refresher courses to Directors and other executives for their capacity building.

Our three Directors out of seven are exempt from training as provided by the Code of Corporate Governance. Two Directors including one independent Director has completed their Directors Training Programme (DTP) with recognized institutions from Pakistan Institute of Corporate Governance. One female Director and newly appointed independent Director will also complete Directors Training Programme as and when COVID-19 pandemic be over.

TRADE IN SHARES OF THE COMPANY

There is no any sale/purchase/transfer of the company shares during this year by Directors, Executives, their spouse and minor children.

AUDITORS

The present auditors, M/s M. Almas & Co. Chartered Accountants, Lahore, has completed their assignment for the year ended June 30, 2021 and shall retire on the conclusion of 38th Annual General Meeting. The retiring auditors M/s M. Almas & Co. Chartered Accountants are eligible for re-appointment.

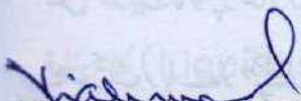
In accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the audit committee considered and recommended the re-appointment and remuneration of M/s M. Almas & Co. Chartered Accountants as statutory auditors for the year 2021-2022.

PATTERN OF SHAREHOLDING

It appears on page no: 72

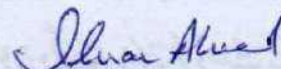
ACKNOWLEDGEMENT

The Board of Directors would like to express their appreciation for the efforts and dedication of all employees which enabled the company management to run the business affairs smoothly.



KH. IMTIAZ AHMED

Chief Executive Officer & Managing Director
Lahore.



IBRAR AHMED KHAWAJA
Director

Dated: October 07, 2021

ڈائریکٹرز رپورٹ

ڈائریکٹرز کو ۳۸ ویں سالانہ رپورٹ جو کہ ۳۰ جون ۲۰۲۱ء کو ختم ہونے والے سال کے لیے کمپنی نے مالیاتی نتائج اور آڈیٹران کی رپورٹ پر مشتمل ہے۔ پیش کرنے پر خوشی محسوس ہو رہی ہے۔

بنیادی کاروبار:-

لائسنس پاک جیلاٹین لمیٹڈ ”حلال“ جیلاٹین اور ڈائی کیلشیم فاسفیٹ (بائی پراڈکٹ) کو تیار کرنے کا کام کرتی

ہے۔

کاروباری عمل:- (Operations)

امسال بھی (۲۰۲۱ء) کووڈ-19 کی وبا عوام کی صحت اور معاشی بد حالی کی بنیادی وجہ رہی ہے۔ دنیا نے COVID-19 کے ساتھ جنگ کی ہے اور کاروبار بتائے گئے SOPs پر عمل پیرا ہو کر نئے تقاضوں کے تحت کام کرنے کے مطابق ایڈجسٹ کر رہی ہے۔

امسال کمپنی کی فروخت پچھلے سال کی فروخت مبلغ ۶۶۰.۸۸۸ ملین روپے کے مقابلہ میں مبلغ ۹۴۱.۵۱۵ ملین روپے رہی ہے۔ اس سال میں ملائیشیا کو جیلاٹین کی ایکسپورٹ شروع ہو گئی تھی، جو کہ سخت ترین لاک ڈاؤن کی پالیسی کی وجہ سے بندش کا شکار تھی اور اس کی وجہ سے ایکسپورٹ کی مد میں ۴۱.۳۲ فیصد بڑھوتری ہوئی اور اس کی وجہ سے ہی کمپنی کی کل فروخت میں بہتری ممکن ہوئی ہے۔ کمپنی کی بہتر فروخت ہونے کے باوجود شپنگ کمپنی کے کرایوں کے پچھلے سال کے مقابلہ میں ۲ تا ۳ گنا ہونے والے اضافہ کی وجہ سے منافع کم ہو گیا تھا۔ دوسری جانب ڈالر کے مقابلے میں روپے کی قدر میں اضافہ (اکتوبر ۲۰۲۰ء تا جون ۲۰۲۱ء) کی وجہ سے ایکسپورٹ کی مد میں حاصل ہونے والی رقم بھی بری طرح متاثر ہوئی ہے۔ ملک میں جاری مہنگائی کی لہر کی وجہ سے کاروباری لاگت (بشمول کرش بون کی قیمت) میں شدید اتار چڑھاؤ دیکھا گیا ہے اور پیداواری لاگت میں بڑھوتری جاری رہی جس کی وجہ سے گراس پرافٹ ۱۱.۱۴ فیصد تک رہا ہے (پچھلے سال ۱۵.۴۱ فیصد)۔ بڑھی ہوئی پیداواری لاگت کی موجودگی میں بہتر فروخت کے باوجود پچھلے سال کے بعد از ٹیکس منافع مبلغ ۱.۹۲۸ ملین روپے کے مقابلے میں مبلغ ۵.۰۰۴ ملین روپے رہا ہے۔

کمپنی نے اپنی مصنوعات میں توسیع کی ہے اور اوسین بنانے اور ایکسپورٹ کرنے کے منصوبے پر کام کیا ہے۔ فی الوقت کمپنی ہذا کو \$U.S ۲.۵ ملین کے ایکسپورٹ آرڈر (جیلاٹین اور اوسین دونوں کے لیے) مل گئے ہیں۔ اس بار بہت زیادہ توقع ہے کہ ہماری نئی کوشش نہ صرف موجودہ مصنوعات کی تعداد میں اضافہ کرے گی بلکہ اس سے بہتر منافع

بھی حاصل ہوگا۔

موجودہ سال کے منافع کی وجہ سے کمپنی کا کاروباری عمل بہتر ہوا ہے مگر کمپنی کو اب بھی کچھ انحراف کا سامنا ہے۔ کمپنی کے موجودہ واجبات اس کے موجودہ اثاثہ جات سے مبلغ ۱۸۶.۱۴ ملین روپے سے بڑھ گئے ہیں۔ علاوہ ازیں جیسا کہ اس مالیاتی گوشوارے کے نوٹ نمبر ۶.۱۴ میں بتایا گیا ہے کی سمٹ بینک لمیٹڈ سے ملنے والی مبلغ ۳۰ ملین روپے کی (Running Finance) کو سہولت کی ستمبر ۲۰۱۸ء کے بعد توسیع نہ ہو سکی تھی۔ سمٹ بینک لمیٹڈ سے بتاریخ ۱۵ مارچ ۲۰۲۱ء کو معاملات طے پا جانے کے بعد اپریل ۲۰۲۱ء تک مبلغ ۱۰.۵ ملین روپے ادا کر دئے گئے تھے جبکہ بقایا رقم مبلغ ۱۹.۵ ملین روپے کو بحساب مبلغ ۳.۳ ملین روپے ماہانہ ۱۵ مساوی اقسات کی شکل میں نومبر ۲۰۲۱ء سے تا جنوری ۲۰۲۳ء تک ادا کرنی ہے۔ یہ حالات زیادہ غیر یقینی صورت حال کی طرف اشارہ کرتے ہیں اور ان کی وجہ سے کمپنی کا روبرار کے مسلسل چلنے کی صلاحیت پر شکوک و شبہات پیدا ہو سکتے ہیں اور شاید معمول کے کاروباری عمل کے نتیجے میں اپنے اثاثہ جات کی فروخت اور واجبات کی ادائیگی نہ کر سکے گی۔

اس سال کمپنی نے بعد از ٹیکس منافع مبلغ ۷۹.۹۱ ملین روپے کمایا ہے۔ بہتر فروخت اور گزشتہ کئی سالوں کے منافع کی وجہ سے کمپنی کی مالی حیثیت میں بہتری ہوئی ہے۔ درج ذیل عوامل کو مد نظر رکھتے ہوئے انتظامیہ کا خیال ہے کہ کمپنی اپنے کاروباری عمل کو مسلسل جاری رکھے گی:

- ہماری کمپنی کی مصنوعات کی مانگ مسلسل موجود ہے۔ ”حلال“ جیلاٹین کی مانگ بیرون ملک اور اندرون ملک موجود ہے کیونکہ ”حلال“ جیلاٹین مسلم اور غیر مسلم ملکوں میں برابر کی سطح پر استعمال ہو رہی ہے۔
- کمپنی کے مالکان کی طرف سے مالی امداد کی مسلسل فراہمی ہے۔ کمپنی کے مالکان نے امسال ۳۰ جون ۲۰۲۱ء تک بلا سود مبلغ ۱۱۱.۱۶۶ ملین روپے قرضہ جات کی مد میں کمپنی کو فراہم کیے ہیں (۳۰ جون ۲۰۲۰ء: مبلغ ۸۰.۲۶۳ ملین روپے)۔ وہ اس بات کا عزم بھی رکھتے ہیں کہ اگر مستقبل میں (Liquidity) کا مسئلہ درپیش ہوا تو بغیر رکاوٹ کے کاروباری عمل کو بڑھاتے ہوئے مزید مالی معاونت بھی کریں گے۔
- فروخت کے نئے معاہدوں کا وجود اور ان کے عوض پیشگی ادائیگی کا حصول۔

یہ مالیاتی دستاویزات کمپنی کے مسلسل چلنے کی اکاؤنٹنگ بنیاد پر تیار کی گئی ہیں، اور ان مالیاتی نتائج میں کسی قسم کی (Adjustment) (اگر کمپنی کا روبرار جاری رکھنے کی اہلیت نہ رکھتی ہو) جس کا تعلق اثاثہ جات کی قیمت اور واجبات

کی مالیت سے ہو، موجود نہ ہے۔

آڈیٹران کی رپورٹ میں ”کمپنی کے کاروبار کے چلنے کے معاملات کی طرف توجہ دلانے کے لیے“ ایک پیراگراف میں کمپنی کے کاروبار کے چلنے کے متعلق اہم غیر یقینی صورت حال کا ذکر کیا گیا ہے۔ اس کے جواب میں انتظامیہ کا نقطہ نظر مالیاتی نتائج کے نوٹ نمبر ۲ میں شامل کیا گیا ہے۔

کارپوریٹ اور مالیاتی دستاویز کا ضابطہ:-

کمپنی کوڈ آف کارپوریٹ گورننس اور سیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے کارپوریٹ اور مالیاتی رپورٹنگ کے دائرہ کار پر پوری طرح عمل درآمد کر رہی ہے۔ بورڈ درج ذیل بیانات قلمبند کرنے میں خوشی محسوس کرتے ہیں۔

۱۔ مالی دستاویز، جو کہ کمپنی انتظامیہ کی جانب سے تیاری گئی ہے جو منصفانہ امور کی نشاندہی، اپنے آپریشنز، نقدی کا بہاؤ اور ایکوٹی میں تبدیلی کا نتیجہ ہے۔

۲۔ کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا گیا ہے۔

۳۔ مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ مالی اکاؤنٹ کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ اندازے معقول اور دانش مندانہ فیصلے پر مبنی ہیں۔

۴۔ انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز اور انٹرنیشنل اکاؤنٹنگ سٹینڈرڈز جو پاکستان میں قابل عمل ہیں کی مالی بیانات کی تیاری میں پیروی کی گئی ہے۔

۵۔ اندرونی کنٹرول کے نظام کا ڈیزائن صحیح ہے اور اس پر موثر طریقے سے عملدرآمد اور اس کی نگرانی کی گئی ہے۔

۶۔ کمپنی کی انتظامیہ نے کمپنی کو جاری رکھنے کی صلاحیت کے بارے میں مالیاتی نتائج کے نوٹ نمبر ۲ میں تفصیل سے ذکر کیا گیا ہے۔

۷۔ کارپوریٹ گورننس کے بہترین طریقوں پر بغیر کسی انحراف کے عمل کیا گیا ہے جو کہ لسٹنگ کے ضابطے میں موجود ہے۔

۸۔ واجب الادا ٹیکس، ڈیوٹیز اور واجبات مالی دستاویزات میں ظاہر کیے گئے ہیں۔

گزشتہ چھ سالوں میں کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ

ماہ جون پر ختم ہونے والے سال	۲۰۲۰ء	۲۰۱۹ء	۲۰۱۸ء	۲۰۱۷ء	۲۰۱۶ء	۲۰۱۵ء
روپے	روپے	روپے	روپے	روپے	روپے	روپے
(000)	(000)	(000)	(000)	(000)	(000)	(000)
فروخت (Turnover)	۶۶۰,۸۸۸	۷۷۹,۶۵۹	۷۵۲,۲۹۷	۶۹۲,۳۷۲	۷۲۷,۶۶۳	۶۹۱,۷۷۸
بعد از ٹیکس خالص منافع (نقصان)	۱,۹۲۸	۲,۵۳۷	(۳,۹۵۶)	(۳,۰۰۹)	۲,۷۳۸	(۱۴,۴۰۲)
اثاثہ جات	۹۹۴,۸۹۲	۸۶۰,۱۹۱	۷۱۵,۷۶۹	۶۶۱,۸۷۳	۶۵۲,۸۵۰	۵۱۹,۰۵۹
تقسیم شدہ منافع	---	---	---	---	---	---
قرضہ جات (لمبے عرصہ کے لئے)	۱۳,۴۲۳	۸۶۳	۱,۰۴۳	۵۰۴	۸۵۶	---

موزوں اندرونی کنٹرول:-

کمپنی کے اندرونی کنٹرول سسٹم کو کاروبار کی نوعیت اور ٹرانزیکشن کی مالیت (materiality) کو مد نظر رکھتے ہوئے پوری طرح ترتیب دیا گیا ہے۔ آڈٹ کمیٹی وقتاً فوقتاً اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے اور انٹرل آڈٹ شعبہ کی سفارشات کو مد نظر رکھتے ہوئے سسٹم میں بہتری لائی گئی ہے۔

قدر میں اضافہ اور اس کی تقسیم کی دستاویز:-

”قدر میں اضافہ اور اس کی تقسیم کی دستاویز“ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹران کا معاوضہ:-

ڈائریکٹران کا معاوضہ بورڈ آف ڈائریکٹرز سے منظور کیا گیا ہے۔ نان ایگزیکٹو ڈائریکٹران اور خود مختار ڈائریکٹران میٹنگوں میں شمولیت کی فیس کے اہل ہیں۔ ڈائریکٹران اور چیف ایگزیکٹو آفیسر کا معاوضہ مالیاتی دستاویزات ۳۰ جون ۲۰۲۱ء کے نوٹ نمبر ۴۳ میں دکھایا گیا ہے۔

کمپنی کے ڈائریکٹران:-

دوران سال درج ذیل ڈائریکٹران نے کمپنی کے بورڈ پر اپنی خدمات پیش کیں:-

سیریل نمبر	ڈائریکٹر ان کے نام	میسٹنگز میں شرکت
۱	احمد علی ریاض	۵
۲	خواجہ امتیاز احمد	۵
۳	اعجاز احمد خواجہ	۵
۴	ابرار احمد خواجہ	۵
۵	میاں ضیاء الدین	۵
۶	عائشہ احمد	۵
۷	راشد منہاس	۵

منافع کی تقسیم: (Appropriations)

کم منافع اور کاروباری عمل میں آسانی کے لیے اس سال منافع کی تقسیم نہ کرنے کا فیصلہ کیا گیا ہے۔

منافع کا تناسب:

ہر حصے کا بعد از ٹیکس منافع مبلغ ۰.۶۷ روپے ہے۔ (پچھلے سال منافع مبلغ ۰.۲۶ روپے)۔

پراویڈنٹ فنڈ:-

کمپنی اپنے تمام مستقل ملازمین کیلئے ایک منظور شدہ شراکتی پراویڈنٹ فنڈ چلا رہی ہے۔ اس سال ۳۰ جون

۲۰۲۱ء تک فنڈ کی قدر مبلغ ۱۷۹.۴۱۰ ملین روپے ہے اس فنڈ کی سرمایہ کاری کی قدر درج ذیل ہے:-

پراویڈنٹ فنڈ

۳۰ جون ۲۰۲۱ء

۱۱۷،۶۳۹

سرمایہ کاری کی منصفانہ قدر (000) روپے

(000) روپے

فنڈ کی سرمایہ کاری درج ذیل ہے:-

۵۱،۳۷۷

یونٹ ٹرسٹ سکیمز

۱،۴۴۵

میوچل فنڈز

۴،۰۱۴

بینکوں کی بچت سکیم

۲۲،۷۳۴

بینکوں میں جمع شدہ رقم

۳۸،۰۶۹

لسٹڈ سکیورٹیز

۱۱۷،۶۳۹

کارپوریٹ سماجی ذمہ داری:

انتظامیہ اس بات پر یقین رکھتی ہے کہ جس معاشرے میں ہم کاروبار کر رہے ہیں ہم اس کا ہی ایک حصہ ہیں۔ کمپنی سماج کی خدمت کرنے کے لیے پر عزم ہے اور معاشرے کی بہتری کے لیے اپنا حصہ ڈالنے کی پالیسی بھی بنائی ہے جس میں تعلیم اور لوگوں کی صحت پر خاص توجہ دی گئی ہے۔

سٹیچوٹری بقایا جات کی ادائیگی:

تمام بقایا جات کی ادائیگی معمول کے مطابق ہے۔

ضابطہ اخلاق:

کمپنی کے کوڈ آف کارپوریٹ گورننس ریگولیشنز ۲۰۱۹ء کے تحت ایک مکمل ضابطہ اخلاق مرتب کیا اور اپنایا ہوا ہے۔ یہ ضابطہ اخلاق ایسے قواعد و ضوابط بتاتا ہے جس پر ہر ملازم کو عمل کرنا ہوتا ہے۔

بورڈ نے ملازمین کی جانب سے غیر اخلاقی حرکات کی بروقت نشاندہی اور تدارک کے لیے کنٹرول بھی اپنائے ہوئے ہیں۔ ضابطہ اخلاق کی ادارہ کی ہر سطح پر آگاہی کر دی گئی ہے۔

بورڈ کمیٹیاں:

آڈٹ کمیٹی:

کمپنی کے کوڈ آف کارپوریٹ گورننس کے مطابق آڈٹ کمیٹی کی تشکیل کی ہے۔ اس کمیٹی کا سربراہ ایک انڈیپنڈنٹ ڈائریکٹر ہے۔ آڈٹ کمیٹی کے ممبران کے نام درج ذیل ہیں:-

راشد منہاس (چیئر مین)

اعجاز احمد خواجہ (ممبر)

احمد علی ریاض (ممبر)

آڈٹ کمیٹی ڈائریکٹران کو کوڈ آف کارپوریٹ گورننس اور مالیاتی دستاویزات کے ضابطوں کے مطابق ان کی ذمہ داریوں کو پورا کرنے میں ان کی مدد کرتی ہے۔ آڈٹ کمیٹی کو یہ ذمہ داری بھی سونپی گئی ہے کہ وہ ایک موثر اندرونی کنٹرول کو نافذ کرے اور سسٹم کو مزید بہتر بنانے کیلئے سفارشات ڈائریکٹران تک پہنچائے۔

آڈٹ کمیٹی کوڈ آف کارپوریٹ گورننس کی روشنی میں درج ذیل مزید عوامل کی بھی ذمہ دار ہے:-

(۱) کمپنی کے اثاثہ جات کے تحفظ کیلئے مناسب اقدام لینا۔

(۲) بورڈ کی منظوری سے پہلے کمپنی کی عبوری اور سالانہ مالیاتی تفصیلات کا درج ذیل کو مد نظر رکھتے ہوئے جائزہ لینا۔

(i) بڑے Judgemental حصے۔

(ii) آڈٹ کے باعث ہونے والی اہم ایڈجسٹمنٹس۔

(iii) کاروبار کے جاری رہنے کا جائزہ۔

(iv) اکاؤنٹنگ پالیسیوں اور پریکٹس میں ہونے والی کوئی تبدیلی۔

(v) قابل اطلاق اکاؤنٹنگ اسٹینڈرڈز پر عمل پیرا ہونا۔

(vi) ان ریگولیٹری اور دوسری قانونی ضروریات پر عمل درآمد کرنا؛ اور۔

(vii) تمام ریلیٹیو لوگوں کے ساتھ ہونے والے لین دین۔

(۳) تفصیلات کی بیرونی ترسیل اور نشر ہونے سے پہلے ان کا ابتدائی جائزہ لینا۔

(۴) بیرونی آڈٹ میں سہولت فراہم کرنا اور بیرونی آڈیٹران کے ساتھ عبوری اور مکمل آڈٹ کے دوران اٹھنے والے

بڑے نقاط اور ایسے تمام معاملات جو آڈیٹر ان اپنی مرضی سے بھی اٹھانا چاہتے ہوں ان کے ساتھ ان پر بات چیت کرنا۔

- (۵) بیرونی آڈیٹر ان کی طرف سے جاری کردہ انتظامی خط اور انتظامیہ کے رد عمل کا جائزہ لینا۔
- (۶) اندرونی آڈٹ اور بیرونی آڈیٹر ان کے درمیان تعاون کو یقینی بنانا۔
- (۷) اندرونی آڈٹ کے دائرہ کار اور حدود، آڈٹ پلان، رپورٹنگ کے طریقہ کار کا جائزہ لینا اور اس بات کو یقینی بنانا کہ اندرونی آڈٹ کے شعبہ کے پاس مناسب ذرائع موجود ہوں اور کمپنی میں ہر جگہ اس پر عمل کیا جاسکے۔
- (۸) فراڈ، کرپشن اور اختیارات سے تجاوز کرنے کے بڑے معاملات کی اندرونی جانچ پڑتال اور انتظامیہ کے رد عمل کا جائزہ لینا۔
- (۹) اندرونی کنٹرول کے نظام جس میں مالیاتی اور آپریشنل کنٹرول شامل ہیں، اکاؤنٹنگ نظام، خرید و فروخت، وصولیوں اور ادائیگیوں، اثاثہ جات اور واجبات کے صحیح اندراج اور معلومات پہنچانے کے ڈھانچے کا صحیح اور موثر طریقے سے چلنے کو یقینی بنانا۔
- (۱۰) کمپنی کی طرف سے اندرونی کنٹرول پر جاری کردہ تفصیلات کا اندرونی آڈٹ کی رپورٹ اور بورڈ کی منظوری سے پہلے جائزہ لینا۔
- (۱۱) چیف ایگزیکٹو آفیسر کے مشورہ سے بورڈ کے سفارش کردہ معاملات، نئے منصوبوں کے اجراء، روپے کی قدر کا مطالعہ اور دوسرے معاملات کی جانچ پڑتال کا جائزہ لینا اور کسی اور معاملے کو بیرونی آڈیٹر ان یا بیرونی ادارے کے ساتھ اٹھانا شامل ہے۔
- (۱۲) متعلقہ سٹیچوٹری ضروریات پر عملدرآمد کو یقینی بنانا۔
- (۱۳) ان قوانین پر عمل پیرا ہونے کا خیال رکھنا (بشمول کوڈ آف کارپوریٹ گورننس) اور بڑی خلاف ورزیوں کی نشاندہی کرنا۔
- (۱۴) آڈٹ کمیٹی کو بااعتماد رپورٹنگ، کسی بھی تشویش، حقیقی اور مالیاتی اور دوسرے معاملات میں ہونے والی غلطیوں اور ان کے حل اور اثرات کو ختم کرنے کی تجاویز کے لیے ملازمین اور انتظامیہ کے انتظامات کا جائزہ لینا۔
- (۱۵) بورڈ کو بیرونی آڈیٹر ان کے مقرر کرنے، ان کا ہٹانا، آڈٹ کی فیس، بیرونی آڈیٹر ان کی جانب سے مالی دستاویزات کے آڈٹ کے علاوہ کسی بھی اور جائز خدمات کو کمپنی کی فراہمی کی تجاویز دینا۔ بورڈ کو آڈٹ کمیٹی کی

تجاریز کا بغور جائزہ لینا چاہیے اور خلاف ورزی کی صورت میں وجوہات کا اندراج کرنا۔

(۱۶) بورڈ کی جانب سے تفویض کردہ دوسرے معاملات پر توجہ دینا۔

انسانی وسائل اور اجر کی کمیٹی:-

انسانی وسائل کا انتظام انتظامیہ کے لیے ایک بہت اہم حصہ ہے جس کا تعلق ادارے کے بہت قیمتی اثاثہ جات سے ہے جو کہ انسانی وسائل ہیں۔ کمپنی کی انسانی وسائل اور اجر کی کمیٹی تین ڈائریکٹران پر مشتمل ہے جو ایک ایگزیکٹو ڈائریکٹر اور ایک نان ایگزیکٹو ڈائریکٹر بحیثیت ممبران اور ایک خود مختار ڈائریکٹر بحیثیت کمیٹی چیئر مین پر مشتمل ہے۔ انسانی وسائل اور اجر کی کمیٹی میں درج ذیل تین ڈائریکٹران شامل ہیں:-

راشد منہاس (چیئر مین)

خواجہ امتیاز احمد (ممبر)

عائشہ احمد (ممبر)

کوڈ آف کارپوریٹ گورننس کے مطابق کمیٹی کی ذمہ داریوں میں شامل ہے:-

(i) ڈائریکٹران (ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹران اور سینئر انتظامیہ کے ممبران) کی اجرت کو متعین کرنے کے

لیے ضابطہ کار بنانے پر غور اور اس کی منظوری دینے کے لیے بورڈ کو سفارشات پیش کرنا۔ سینئر انتظامیہ کی

تعریف بورڈ متعین کرے گا جن میں چیف ایگزیکٹو کے بعد کی انتظامیہ کی پہلی تہہ ہوتی ہے۔

(ii) حسب ضابطہ، مکمل بورڈ اور اس کی کمیٹیوں کا بذات خود یا کسی خود مختار مشیر کے ذریعے ان کی کارکردگی کا جائزہ لینا

اور اگر ایسا مشیر مقرر کیا گیا ہو تو اس کے متعلق ڈائریکٹر رپورٹ میں بتایا جائے اور رپورٹ میں اس کا نام، تعلیم

اور اسے مقرر کرنے کی بڑی شرائط بھی ہوں۔

(iii) بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کے بارے میں سفارشات پیش کرنا۔

(iv) بورڈ کو چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور اندرونی آڈٹ کے سربراہ کے انتخاب، جانچ

اور معاوضہ (بشمول ریٹائرمنٹ بینیفٹ) کے بارے میں سفارشات پیش کرنا۔

(v) ایسے تمام معاملات جن کا تعلق کلیدی عہدوں کی انتظامیہ سے ہو اور وہ چیف ایگزیکٹو آفیسر یا چیف آپریٹنگ

آفیسر کو ڈائریکٹ جوابدہ ہوں کا جائزہ لینا اور منظوری دینا۔

(vi) جہاں انسانی وسائل اور اجر کی مشیر مقرر کیے جائیں، ان کے بارے میں کمیٹی کو مکمل تفصیلات معلوم ہونی

چاہئیں اور اس بارے میں بھی بتائیں اگر کمپنی کے ساتھ ان کا کوئی اور تعلق ہے۔

خطرات اور غیر یقینی صورتحال :-

کمپنی کی اپنے حصہ داران کی قدر میں اضافہ کی صلاحیت بنیادی طور پر میکرو اکنامک ماحول جس میں وہ اپنا کاروبار کرتی ہے میں تبدیلی اور کچھ اس کے کاروبار سے منسلک خطرات کی وجہ سے متاثر ہوتی ہے۔

موجودہ صورتحال میں کمپنی کو درج ذیل چیزوں میں خطرات کا سامنا ہے جو کہ کاروبار اور کمپنی کے منافع پر اثر انداز ہو سکتے ہیں۔

خام مال کی قیمتیں (کرش بون)

غیر ملکی کرنسی کے ساتھ تبادلے کی شرح

توانائی (بجلی اور گیس کا مہیا ہونا اور ان کی قیمتیں)

بہترین کوالٹی کی جیلاٹین کو تیار کرنے کیلئے بڑے مویشیوں کی ہڈیوں کی دستیابی اولین شرط ہے۔ کمپنی کا خام مال (جانوروں کی ہڈیاں) چین، جاپان اور دوسرے ہمسایہ ممالک کو پاکستان سے برآمد کیا جا رہا ہے۔ کمپنی کو اپنے ضرورت کے لیے جانوروں کی ہڈیاں ایکسپورٹ کی قیمت کے تناسب سے خریدنی پڑتی ہیں۔ روپے کی قدر میں کمی صورت حال کو مزید خراب کر سکتی ہے اور پیداواری لاگت بھی مزید بڑھ سکتی ہے۔

پاکستانی روپے کی قدر میں کمی کرنے سے قیمتوں میں اضافہ ہوتا ہے۔ روپے کی قدر میں کمی سے صنعتوں میں استعمال ہونے والی مصنوعات بشمول خام مال کی قیمتوں میں اضافہ ہو جائے گا اور اس کی وجہ سے پیداواری صلاحیت میں کمی ہو سکتی ہے۔

ملک میں توانائی کا بحران ابھی ختم نہیں ہوا اور پیداواری طبقہ مہنگی گیس، ایندھن اور بجلی کا استعمال کر رہا ہے۔ حکومت صنعتی ضروریات کو پورا کرنے کیلئے (LNG) درآمد کر رہی ہے۔ گیس کی موجودہ قیمتوں میں مزید اضافہ صنعتوں بشمول جیلاٹین بنانے والوں کی پیداواری لاگت میں اضافہ کرے گا۔

ماحول پر اثر :-

محفوظ اور صحت مندرکام کے ماحول میں کاروبار کرنا کمپنی کی بنیادی ذمہ داری ہے۔ کمپنی کی پیداواری صلاحیت بہترین مشینری سے آراستہ ہے جو کہ زیادہ تر یورپ کی بنی ہوئی ہیں۔ ماحول دوست طریقوں پر عمل کو یقینی بنانے کیلئے کمپنی نے ایس جی ایس پاکستان سے ISO 14000 سرٹیفکیٹ حاصل کیا ہوا ہے۔ فیکٹری کی حدود میں جیلاٹین بنانے

کیلئے بین الاقوامی طریقوں پر سختی سے عمل کیا جاتا ہے اور ابھی تک ماحول پر اس کے کوئی منفی اثرات نہیں دیکھے گئے۔
مستقبل کے امکانات:-

پاکستان اس وقت COVID-19 وبا کی چوتھی لہر سے میں سے گزر رہا ہے لیکن روک تھام کی بہتر حکمت عملی جس میں سمارٹ لاک ڈاؤن اور وسیع و یکسینیشن مہم شامل ہے سے اس کا معیشت پر اثر کم کر دیا گیا ہے۔ پاکستان کی معیشت بہتری کی جانب گامزن ہے اور اس بات کی توقع ہے کہ معاشی محاذ پر آنے والے دنوں میں استحکام نظر آئے گا۔ انتظامیہ بہتر فروخت کے حصول اور پیداوار میں اضافہ کے ساتھ ساتھ کوالٹی اور مصنوعات میں توسیع کے لیے بھرپور کوشش کر رہی ہے۔ تنوع کے لیے اوسین کے تیار کرنے اور اس کی ایکسپورٹ کے منصوبے کی بنیاد رکھ دی گئی ہے۔ کمپنی کو ایکسپورٹ کے بہت سے آرڈر مل گئے ہیں (جیلاٹین اور اوسین دونوں کے لیے)۔ اس بات کی بہت زیادہ توقع ہے کہ ہماری نئی کوشش کی وجہ سے مستقبل میں بہترین منافع حاصل ہوگا۔

ڈائریکٹران کا ٹریننگ پروگرام:

ڈائریکٹران کی ٹریننگ کمپنی میں ایک مسلسل جاری عمل ہے۔ کمپنی اپنے ڈائریکٹران اور دوسرے ایگزیکٹوز کی صلاحیت کو بڑھانے کیلئے جدید کورسز کی پیشکش کرتی ہے۔

ہمارے سات میں سے تین ڈائریکٹران کوڈ آف کارپوریٹ گورننس کے تحت ٹریننگ سے مستثنیٰ ہیں۔ دو ڈائریکٹران بشمول ایک خود مختار ڈائریکٹر نے اپنی ڈائریکٹر ٹریننگ پروگرام (DTP) پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کے منظور شدہ اداروں سے مکمل کر لیا ہے۔ ایک خاتون ڈائریکٹر اور نئے منتخب شدہ خود مختار ڈائریکٹر بھی جب COVID-19 کی وبا ختم ہو جائے گی اپنا ٹریننگ پروگرام مکمل کر لیں گے۔

کمپنی کے حصص میں خرید و فروخت:

اس سال ڈائریکٹران، ایگزیکٹوز، ان کی بیویوں اور نابالغ بچوں میں سے کسی نے بھی کمپنی کے حصص میں فروخت / خریداری / ٹرانسفر نہیں کی گئی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور نے ۳۰ جون ۲۰۲۱ء کو ختم ہونے والے سال سے متعلق اپنا کام مکمل کر لیا ہے اور ۳۸ ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ ریٹائر ہونے والے آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس دوبارہ منتخب ہونے کے اہل ہیں۔

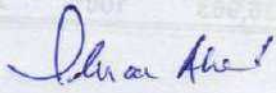
لیدنگ مینیز کوڈ آف کارپوریٹ گورننس ریگولیشنز ۲۰۱۹ء کی رو سے آڈٹ کمیٹی نے ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کا جائزہ لیتے ہوئے ان کی سال ۲۰۲۱-۲۰۲۲ء کیلئے سٹیچوٹری آڈیٹرز کی حیثیت سے تقرری اور معاوضہ کی سفارشات پیش کی ہیں۔

حصہ داران کی تفصیل:

حصہ داران کی تفصیل صفحہ نمبر ۷۲ پر موجود ہے۔

اعتراف:

بورڈ آف ڈائریکٹرز اپنے تمام ملازمین کی کاوشوں اور لگن کی تعریف کرتا ہے جس نے کمپنی کی انتظامیہ کو کاروباری معاملات احسن طریقے سے چلانے میں مدد کی۔



ابرار احمد خواجہ

ڈائریکٹر



خواجہ امیر احمد

چیف ایگزیکٹو آفیسر اینڈ

مینجنگ ڈائریکٹر

لاہور

۷ اکتوبر ۲۰۲۱ء

**Statement of Value Addition & Wealth Distribution
for the year ended June 30, 2021**

	2021 (Rs. '000')	%age	2020 (Rs. '000')	%age
Value addition				
Total revenue	990,564		695,619	
Bought in materials & services	(753,601)		(483,793)	
	236,963	100.0%	211,826	100.00%
Value distribution				
To employees				
Salaries, wages and benefits	131,292	55.41%	122,589	57.87%
To Government				
Income taxes and Sales Tax	58,874	24.85%	43,430	20.50%
To providers of capital/funds				
Interest/Mark up on borrowed funds	23,877	10.08%	27,428	12.95%
Retained for reinvestment and growth				
Depreciation & retained profits	22,920	9.67%	18,379	8.68%
	236,963	100%	211,826	100%

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

Name of the Company: Leiner Pak Gelatine Limited

Year ended: June 30, 2021

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

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

a	Male director	6
b	Female director	1

2. The composition of the Board is as follows:

Categories	Name of Directors
Independent Directors	Rashid Minhas Mian Zia ud Din
Non-Executive Directors	Ahmed Ali Riaz Ijaz Ahmed Khwaja Ayesha Ahmed
Executive Directors	Khwaja Imtiaz Ahmed Ibrar Ahmed Khwaja

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program for the following:

Sr. No.	Name of Directors	Remarks
1	Khwaja Imtiaz Ahmed	Exempt under CCG.
2	Ijaz Ahmed Khwaja	Exempt under CCG.
3	Ibrar Ahmed Khwaja	Exempt under CCG.
4	Mian Zia ud Din	Completed Directors' Training Program.
5	Ahmed Ali Riaz	Completed Directors' Training Program.

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below. -

a) Audit Committee

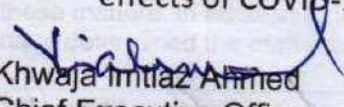
1. Rashid Minhas (Chairman)
2. Ijaz Ahmed Khwaja (Member)
3. Ahmed Ali Riaz (Member)

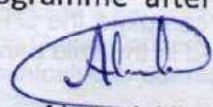
b) HR and Remuneration Committee

1. Rashid Minhas (Chairman)
2. Khwaja Imtiaz Ahmed (Member)
3. Ayesha Ahmed (Member)

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

14. The frequency of meetings of the committee were as per following,-
- a) Audit Committee; _____ (4 quarterly meetings)
 - b) HR and Remuneration Committee _____ (yearly)
15. The Board has set up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. The requirement of regulation 6, relating to rounding up of fraction as one, is applicable on the Company after the expiry of the current term of the Board of Directors of the Company (which expires in January 2022).
20. Explanation for non compliance with non-mandatory requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:
With reference to paragraph 9 above. The female non-executive director, Mrs. Ayesha Ahmed and one independent director Mr. Rashid Minhas, newly elected on 18 January, 2019, will complete their Director's Training Programme after the effects of COVID-19 and its subsequent surges are over.


Khwaja Imtiaz Ahmed
Chief Executive Office


Ahmed Ali Riaz
Chairman

LAHORE
Dated: October 07, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Leiner Pak Gelatine Limited

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

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

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

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

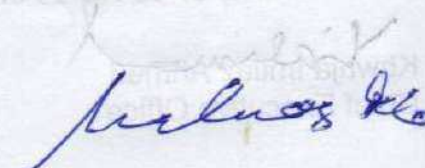
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent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

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, 2021.

We highlight below non-compliance with the non-mandatory requirements of Regulation 19 of the CCG Regulations 2019 which has been explained in paragraph 20 of the enclosed Statement of Compliance whereby up to June 30, 2021, atleast 75% of the directors of the Company should either have acquired the prescribed certification under the Directors Training Program (DPT) or be exempt therefrom under the prescribed criteria. Further, any newly appointed director(s) is also required to acquire the DTP certification within one year from the date of appointment. Accordingly, five out of seven, that is, (71%) directors fulfill the above criteria while the female director and one independent director newly appointed on 18 January, 2019 did not complete the DTP certification within one year of their appointment as director due to the reason explained in the said paragraph 20.

Lahore

Dated: October 07, 2021



M. Almas & Co.

Chartered Accountants

Audit Engagement Partner

Mohammad Ijaz

INDEPENDENT AUDITOR'S REPORT**To the members of Leiner Pak Gelatine Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **Leiner Pak Gelatine Limited** (the Company), which comprise the statement of financial position as at **June 30, 2021**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021, and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of 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.

Material Uncertainty relating to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that as at June 30, 2021 the Company's current liabilities exceeded its current assets by Rupees 86.202 million. Further, in terms of a settlement with the Summit Bank Limited (SBL), the running finance facility amounting to Rupees. 30 million from SBL not renewed by the bank since September 2018, has partly been repaid during the year and the balance Rs. 19.475 million will be repaid in equal monthly installments up to 25 January, 2023. As stated in note 2, these events or conditions, along with other matters as set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How the matter was addressed in our audit
1. Review of recoverability of deferred tax asset (Refer to notes 6.12 and 19 of the financial statements) Under International Accounting Standard 12, Income Taxes, the Company is required to	Our procedures in relation to this matter included: - Evaluating the Directors' determination of the estimated manner in which the deferred tax asset would be utilised by comparing the Directors' assessment to business plans and profit forecasts based on our knowledge of the business and

review recoverability of the deferred tax assets recognized in the statement of financial position at each reporting period.

Recognition of deferred tax asset position involved management's estimate of future available taxable profits of the Company based on approved business plan. There is inherent uncertainty involved in forecasting future taxable profits and the probability of utilising the estimated minimum tax credits. Therefore, the recoverability of the Company's deferred tax asset was considered a key audit matter in our audit of the financial statements.

We considered this a key audit matter due to significant value of deferred tax asset on account of minimum tax and assumptions used by the management in this area.

the industry in which Company operates;

- Critically assessing whether profit forecasts are reasonable in relation to historical trends, current year performance and future plans;
- Analyzing the requirements of the Income Tax Ordinance, 2001, in relation to above and considering the factors including aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted; and
- Assessing the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures.

2. Valuation of stock in trade

Refer notes 6.4, 21 and 29 of the financial statements.

Stock in trade as at year ended June 30, 2021 having carrying value of Rs. 431.120 million constitutes 37.645% of total assets.

We identified the valuation of stock in trade as key audit matter as it directly affects the profitability of the Company.

Our audit procedures to assess the valuation of stock in trade, amongst others, included the following:

- Obtaining an understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness;
- Comparing on a sample basis specific purchases with underlying supporting documents / agreements, if any;
- Comparing calculations of the allocation of directly attributable costs and allocation of factory overhead costs with the underlying supporting documents;
- Physical observation of stock in trade inventory count at the year end;
- Test of valuation methods and their appropriateness in accordance with applicable accounting standards;
- Obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work in process and costs necessary to make the sales and their basis; and
- Comparing the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stock in trade in accordance with applicable accounting and reporting standards.

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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

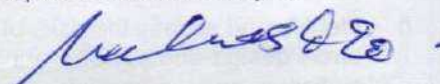
Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of 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 Mohammad Ijaz.

Lahore
Date: October 07, 2021


M. Almas & Co.
Chartered Accountants

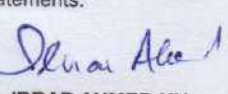
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

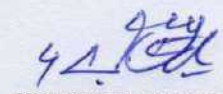
	Note	30 June 2021	30 June 2020
-----Rupees in thousand-----			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	7	75,000	75,000
Revenue Reserve:			
Unappropriated profit / (Accumulated loss)		1,732	(3,272)
Capital Reserve:			
Surplus on revaluation of property, plant and equipment	8	336,262	336,262
		412,994	407,990
Non-current liabilities			
Long term finance	9	16,425	9,786
Lease liabilities	10	6,953	3,637
		23,378	13,423
Current liabilities			
Trade and other payables	12	409,390	255,540
Unclaimed dividend	11	771	771
Mark-up accrued	13	3,411	5,360
Short term borrowings	14	269,827	306,207
Current portion of long term finance	9	21,200	3,262
Current portion of lease liabilities	10	4,240	2,339
		708,839	573,479
Contingencies and commitments	15	-	-
		1,145,211	994,892
ASSETS			
Non-current assets			
Property, plant and equipment	16	520,775	501,955
Intangible assets	17	-	-
Long term deposits	18	1,799	255
Deferred taxation	19	-	-
		522,574	502,210
Current assets			
Stores, spare parts and loose tools	20	108,211	114,368
Stock-in-trade	21	431,120	308,556
Trade debts	22	8,622	7,477
Advances	23	2,331	1,354
Trade deposits and short term prepayments	24	686	1,539
Other receivables	25	26,737	21,443
Advance income tax-net	26	40,329	37,480
Cash and bank balances	27	4,601	465
		622,637	492,682
		1,145,211	994,892

The annexed notes 1 to 49 form an integral part of these financial statements.

LAHORE
Dated: October 07, 2021


K.H. IMTIAZ AHMED
Chief Executive Officer
& Managing Director


IBRAR AHMED KH.
Director


MUHAMMAD JAVAID
Chief Financial Officer

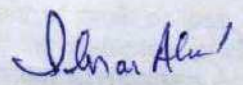
**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021**

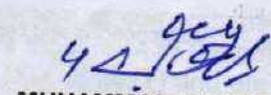
	Note	30 June 2021	30 June 2020
		-----Rupees in thousand-----	
Sales-net	28	941,515	660,888
Cost of sales	29	836,630	559,040
Gross profit		104,885	101,848
Other income	30	3,419	611
Distribution cost	31	108,304	102,459
Administrative expenses	32	10,200	5,951
Other operating expenses	33	51,633	54,687
Finance cost	34	1,805	1,657
Profit before taxation		26,418	28,926
Taxation	35	18,248	11,238
Profit after taxation		13,244	9,310
		5,004	1,928
Earning per share-basic and diluted (Rupees)	36	0.67	0.26

The annexed notes 1 to 49 form an integral part of these financial statements.

LAHORE
Dated: October 07, 2021


KH. IMTIAZ AHMED
Chief Executive Officer
& Managing Director


IBRAR AHMED KH.
Director


MUHAMMAD JAVAID
Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	30 June 2021	30 June 2020
	-----Rupees in thousand-----	
Profit after taxation	5,004	1,928
Other comprehensive income	-	-
Total comprehensive income for the year	5,004	1,928

The annexed notes 1 to 49 form an integral part of these financial statements.

LAHORE

Dated: October 07, 2021

KH. IMTIAZ AHMED
Chief Executive Officer
& Managing Director

IBRAHIM AHMED KH.
Director

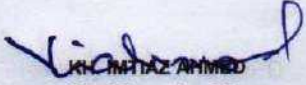
MUHAMMAD JAVAID
Chief Financial Officer

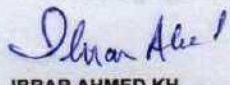
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Share capital	Reserves		Total
		Revenue Reserve	Capital Reserve	
	Issued, subscribed and paid up share capital	Accumulated loss / Unappropriated profit	Surplus on revaluation of property, plant and equipment	
-----Rupees in thousand-----				
Balance at June 30, 2019	75,000	(5,200)	336,262	406,062
Profit for the year	-	1,928	-	1,928
Other comprehensive income	-	-	-	-
		1,928	-	1,928
Balance at June 30, 2020	75,000	(3,272)	336,262	407,990
Profit for the year	-	5,004	-	5,004
Other comprehensive income	-	-	-	-
	-	5,004	-	5,004
Balance at June 30, 2021	75,000	1,732	336,262	412,994

The annexed notes 1 to 49 form an integral part of these financial statements.

LAHORE
Dated: October 07, 2021


KH. IMTIAZ AHMED
Chief Executive Officer
& Managing Director


IBRAR AHMED KH.
Director


MUHAMMAD JAVAID
Chief Financial Officer

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

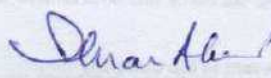
	Note	30 June 2021 -----Rupees in thousand-----	30 June 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	37	100,391	23,925
Finance cost paid		(26,636)	(27,021)
Payments to provident fund		(3,358)	(3,182)
Taxes paid		(16,093)	(15,425)
Sales tax paid		(5,294)	(2,232)
Workers' Welfare Fund paid		(171)	(233)
Workers' Profit Participation Fund paid		(215)	(844)
Net cash generated from / (used in) operating activities		48,624	(25,012)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(28,945)	(24,565)
Proceeds from disposal of property, plant and equipment		435	540
Increase in long term deposits		(1,544)	-
Net cash used in investing activities		(30,054)	(24,025)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(2,631)	(1,739)
Long-term finance from banking companies – (repaid) / obtained - net		(5,407)	13,048
Short-term Borrowings from banking companies – (repaid) / obtained - net		(6,396)	37,872
Net cash (used in) / generated from financing activities		(14,434)	49,181
Net Increase in cash and cash equivalents		4,136	144
Cash and cash equivalents at the beginning of the year		465	321
Cash and cash equivalents at the end of the year	38	4,601	465

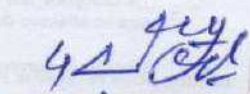
The annexed notes 1 to 49 form an integral part of these financial statements.

LAHORE

Dated: October 07, 2021


K.H. IMTIAZ AHMED
Chief Executive Officer
& Managing Director


IBRAR AHMED KH.
Director


MUHAMMAD JAVAID
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 THE COMPANY AND ITS OPERATIONS

Leiner Pak Gelatine Limited ("the Company") was incorporated in Pakistan on 14 February 1983 as a public limited Company. The registered office of the Company is situated at 17-G, Gulberg II, Lahore and manufacturing facility is located at 19 Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku, District Sheikhupura. The Company is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of gelatine and di-calcium phosphate etc., produced from animal bones.

2 GOING CONCERN BASIS OF ACCOUNTING

As at June 30, 2021 the Company's current liabilities exceeded its current assets by Rupees 86.202 million. Further, as mentioned in note 14.6 in these financial statements, the running finance facility amounting to Rupees. 30 million from the Summit Bank Limited was not renewed after September, 2018. In terms of settlement with Summit Bank Limited dated March 15, 2021, Rs. 10.5 million has been paid by April 2021 while the balance Rs. 19.5 is payable in 15 equal monthly installments of Rs 1.3 million each between the period from November 2021 to January 2023. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The effects of measures taken by the management of the Company have positive impact on the performance of the Company whereby turnover has increased by 42% resulting into profit after tax amounting to Rs. 5.004 million during the year ended June 30, 2021. The approved financial projections also show continued improvements and profitability. Further, keeping in view the following factors, the management foresees that the Company will continue to be a going concern.

- There is continued demand for the products of the Company. Demand of "Halal" Gelatine exists in foreign and local markets as "Halal" Gelatine is equally consumed in Muslim and Non-Muslim countries.
- There is continued financial support of the Company's sponsors. The sponsors of the Company have inducted up to June 30, 2021 Rupees 111.166 million (June 30, 2020: Rupees 80.263 million) interest free loans. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations; and
- The existence of new sales orders (local as well as exports) along with advance payments received there against.

These financial statements have, therefore, been prepared using going concern basis of accounting and, accordingly, do not include any adjustments relating to realization of its assets and the liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

3 IMPACT OF COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. The Company continued to carry out its operations during the year after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees and has taken all necessary steps to ensure smooth and adequate continuation of Business. Management believes that there is no significant adverse impact of the effects of COVID-19 on the operations of the Company and on these financial statements. However, pursuant to relaxation announced by the State Bank of Pakistan in view of this pandemic, the Company has availed has availed concessional loan to disburse salaries and wages which is fully explained in note 9 to these financial statements.

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

4.1 Effective in current year and not relevant to the Company

		Effective date (Annual Periods beginning on Or after)
IFRS 3	Business Combinations	January 01, 2020
IFRS 16	Leases - The objective of the amendment is to give timely relief to lessees to Covid-19 - related rent concessions while still enabling them to provide useful information about their leases to investors.	January 01, 2020
IFRS 7	Financial Instruments "disclosures"	January 01, 2020
IFRS 9	Financial Instruments	January 01, 2020
IAS 1	Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgments.	January 01, 2020
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2020
IAS 41	Agriculture.	January 01, 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4.2 The following International Financial Reporting Standards (IFRS Standards) and amendments not yet effective

		Effective date (Annual Periods beginning on Or after)
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2022
IFRS 9	Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability	January 01, 2023
IAS 1	Presentation of Financial Statements - Amendments regarding The classification of current and non-current liabilities.	January 01, 2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendment regarding the definition of accounting estimates, the standard defines the concept of a "change in accounting estimates".	January 01, 2023
IAS 12	Income taxes - Amendment regarding to clarify how Companies account for deferred tax on leases and decommissioning obligations	January 01, 2023
IAS 16	Property, plant and equipment - The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition.	January 01, 2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	January 01, 2022
		January 01, 2022

The IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 01, 2021.

The amendments in above standards are not likely to have any material effect on Company's financial statements other than presentations / disclosures.

5 BASIS OF PREPARATION

5.1 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 (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

5.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for freehold land at revalued amount. In these financial statements, except for the statement of cash flows, all transactions have been accounted for on accrual basis.

5.3 Judgements, estimates and assumptions

The preparation of the financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the subsequent years are discussed in the note - 39.

5.4 Functional and presentation currency

Items included in financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

6.1 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are tangible items that are held for use in production or supply of goods or services, for rentals to others or for administrative purposes and are expected to be used during more than one year. An item of property, plant and equipment is recognized when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. On initial recognition, items of property, plant and equipment are measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the item.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses with the exception of freehold land which is measured at revalued amount.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Increases in the carrying amounts arising on revaluation of land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. The revaluation surplus is not available for distribution to the Company's shareholders.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

Depreciation

Depreciation is recognized in profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment using the rates specified in note 16.1 to the financial statements.

Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which the item is disposed or classified as held for disposal.

The depreciation method, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

De-recognition

An item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss on disposal of property, plant and equipment is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

6.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Cost associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset as specified in note 17 on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each reporting date and adjusted if the impact of amortization is significant.

6.3 Stores, spare parts and loose tools

These are generally held for internal use and, except for items in transit which are valued at invoice price plus related expenses incurred up to the reporting date, are valued at lower of cost and net realizable value. Cost is determined on the basis of weighted average. Provision for obsolete and slow moving items is made based on management's best estimate regarding their future usability.

6.4 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Raw material	Weighted average cost
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost
Raw material in transit	Invoice price plus related expenses incurred up to the reporting date.

Average manufacturing cost in relation to work-in-process and finished goods consists of direct material, labor and a proportion of appropriate manufacturing overheads.

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

For items which are slow moving, a provision is made for excess of carrying amount over estimated net realizable value.

6.5 Financial instruments

6.5.1 Financial assets

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

a) Financial assets at amortized cost

Financial assets at amortized cost are 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. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are 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

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

6.5.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, 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 and 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 or loss.

6.5.3 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.6 Right-of-use assets and Lease liabilities

6.6.1 Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset. Depreciation is charged to profit or loss account at rates given in note 16.1.

6.6.2 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of short term and low value leases are not recognized and payments against such leases are recognized as expense in profit or loss. At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration and uses hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

6.7 Employee benefits

A defined contribution plan is a post-employment benefit under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognized as an employee service benefit expense in the statement of profit or loss when it is due.

The Company operates a recognized provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 8.5% of the basic salary. The fund is administrated by the Trustees.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

6.8 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost.

6.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognized at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortized cost using the effective interest method. Impairment of trade debts and other receivables is described in note 6.16.

6.10 Revenue Recognition

- Local sales are recognized as revenue when invoiced with the transfer of control of goods, which coincides with delivery.
- Export sales are recognized as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representative, based on terms of arrangement.

6.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, or added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the profit or loss as incurred.

6.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credits, rebates and exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made / finalized during the year. The amount of unpaid income tax in respect of current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or the prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release-27" of The Institute of Chartered Accountants of Pakistan.

Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

6.13 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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

6.14 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows comprise cash and bank balances. Cash and cash equivalents are carried at cost.

6.15 Foreign currency transactions

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated to the functional currency at exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate at the date that fair value was determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to the functional currency at exchange rate at the date of transaction. Any gain or loss arising on transaction is recognized in profit or loss.

6.16 Impairment

Financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

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

Non-Financial Assets

The carrying amounts of the non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss. An impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

6.17 Provisions

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the correct best estimate.

6.18 Dividend to shareholders

Dividend paid to shareholders is recognized in the year in which it is declared.

6.19 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment, however, certain information, as required by the approved accounting standards, is presented in note 42 to these financial statements.

6.20 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.21 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy.

The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international. The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants. Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

7 SHARE CAPITAL

Authorised share capital

10,000,000 (June 30, 2020: 10,000,000) ordinary shares
of Rupees 10 each

Issued, subscribed and paid up share capital

7,500,000 (June 30, 2020: 7,500,000) ordinary shares
of Rupees 10 each issued as fully paid in cash

30 June 2021 30 June 2020
-----Rupees in thousand-----

100,000 100,000

75,000 75,000

75,000 75,000

7.1 Ordinary shares of the Company held by associated undertaking as at year end are as follows:

INA Securities (Private) Limited

30 June 2021 30 June 2020
(Number of shares)

370,000 370,000

370,000 370,000

8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Revaluation surplus

-note- 8.1

30 June 2021 30 June 2020
-----Rupees in thousand-----

336,262 336,262

8.1 Revaluation surplus

Revaluation surplus relating to revaluation carried out at June 30, 1990
Revaluation surplus relating to revaluation carried out at June 09, 2008
Revaluation surplus relating to revaluation carried out at April 05, 2012
Revaluation surplus relating to revaluation carried out at April 26, 2016
Revaluation surplus relating to revaluation carried out at May 15, 2019

8,873 8,873

69,325 69,325

85,936 85,936

114,780 114,780

57,348 57,348

336,262 336,262

8.2 The Company had revalued its freehold land on June 30, 1990, June 09, 2008, April 05, 2012, April 26, 2016 and May 15, 2019. The revaluation was carried out by independent valuers Mr. Anwar ul Haq in 1990 and M/S Hamid Mukhtar & Co. in 2008, 2012, 2016, 2019 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008, April 05, 2012, April 26, 2016 and May 15, 2019 was credited to surplus on revaluation of property, plant and equipment.

	Book value	Re-valued amount	Surplus on re-valuation
	-----Rupees in thousand-----		
Freehold land	7,826	344,088	336,262
	7,826	344,088	336,262

8.3 Since the revaluation relate to freehold land which is a non-depreciable asset, no deferred tax liability arises on revaluation. In the absence of depreciable amount no incremental depreciation net off deferred tax transferred to unappropriated profit nor any disclosure regarding these have been made in the above note.

9 LONG TERM FINANCE – SECURED

Bank Al Habib Limited

-note- 9.1

Summit Bank Limited

-note- 14.6 & 14.8

Current portion shown under current liabilities

30 June 2021 30 June 2020
-----Rupees in thousand-----

17,327 11,650

19,475 -

(20,434) (2,354)

16,368 9,296

Deferred Income-Government Grant

Current portion shown under current liabilities

823 1,398

(766) (908)

57 490

16,425 9,786

9.1 The Company obtained approval of term finance facility for Rs. 24.227 million from Bank Al Habib Limited under Refinancing Scheme of the State Bank of Pakistan specifically for paying salaries and wages to Company's employees. The Company has made third drawdown of Rs.6.824 million in July 2020, and forth drawdown of Rs. 4.328 million in September 2020. These are repayable in 8 equal quarterly installments during the period from January 2021 to December 2022.

This term loan is secured by way of 1st. Pari Pasu charge of Rs. 180 million over all current assets of the Company already registered with SECP. Equitable mortgage supported by 1st. Pari Pasu charge for Rs. 250 million over land, building and plant & machinery of the Company situated at 19 K.M G.T Road, Kala Shah Kaku. Equitable mortgage for Rs. 50 million over 24 kanal and 6 marla of Company land situated at 19 K.M G.T Road, Kala Shah Kaku. Personal Guarantee of three directors / shareholders for Rs 250 million each. The rate of markup is fixed at 3% per annum.

Government grant aggregating to Rs. 2.401 million has been recorded up to June 30, 2021 (June 30, 2020: Rs. 1.475 million). Grant amortized during the year ended June 30, 2021 is Rs.1.502 million (June 30, 2020: Rs. 0.077 million) thereby making the aggregate amortization up to June 30, 2021 Rs. 1.579 million. In accordance with the terms of the grant, the company is prohibited to lay-off the employees atleast for three months from the period of the grant.

10 Lease liabilities

Present value of minimum lease payments

Less: current portion presented under current liabilities

-note- 10.2

30 June 2021 30 June 2020
-----Rupees in thousand-----

11,193 5,976

4,240 2,339

6,953 3,637

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

- 10.1 Where the implicit rate is available in the lease contract, that has been used. In case of Right-of use asset for the office building the Company's incremental borrowing rate 15.72% is used.
- 10.2 Future minimum payments and their present values are regrouped as under:

-----Rupees in thousand-----			
2021		2020	
Over one year	more than one year but less than five years	Over one year	more than one year but less than five years
5,067	7,917	3,097	3,975
(827)	(964)	(758)	(338)
4,240	6,953	2,339	3,637

Total minimum lease payments

Less : Finance charges

Present value of minimum lease payments

11 UNCLAIMED DIVIDEND

771

771

12 TRADE AND OTHER PAYABLES

Creditors
Accrued liabilities
Contract liabilities
Payable to provident fund
Other payable
Income tax withheld payable
Workers' Profit Participation Fund
Workers' Welfare Fund

-note- 12.1
-note- 12.2
-note- 44.3

-note- 12.3

30 June 2021	30 June 2020
-----Rupees in thousand-----	
233,471	135,824
53,060	24,430
117,793	91,938
811	736
30	-
26	26
3,375	2,357
824	229
409,390	255,540

- 12.1 This includes salaries payable to a related party (Kh. Imtiaz Ahmed- chief executive) as at June 30, 2021 Rs. 7,523,556 (June 30, 2020: Rs. 6,379,597).

- 12.2 Contract liabilities represent unsecured advances from customers for the supply of goods by the Company during the period of one year from the reporting date. Such advances as at June 30, 2020 amounting to Rs. 91.938 million have been recognized in the revenue for the year ended June 30, 2021.

12.3 Workers' Profit Participation Fund (WPPF)

Balance at beginning of the year
Interest on funds utilized in Company's business
Allocation/expense for the year

-note- 34
-note- 33

2,357	2,233
229	346
1,004	622
3,590	3,201
215	844
3,375	2,357

Less: paid to the fund during the year

Interest is paid at prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

13 MARK-UP ACCRUED

30 June 2021 30 June 2020
-----Rupees in thousand-----

On borrowings from banking companies-secured

Lease liabilities
Long term finance – secured
Short term borrowings

13	3
140	30
3,258	5,327
3,411	5,360

14 SHORT TERM BORROWINGS

From banking companies-secured

Export Refinance
Bank Al-Habib Limited
Short Term Finance against payables
Bank Al-Habib Limited
Short Term Finance against IBP receivables
Bank Al-Habib Limited
Running finance
Bank Al-Habib Limited
Summit Bank Limited

-note- 14.1, 14.7
-note- 14.3, 14.7
-note- 14.4, 14.7
-note- 14.5, 14.7
-note- 14.6, 14.8

50,000	-
25,000	25,000
25,000	25,000
58,661	145,960
-	29,984
158,661	225,944

From related parties-unsecured

Loans from director and close relative thereof

-note- 14.11

111,166	80,263
269,827	306,207

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

- 14.1 The finance against packing credit (FAPC) facility having sanctioned limit of Rupees 50 million (June 30, 2020: Rupees nil) including one-off FAPC facility Rupees 25 million (June 30, 2020: Rupees nil) has been obtained from Bank Al-Habib Limited. The rate of mark-up on this facility is three months KIBOR plus 1.75% per annum. The principle is to be repaid upon realization of exports proceeds as per the tenor of respective bill but not later than 120 days from the draw down date or on demand while mark-up is to be serviced upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.
- 14.2 The finance against foreign bills (FAFB-OWN) facility having sanctioned limit of Rupees 25 million (June 30, 2020: Rupees 25 million) has been obtained from Bank Al-Habib Limited for working capital requirements. The rate of mark-up on this facility is three months KIBOR plus 1.75% per annum. The principle is to be repaid upon realization of exports proceeds as per the tenor of respective bill but not later than 180 days from the draw down date or on demand while mark-up is to be served upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility has not been utilized upto June 30, 2021.
- 14.3 The short term finance facility having sanctioned limit of Rupees 25 million (June 30, 2020: Rupees 25 million) has been obtained from Bank Al-Habib Limited for purchase of raw material. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2020: three months KIBOR plus 1.75%) per annum payable quarterly. The principle amount is to be repaid in 90 days through business cash flows. The facility is valid till February 07, 2024 with credit review on annual basis.
- 14.4 The IBP receivable finance facility having sanctioned limit of Rupees 25 million (June 30, 2020: Rupees 25 million) has been obtained from Bank Al-Habib Limited for financing of receivables. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2020: three months KIBOR plus 1.75%) per annum. The principal amount is to be repaid upon realization of export proceeds as per tenure of respective bill but not later than 90 days from draw down date or on demand while mark-up is to be serviced upon adjustment of each loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2024 with credit review on annual basis.
- 14.5 The running finance facility having sanctioned limit of Rupees 60 million (June 30, 2020: Rupees 85 million) has been obtained from Bank Al-Habib Limited for working capital requirements. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2020: three months KIBOR plus 1.75%) per annum payable quarterly. The facility is valid till February 07, 2024 with credit review on annual basis.
- 14.6 The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2020: Rupees 30 million) has been obtained from Summit Bank Limited for working capital requirements. The facility was not renewed after September 2018. In terms of settlement with Summit Bank Limited dated March 15, 2021, the outstanding balance on the said date Rs. 29,981,093 will be payable as under:
- repayment of 35%, equal to Rs. 10,500,000 in four equal instalment of Rs 2,625,000 each between the period from 15 March 2021 to 30 April 2021.
 - after a 6 months grace period from May 2021 to October 2021 the remaining 65% loan facility is payable in 15 equal monthly instalment of Rs 1,300,000 each up to 25 January 2023.
 - the said loan has accordingly being classified as long term as per note 9 above.
- 14.7 The facilities mentioned in 14.1, 14.2, 14.3, 14.4 and 14.5 are commonly secured against first pari passu charge of Rupees 180 million (June 2020: Rupees 180 million) over current assets of the Company registered with SECP. Equitable mortgage supported by first pari passu charge on fixed assets of Rupees 250 million (June 30, 2020: Rupees 250 million) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Lien over export documents under letter of credit and contract, shipping documents, accepted drafts, counter guarantee of the Company and personal guarantees of three Directors / Shareholders amounting to Rupees 250 million each (June 30, 2020: Rupees 250 million). The running finance facility at note 14.4 in addition to securities aforesaid is also secured against pro note amounting to Rs. 144.5 million (June 2020 : Rupees 144.5 million).
- 14.8 The facility mentioned in 14.6 is commonly secured against ranking charge of Rupees 40 million (June 30, 2020: Rupees 40 million) over all present & future current assets of the Company with 25% margin, duly insured, with Summit Bank Limited and registered with SECP. Pari passu charge on fixed assets, comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Personal guarantees of three Directors along with Personal Net Worth Statement (PNWS). It carries mark-up at three months KIBOR plus 5%.
- 14.9 As at June 30, 2021 the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/usance) amounting to Rupees 5 million (June 30, 2020: Rupees 5 million). Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2020: Rupees 15 million) from Bank Al-Habib Limited.
- 14.10 The net aggregate short term borrowing facilities unavailed at end of June 30, 2021 amount to Rupees 26.339 million (June 30, 2020: Rupees 25 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (June 30, 2020: Rupees 8.744 million).
- 14.11 The loans from Chief Executive / director (Khawaja Imtiaz Ahmed) and his close relative (Khawaja Ahmed Hassan) amounting to Rs. 79.314 million (June 30, 2020: 66.658 million) and Rs. 31.851 million (June 30, 2020: 13.605 million) respectively, are for working capital requirements. These loans are re-payable on demand and non-interest bearing.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1 The Pakistan Environmental Protection Agency has filed a complaint against the Company before the Environmental Protection Tribunal on March 25, 2005 on account of Company's failure to properly dispose effluent water discharge during the production. The agency regards this to be a criminal offence. The Company has filed a writ petition against the Agency's claim before the Honourable Lahore High Court ("LHC") on April 8, 2005. The Company has not recognized any liability in this regard since it awaits the decision of LHC which is pending. As per Legal Counsel of the Company it is anticipated that the Company has a fair chance of success. In this context, therefore, no adverse results can be contemplated.

- 15.1.2 Guarantees issued by bank on behalf of Company as at June 30, 2021 amounting to Rupees 11.256 million (June 30, 2020: Rupees 11.256 million).

15.2 Commitments

There was no commitment as at June 30, 2021 (June 30, 2020 nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

16 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Capital work in progress

16.1 Operating fixed assets - for the year ended June 30, 2021

Operating fixed assets - for the year ended June 30, 2021											
PARTICULARS	COST/REVALUED AMOUNT					DEPRECIATION					Net book value as at 30 June 2021
	As at 30 June 2020	Additions / Revaluation	Disposals	Transfers	As at 30 June 2021	Annual rates	As at 30 June 2020	Disposals	Transfers	For the year	
-----Rupees in thousand-----											
Assets owned by the Company											
<u>Tangible Assets</u>											
Free hold land	344,088	-	-	-	344,088	-	-	-	-	-	344,088
Factory building - on free hold land	104,127	23,891	-	-	127,808	10%	64,760	-	-	4,393	69,153
Office building - on free hold land	817	-	-	-	817	5%	726	-	-	5	731
Plant and machinery	280,595	12,385	-	-	292,980	10%	191,982	-	-	9,309	201,271
Electric installation and equipment	27,641	1,353	-	-	28,994	10%	19,599	-	-	850	20,449
Fire fighting equipment	78	-	-	-	78	10%	55	-	-	2	57
Service and other equipment	580	-	-	-	580	10%	548	-	-	3	551
Office equipment	6,614	525	-	-	7,138	10%	4,549	-	-	221	4,770
Laboratory equipment	3,958	-	-	-	3,958	10%	3,456	-	-	50	3,506
Permanent and special equipment	251	-	-	-	251	10%	249	-	-	1	250
Furniture, fixtures and fittings	1,529	-	-	-	1,529	10%	1,152	-	-	38	1,190
Vehicles	15,356	-	193	-	15,163	20%	13,394	136	-	388	13,646
Railway siding	417	-	-	-	417	10%	412	-	-	1	413
Cycles and scooters	77	-	-	-	77	20%	69	-	-	1	70
Arms and ammunition	141	-	-	-	141	10%	72	-	-	7	79
Furnace	197	-	-	-	197	10%	171	-	-	3	174
30 June 2021	766,476	37,944	193	-	824,227		301,174	136	-	15,272	316,310
Right-of use assets											597,917
Vehicles	1,309	7,948	-	-	9,157	20%	498	-	-	422	920
Office building	6,657	-	-	-	6,657	33- 1/3 %*	2,222	-	-	2,222	4,444
Total Assets as on 30-June-2021	794,452	45,792	193	-	840,651		303,894	136	-	17,916	321,674
											518,377

* Lease term is 3 years and Right-of use asset depreciated on straight-line method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

16.2 Operating fixed assets - for the year ended June 30, 2020

PARTICULARS	COST/REVALUED AMOUNT					DEPRECIATION					Net book value as at 30 June 2020	
	As at 30 June 2019	Additions / Revaluation	Disposals	Transfers	As at 30 June 2020	Annual rates	As at 30 June 2019	Disposals	Transfers	For the year		As at 30 June 2020
-----Rupees in thousand-----												
Assets owned by the Company												
Tangible Assets												
Free hold land	344,088	-	-	-	344,088	-	-	-	-	-	344,088	
Factory building- on free hold land	96,952	7,175	-	-	104,127	10%	60,801	-	-	3,959	39,357	
Office building- on free hold land	817	-	-	-	817	5%	721	-	-	5	91	
Plant and machinery	261,577	19,018	-	-	280,595	10%	183,629	-	-	8,333	88,633	
Electric installation and equipment	27,550	91	-	-	27,641	10%	18,708	-	-	881	8,042	
Fire fighting equipment	78	-	-	-	78	10%	52	-	-	3	23	
Service and other equipment	580	-	-	-	580	10%	545	-	-	3	32	
Office equipment	6,541	73	-	-	6,614	10%	4,320	-	-	229	2,065	
Laboratory equipment	3,958	-	-	-	3,958	10%	3,400	-	-	56	502	
Permanent and special equipment	261	-	-	-	261	10%	248	-	-	1	12	
Furniture, fixtures and fittings	1,529	-	-	-	1,529	10%	1,110	-	-	42	377	
Vehicles	15,572	-	216	-	15,356	20%	13,111	209	-	492	1,962	
Railway siding	417	-	-	-	417	10%	411	-	-	1	5	
Cycles and scooters	77	-	-	-	77	20%	67	-	-	2	8	
Arms and ammunition	141	-	-	-	141	10%	65	-	-	7	69	
Furnace	197	-	-	-	197	10%	168	-	-	3	26	
30 June 2020	760,335	26,357	216	-	786,476		287,356	209	-	14,027	485,302	
Right of use assets												
Vehicles	1,309	-	-	-	1,309	20%	296	-	-	202	811	
Office building	-	6,667	-	-	6,667	33 1/3 %*	-	-	-	2,222	4,445	
Total Assets as on 30-06-2020	761,644	33,024	216	-	794,452		287,652	209	-	16,451	490,558	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

16.3 The depreciation charged for the year has been allocated as follows:

	30 June 2021	30 June 2020
	Rupees in thousand	
Cost of sales		
Administrative expenses		
	-/-	20.3
	-/-	32
		14,610
		3,204
		17,916
		16,451

16.4 The Company has revalued its freehold land on June 30, 1990, June 9, 2008, April 05, 2012, April 26, 2016 and May 15, 2019. The revaluation was carried out by independent valuers Mr. Anwar ul Haq in 1990 and M/S Hamid Mukhtar & Co. in 2008, 2012, 2016 and 2019 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008, April 05, 2012, April 26, 2016 and May 15, 2019 was credited to surplus on revaluation of property, plant and equipment. The revaluation has resulted in aggregate increase in value of freehold land by Rupees 336,252 million (June 30, 2020: Rupees 336,262 million) which is included in book value of freehold land.

Had there been no revaluation, the cost of freehold land would have been as follows:

Cost	Accumulated depreciation	Net book value as at June 30, 2021
		7,826
		7,826

Freehold land

16.5 Forced Sale Value of the Freehold land based on valuation conducted on May 15, 2019 was Re. 292,475,000.

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

Location	Usage of immovable property	Total Area (in acres)	Covered Area (in sq.ft)
19 Kilometer, Shahr-e-Pakistan, Kala Shah Kaku, District Sheikhupura	Manufacturing facility	14.337	155,381

16.7 Particulars of property, plant and equipment disposed of during the year are as follows:

30 June 2021							
Cost	Accumulated Depreciation	Rupees in thousand					Particulars of purchaser
		Net book value	Sale price	Gain / (Loss)	Mode of disposal		
193	136	57	435	378	Negotiation	Mr. Ali Danish Khan House No. 56, Wazir Town, Sector -8/A, Lahore	
193	136	57	435	378			

Total

Cost	Accumulated Depreciation	30 June 2020				Particulars of purchaser
		Net book value	Sale price	Gain / (Loss)	Mode of disposal	
216	209	7	540	533	Negotiation	Mr. Muhammad Nadeem Akhter Lalpail road, Sahar town shandra, Lahore 35202-8424021-9
216	209	7	540	533		

Total

The above mentioned purchases has no relationship with the Company or any of its directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

16.8 Capital work in progress

	30 June 2021	30 June 2020
	Rupees in thousand	
	Plant and Machinery	Building and Civil Works
As at 01 July		
Transferred	4,882	6,505
Additions	(2,000)	2,000
	10,791	16,175
	13,883	24,680
	(12,284)	(23,681)
	1,399	999
	11,397	13,188
	26,996	16,911
	38,363	30,099
	(35,965)	(18,702)
	2,398	11,397

Transfer to operating fixed assets
As at 30 June

17 INTANGIBLE ASSETS

PARTICULAR	COST			AMORTISATION			Net book value as at 30 June 2021	Annual Rate
	As at 30 June 2020	Additions / (Deletions)	As at 30 June 2021	As at 30 June 2020	For the year	As at 30 June 2021		
-----Rupees in thousand-----								
Computer software	70	-	70	70	-	70	-	20%
30 June 2021	70	-	70	70	-	70	-	
30 June 2020	70	-	70	70	-	70	-	

17.1 The intangible asset has been fully amortized.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

18 LONG TERM DEPOSITS

	30 June 2021	30 June 2020
	-----Rupees in thousand-----	
Security deposits:	1,799	255
Less: Current portion shown under current assets	-	-
	<u>1,799</u>	<u>255</u>

-note- 24

19 DEFERRED TAXATION

Deferred tax on temporary differences comprises of:

Taxable temporary differences

Accelerated tax depreciation

Right-of-use assets

	15,839	15,887
	<u>2,171</u>	<u>1,276</u>
	<u>18,010</u>	<u>17,163</u>

Deductible temporary differences

Minimum tax credits

Lease liabilities

	15,687	15,712
	<u>2,323</u>	<u>1,451</u>
	<u>-</u>	<u>-</u>

Deferred tax asset amounting to Rs. 6.673 million (June 2020 : Rs. 5.468 million) due to minimum tax credits have not been recognized as at Jun 30, 2021 as sufficient future taxable profits may not be available against which the said tax credits can be utilized.

20 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools
Packing material

	30 June 2021	30 June 2020
	-----Rupees in thousand-----	
	107,087	113,315
	<u>1,124</u>	<u>1,053</u>
	<u>108,211</u>	<u>114,368</u>

20.1 It is impracticable to distinguish stores, spare parts and loose tools, each from the other.

20.2 Stores, spare parts and loose tools are generally held for internal use only.

20.3 No item of stores, spare parts and loose tools is pledged as security as at the reporting date.

21 STOCK-IN-TRADE

Raw material
Work in process

Finished goods:

Gelatine

Ossein dried

By-product Di-calcium Phosphate (DCP)

-note- 21.1

	30 June 2021	30 June 2020
	-----Rupees in thousand-----	
	355,090	248,160
	-	48,013
	<u>34,047</u>	<u>11,023</u>
	<u>41,954</u>	<u>-</u>
	<u>29</u>	<u>1,360</u>
	<u>76,030</u>	<u>12,383</u>
	<u>431,120</u>	<u>308,556</u>

21.1 The entire stock of by-product di-calcium phosphate is carried at net realizable value.

21.2 No item of stock-in-trade is pledged as security as at the reporting date.

22 TRADE DEBTS

Considered good:

Unsecured - local

	8,622	7,477
	<u>8,622</u>	<u>7,477</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

30 June 2021 30 June 2020
-----Rupees in thousand-----

23 ADVANCES

Considered good:

Advances:

To staff - secured

-note- 23.1

1,257

920

To suppliers - unsecured

1,074

434

2,331

1,354

23.1 These are amounts advanced to staff against future salaries and retirement benefits and are in accordance with Company policy and are interest free. None of the advances related to executives and directors.

24 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

30 June 2021 30 June 2020
-----Rupees in thousand-----

Current portion of long term deposits
Prepayments

-note- 18

-

-

686

1,539

686

1,539

25 OTHER RECEIVABLES

Sales tax refundable

-note- 25.1

26,737

21,443

Other receivables - unsecured, considered good

-

-

26,737

21,443

25.1 This represents excess of input tax on purchases over sales tax payable.

26 ADVANCE INCOME TAX-NET

Advance income tax

52,799

46,790

Less: Adjustment for provision for taxation

-note- 35

(12,470)

(9,310)

Advance income tax at the end of the year

40,329

37,480

27 CASH AND BANK BALANCES

With banks:

on current accounts:

Local currency

971

173

Cash in hand

3,630

292

4,601

465

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

28 SALES - NET

		30 June 2021	30 June 2020
		-----Rupees in thousand-----	
Export sales	-note- 28.1	368,639	152,341
Local sales	-note- 28.2	572,876	508,547
		<u>941,515</u>	<u>660,888</u>

28.1 Export sales

Gelatine		368,639	146,149
Di-Calcium Phosphate, by-product		-	6,192
		<u>368,639</u>	<u>152,341</u>

28.2 Local sales

Gelatine		409,794	403,462
Di-Calcium Phosphate, by-product		208,712	139,205
		<u>618,506</u>	<u>542,667</u>
Less: sales tax		45,630	34,120
trade discounts		-	-
		<u>45,630</u>	<u>34,120</u>
		<u>572,876</u>	<u>508,547</u>

29 COST OF SALES

Raw material consumed	-note- 29.1	463,744	259,409
Semi - finished product purchased		2,450	26,040
Stores, spare parts and loose tools consumed		22,062	19,873
Packing material consumed		6,369	4,428
Salaries, wages and benefits	-note- 29.2	84,142	76,272
Fuel and power		213,203	138,745
Factory overheads	-note- 29.3	60,294	51,507
		<u>852,264</u>	<u>576,274</u>
Add: opening work in process		48,013	28,250
Less: closing work in process		-	48,013
		<u>48,013</u>	<u>(19,763)</u>
Cost of goods manufactured		<u>900,277</u>	<u>556,511</u>
Add: opening stock of finished goods		12,383	14,912
Less: closing stock of finished goods		76,030	12,383
		<u>(63,647)</u>	<u>2,529</u>
		<u>836,630</u>	<u>559,040</u>

29.1 Raw material consumed

Opening stock		248,160	157,044
Purchases		570,674	350,525
		<u>818,834</u>	<u>507,569</u>
Less: closing stock		355,090	248,160
		<u>463,744</u>	<u>259,409</u>

29.2 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 2,460,209 (June 30, 2020: Rupees 2,074,634).

29.3 Factory overheads

		30 June 2021	30 June 2020
		-----Rupees in thousand-----	
Indirect labour wages		16,370	15,111
Insurance		2,304	2,464
Medical expenses		82	309
Repair and maintenance		8,945	6,122
Depreciation	-note- 16.3	14,610	13,247
Loading and unloading		4,489	2,212
Apportionment of sales tax	-note- 29.4	8,847	10,644
Miscellaneous expenses		4,647	1,398
		<u>60,294</u>	<u>51,507</u>

29.4 This represents related input tax on supplies exempt under sixth schedule of the Sales Tax Act, 1990.

30 OTHER INCOME

Income from financial instruments:

Foreign exchange gain - net
Amortization of government grant
Misc Income

Income from non-financial assets:
Gain on disposal of fixed asset

30 June 2021 30 June 2020
-----Rupees in thousand-----

567	-
1,502	77
972	-
378	534
3,419	611
5,617	2,462
1,525	1,749
3,058	1,740
10,200	5,951

31 DISTRIBUTION COST

Shipping expenses
Commission on exports
Other expenses

32 ADMINISTRATIVE EXPENSES

Salaries, wages and benefits
Insurance
Vehicle running and maintenance
Rent, rates and taxes
Travelling and conveyance
Legal and professional charges
Printing and stationery
Fees and subscription
Telephone and postage
Repair and maintenance
Auditors' remuneration
Entertainment
Utilities
Depreciation
Amortisation
Security expenses
Miscellaneous expenses

-note- 32.1

-note- 32.2

-note- 16.3

-note- 17

30,780	31,207
357	239
6,516	6,909
1,114	1,101
585	437
495	795
647	381
914	1,803
832	992
377	500
916	915
810	1,131
769	953
3,306	3,204
-	-
2,783	2,699
432	1,421
51,633	54,687

32.1 Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 972,668 (June 30, 2020: Rupees 1,140,686).

32.2 Auditors' remuneration

Audit fee
Fee for half yearly limited review of Financial Information
Special reports and certifications
Out of pocket expenses

30 June 2021 30 June 2020
-----Rupees in thousand-----

700	700
140	140
60	60
16	15
916	915

33 OTHER OPERATING EXPENSES

Workers' Profit Participation Fund
Workers' Welfare Fund -Current Year
Workers' Welfare Fund -Prior Years
Donations
Foreign exchange loss - net

-note- 12.3

-note- 33.1

1,004	622
595	229
171	-
35	-
-	806
1,805	1,657

33.1 None of the directors or their spouses had any interest in the donees in respect of donations made by the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

34 FINANCE COST

Mark-up/interest on:
Short term borrowings
Long term finance
Workers' Profit Participation Fund
Bank charges and commission
Lease liabilities

-note- 12.3

30 June 2021 30 June 2020
-----Rupees in thousand-----

20,678	25,964
2,106	108
229	346
2,541	1,498
864	1,010

26,418	28,926
--------	--------

35 TAXATION

Current-for the year
-for prior years

Deferred-current year
- effect of change in tax rate

12,470	9,310
774	-
13,244	9,310

-	-
-	-

13,244	9,310
--------	-------

The provision for current taxation has been made on minimum tax under Section 113 and Section 154 for income from export sales under fixed tax regime of Income Tax Ordinance, 2001. Therefore, a numeric tax rate reconciliation has not been included in these financial statements.

35.2 The Income Tax assessments of the Company are complete upto tax year 2020, as deemed assessments in terms of Section 120(1) of the Income Tax Ordinance, 2001 (The Ordinance) as per income tax returns of the Company.

35.3 Finance Act 2019 has fixed the corporate tax rate for Companies at 29% for current as well as future tax years. Deferred tax has been measured at the rates that are expected to be applied to the temporary differences when those are expected to reverse based on the rates enacted or substantively enacted by the reporting date.

36 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

There was no dilutive effect on basic earnings per share of the Company which is based on:

Profit after taxation attributable to ordinary shareholders of the Company

Weighted average number of ordinary shares outstanding during the year

Earning per share

30 June 2021 30 June 2020
-----Rupees in thousand-----

5,004	1,928
-------	-------

No. of shares	7,500	7,500
---------------	-------	-------

Rupees	0.67	0.26
--------	------	------

37 CASH GENERATED FROM OPERATIONS

	30 June 2021	30 June 2020
	-----Rupees in thousand-----	
Profit before taxation	18,248	11,238
Adjustments for:		
Depreciation	17,916	16,451
Amortisation	-	-
Provision for employee retirement benefits	3,433	3,215
Finance cost	26,418	28,926
Provision for Workers' Profit Participation Fund	1,004	622
Provision for Workers' Welfare Fund	766	229
Government grant recognised in income	(1,502)	(77)
Gain on disposal of property, plant and equipment	(378)	(534)
	47,657	48,832
Operating profit before changes in working capital	65,905	60,070
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	6,157	(20,925)
Stock-in-trade	(122,564)	(108,350)
Trade debts	(1,145)	16,915
Advances	(977)	637
Trade deposits and short term prepayments	853	231
Other receivables	-	57
Increase/(decrease) in current liabilities:		
Trade and other payables	152,162	75,290
	100,391	23,925

37.1 Reconciliation of movement of liabilities to cashflows arising from financing activities

	June 30, 2020	Net (decrease) / increase due to cash flows	* Transfers	June 30, 2021
		-----Rupees in thousand-----		
From banking companies-secured				
Running Finance				58,661
Bank-al-Habib Limited	145,960	(87,299)		
Summit Bank Limited	29,984	-	(29,984)	
	175,944	(87,299)		58,661
Long term finance – secured				17,327
Bank Al Habib Limited	11,650	5,677		
Term Loan - Summit Bank Limited	-	-	29,984	19,475
	-	(10,509)		823
Deferred Income-Govt. Grant	1,398	(575)		37,625
	13,048	(5,407)		
Short Term Finance against payables				25,000
Bank-al-Habib Limited	25,000	-		
Short Term Finance against IBP receivables				25,000
Bank-al-Habib Limited	25,000	-		
Export Refinance				50,000
Bank-al-Habib Limited	-	50,000		100,000
	50,000	50,000		
From related parties-unsecured				
Loans from director and close relative thereof	80,263	30,903		111,166
	319,255	(11,803)	-	307,452

* Amounts inter-transferred and not included in total cashflows

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

		30 June 2021	30 June 2020
		-----Rupees in thousand-----	
38 CASH AND CASH EQUIVALENTS			
Cash and bank balances	-note- 27	4,601	465

39 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

39.1 Depreciation / amortisation methods, rates and useful lives

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment and intangible assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

39.2 Recoverable amounts of assets / cash generating units

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amounts if there is any such indication.

39.3 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

39.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

39.5 Revaluation of freehold land

Revaluation of freehold land is carried out by independent professional valuers. Revalued amounts are determined by the reference to local market values.

39.6 Stock in trade/ Stores, spare parts & Loose tools

Management has made estimates for realizable amount of slow moving and obsolete stocks, stores, spare parts & Loose tools items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stocks, stores, spare parts & Loose tools with corresponding affect on amounts recognized in statement of profit or loss as provision / reversal.

39.7 Impairment of financial assets

The management makes judgments for estimating the allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost.

39.8 Leases

The management uses judgments for recognition of leases under IFRS 16 and the related practical expedients thereunder.

40 FINANCIAL RISK MANAGEMENT

40.1 Financial instruments

The following are financial instruments by category:

Financial assets at amortized cost

Security deposits
Trade debts
Advances
Cash and bank balances

Financial liabilities at amortized cost

Lease liabilities
Long term finance
Short term borrowings
Mark up accrued
Trade and other payables
Unclaimed dividend

30 June 2021 30 June 2020
-----Rupees in thousand-----

1	1
8,622	7,477
1,257	920
4,601	465
<u>14,481</u>	<u>8,863</u>

11,193	5,976
37,625	13,048
269,827	306,207
3,411	5,360
286,587	160,280
771	771
609,414	491,642

The Company's activities expose it to a variety of financial risks including effects of changes in foreign exchange rates, market interest rates, credit and liquidity risks associated with various financial assets and liabilities. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework.

40.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as under:

Security deposits
Trade debts
Advances
Bank balances

30 June 2021 30 June 2020
-----Rupees in thousand-----

1	1
8,622	7,477
1,257	920
971	173
<u>10,851</u>	<u>8,571</u>

The maximum exposure to credit risk for trade debts amounting to Rupees 8,622 million (June 30, 2020: Rupees 7,477 million) at the reporting date by geographic region is as under:

Domestic

30 June 2021 30 June 2020
-----Rupees in thousand-----

8,622	7,477
8,622	7,477

The export debtor of the Company is situated in Malaysia.

The maximum exposure to credit risk for trade debts amounting to Rupees 8,622 million (June 30, 2020: Rupees 7,477 million) at the reporting date by type of customer is as under:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Whole seller / distributor
End user customers

30 June 2021	30 June 2020
-----Rupees in thousand-----	
-	-
8,622	7,477
8,622	7,477

The aging of trade debts at the reporting date is as under:

Not past due
Past due 1-30 days
Past due 31-120 days
Past due 121-365 days
More than one year

30 June 2021	30 June 2020
-----Rupees in thousand-----	
921	6,990
7,539	24
162	448
-	-
-	-
8,622	7,462

The Company continuously monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery. The Company manages credit risk by limiting significant exposure to individual customers and obtaining advances against sales. Based on historic record the Company believes that no impairment allowance is necessary in respect of trade debts past due amounts. Further, bank balances are held only with reputable banks with high quality credit ratings. The short term and long term credit ratings as determined by PACRA and JCR-VIS are as follows:

	Rating			30 June 2021	30 June 2020
	Short term	Long term	Agency	-----Rupees in thousand-----	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	4	7
Bank Alfalah Limited	A1+	AA+	PACRA	14	14
Bank Al - Habib Limited	A1+	AAA	PACRA	916	118
MCB Bank Limited	A1+	AAA	PACRA	8	8
United Bank Limited	A-1+	AAA	JCR - VIS	27	24
Bank Islami Pakistan Limited	A1	A+	PACRA	2	2
				971	173

40.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company closely monitors its liquidity and cash flow position. This includes maintenance of financial position liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2 to 5 years	More than 5 years
Lease liabilities	11,193	12,984	2,534	2,533	7,917	-
Long term finance	37,625	40,395	10,035	14,803	15,557	-
Short term borrowings	269,827	291,037	291,037	-	-	-
Mark up accrued	3,411	3,411	3,411	-	-	-
Trade and other payables	286,587	286,587	286,587	-	-	-
Unclaimed dividend	771	771	771	-	-	-
Rupees in thousand 2021	609,414	635,185	594,375	17,336	23,474	-
Lease liabilities	5,976	7,072	1,548	1,548	3,976	-
Long term finance	13,048	13,714	228	3,444	10,042	-
Short term borrowings	306,207	308,045	308,045	-	-	-
Mark up accrued	5,360	5,360	5,360	-	-	-
Trade and other payables	160,280	160,280	160,280	-	-	-
Unclaimed dividend	771	771	771	-	-	-
Rupees in thousand 2020	491,642	495,242	476,232	4,992	14,018	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at 30 June. The rates of mark up have been disclosed in notes 9, 10.1, 14.1, 14.2, 14.3, 14.4, 14.5 and 14.8 to these financial statements.

40.4 Market risk

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

40.4.1 Currency risk

The Company is exposed to currency risk on trade debts Rupees nil million (June 30, 2020: Rupees nil) and contract liabilities Rupees 18.810 million (June 30, 2020: Rupees 0.699 million) that are denominated in a currency other than the functional currency of the Company. The Aggregate exposure of statement of financial position to currency risk works out to be 18.810 million (June 30, 2020: Rupees 0.699 million). The currencies in which these transactions primarily denominated are US Dollar , Euro and Pound.

Average rates	
2021	2020

Reporting date rate	
2021	2020

Significant exchange rates applied during the year:

	2021	2020	2021	2020
US Dollar	215.28	156.43		
Euro	160.02	172.96	157.13	167.98
Pound	190.74	198.92	187.04	188.43
			217.62	206.32

Sensitivity analysis

A 10 percent strengthening of the Rupee against above mentioned currencies at 30 June would have increased profit for the year by Rupees 1,881,019 (June 30, 2020: Rupees 69,782) mainly as a result of net foreign exchange gain on translation of foreign currency contract liabilities. The analysis assumes that all other variables remain constant. A 10 percent weakening of the Rupee against above currencies at 30 June would have had the equal but opposite effect on the profit or loss, on the basis that all other variables remain constant.

40.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks. At the reporting date the interest rate profile of the Company's variable interest bearing financial instruments is given below:

The variable rate financial liabilities as at June 30, 2021 aggregated to Rupees 186.349 million (June 30, 2020: 226.809 million) and fixed rate liabilities aggregated to Rupees 21.131 million (June 30, 2020: 18.159 million). The Company does not account for fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss and the equity of the Company. A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased the loss / profit for the year by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

	Profit & loss	
	100 bp increase	100 bp decrease
As at June 30, 2021	-----Rupees in thousand-----	
Cash flow sensitivity - variable rate instruments	(136)	136
As at June 30, 2020		
Cash flow sensitivity - variable rate instruments	(165)	165

40.5 Fair Value of Financial Instruments

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Company classifies fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. Fair value hierarchy has the following levels:

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

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

40.6 Fair value measurement – non-financial assets

(i) Fair value hierarchy

Judgments and estimates are made for non-financial assets that are measured at fair value in these financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into following three levels:

	Level 1	Level 2	Level 3	Total
	Rupees (000)	Rupees (000)	Rupees (000)	Rupees (000)
As at June 30, 2021				
Freehold land	-	344,088	-	344,088
As at June 30, 2020				
Freehold land	-	344,088	-	344,088

(ii) Valuation techniques used in determining level 2 fair value

The Company obtains independent valuations of its freehold land at revalued amounts every three to five years. The best evidence of fair value of freehold land is current prices in an active market for similar lands.

(iii) Valuation process

The Company engages external, independent and qualified valuers to determine the fair value as detailed in note 8.2 of the financial statements.

41 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with others in industry, the Company monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt represents total of long term financing, lease liabilities and short term borrowings less cash and bank balances. Total capital is calculated as equity shown in statement of financial position plus net debt. There were no major changes in the Company's management during the year and the Company is not subject to externally imposed capital requirement.

	30 June 2021	30 June 2020
	-----Rupees in thousand-----	
Total borrowing	318,644	325,231
Less: Cash and bank balances	4,601	465
Net debt	314,043	324,766
Total equity	412,994	407,990
Total capital	727,037	732,756
Gearing ratio	43.19%	44.32%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

42 OPERATING SEGMENTS

- 42.1 These financial statements have been prepared on the basis of a single reportable segment.
- 42.2 Sales revenue from gelatine products, and di-calcium phosphate (by-product) represent 78.18. %and 21.82% (June 30, 2020: 80.86 %,and 19.14%) of the total revenue of the Company respectively.
- 42.3 All non-current assets of the Company as at June 30, 2021 are located in Pakistan.
- 42.4 Sales to Martin Dow Marker Limited is around 18.34% (2020: 26.65%), Coccoland Industries Malaysia is around 26.68% (2020: 14.26%) and Nestle Pakistan Limited is around 8.14% (2020: 8.03%) during the year ended June 30, 2021.
- 42.5 The sales percentage by geographic region is as follows:

	30 June 2021	30 June 2020
Pakistan	%	%
Malaysia	67.70	76.95
Afghanistan	32.30	22.11
	-	0.94
	<u>100.00</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive Director		Executives	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Rupees in thousand		Rupees in thousand		Rupees in thousand	
Managerial remuneration	2,712	2,448	1,812	1,764	16,308	13,596
Medical Expense	920	-				
Contribution to provident fund	128	115	85	83	682	559
	<u>3,760</u>	<u>2,563</u>	<u>1,897</u>	<u>1,847</u>	<u>16,990</u>	<u>14,155</u>
Number of Persons	1	1	1	1	11	9

43.1 In addition to above the chief executive and the executive director are provided with free use of company maintained cars.

43.2 In addition to the above, aggregate amount charged in these financial statements in respect of directors' fee and reimbursement of expenses to Non-Executive Directors amounted to Rs. 0.9 million (2020: Rs. 0.2 million).

44 TRANSACTION WITH RELATED PARTIES

The related parties comprise of associated company, directors of the Company and their close relatives, key management personnel and post employment contribution plan. Detail of transactions with related parties with whom the Company had entered into transactions or have arrangements / agreements in place are as follows:

	Nature of relation	Nature of transaction	30 June 2021	30 June 2020
			Rupees in thousand	
44.1	Key management personnel	Loan obtained from chief executive - Khwaja Imtiaz Ahmed	23,142	34,195
		Loan repaid to chief executive - Khwaja Imtiaz Ahmed	10,485	6,924
		Loan obtained from close relative - Khwaja Ahmed Hassan	41,823	21,250
		Loan repaid to close relative - Khwaja Ahmed Hassan	23,577	16,120
		Managerial remuneration	See note - 43	
44.2	Contribution to provident fund	Contribution to provident fund trust	3,433	3,215

44.3 The outstanding balances with above related parties are included in Trade and other payables (note 12) 'Payable to Provident fund' and 'Accrued Liabilities' as at June 30, 2021 Rs. 811,240 (June 30, 2020: Rs. 735,965) and Rs. 7,523,556 (June 30, 2020: Rs. 6,379,597) respectively. Short term borrowings (note 14.10 'Short term borrowings from related parties' as at June 30, 2021 Rs. 111,165 million (June 30, 2020: Rs. 80,263 million)).

45 PROVIDENT FUND

Size of the fund - total assets
Percentage of investment made
Fair value of investments
Cost of investments made

30 June 2021	30 June 2020
Rupees in thousand	
179,410	154,297
65.56%	65.92%
117,639	101,733
54,016	53,369

45.1 Break up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2021		2020	
	Investments	Investment as % of size of the fund	Investments	Investment as % of size of the fund
	Rupees in thousand		Rupees in thousand	
Unit Trust Schemes	51,377	28.64%	37,536	24.33%
Mutual Funds	1,445	0.81%	1,110	0.72%
Savings Schemes of Banks	4,014	2.24%	3,724	2.41%
Bank Deposits	22,734	12.67%	22,473	14.56%
Listed Securities	38,069	21.22%	36,890	23.91%
	117,639	65.57%	101,733	65.93%

45.2 Based on the audited financial statements of the provident fund ('the Fund') as at June 30, 2021, investments in collective investment schemes, listed equity and listed debt securities out of the Funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

46 PLANT CAPACITY AND ACTUAL PRODUCTION

Estimated plant capacity in metric tons

Gelatine (Blended / Unblended)
Di-calcium Phosphate

30 June 2021	30 June 2020
2,000	2,000
9,000	9,000

Actual production in metric tons

Gelatine (Blended / Unblended)
Ossein Dried
Di-calcium Phosphate

897	651
117	-
2,928	2,218

The actual production was as per market demand. Under utilization is also due to energy crisis, export of crushed bone out of Pakistan which has created difficulties in procurement of raw materials.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

47 NUMBER OF EMPLOYEES

Number of employees at June 30

Permanent
Contractual

2021

2020

214

216

8

9

222

225

Average number of employees during the year

Permanent
Contractual

211

214

8

9

219

223

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2021 by the Board of Directors of the Company.

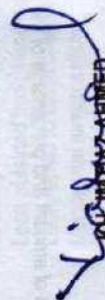
49 GENERAL

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


49.2 Corresponding figures have been re-classified, wherever necessary, for purposes of comparison.

LAHORE

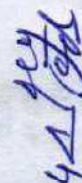
Dated: October 07, 2021


KP. IMHAZ AHMED

Chief Executive Officer
& Managing Director


IBRAR AHMED KH.

Director



MUHAMMAD JAVAID
Chief Financial Officer

FORM 34

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company

LEINER PAK GELATINE LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2021**2.2 No. of Shareholders**

-----Shareholdings-----

From**To****Total Shares Held**

149	1	100	7,119
225	101	500	49,234
36	501	1,000	33,646
111	1,001	5,000	362,080
7	5,001	10,000	49,556
3	10,001	15,000	35,900
1	20,001	25,000	20,800
1	25,001	30,000	26,000
2	30,001	35,000	61,000
3	35,001	40,000	113,020
3	45,001	50,000	150,000
2	50,001	55,000	105,800
1	65,001	70,000	65,900
1	70,001	75,000	74,000
2	75,001	80,000	150,960
1	90,001	95,000	91,500
2	105,001	110,000	211,360
1	145,001	150,000	145,390
3	155,001	160,000	480,000
2	170,001	175,000	340,600
1	200,001	205,000	202,500
2	210,001	215,000	429,200
1	235,001	240,000	239,000
1	270,001	275,000	270,300
1	300,001	305,000	304,550
1	315,001	320,000	320,000
1	330,001	335,000	330,020
1	335,001	340,000	337,900
1	365,001	370,000	370,000
1	415,001	420,000	419,800
1	750,001	755,000	751,765
1	950,001	955,000	951,100

569

7,500,000

2.3 Categories of Shareholders**Shares
Held****Percentage**2.3.1 Directors, Chief Executive Officer,
and their spouse and minor children

3,385,815

45.1442%

2.3.2 Associated Companies,
undertakings and related
parties. (Parent Company)

370,000

4.9333%

2.3.3 NIT and ICP

25

0.0003%

2.3.4 Banks Development
Financial Institutions, Non
Banking Financial Institutions.

4,852

0.0647%

2.3.5 Insurance Companies

0

0.0000%

2.3.6 Modarabas and Mutual
Funds

0

0.0000%

2.3.7 Shareholders holding 10%
or more

1,702,865

22.7049%

2.3.8 General Public

a. Local

3,619,050

48.2540%

b. Foreign

0

0.0000%

2.3.9 Others (to be specified)

Joint Stock Companies

117,576

1.5677%

Pension Funds

2,494

0.0333%

Other Companies

188

0.0025%

LEINER PAK GELATINE LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2021

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	INA SECURITIES (PVT) LIMITED. (CDC)	370,000	4.9333%

Mutual Funds (Name Wise Detail)

Directors and their Spouse and Minor Children (Name Wise Detail):

1	KH. IMTIAZ AHMED	751,765	10.0235%
2	MRS. AYESHA QASIM	172,200	2.2960%
3	MR. IJAZ AHMED KHAWAJA	304,550	4.0607%
4	MR. RASHID MINHAS	1,000	0.0133%
5	KH. IBRAR AHMED	951,100	12.6813%
6	MR. AHMED ALI RIAZ	74,000	0.9867%
7	MIAN ZIA UDIN (CDC)	500	0.0067%
8	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%
9	MRS. NEELUM NAZ W/O KH. IJAZ AHMED	202,500	2.7000%
10	MRS. NAUSHEEN IBRAR W/O KH. IBRAR AHMED	270,300	3.6040%

Executives:

657,900 8.7720%

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

7,346 0.0979%

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	KH. IBRAR AHMED	951,100	12.6813%
2	KH. IMTIAZ AHMED	751,765	10.0235%
3	KH. AHMED HASSAN	749,820	9.9976%
4	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No. NAME

SALE PURCHASE

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Form of Proxy

The Company Secretary,
Leiner Pak Gelatine Ltd.
17-G, Gulberg2,
Lahore-54660

ANNUAL GENERAL MEETING

I/ We _____
of _____
holder of _____ being a member of LEINER PAK GELATINE LIMITED,
(No. of Shares) _____ Ordinary Shares as per Share Register Folio No. _____

_____ and/or CDC Participant I.D. No. _____
and Sub Account No. _____ hereby appoint _____
Of _____
Or failing him _____ of _____
as my/our proxy to vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be
held on 28th day of October, 2021 and at any adjournment thereof.

Signed this _____ day of _____ 2021

WITNESSES

1. **Signature** _____

Name _____

Address _____

NIC or _____

Passport No. _____

2. **Signature** _____

Name _____

Address _____

NIC or _____

Passport No. _____

Signature on
Rs. 5/-
Revenue stamp

(Signature should agree with the
specimen signature registered with
the Company)

Note:

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him / her. A proxy need be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
3. **CDC Shareholders and there Proxies must each attach an attested photocopy of there National Identity Card of Passport with this proxy form.**

17-G, Gulberg-2, G/Postmall Box-3529, Lahore-54660
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Works: 19-Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku,
District Sheikhpura.