



MERIT PACKAGING LIMITED

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE QUARTER ENDED
MARCH 31, 2021**



A Lakson Group Company

MERIT PACKAGING LIMITED
THIRD QUARTER REPORT
MARCH 2021

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MERIT PACKAGING LIMITED
THIRD QUARTER REPORT
MARCH 2021

CORPORATE INFORMATION

Board of Directors

Iqbal Ali Lakhani	Chairman
Amin Mohammed Lakhani	
Anushka Lakhani	
Tasleemuddin Ahmed Batlay	
Shaikh Muhammad Barinuddin	
Sheikh Asim Rafiq	
Farrukh Shauket Ansari	
Moin M. Fudda	

Advisor

Sultan Ali Lakhani

Chief Executive Officer

Sabir Imtiaz (From 31-Dec-2020 to 01-Mar-2021)
Amir Ahmed Chapra (From 01-Mar-2021)

Audit Committee

Farrukh Shauket Ansari	Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

Human Resource and Remuneration Committee

Shaikh Muhammad Barinuddin	Chairman
Iqbal Ali Lakhani	
Tasleemuddin Ahmed Batlay	
Amir Ahmed Chapra	

Company Secretary

Mansoor Ahmed

Shares Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Near Hotel Faran, Nursery, Block-6,
P.E.C.H.S., Shahra-e-Faisal, Karachi.
Email : info.shares@famco.com.pk
Phone : (021) 34380101 - 5
Fax : (021) 34380106
Website : www.famco.com.pk

Bankers

Al-Baraka Bank (Pakistan) Limited
Askari Bank Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Bank Limited - Islamic Banking
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
United Bank Limited - Ameen

Auditors

BDO Ebrahim & Co., Chartered Accountants

Registered Office

Lakson Square, Building No. 2,
Sarwar Shaheed Road,
Karachi-74200, Pakistan.

Karachi Factory

17-B, Sector 29, Korangi Industrial Township,
Karachi.

Lahore Factory

5 Kilometer, Raiwind Manga Road,
Near Glamour Adda, Lahore.

Website

www.meritpack.com

MERIT PACKAGING LIMITED
MARCH 31, 2021
DIRECTORS' REVIEW

Directors of your Company herewith present the review of performance together with interim un-audited financial statements of the Company for the nine months ended March 31, 2021.

Financial and Operational Performance

Comparison of the un-audited financial results for the nine months and quarter ended March 31, 2021 is as follows:

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	<i>(Rupees in thousand)</i>		<i>(Rupees in thousand)</i>	
Net sales	2,166,826	1,552,492	823,655	444,795
Gross (loss) / profit	(62,668)	(158,254)	21,677	(77,189)
Operating loss	(162,389)	(264,003)	(6,567)	(112,250)
Loss before tax	(405,054)	(535,072)	(87,273)	(211,502)

During the period under review, the net sales amounted to Rs. 2.17 billion as compared to Rs. 1.55 billion for corresponding period last year, showing an increase of Rs. 614 million or 39.6%. The Company has achieved a positive GP of Rs. 21.6 million in the third quarter of current financial year as compared to gross loss of Rs. 77 million same quarter last year.

Company's pre-tax loss for the period under review is Rs 405 million as compared to Rs 535 million pre-tax losses recorded for the same period last year.

Challenges

1. The yearly market growth is around 10% - 15% that is shared among major big printers, securing more volume from that growth is challenging as printing industry in Pakistan has become a buyer market where supplied capacity exceeds demanded capacity.
2. Due to inflation and resultant low buying power of the final consumers, lower number of value-added products are available.
3. Supply chain disruptions due to third wave of Covid 19 causing inefficiencies in operations.
4. Higher volatility of basic raw material prices adversely impacted our margins and volumes as we are unable to immediately pass on the total impact of incremental costs in the selling prices.

Current Outlook

The nine months account is marked with economic slowdown, and liquidity crunch in the country that negatively impacted MPL performance. The current economic situation is affecting overall market growth and sales volume of the company.

The other factor is higher financial charges due to utilization of borrowings obtained for working capital requirements for incremental sales.

The sponsors again in line with their previous continuous support to the Company have given an interest free long term loan amounting to Rs.200 million on which waiver in the payment of markup has been given for a period of three (3) years from the date of the agreement. This will have a positive impact on the overall financial position of the company.

Future Outlook

The new management team has delivered positive results in the third quarter of current financial year. With the new management team, your Company is making significant efforts for improving business performance and to expand its customer base, achieve faster production, lower wastages, gear uninterrupted production with more value-added jobs, besides reduction in overheads. It is expected that additional revenue will be generated and will help consolidate overall financial position of the Company in

The directors have decided to consolidate North operations into South factory to optimize outlook of the company.

The directors, therefore, look forward with confidence to sustain growth by focusing on marketing driven strategies, optimization of resources and adopting cost control measures.

Acknowledgments

Your Directors appreciate the support and commitment of all the stakeholders. They are especially thankful to the banks for their continued support.

On behalf of the Board of Directors



AMIR AHMED CHAPRA
CHIEF EXECUTIVE OFFICER



TASLEEMUDDIN AHMED BATLAY
DIRECTOR

Karachi: April 28, 2021

تیسری سرمایہ رپورٹ

مارچ 31، 2021ء

ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2021ء کو ختم ہونے والی تیسری سرمایہ کارکردگی کا جائزہ مع مختصر عبوری غیر آڈٹ شدہ مالیاتی موشوارے پیش کرتے ہیں۔

مالیاتی اور عملی کارکردگی

31 مارچ 2021ء کو ختم ہونے والے نو ماہ اور تیسری سرمایہ کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا موازنہ درج ذیل ہے:

مختصر سرمایہ		مختصر نو ماہ		
31 مارچ 2020ء	31 مارچ 2021ء	31 مارچ 2020ء	31 مارچ 2021ء	
(ہزار روپے)		(ہزار روپے)		
444,795	823,655	1,552,492	2,166,826	خالص فروخت
(77,189)	21,677	(158,254)	(62,668)	مجموعی نقصان/منافع
(112,250)	(6,567)	(264,003)	(162,389)	آپریٹنگ نقصان
(211,502)	(87,273)	(535,072)	(405,054)	قبل از ٹیکس نقصان

زیر جائزہ مدت کے دوران خالص فروخت گزشتہ سال اسی مدت کے لئے 1,552 ملین روپے کے مقابلے میں 2,166 ملین روپے رہی جو 614 ملین روپے یا 39.6% کا اضافہ دکھاتی ہے۔

گزشتہ مالی سال کی تیسری سرمایہ میں 77 ملین روپے مجموعی نقصان کے مقابلے میں کمپنی نے دو مالی سال کی تیسری سرمایہ میں 21.6 ملین کا مثبت مجموعی منافع حاصل کیا ہے۔

گزشتہ سال اسی مدت میں ریکارڈ کئے گئے 535 ملین روپے قبل از ٹیکس نقصان کے مقابلے میں زیر جائزہ مدت کے دوران 405 ملین روپے رہا۔

چیلنجز

1۔ سلاوا مارکیٹ میں نمو 10-15% کے لگ بھگ ہے جو بڑے بڑے پریمرز میں تقسیم ہوتی ہے، اس نمو سے زیادہ حجم حاصل کرنا مشکل ہے کیونکہ پاکستان میں پریمرز ایک انڈسٹری ایک خریدار مارکیٹ بن چکی ہے جہاں فراہمی کی گنجائش طلب کی گنجائش سے زیادہ ہے۔

2۔ افراط زر اور حتمی صارفین کی قوت خرید میں کمی کی وجہ سے وولٹیجائیڈ مصنوعات کی کم تعداد دستیاب ہے۔

3۔ کوویڈ 19 کی تیسری لہر کی وجہ سے سپلائی چین میں غلغلہ پڑا ہے جو آپریٹنگ میں عدم استحکام کا باعث بنتا ہے۔

4۔ بنیادی خام مال کی قیمتوں میں اعلیٰ تا چڑھانے ہمارے مارجن اور حجم کو بری طرح متاثر کیا کیونکہ ہم فروخت کی قیمتوں میں بنیادی اضافی اخراجات کے کل اثر کو فوری طور پر آگے بڑھانے سے قاصر ہیں۔

موجودہ صورت حال

نو ماہ کا اکاؤنٹ معاشی سست روی، اور ملک میں لیکویڈیٹی بحران کی وجہ سے ہے جس نے ایم پی ایل کی کارکردگی کو منفی طور پر متاثر کیا ہے۔ موجودہ معاشی صورتحال مارکیٹ کی مجموعی معاورہ کمپنی کی فروخت کے حجم کو متاثر کر رہی ہے۔

دوسرا عنصر اضافی فروخت کے لئے ورکنگ سرمایہ کی ضروریات کے لئے حاصل کردہ قرضوں کے استعمال کی وجہ سے زیادہ مالی معاوضے ہیں۔

سپانسرز نے کمپنی کو ان کی ساتھ معاونت کے ساتھ ایک بار پھر 200 ملین روپے کا سودے پاک طویل مدتی قرض دیا ہے جس پر مارک اپ کی ادائیگی میں چھوٹ کو معاہدے کی تاریخ سے تین (3) سال کی مدت کے لئے دیا گیا ہے جس سے کمپنی کی مجموعی مالی حیثیت پر مثبت اثرات مرتب ہوں گے۔

مستقبل کی توقعات

نئی انتظامی ٹیم نے دو مالی سال کی تیسری سرمایہ میں مثبت نتائج پیش کیے ہیں۔ انتظامیہ کی نئی ٹیم کے ساتھ، آپ کی کمپنی کا رویہ مالی کارکردگی کو بہتر بنانے اور اس کے کسٹمرز کو بہتر بنانے، تیز تر پیداوار کم ضائع ہونے، زیادہ قیمت میں اضافے والی ملازمتوں کے ساتھ بلا تعطل پیداوار کے حصول کے لئے اور ریڈ ز میں کمی کے لئے نمایاں کوششیں کر رہی ہے۔ توقع کی جارہی ہے کہ اضافی آمدنی پیدا ہوگی اور آمد ہائی سال میں کمپنی کی مجموعی مالی حیثیت کو مستحکم کرنے میں مدد ملے گی۔

ڈائریکٹرز نے کمپنی کے نقطہ نظر کو بہتر بنانے کے لئے شمالی کاروباری اداروں کو نو فیڈبک میں مستحکم کرنے کا فیصلہ کیا ہے۔

لہذا، ڈائریکٹرز، مارکیٹنگ سے چلنے والی حکمت عملیوں، وسائل کو بہتر بنانے اور لاگت پر قابو پانے کے اقدامات اپنانے پر توجہ مرکوز کر کے ترقی کو برقرار رکھنے کے لئے اعتماد کے منتظر ہیں۔

اعتراف

آپ کے ڈائریکٹر تمام اسٹیک ہولڈرز کی حمایت اور ہزم کی تعریف کرتے ہیں۔ ان کی مستقل حمایت کے لئے وہ خاصاً پریمرز کو شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



تسلیم الدین احمد علی
ڈائریکٹر



عامر احمد چھا پڑا
چیف ایگزیکٹو افسر

کراچی: 28 اپریل 2021ء

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
	Note	----- Rupees in 000's -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,644,534	2,884,732
Capital work in progress	7	16,381	-
		<u>2,660,915</u>	<u>2,884,732</u>
Intangible assets		837	574
Long-term loans		96	251
Long-term deposits		10,106	10,182
Deferred taxation		<u>170,813</u>	<u>174,091</u>
		<u>2,842,767</u>	<u>3,069,830</u>
CURRENT ASSETS			
Stores and spares		86,220	78,151
Stock-in-trade		472,124	520,444
Trade debts	8	730,542	547,514
Loans and advances		27,116	13,063
Trade deposits and short-term prepayments		4,103	1,427
Other receivables	9	2,760	1,395
Tax refund due from Government	10	372,004	445,358
Taxation-net	11	-	26,970
Cash and bank balances		<u>13,040</u>	<u>9,335</u>
		<u>1,707,909</u>	<u>1,643,657</u>
Assets classified as held for sale	12	56,349	-
		<u>4,607,025</u>	<u>4,713,487</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 ordinary shares of Rs.10/- each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital			
80,628,398 ordinary shares of Rs. 10/- each		806,284	806,284
Capital reserve			
Surplus on revaluation of property, plant and equipment	13	326,775	327,692
Equity portion of loan - associated company		537,219	465,338
Revenue reserve			
General reserves		106,800	106,800
Accumulated losses		<u>(1,557,797)</u>	<u>(1,134,820)</u>
		<u>219,281</u>	<u>571,294</u>
NON CURRENT LIABILITIES			
Sub-ordinated loan	14	221,307	93,084
Long-term financing	15	2,337,737	2,282,435
Long-term deposits		144	347
Long term lease liability	16	60,751	71,473
Deferred capital grant	17	148	638
		<u>2,620,087</u>	<u>2,447,977</u>
CURRENT LIABILITIES			
Trade and other payables		761,954	593,067
Mark-up accrued		36,332	54,465
Taxation-net	11	2,481	-
Short-term borrowings	18	619,356	938,534
Un-claimed dividend		129	129
Current portion of lease liabilities	16	13,917	11,369
Current portion of deferred capital grant	17	3,103	1,428
Current portion of long-term financing	15	<u>330,385</u>	<u>95,224</u>
		<u>1,767,657</u>	<u>1,694,216</u>
		<u>4,607,025</u>	<u>4,713,487</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	19		

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.


TASLEEMUDDIN AHMED BATLAY
DIRECTOR


AMIR AHMED CHAPRA
CHIEF EXECUTIVE OFFICER


MUHAMMAD SOHAIL
CHIEF FINANCIAL OFFICER

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

		Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Note		Rupees in 000's			
Sales - net	20	2,166,826	1,552,492	823,655	444,795
Cost of sales	21	(2,229,494)	(1,710,746)	(801,978)	(521,984)
Gross profit / (loss)		(62,668)	(158,254)	21,677	(77,189)
General and administrative expenses		(58,692)	(68,927)	(18,560)	(23,688)
Selling and distribution expenses		(38,179)	(33,283)	(11,037)	(11,366)
Other income		7,690	2,754	2,342	848
Other operating expenses		(10,540)	(6,293)	(989)	(855)
		(99,721)	(105,749)	(28,244)	(35,061)
Operating loss		(162,389)	(264,003)	(6,567)	(112,250)
Financial charges		(242,665)	(271,069)	(80,706)	(99,252)
Loss before taxation		(405,054)	(535,072)	(87,273)	(211,502)
Taxation	22	(18,840)	10,519	852	18,438
Net loss for the period		(423,894)	(524,553)	(86,421)	(193,064)
Loss per share - basic and diluted (Rs.)	23	(5.26)	(6.51)	(1.07)	(2.39)

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



AMIR AHMED CHAPRA
CHIEF EXECUTIVE OFFICER



MUHAMMAD SOHAIL
CHIEF FINANCIAL OFFICER

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees in 000's			
Net loss for the period	(423,894)	(524,553)	(86,421)	(193,064)
Other comprehensive income:	-	-	-	-
Total comprehensive loss for the period	<u>(423,894)</u>	<u>(524,553)</u>	<u>(86,421)</u>	<u>(193,064)</u>

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



AMIR AHMED CHAPRA
CHIEF EXECUTIVE OFFICER



MUHAMMAD SOHAIL
CHIEF FINANCIAL OFFICER

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Capital Reserve			Revenue Reserves				
	Issued, subscribed and paid-up capital	Surplus on Revaluation of Property, Plant & Equipment	Equity portion of loan from associated companies	Total	General Reserves	Accumulated losses	Total	Total
	Rupees in 000's							
Balance as at July 1, 2019	806,284	329,411	216,299	545,710	106,800	(448,462)	(341,662)	1,010,332
Total comprehensive loss for the period ended March 31, 2020								
Loss for the period	-	-	-	-	-	(524,553)	(524,553)	(524,553)
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	(524,553)	(524,553)	(524,553)
Share issue costs	-	-	-	-	-	(4,001)	(4,001)	(4,001)
Transactions with owners								
Equity portion of loan	-	-	158,582	158,582	-	-	-	158,582
Transferred to accumulated loss on account of incremental depreciation - net of tax	-	(969)	-	(969)	-	969	969	-
Balance as at March 31, 2020	806,284	328,442	374,881	703,323	106,800	(976,047)	(869,247)	640,360
Balance as at July 1, 2020	806,284	327,692	465,338	793,030	106,800	(1,134,820)	(1,028,020)	571,294
Total comprehensive loss for the period ended March 31, 2021								
Loss for the period	-	-	-	-	-	(423,894)	(423,894)	(423,894)
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	(423,894)	(423,894)	(423,894)
Transactions with owners								
Equity portion of loan	-	-	71,881	71,881	-	-	-	71,881
Transferred to accumulated loss on account of incremental depreciation - net of tax	-	(917)	-	(917)	-	917	917	-
Balance as at March 31, 2021	806,284	326,775	537,219	863,994	106,800	(1,557,797)	(1,450,997)	219,281

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



AMIR AHMED CHAPRA
CHIEF EXECUTIVE OFFICER



MUHAMMAD SOHAIL
CHIEF FINANCIAL OFFICER

MERIT PACKAGING LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

		Nine months ended	
		March 31, 2021	March 31, 2020
	Note	----- Rupees in 000's -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used) in operations	24	78,247	(191,918)
Taxes refund / (paid) - net		31,029	(24,092)
Financial charges paid		(143,374)	(221,063)
Long-term loans and advances		156	234
Long-term deposits		(127)	1,026
Net cash used in operating activities		(34,069)	(435,813)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(28,758)	(61,825)
Intangible assets		(457)	-
Proceeds from sale of property, plant and equipment		17,823	4,766
Ijarah lease rentals payment - net		(703)	(535)
Net cash used in investing activities		(12,095)	(57,594)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		248,705	650,000
Repayment of long-term financing		(21,484)	(172,975)
Proceeds from short-term financing		-	300,000
Repayment of short term borrowings (excluding running finance)		-	(300,000)
Principal paid on long term lease liabilities		(8,173)	(6,037)
Share issue costs		-	(4,001)
Net cash generated from financing activities		219,048	466,987
Net increase / (decrease) in cash and cash equivalents		172,884	(26,420)
Cash and cash equivalents at beginning of the period		(779,199)	(858,561)
Cash and cash equivalents at end of the period		(606,315)	(884,981)
CASH AND CASH EQUIVALENTS:			
Cash and bank balances		13,040	10,212
Short-term running finances		(619,355)	(895,193)
		(606,315)	(884,981)

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



AMIR AHMED CHAPRA
CHIEF EXECUTIVE OFFICER



MUHAMMAD SOHAIL
CHIEF FINANCIAL OFFICER

MERIT PACKAGING LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2021

1. NATURE AND STATUS OF THE COMPANY

- 1.1 Merit Packaging Limited ("the Company") was incorporated on January 28, 1980 in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi. The Company is mainly engaged in the manufacture and sale of printing and packaging materials.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The two factories of the Company are located at Plot No. 17-B, Sector 29, Korangi Industrial Township, Karachi, Pakistan and 5 Kilometer, Raiwind Manga Road, Near Glamour Adda, Lahore, Pakistan.

3. BASIS OF PREPARATION

3.1 Statement of compliance

This condensed interim financial information is unaudited and being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This condensed interim financial information of the Company for the period ended March 31, 2021 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 are followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2020 which

have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2020, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended March 31, 2020.

3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, unless stated otherwise.

This condensed interim financial information has been prepared following accrual basis of accounting except for statement of cash flows.

3.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2020.

5. ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2020.

		Un-audited March 31, 2021	Audited June 30, 2020
	Note	———— Rupees in 000's ————	
6. OPERATING FIXED ASSETS			
Opening net book value (NBV)		2,884,732	2,373,583
Additions during the period / year at cost	6.1	12,377	850,065
		<u>2,897,109</u>	<u>3,223,648</u>
Disposals during the period / year at NBV	6.2	(16,149)	(7,573)
Transfer to assets classified as held for sale	12	(56,349)	-
Depreciation charge for the period / year		(172,988)	(248,780)
Impairment charge for the period / year		(7,089)	(82,563)
		<u>(252,575)</u>	<u>(338,916)</u>
		<u>2,644,534</u>	<u>2,884,732</u>

6.1 Detail of additions (at cost) during the period / year are as follows:

Building / improvements on leasehold land	-	72,516
Plant and machinery	9,852	678,374
Cylinders and dies	-	15,407
Vehicles	800	-
Office equipment	237	83
Computer equipment	958	267
Electrical installation	530	-
Right of use asset	-	83,418
	<u>12,377</u>	<u>850,065</u>

6.2 Detail of disposals (net book value) during the period / year are as follows:

Plant and machinery	15,112	1,599
Electrical installation	-	5,750
Vehicles	1,037	224
	<u>16,149</u>	<u>7,573</u>

6.3 Fair value measurement

The Company has revalued its leasehold land, building and improvement on leasehold land and plant and machinery on September 01, 2004, June 25, 2009, June 30, 2012, May 27, 2016 and July 2, 2018 by an independent valuer M/s. Akbani & Javed Associates on the basis of market value.

The incremental value of the leasehold land, building and improvement on leasehold land and plant and machinery so revalued are being depreciated over the remaining useful lives of these assets at the date of revaluation.

Revaluation surplus amounting to Rs. 326.775 million (June 30, 2020: Rs. 327.692 million) includes revaluation surplus on land amounting to Rs. 307.391 million which remains undepreciated as at March 31, 2021.

		Un-audited March 31, 2021	Audited June 30, 2020
	Note	———— Rupees in 000's ————	
7. CAPITAL WORK-IN-PROGRESS			
Plant and machinery		16,381	-
	7.1	<u>16,381</u>	<u>-</u>
7.1 Movement of carrying amount			
Opening balance		-	669,149
Additions during the period / year at cost		28,758	97,497
Transfer to property, plant and equipment during the period / year		(12,377)	(766,646)
Closing balance		<u>16,381</u>	<u>-</u>
8. TRADE DEBTS			
(Unsecured - considered good)			
Due from associated companies		176,332	39,733
Others		554,210	507,781
		<u>730,542</u>	<u>547,514</u>
(Unsecured - considered doubtful)			
Others		735	4,916
Allowance for expected credit losses	8.1	(735)	(4,916)
		<u>730,542</u>	<u>547,514</u>
8.1 Allowance for expected credit losses			
Balance at beginning of the period / year		4,916	4,901
Charge during the period / year		-	15
Bad debts written off during the period / year		(4,181)	-
Balance at end of the period / year		<u>735</u>	<u>4,916</u>

		Un-audited March 31, 2021	Audited June 30, 2020
	Note	———— Rupees in 000's ————	
9. OTHER RECEIVABLES			
(Unsecured-considered good)			
Due from associated company	9.1	2,649	48
Receivable from gratuity fund		-	1,347
Others		111	-
		<u>2,760</u>	<u>1,395</u>
9.1	This represents insurance agency commission and employee's medical claim receivable from Century Insurance Company Limited, an Associated Company.		
10. TAX REFUND DUE FROM GOVERNMENT			
Sales tax and special excise duty receivable		231,272	281,761
Income tax refundable		140,732	163,597
		<u>372,004</u>	<u>445,358</u>
11. TAXATION - NET			
Advance tax		13,081	26,970
Provision for taxation	22	(15,562)	-
		<u>(2,481)</u>	<u>26,970</u>
12. ASSETS CLASSIFIED AS HELD FOR SALE			
Plant and machinery	12.1	<u>56,349</u>	<u>-</u>
12.1	During the period, the Company has entered into an agreement for the sale of its printing machine having written down value Rs. 63.438 million and fair value less costs to sell amounting to Rs. 56.349 million as at March 31, 2021. The sale of the asset was approved by Board of Directors in their meeting held on September 16, 2020.		

		Un-audited March 31, 2021	Audited June 30, 2020
	Note	Rupees in 000's	
13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Gross surplus:			
Balance as at July 01,		335,984	338,405
Transfer to accumulated losses in respect of incremental depreciation charged during the period / year - (net of deferred tax)		(917)	(1,297)
Related deferred tax liability		(375)	(530)
		(1,292)	(1,827)
Transfer in respect of impairment on property, plant and equipment during the period / year - (net of deferred tax)		-	(422)
Related deferred tax liability		-	(172)
		-	(594)
Closing balance		334,692	335,984
Related deferred tax effect:			
Balance as at July 01,		(8,292)	(8,994)
Impairment charge during the period / year		-	172
Incremental depreciation charge during the period / year		375	530
		(7,917)	(8,292)
		326,775	327,692

14. SUBORDINATED LOAN - UNSECURED

From associated undertaking	14.1, 14.2 & 18.2	221,307	93,084
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- 14.1 These subordinated loans have been obtained from associated undertakings amounting to an aggregate of Rs. 250 million (June 30, 2020: Rs. 100 million) for the purpose of financing the capital expenditure requirement and to support the working capital and for funding business activities. The interest on these loans has been waived for a period of three years from the date of the agreements, resulting in reduction in face value of this loan, due to presence of a below market element. These loans have been measured at amortized cost, determined by discounting future cash flows with the prevailing market rate ranging from 7.43% to 7.79% per annum, which is determined to be the transaction price at which a similar transaction could be executed between unrelated parties.

- 14.2 This loan shall remain sub-ordinated to the financing facilities extended by the banks to the Company. The loan shall not be repaid until the entire amount of financing facilities and any payments due in respect of financing facilities or any other finance extended / provided by the banks to the Company, have been paid in full by the Company to the banks and the banks have notified to the sponsors of such payments; and / or the banks otherwise give any permission in writing to the Company to make full or part of the payments due under the long term financing to the associated undertakings.

		Un-audited March 31, 2021	Audited June 30, 2020
	Note	Rupees in 000's	
15. LONG TERM FINANCING			
Secured			
From banking companies	15.1	943,740	917,703
Less: Current portion shown under current liabilities		(330,385)	(95,224)
		613,355	822,479
Unsecured			
From associated undertaking	15.2	1,724,382	1,459,956
Less: Current portion shown under current liabilities		-	-
		1,724,382	1,459,956
		2,337,737	2,282,435

- 15.1 These loans have been obtained from financial institutions (loan excluding as defined in note 15.1.1) for the purpose of financing capital expenditure. These loans are secured against first pari passu charge on specific property, plant and equipments of the Company. The effective rate of mark-up was 7.72% to 11.15% (June 30, 2020: 13.55% to 15.06%) payable quarterly. The tenure of these financing facilities is five to six years including one year grace period.

- 15.1.1 The Company has obtained term finance facility from Habib Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 71.869 million specifically for paying salaries and wages to Company's employees. The Company has made drawdown of Rs. 48.705 million during the period ended March 31, 2021. The tenure of the financing is two and quarter year inclusive 6-Months grace period and are repayable in 8 equal quarterly installments commencing from January 2021.

This loan is secured against first pari passu charge on specific property, plant and equipments of the Company.

- 15.2 These loans have been obtained from associated undertakings amounting to an aggregate of Rs. 1,990 million (June 30, 2020: Rs. 1,790 million) for the purpose of financing the capital expenditure requirement and to support the working capital and for funding business activities. The interest on these loans has been waived for a period of three years from the date of the agreements, resulting in reduction in face value of this loan, due to presence of a below market element. These loans have been measured at amortized cost, determined by discounting future cash flows with the prevailing market rate ranging from 7.43% to 14.36% per annum, which is determined to be the transaction price at which a similar transaction could be executed between unrelated parties.

		Un-audited March 31, 2021	Audited June 30, 2020
	Note	———— Rupees in 000's ————	
16. LONG TERM LEASE LIABILITY			
Lease liability under right of use assets		74,668	82,842
Less: current portion		(13,917)	(11,369)
		<u>60,751</u>	<u>71,473</u>

- 16.1 The Company used discount rate of 14% per annum for measuring lease liabilities.

17. DEFERRED CAPITAL GRANT

Capital grant	17.1	3,251	2,066
Current portion shown under current liability		(3,103)	(1,428)
		<u>148</u>	<u>638</u>

- 17.1 Following is the movement in government grant during the period / year:

Opening balance	2,066	-
Addition during the period	2,932	2,066
Amortizatized during the period	(1,747)	-
Closing balance	<u>3,251</u>	<u>2,066</u>

18. SHORT TERM BORROWINGS

From banking companies - secured			
Running finance	18.1	619,356	788,534
From associated company - unsecured	18.2	-	150,000
		<u>619,356</u>	<u>938,534</u>

- 18.1 The Company has short term running finance facilities from various banks under mark-up arrangements in aggregate amount of Rs. 962 million (June 30, 2020: Rs. 1,170 million) having mark-up at rates ranging from 8.41% to 9.83% (June 30, 2020: 13.61% to 15.70%) per annum calculated on a daily utilization basis and payable quarterly. The unutilized balance at the end of the year was Rs. 342.644 million (June 30, 2020: Rs. 381.468 million).

The Company also has a facility for opening letters of credit under mark-up arrangements as at March 31, 2021 amounting to Rs. 445 million (June 30, 2020: Rs. 445 million) from various commercial banks. The unutilized balance at the end of the period/year was Rs. 445 million (June 30, 2020: Rs. 445 million).

These arrangements are secured by pari passu hypothecation charge on stores and spares, stock-in-trade and trade debts.

- 18.2 This short-term borrowing facility (interest free loan) was obtained from an associated company. During the period, repayment terms of this loan has been restructured and the waiver in the payment of markup has been further extended for a period of three years from the date of the agreement. In addition to waiver of interest, this loan has been reclassified into subordinated loan from sponsors as disclosed in note 14 with reduction in fair value of the loan amount due to presence of a below market element.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There was no contingent liability as at March 31, 2021.

19.2 Commitments

There was no commitment against the purchase of stores, spares and raw materials under contractual obligation as at March 31, 2021 (June 30, 2020: Rs. 21.527 million).

Nine months ended		Quarter ended	
March 31, 2021 Un-audited	March 31, 2020 Un-audited	March 31, 2021 Un-audited	March 31, 2020 Un-audited
Rupees in 000's			

20. SALES - NET

Gross sales

Local sales

Export sales

2,553,498	1,813,925	962,717	517,725
7,359	4,504	-	4,504
2,560,857	1,818,429	962,717	522,229

Less;

Sales tax

Sales return

(366,653)	(259,479)	(137,862)	(74,160)
(27,378)	(6,458)	(1,200)	(3,274)
(394,031)	(265,937)	(139,062)	(77,434)
2,166,826	1,552,492	823,655	444,795

Nine months ended		Quarter ended	
March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Un-audited	Un-audited	Un-audited	Un-audited
Rupees in 000's			

21. COST OF SALES

Materials consumed	2,009,421	1,322,833	619,107	355,018
Salaries, wages and other benefit	101,345	118,953	39,872	40,487
Packing material consumed	47,411	39,336	17,815	12,087
Outsourced services	22,718	15,151	2,545	4,719
Stores and spares consumed	45,384	39,331	17,137	17,128
Power and fuel	77,046	58,886	25,437	20,910
Depreciation	171,595	182,593	51,871	61,658
Amortization	60	60	20	20
Rent, rates and taxes	4,157	6,955	1,030	1,754
Repairs and maintenance	10,481	12,747	4,308	2,755
Vehicle running expenses	1,542	1,356	513	497
Insurance	14,276	11,005	4,883	3,744
Ijara lease rentals	208	219	69	73
Printing and stationery	655	351	356	71
Communication charges	1,195	1,394	386	435
Travelling and conveyance	1,186	1,299	338	421
Fee and subscription	1,158	957	386	108
Software license fee	709	341	236	114
Other expenses	719	288	393	113
	2,511,266	1,814,055	786,702	522,112
Opening work-in-process	(56,988)	83,031	38,428	142,451
Closing work-in-process	(50,151)	(118,839)	(50,151)	(118,839)
	(107,139)	(35,808)	(11,723)	23,612
Cost of goods manufactured	2,404,127	1,778,247	774,979	545,724
Opening stock of finished goods	(129,799)	72,984	71,833	116,745
Closing stock of finished goods	(44,834)	(140,485)	(44,834)	(140,485)
	(174,633)	(67,501)	26,999	(23,740)
	2,229,494	1,710,746	801,978	521,984

22. TAXATION

Current	(15,562)	-	(12,435)	-
Deferred	(3,278)	10,519	13,287	18,438
	(18,840)	10,519	852	18,438

- 22.1 As at March 31, 2021, available tax credit amounting to Rs. 17.180 million under section 65B at the rate of 5% on the cost of plant and machinery capitalized was fully utilized against the current period's total tax liability of the Company amounting to Rs. 32.742 million, calculated under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001.

- 22.2 Deferred tax asset has only been recognized to the extent of excess deductible temporary differences over and above taxable temporary differences, capable of being reversed in the ensuing years. The computation for deferred taxation incorporates assumptions regarding utilization of tax losses carried forward, turnover taxes and tax credits. Deferred tax is computed at the rate of 29% on account of changes made to Income Tax Ordinance, 2001 through Finance Act 2020, applicable to the expected period when temporary differences are expected to be reversed / utilized.

Nine months ended		Quarter ended	
March 31, 2021 Un-audited	March 31, 2020 Un-audited	March 31, 2021 Un-audited	March 31, 2020 Un-audited
Rupees in 000's			

23. LOSS PER SHARE - BASIC AND DILUTED

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

Loss for the period	(423,894)	(524,553)	(86,421)	(193,064)
Weighted average number of ordinary shares (in thousands)	80,628	80,628	80,628	80,628
Loss per share (Rupees)	(5.26)	(6.51)	(1.07)	(2.39)

Unaudited Nine months ended	
March 31, 2021	March 31, 2020
Rupees in 000's	

24. CASH USED IN OPERATIONS

Loss before taxation		(405,054)	(535,072)
Adjustment for non-cash items and other items:			
(Gain) / loss on disposal of Property, plant and equipment		(1,674)	2,807
Financial charges		242,665	271,069
Depreciation		172,988	185,125
Amortization		194	187
Government grants		(2,894)	-
Impairment loss		7,089	-
Provision for slow moving stock and obsolete items		6,704	-
Ijarah lease rentals		703	535
		425,775	459,723
Profit / (loss) before working capital changes		20,721	(75,349)
Working capital changes	24.1	57,526	(116,569)
		78,247	(191,918)

Note	Unaudited	
	Nine months ended	
	March 31, 2021	March 31, 2020
	Rupees in 000's	
24.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(11,707)	(7,567)
Stock-in-trade	45,254	(28,424)
Trade debts	(183,028)	(32,473)
Loans and advances	(14,053)	(19,947)
Trade deposits and short term prepayments	(2,676)	(5,547)
Other receivables	(1,365)	(4,267)
Tax refund due from Government	56,214	(12,675)
	(111,361)	(110,900)
Increase / (decrease) in current liabilities:		
Trade and other payables (excluding unclaimed dividend)	168,887	(5,669)
	57,526	(116,569)

25. TRANSACTIONS WITH RELATED PARTIES

25.1 The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

Relation with the Company	Nature of transaction	Un-audited			
		Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees in 000's			
Associated Companies	Sales of goods and services	645,287	164,242	263,123	57,660
	Purchases of goods and services	1,037,946	1,121,524	241,474	366,599
	Rent and allied charges	204	199	66	61
	Insurance agency commission income	1,906	1,918	635	606
	Insurance claim	937	845	223	365
	Long-term financing obtained	200,000	650,000	200,000	-
	Short-term financing obtained	-	300,000	-	-
	Repayment of short-term financing	-	200,000	-	-
Director's spouse	Repayment of short-term financing	-	100,000	-	-
Retirement benefit plans	Contribution towards employees retirement benefit plans	8,019	8,667	2,506	2,897
Key management personnel	Compensation in respect of:				
	Short term employee benefits	15,838	16,732	6,153	5,511
	Retirement benefits	890	1,128	228	365

Un-audited	Audited
March 31,	June 30,
2021	2020
———— Rupees in 000's ————	

25.2 Period / year end balances:

Receivable from associated companies	178,981	39,781
Payable to associated companies	267,535	424,088
Long-term financing from associated company	1,724,381	1,459,956
Sub-ordinated loan	221,307	93,084
Short-term financing from associated companies	-	150,000

25.3 The above transactions with related parties are at arm's length based on normal commercial rates.

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is the amount 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.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and currency risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2020.

28. CAPITAL RISK MANAGEMENT

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders through the optimization of the debt and equity balance.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares.

The Company management believes on maintaining appropriate mix of debt and equity capital and monitors capital on the basis of the net debt to equity ratio. The net debt is defined as long and short term borrowings offset by cash and bank balances. The equity includes ordinary share capital and reserves.

29. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on April 28, 2021.

30. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. Following reclassification made during the

Current portion of deferred capital grant amounting to Rs. 1.428 million, previously classified under non-current liabilities, has now been classified as current portion in current liability (refer note 17) for the better presentation.

31. GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



TASLEEMUDDIN AHMED BATLAY
DIRECTOR



AMIR AHMED CHAPRA
CHIEF EXECUTIVE OFFICER



MUHAMMAD SOHAIL
CHIEF FINANCIAL OFFICER



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