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# Vision

We aspire to be the leader in providing innovative and aesthetically integrated packaging solutions to enable the key business of our customers.

## Core Values

- Ownership and Openness
- Nurturing Continuous Growth
- Service with Courtesy
- Attention to Personal Development
- Honesty and Commitment
- Attention to Learning
- Honesty Towards Employees

# Mission:

Our mission is to delight our customers by providing innovative packaging products and solutions while upholding the principles of corporate governance and pursuing the creation of superior value for our stake holders.

## Strategic Objectives

We are dedicated to be the consistent and preferred supplier for our clients by meeting their expectations through innovation, continuous advancement and by utilizing economic and human resources efficiently. We are heading to develop the long-term sustainability of the organization by constantly investing in technologies and human resources. We aim to be a market leader for quality products, and to grow continuously by adding new products and new customers to our portfolio.

# OUR LEGACY

1959

Dr. Ijaz Hassan Quershī launches "Urdu Digest", inspired by the 'Reader's Digest' of the West



1989

After the success of Urdu "Urdu Digest", Roshan Group looked to expand and venture into other businesses, such as the fruit industry



2000

Roshan Enterprises: the fruit export venture of the Roshan Group becomes highly profitable, making it the key interest of the consortium.



2002

On August 13, 2002, Roshan Packages was established as a private limited company to not to just provide backward integration for the fruit export, but in the general to export fruits and vegetables for quality-conscious customers, taking special care of the quality of material being used in the box.



2010

The all World Network ranks 'Roshan Packages' at No. 23 with in its list of Pakistan's top 25 fastest growing companies.



2011

Roshan Packages reaches out further into the packaging industry by installing a state-of-the-art Flexible Plant to cater various FMCG organizations.



2016

With a keen eye on quality and timely deliveries, 'Roshan Packages' steps out even further by installing a large-scale Extrusion Plant and a Rotogravure machine from Windmoller & Holscher.



2017

Following a highly successful IPO, 'Roshan Packages Limited (RPL)' advances to the next phase of its development with the installation of the Corrugator machine form BHS, and plans to further expand on its packaging and printing business.



2018

Inauguration Ceremony of Flexible and Corrugation Plants by His Excellency Mr. Martin Kobler Ambassador of Federal Republic of Germany.



2019

1. Installation of Slitting Machine and Doctor Rewinder (B.I.M.E.C. Italy).
2. Successful completion of up-gradation of Fire Fighting equipment.



# Company PROFILE



Roshan Packages was established as a private limited company on August 13, 2002 as the packaging farm for the fruit production unit of Roshan Enterprises, and as a packaging solutions provider that focused on quality.

Over its illustrious history, the organization has expanded its role and brought innovative new solutions to become one of the leading packaging solution providers of the nation.

Our manufacturing facilities in Pakistan provide packaging solutions to fulfil a wide variety of purposes in industrial packaging with the latest innovations and world-class standards.

Our Corrugated Packaging Plant functions on European standards, providing plain and printed transit cartons and complex die-cut works of multiple sizes to our clients.

We also deal in flexible packaging utilizing a specialized rotogravure machine, creating solvent-less and solvent-based lamination, along with a co-extruded films plant created on German standards using appropriate polymer layers to offer a host of immaculate packaging solutions.

As a company, we have enjoyed great success since our formation in creating quality packaging for various local and multinational businesses within the country. Our clients hail from the Fast Moving Consumer Goods (FMCG), consumer electronics, dairy products, pharmaceutical and textile industry, and many others.

Roshan Packages Limited currently works with well-renowned corporations such as Unilever, Pepsi-Cola and Lotte Kolson in Pakistan, and continues to do business with some of Pakistan's largest organizations as it stands on a legacy of excellence, class and reliability.

# COMPANY INFORMATION

COMPANY NAME  
ROSHAN PACKAGES LIMITED

**Status:** Public Listed Entity  
**CUIN:** 0044226  
**NTN:** 1436951-6  
**STRN:** 03-01-4819-303-73

## BOARD OF DIRECTORS

**Mr. Khalid Eijaz Qureshi**  
Chairman

**Mr. Tayyab Aijaz**  
Chief Executive Officer

**Mr. Saadat Aijaz**  
Executive Director

**Mr. Zaki Aijaz**  
Non-Executive Director

**Mr. Quasim Aijaz**  
Non-Executive Director

**Mrs. Ayesha Musaddaque Hamid**  
Independent/Non-Executive Director

**Mr. Muhammad Naveed Tariq**  
Independent/Non-Executive Director

## COMPANY SECRETARY

Mr. Muhammad Adil, FCMA

## CHIEF FINANCIAL OFFICER (CFO)

Mr. Syed Hamza Gillani, ACA

## TAX CONSULTANT

A.F Ferguson & Co

## BANKS

Habib Bank Limited  
MCB Bank Limited  
United Bank Limited  
Dubai Islamic Bank Limited  
Meezan Bank Limited  
Askari Bank Limited  
Allied Bank Limited  
Bank of Punjab  
JS Bank Limited

## FACTORY

Corrugation: 7-KM Sunder Raiwind Road,  
Opp Gate No 1, Sunder Industrial Estate.  
Flexible: Plot No 141,142 and 142-B  
Sunder Industrial Estate Lahore.

## SHARE REGISTRAR

CDC Share Registrar Services Limited  
Limited CDC House, 99-B, Block  
B, S.M.C.H.S. Main Shahra-e-Faisal,  
Karachi – 74400

## STATUTORY AUDITOR

KPMG Taseer Hadi & Company

## HEAD OF INTERNAL AUDIT

Mr. Ahmad Khan, ACCA

## LEGAL ADVISOR

Zahid Irfan

## STOCK SYMBOL

RPL

## WEBSITE

[www.roshanpackages.com.pk](http://www.roshanpackages.com.pk)

# GEOGRAPHICAL PRESENCE

## HEAD OFFICE

325 G-III, M.A Johar Town Lahore

## REGIONAL OFFICE

104-Parsa Tower, P.E.C.H.S. Block-6, Karachi

## CORRUGATED MANUFACTURING PLANT

7-KM Sunder Raiwind Road, Opp Gate No 1, Sunder Industrial Estate, Lahore

## FLEXIBLE MANUFACTURING PLANT

Plot 141, 142 and 142-B Sunder Industrial Estate, Lahore

Roshan Packages Limited  
**Flexible Plant**



# ORGANOGRAM



# CRITICAL PERFORMANCE INDICATORS



# PROFILE OF DIRECTORS



1



2



3



4



5



6



7

## KHALID EIJAZ QURESHI

CHAIRMAN

Mr. Khalid Ejaz Qureshi currently serves as the Chairman of Roshan Enterprises, and also acts as the Convener of the Agro-Export Processing Zone in Karachi. His previous experience has been related to the fields of printing, publication, packaging, and import/export. He is a member of the Karachi Chamber of Commerce, the All-Pakistan Fruits and Vegetables Merchant Association, and various international NGO's.

## TAYYAB AIJAZ

CHIEF EXECUTIVE OFFICER

Mr. Tayyab Aijaz is a business graduate whose professional career began with the Roshan Group in 2003. Currently holding the office of the Chief Executive of Roshan Packages, he is also a founding director of the Punjab Agri-Marketing Company (PAMCO), the Executive Editor of the Monthly Urdu Digest, the Chief Executive Officer and Director of Roshan Sun Tao Paper Mills, a founding member of the Organization of Pakistani Entrepreneurs (OPEN) Lahore Chapter and the Lahore Chamber of Commerce and Industry (LCCI), a lifetime member of the SAARC Chamber of Commerce and Industry, a board member of the Committee on Paper and Board by the engineering Development Board, and was an executive member of the Board of Management of Sundar Industrial Estate, Lahore.

## SAADAT EIJAZ

EXECUTIVE DIRECTOR

Mr. Saadat Aljaz is the Executive Director and the Director for Sales and Marketing of Roshan Packages. His professional experience also includes his role as the Chairman of the Pakistan Horticulture Development and Export Board (PHDEB), the Director of Roshan Enterprises, and a member of the Board of Directors of Roshan Sun Tao Paper Mills.

## AYESHA MUSADDAQUE HAMID

INDEPENDENT / NON-EXECUTIVE DIRECTOR

Mrs. Ayesha Hamid hails from one of the strongest, educated business families of Lahore. She serves as the President, Chartered member, General secretary, Board member etc on numerous forums like OPEN-Lahore, TIE-Islamabad, APBF, GACA, ABF, ETPB, LCCI-TTD, MAP, Baba Guru Nanak University, Gandhara International University, Millennium Welfare Society, KWS, and ACSC.

## QUASIM AIJAZ

NON-EXECUTIVE DIRECTOR

Mr. Quasim Aijaz is the acting Production Director of Roshan Enterprises. In office since 1988, his prolific history with the company dates back over 30 years. He is a graduate from Forman Christian College in the field of Economics and Political Sciences, and also serves as a member of the Sargodha Chamber of Commerce.

## MUHAMMAD NAVEED TARIQ

INDEPENDENT / NON-EXECUTIVE DIRECTOR

Mr. Muhammad Naveed Tariq is a Chartered Accountant by profession from the Institute of Chartered Accountants of Pakistan (ICAP) with more than 20 years of experience under his belt. He currently serves as the Director of Finance and is a Partner of Orbit Developers and Edge Marketing (Pvt.) Limited.

## ZAKI AIJAZ

NON-EXECUTIVE DIRECTOR

Mr. Zaki Aijaz acts as the Non-Executive Director for Roshan Packages. His other engagements include serving as the General Secretary of the Sundar Industrial Welfare Association, a director of Roshan Enterprises and Roshan Sun Tao Paper Mills. He is also a member of Board of Sundar Industrial Estate, Lahore. Moreover, he holds a Diploma in Supply Chain and Advance Management from the Pakistan Institute of Management, and a Diploma in Managing Family Business from the Institute of Business Management (IBA).

# BOARD COMMITTEES

## AUDIT COMMITTEE

| NAME:                     | DESIGNATION |
|---------------------------|-------------|
| Mr. Muhammad Naveed Tariq | Chairman    |
| Mr. Khalid Ejaz Qureshi   | Member      |
| Mr. Quasim Aijaz          | Member      |

### AS PER LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2017

- Determination of appropriate measures to safeguard the company's assets;
- Review of interim and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:
  - Major judgmental areas;
  - Significant adjustments resulting from the audit;
  - The going concern assumption;
  - Any changes in accounting policies and practices;
  - Compliance with applicable accounting standards;
  - Compliance with listing regulations and other statutory and regulatory requirements; and
  - All related party transactions.
- Review of preliminary announcements of results prior to external communication and publication;
- 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);
- Review of management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the company;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that 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;
- Review of the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with these regulations and identification of significant violations thereof;
- 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 mitigation measures.
- Recommend to the board of directors the appointment of external auditors, their removal, audit fee, the provision of any service permissible to be rendered to the company by external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to recommendations of audit committee and where it acts otherwise it shall record the reason thereof.
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

# HUMAN RESOURCE

## AND REMUNARATION COMMITTEE

Mrs. Ayesha Musaddaque Hamid  
Mr. Tayyab Aijaz  
Mr. Khalid Ejaz Qureshi

DESIGNATION  
Chairman  
Member  
Member

### The committee shall be responsible for:

- Recommending to the Board for consideration and approval a policy framework for determining remuneration of directors (Both ED's and NED's and members of senior management). The definition of senior members will be determined by board which shall normally include first layer of management below the Chief Executive Officer level.
- 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 Director's report disclosing name, qualifications, and major terms of appointment.
- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of the COO, CFO, CS, and Head of Internal Audit.
- Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.
- Where Human Resource and remuneration consultants are appointed their credentials shall be known by committee and a statement shall be made by them as to whether they have any other connection with the company.

## STRATEGIC COMMITTEE

| NAME:            | DESIGNATION |
|------------------|-------------|
| Mr. Tayyab Aijaz | Chairman    |
| Mr. Saadat Eijaz | Member      |
| Mr. Zaki Aijaz   | Member      |

## PROJECT COMMITTEE

| NAME:            | DESIGNATION |
|------------------|-------------|
| Mr. Zaki Aijaz   | Chairman    |
| Mr. Tayyab Aijaz | Member      |
| Mr. Saadat Eijaz | Member      |

# CODE OF CONDUCT

Roshan Packages Limited prides itself on its honesty, integrity and commitment to ethical practices and behaviors when conducting business. Our key focus is to carry out operations that are in compliance with all laws and regulations that govern our business and industry as a whole. It is through this robust foundation that we have created and preserved our corporate image, which we consider to be one of our most valuable assets, and place great importance on it being upheld by each employee of the organization.

Our Code of Conduct has been drafted to maintain our reputation as a fair and honest enterprise, and it covers a number of areas that detail our corporate policies in all circumstances. The adherence of this Code is mandatory and tantamount on all employees, affiliates and associates of Roshan Packages nationwide to preserve the integrity of the image that has been built by the organization, and to continue to act in a fair and just manner in its operations.

The Company places great importance on checking for compliance with the Code by providing suitable information, prevention and control systems and ensuring transparency in all transactions and behaviors by taking creative measures as needed.

## GENERAL PRINCIPLES AND ETHICAL STANDARDS

Transparency, honesty and fair play are the tenets on which we operate, and the Company's business must always act in accordance with these pillars in good faith and full compliance. We aim to treat all our stakeholders, employees, customers and community members equally, and have no room for discrimination or corruption within our mandate. Consequently, we place the onus of respecting and following the principles, policies and contents of the Code, without any distinction or exception whatsoever, on all our employees. Any action that comes in direct conflict with the Code, regardless of the reasoning and stipulations behind said action, is and will always be unacceptable to the Company.

We expect all employees to place sincerity, honesty and decency at the forefront of all their interactions while under the employ of the Company. Conflicts of interest between private financial activities and Company business conduct must be avoided. The Company holds supreme the values of this Code, and any breach or deviation will be classified as misconduct, which may lead to disciplinary action in accordance with the Company's charter and any relevant laws, regulations or statutes.

## WHISTLE BLOWING POLICY

Roshan Packages ensures that a high ethical standard is maintained in all its business activities, and an established Code of Conduct governs the management of its business across the organization. To that end, the Company has also established a whistle-blowing policy designed to safeguard its Code and ensures that any contraventions are swiftly adhered to. The Whistleblowing Policy provides a channel for the organization's employees and other relevant stakeholders to raise concerns about workplace malpractices in a confidential manner, and for the Organization to investigate alleged malpractices, taking steps to deal with such in a manner consistent with the organization's policies and procedures and relevant regulations. The Company encourages whistleblowers to raise their issues directly with the competent authority, their immediate superiors, the Human Resource Department, senior management, or the CEO. All concerns raised are assessed in an objective and independent manner with reasonable protection being ensured to the whistleblower.

## INVESTOR RELATIONS

The Company maintains an 'Investor Information' section on its website for providing detailed information, along with an Investors' Grievance Form for properly addressing any concerns that its investors may have. Additionally, the Company operates a dedicated email address for investor complaints at [corporate@roshanpackages.com.pk](mailto:corporate@roshanpackages.com.pk)

A Corporate Officer is also designated to coordinate with investors and mitigate any issues that they may be facing, along with providing adequate guidance for their concerns.

# CALENDAR OF NOTABLE EVENTS

BOD Meeting for Annual Results  
6th Oct, 2018

15th Annual General Meeting  
29th Oct, 2018

Approval of 2nd Bonus Shares  
29th Oct, 2018

Election of Directors  
29th Oct, 2018

1st Quarter BOD Meeting  
30th Oct, 2018

2nd Quarter BOD Meeting  
1st March, 2019

3rd Quarter BOD Meeting  
30th April, 2019





## BHS CORRUGATOR

The pride of the RPL workflow, our BHS Corrugator machine is a fine piece of German engineering that makes it possible for us to deliver the absolute best quality corrugated packaging to our valued customers. The machine is a one-of-a-kind model, with RPL owning the only known BHS Corrugator in Pakistan and the SAARC region.

# PRODUCTS

## MAJOR

### FLEXIBLE PACKAGING

Roshan Packages Limited is renowned for its supreme quality in the flexible and corrugated packaging market. We offer laminated rolls for shrink wrap, wrap around labels, bags, pouches, sachets, and wrappers for flexible packaging in the following industries:

- Snacks
- Dairy
- Confectionery
- Personal Care
- Dry Milk
- Water and Beverage
- Oil and Ghee
- Pet Food
- Agriculture

### CORRUGATED PACKAGING

The corrugated packaging division provides complex die-cut cartons for transit purposes for a number of different products on the market. We cater to a variety of industries, including fast moving consumer goods (FMCG), fruit and vegetables, electronics, and many more.

- 2 Ply single facer sheet roll in B/Flute, C/Flute & E/Flute
- 3 Ply sheets/boxes in B/Flute, C/Flute & E/Flute
- 5 Ply sheets/boxes in B+C, B+E, C+E Flutes
- 4 colour printing sheets & boxes
- 2 colour printed sheets, boxes in home appliances industry



# Message From The CEO



Dear Shareholders,

It has been another exciting year and although there were difficult times to be endured, tough decisions to be made, we successfully made it through it all! I would like to first and foremost, thank the Almighty for this and then the dedication that our team put into achieving high tides this year.

As our country is facing somewhat of a financial crisis and many businesses are suffering, we expected a negative impact as well. However, thankfully, despite the Pakistani rupee depreciating and interest rates escalating, our top range was still able to make a profit and perform remarkably. We have no one but our exceptional employees, managers and strategists to thank for this. Their hard work, resourcefulness and insight caused us to weather all storms and achieve what might previously have been considered impossible.

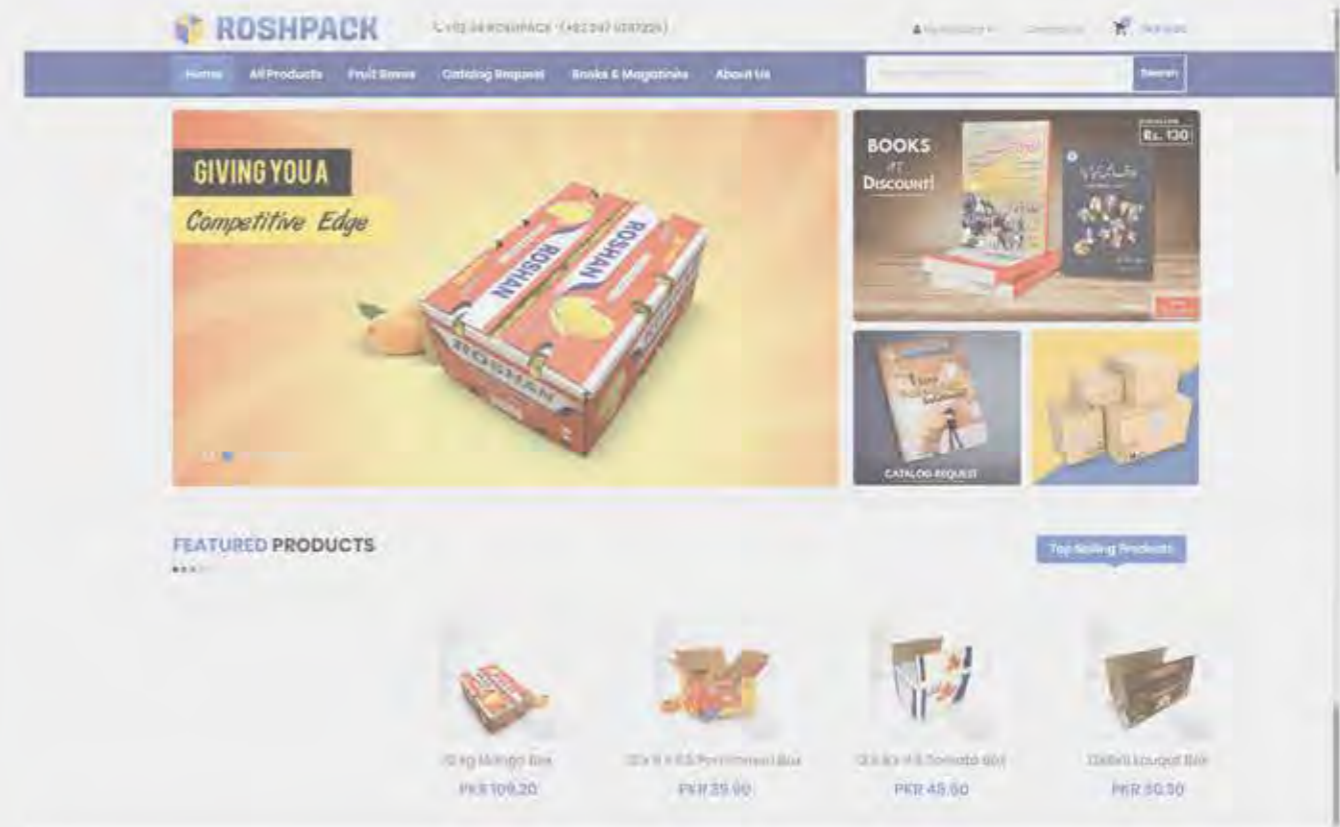
Our main focus has been on cost reduction and increasing efficiency. Accordingly, we have been able to set and achieve milestones successfully. With articulate planning, sheer determination, and a very clear focus, Roshan Packages is set to achieve even bigger things. Speaking of bigger things, I am very pleased to announce our new project- Roshpak.

Roshpak is an e-commerce platform for SMEs to obtain high-quality packaging easily online. We have used the latest technology and added features that make the ordering and customer service process much simpler and more accessible. All of us are very excited about this new project and it is currently highly successful- looking forward to even bigger achievements in the near future.

The government's upcoming policies are a major green flag for our business. Taxes and import restrictions will limit foreign competition and give the local FMCG industry the chance to prosper. Accordingly, Roshan Packages will also prosper and grow with the growth of its customers and we are looking forward to assisting them in their success in every way possible.

Our customers are our main priority and we will strive to improve quality and enhance technology to provide better products and services in the future. Our future plans also include continuously improving our e-commerce platform and achieving even greater success next year! We may also start working towards exports and expanding the business beyond the horizons of the country.

As always, we are committed to excellence and hard work is our daily drive. I hope all of you will continue with me in this journey of achieving everything that we dream of and becoming a household name worldwide!



# ROSHPACK





## ROSHAN PACKAGES REVOLUTIONARY ONLINE PACKAGING PLATFORM

In Pakistan, to get the right packaging supplies, SME's always had to resort to going through the hassle of dusty, rushy and tiring local market visits. Big companies never cater to small orders but Roshan Packages has changed the game now! Introducing "RoshPack" which is the first online platform to offer every kind of packaging and packaging supplies!

With introduction of this new sales avenue we are now connected with more customers than ever before. Complete packaging consultation is given to clients for their individual business needs. More than 300 new custom products were developed for specific customer requirements. Special types of boxes are always available for particular season, for example we had Eid deal where people were able to distribute meat in food grade boxes. Boxes to distribute ration during Ramadan was provided. Roshpack always has ready-to-sell stock available for multipurpose customer needs. Roshpack allows its customers easy access and quick service while sitting at their homes. The new business model will allow the customer to receive products at their doorstep.

Roshpack.com is now successfully running and serving its customers from all over Pakistan. We aim to serve all SME's and encourage young entrepreneurs to start their own business while we are here to cater to them for their packaging needs regardless of the worry for order size.



# PACKAGING MADE CONVENIENT

[WWW.ROSHPACK.COM](http://WWW.ROSHPACK.COM)

## A SAFER SHIFTING TO A NEW HOME



 **ROSHPACK**

# MORE EXCITING BOXES



# MORE EXCITING BOXES



# DIRECTORS' REPORT

The Directors of the Company have the pleasure in presenting their report along with the audited financial statements of the Company for the year ended June 30, 2019.

## FINANCIAL OVERVIEW

The operating results of the Company are summarized as under:

|                            | 2019            | 2018      |
|----------------------------|-----------------|-----------|
|                            | Rupees in '000' |           |
| Turnover                   | 5,397,124       | 4,031,388 |
| Gross Profit               | 305,630         | 248,705   |
| Operating profit           | 227,850         | 47,303    |
| Finance Cost               | 186,633         | 120,527   |
| Profit / (Loss) before Tax | 41,217          | (73,224)  |
| (Loss) After Tax           | (26,898)        | (90,548)  |

## PRINCIPLE ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF BUSINESS BASED ON UNCONSOLIDATED FINANCIAL STATEMENTS

Despite all macroeconomic challenges and odds, with the grace of Almighty your Company was able to achieve a handsome double-digit growth of 34%. Your Company has recognized net revenue of Rs. 5.4 billion which is Rs. 1.36 billion more than corresponding period last year.

In volumetric terms, your Company has successfully dispatched 39,012 metric tons in comparison to the 32,859 metric tons dispatched last year. This reflects a volumetric growth of 18.73%.

The gross profit of the Company increased by Rs. 56.9 million and was recorded at 306 million. Your Company was able to generate an operating profit of Rs. 227.8 million as compared to the 47 million generated last year which shows an improvement of Rs. 180 million (382%) as compared to last year.

Despite the significant increase in sales, the Company has reduced its administrative costs by Rs. 9 million as compared to last year; these administrative costs were recorded at Rs. 115 million this year in comparison to the Rs.124 million incurred last year. Due to the high volatility of PKR against foreign currency during the year, the Company suffered a foreign exchange loss of Rs. 113 million as compared to Rs. 82 million last year.

Due to the constant increase in policy rate despite having strict controls over borrowing, the finance cost increased by Rs. 66 million and was recorded at Rs. 186 million in comparison to Rs. 120 million last year. It is worth mentioning that despite the tremendous growth in sales, the interest-bearing borrowing of the Company reduced by Rs. 161 Million. Your Company was successfully able to absorb the enormous increase in finance cost and posted a profit before tax of Rs. 41 million as compared to a loss of Rs. (73) incurred last year. This shows an improvement of 156% as compared to last year.

In the current finance Act, the Government has changed the tax rates and restricted the normal tax rate to 29% which was previously proposed to be reduced to 25% and also increased the turnover tax from 1.25% to 1.50%. Owing to these significant changes, deferred tax and current tax charge have been increased due to which the Company incurred a loss of Rs.26.9 million as compared to a loss of Rs. 90.5 million recorded last year.

During the year, the Company revalued its assets in line with the policy and recognized revaluation surplus of Rs. 786 million in other comprehensive income.

## EARNING PER SHARE

The earnings per share for current and previous year are as follows:

LPS-2019: (0.19)/share

LPS-2018: (0.64)/share

## ADOPTION OF IFRS 15 AND 9

During the year company have adopted IFRS 15 and IFRS 9 as applicable. The complete disclosure of these standards have been disclosed in the financial statements of the company.

## PRINCIPLE ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF BUSINESS BASED CONSOLIDATED FINANCIAL STATEMENTS

The operation of the subsidiary has not yet started so the matter related to the subsidiary has been separately disclosed in the consolidated Directors' Report.

## BRIEF ON EXPANSION PROJECTS

We are pleased to announce that our both expansion projects are complete and have successfully started commercial production. The Management is confident that the increased capacity will bring efficiencies and better results in future.

## HUMAN RESOURCE DEVELOPMENT

We believe that our core strength are our employees, who strive every day to meet individual challenges and help the Company achieve its objectives. Nurturing their abilities has been the Company's priority. For this, the Company has arranged to hold different training programs aiming to develop the employees' leadership, strategic and managerial skills.

## CORPORATE SOCIAL RESPONSIBILITY

The Company's Management continued its focus on environment protection and skill development during the year. The Company considers social, environmental and ethical matters as important elements of any business activity. A more detailed review of the CSR activities has been given elsewhere in this report.

## UTILIZATION OF IPO FUNDS

The funds raised through the issue of prospectus were utilized for the completion of the expansion projects, to payoff short-term and long-term borrowing and increased working capital requirement, as disclosed in the prospectus. The balance amount will be utilized in any other activity related to the Company's ongoing operations, as may be approved by the Board of Directors.

## BOARD MEMBERS AND ATTENDANCE AT MEETINGS

During the year under review, four (04) Board meetings of the Board were held which were attended by the Directors, as per following detail.

Mr. Malik Asad Ali Khan retired during the year and Mrs. Ayesha Musaddaque Hamid elected as female Independent Director on Board of RPL.

## DIRECTORS' REPORT

| NAME                         | STATUS                             |    |
|------------------------------|------------------------------------|----|
| Mr. Khaïd Eijaz Qureshi      | Chairman/Non-Executive Director    | 03 |
| Mr. Tayyab Aijaz             | CEO/Executive Director             | 04 |
| Mr. Saadat Aijaz             | Executive Director                 | 04 |
| Mr. Zaki Aijaz               | Non-Executive Director             | 04 |
| Mr. Quasim Aijaz             | Non-Executive Director             | 04 |
| Mr. Muhamad Naveed Tariq     | Independent Non-Executive Director | 04 |
| Mr. Malik Asad Ali Khan      | Independent Non-Executive Director | 01 |
| Mrs. Ayesha Musaddaque Hamid | Independent Non-Executive Director | 01 |

Leave of absence was granted to the board members who could not attend the meeting.

### AUDIT COMMITTEE

During the year under review, four (04) Board Audit Committee meetings were held and attendance by its member was as follows:

| NAME                     | STATUS   | MEETINGS ATTENDED |
|--------------------------|----------|-------------------|
| Mr. Muhamad Naveed Tariq | Chairman | 04                |
| Mr. Quasim Aijaz         | Member   | 04                |
| Mr. Khaïd Eijaz Qureshi  | Member   | 03                |

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

During the year under review, two (02) Human Resource and Remuneration Committee meeting were held with the following attendance.

Mr. Asad Ali Khan retired during the year and Miss. Ayesha Musaddaque Hamid was appointed as Chairman of the Committee.

| NAME                         | STATUS   | MEETINGS ATTENDED |
|------------------------------|----------|-------------------|
| Mr. Malik Asad Ali Khan      | Chairman | 01                |
| Mrs. Ayesha Musaddaque Hamid | Chairman | 01                |
| Mr. Tayyab Aijaz             | Member   | 02                |
| Mr. Khaïd Eijaz Qureshi      | Member   | 02                |

### STRATEGIC COMMITTEE

During the year under review, two (02) Strategic Committee meetings were held with following attendees detail:

| NAME             | STATUS   | MEETINGS ATTENDED |
|------------------|----------|-------------------|
| Mr. Tayyab Aijaz | Chairman | 02                |
| Mr. Saadat Aijaz | Member   | 02                |
| Mr. Zaki Aijaz   | Member   | 02                |

### PROJECT COMMITTEE

During the year under review, six (06) Project Committee meetings were held which were attended by its members as per following detail

| NAME             | STATUS   | MEETINGS ATTENDED |
|------------------|----------|-------------------|
| Mr. Zaki Aijaz   | Chairman | 06                |
| Mr. Saadat Eijaz | Member   | 06                |
| Mr. Tayyab Aijaz | Member   | 06                |

### DIRECTORS' TRAINING PROGRAMS

In line with Regulation 20(a) of the Listed Companies (Code of Corporate Governance) Regulations 2017 (the "Regulations"), half of the Board has already acquired certification under Directors' Training Program.

### APPOINTMENT OF AUDITORS

As recommended by the Board of Directors and approved in last Annual General Meeting, M/S KPMG Taseer Hadi & Company, Chartered Accountants were appointed as auditors of the Company for year ended June 30, 2019. The present auditors M/S KPMG Taseer Hadi & Company, Chartered Accountants, are retiring. As suggested by the Audit Committee, the Board of Directors has recommended appointment of M/S EY Ford Rhodes Chartered Accountant as auditors of the Company for the year ending June 30, 2020.

### PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed to this Report.

### PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

There are some risk factors which may have an impact on the future performance of the Company. These have been disclosed separately in the report.

### CHANGES DURING FINANCIAL YEAR CONCERNING NATURE OF THE BUSINESS OF THE COMPANY OR OF ITS SUBSIDIARIES AND JOINT OPERATION

No changes have occurred during the financial year concerning nature of the business of the Company. However, matters related to the subsidiary have been disclosed in detail in the consolidated report.

### MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY BUSINESS

The devaluation of the Pak Rupee, increasing rates of Fuel and Power, increasing interest rate, Government policies and legislation are the major factors which can affect the business performance. In addition to that, an awareness of hygiene, urbanization and food safety regulations are the factors which are likely to increase the demand for packaging.

## IMPACT OF COMPANY BUSINESS ON THE ENVIRONMENT

The Company's production has no negative impact on the environment as our plant and operations comply with international and national environmental standards.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board ensures the adequacy of internal control activities either directly or through its committees. The Board also reviews the Company's financial operations and position at regular intervals by means of interim accounts, reports, profitability reviews and other financial and statistical information.

## PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND THE BOARD COMMITTEES

Complying with the Regulations, the Human Resource and Remuneration Committee has developed a mechanism for the evaluation of the performance of the Board of Directors and Board Committees. During the year, a comprehensive questionnaire was circulated among all members for this purpose. On the basis of that feedback, the average rating of the performance of the Board was found satisfactory. Improvement is an ongoing process and the Board has identified the areas of improvement in line with the global best practices.

## DIRECTORS' REMUNERATION

The remuneration policy for Board of Directors, Executive, Non-Executive & Independent Directors, has been prepared. The policy has been designed on the basis of standards in the market, and reflects demands to competencies & efforts in light of scope of their work and increase in responsibilities of the directors. As per the Articles of Association of the Company, the Board is authorized to determine the remuneration of Directors. Independent Directors and Non-Executive Directors shall be entitled to receive a meeting fee for attending the meetings of the Board or any of its Committee as per the scale approved by the Board from time to time. However, the Directors who are entitled to remuneration shall not be entitled to receive any meeting fee. If any Non-Executive Director performs extra services, he/she shall be entitled to remuneration.

The remuneration of the Executive Directors is approved by the Board. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his own remuneration. In order to keep transparency, the Board shall observe the following principles while determining the remuneration of any Director:

- The remuneration package shall encourage value creation within the company.
- The remuneration package shall be appropriate to attract and retain directors needed to govern the company successfully.
- Levels of remuneration shall not be at a level that could be perceived to compromise their independence.
- The Board shall give due consideration to the recommendations of the HR & Remuneration Committee.
- No Director shall participate in a part of the meeting in which his/her own remuneration is to be determined.
- The details of the aggregate remuneration of executive and non-executive directors, including salary, meeting fee, benefits and performance-linked incentives disclose separately in the Annual Report of RPL.

## FORWARD LOOKING STATEMENT

The country is facing microeconomic challenges that needs to be addressed in order to avoid further economic turmoil. The continuity of the economic policies will remain critical to the sustained development of the economy. Due to economic uncertainty, GDP growth has already declined and the performance of industries slowed down. However, one must appreciate that discouraging imports will largely benefit the local industries in long run.

Your Company is geared to face the challenging times and is taking every possible steps to strengthen the operations to improve sales and margins, however, we expect the raw material prices to go up. The Company is constantly negotiating with its existing customers to pass on the higher raw material and energy costs. In addition to that, the Company is constantly reviewing its portfolio of customers and rationalizing it. Furthermore, the Company is continuously focusing on cost-cutting through cost rationalizing, efficiency improvement steps to reduce wastages and inefficiencies, rationalizing non-cash base expenses, hiring and acquisition of new talent and in order to increase our portfolio

participating in national and international trade shows, actively using advanced marketing tools along with traditional method of knocking customers. Our enthusiasm to broaden our products and customer portfolio will remain our priority going forward. We have a clear and focused strategy for our future and we hope to strengthen our position in the coming years.

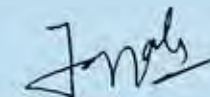
While remaining cautious about the outlook for current fiscal, we are positive that being a consumer-oriented organization, along with food safety regulation and increasing awareness of hygiene packaging needs, the Company will grow and perform even better, Insha'Allah. We, therefore, remain optimistic and confident for the future of your company.

## SUBSEQUENT EVENTS

There have been no material changes since 30 June 2019 to the date of this report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

## ACKNOWLEDGMENT

We thank our employees who have worked diligently and delivered outstanding performance in a challenging economic and business environment. We also thank our valued shareholders, customers and the business partners for their support to the Company and its Management and look forward to their continuing support in our efforts for enhancing the value for all stakeholders.



Chief Executive Officer



Chairman

# ROLE OF THE CHAIRMAN



The Chairman shall be responsible for the leadership of the board and shall ensure that the board plays an effective role in fulfilling all its obligation. In particular, he shall:

1. Ensure effective functioning of the Board Room and committees of the Board in accordance with the highest standards of corporate governance;
2. Ensure that such an agenda for the Company is set which primarily focuses on strategy, performance, value creation and accountability, and ensure that issues relevant to those areas are regularly considered by the Board;
3. Ensure that the Board discussions promote constructive debate and effective decision-making;
4. Ensure that the Board determines the nature and extent of the significant risks to the Company, and that the Board reviews regularly the effectiveness of risk management and internal control systems;
5. Ensure that adequate time is allowed for discussion of all agenda items, and complex or contentious issues are dealt with effectively, making sure in particular that non-executive directors have sufficient time to consider them;
6. Ensure that the Board members receive accurate, timely and clear information relating to agenda items and, in particular, about the Company's performance;
7. Ensure that the Board delegate appropriate authority to the management;
8. Ensure that all Board committees, as required under the Code, are properly established, composed and effectively operated;
9. Ensure to build an effective Board with composition and balance, diversity (including gender), and succession planning for the Board and the appointment of senior executives;
10. Ensure that the Chairmen of the Board Committees properly brief the Board regarding proceedings of their Committees;
11. Ensure proper disclosure in the Annual Report as required under the Code of Corporate Governance and other requirements with regard to the Directors are complied with;
12. Ensure that the Directors continually update their skills, knowledge and familiarity with the Company to fulfil their role both on the Board of Directors and Board Committees, including the terms of the Code of Corporate Governance;
13. Communicate with the Chief Executive whenever need be;
14. Ensure that the performance and effectiveness of the Board, its committees and individual Directors is formally evaluated on an annual basis;
15. Establish a harmonious and open relationship with all Executive Directors, and the Chief Executive in particular, providing advice and support while respecting executive responsibilities; and
16. Ensure that conflict of interest issues are adequately addressed at the Board level.

The Chief Executive shall be responsible for the leadership of business and is subject to the control and direction of the authorities delegated to him by the Board of Directors, along with being responsible for the management of affairs of the Company.

In particular, he shall:

1. Develop strategies for the Company for approval from the Board, and ensure that the approved corporate strategy is duly reflected in the business;
2. In conjunction with the Chief Financial Officer, develop an annual budget and cash flow plan consistent with the approved corporate strategies for presentation to the Board for approval. This should include developing processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified, and appropriate steps are taken to manage the risk to business;
3. Be responsible to the Board for the performance of the business being consistent with the approved business plans, corporate strategies and policies, and keep the Board as a whole updated on progress made against such approved plans, corporate strategies and policies;
4. Plan human resourcing to ensure that the Company has the capabilities and resources required to achieve its plans, and ensure that robust management succession and management development plans are in place and presented to the Board from time to time;
5. Develop an organizational structure and establish processes and systems to ensure the efficient organization of resources;
6. Ensure that financial results, business strategies and, where appropriate, targets and milestones are placed before the Board;
7. Develop and promote effective communication with shareholders and other stakeholders;
8. Ensure that business is conducted in accordance with the highest standards of corporate governance;
9. Ensure that the flow of information to the Board is accurate, timely and clear;
10. Ensure that the reporting lines within the Company are clearly established and are effective;
11. Ensure that proper procedures are in place to ensure compliance with all applicable laws, rules and regulations;
12. Ensure an effective framework of internal controls, including risk management in relation to all business activities;
13. Ensure that the Company has a suitable system and policy for the timely and accurate disclosure of information in accordance with regulatory requirements; and
14. Ensure that conflict of interest issues are adequately addressed at the management level.

# ROLE OF THE CHIEF EXECUTIVE



# CHAIRMAN REVIEW REPORT

The Board of Directors ("The Board") of Roshan Packages Limited ("RPL") has performed their duties diligently and contributed effectively in guiding the company in all its affairs. The Board has played a key role in monitoring the performance of management and focused on major risk areas. The Board has exercised its powers and has performed its duties in line with the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2017 ("the Regulations").

The Board during the year ended June 30 2019 played an effective role in managing the affairs of the company and achieving its objectives in the following manner.

- a. The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Regulations and that the members of the Board and its respective committees have adequate skills, experience and knowledge to manage the affairs of the Company.
- b. The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically.
- c. The Board has ensured that the meetings of the Board and that of its committees were held with the requisite quorum, all the decision making were taken through Board resolutions and that the minutes of all the meetings including committees) are appropriately recorded and maintained.
- d. The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of reference. The Board has also assigned adequate resources so that the committees perform their responsibilities diligently.
- e. The Board has actively participated in strategic planning, process enterprise risk management system, policy development and financial structure, monitoring and approval.
- f. The Board has prepared and approved the Director's Report and has ensured that the Directors Report is published with quarterly and annual financial statement of the Company and that the contents of the Directors Report are in accordance with the requirement of applicable laws and regulations.
- g. As for the conduct of Directors when exercising their decision-making power, the Board has always ensured compliance with the applicable laws and regulations
- h. The Board has ensured that Directors are provided with orientation courses to ensure effective performance of their duties.
- i. While four directors on the Board have already taken certification under the Directors Training Program, the Board ensured that the remaining Directors meet the qualification and experience criteria of the Regulations.
- j. The Board has developed a code of conduct setting forth the professional standards and a corporate value adhered through the company as well as significant policies for smooth functioning.
- k. The Board has ensured that the adequate information is shared amongst its members in a timely manner and the Board members are kept abreast of developments between meetings.
- l. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process. Particularly all the related party transactions executed of the Company were approved by the Board on recommendation of Audit Committee.
- m. The Board has ensured an adequate system of internal control and its regular assessment through self-assessment mechanism and/or internal audit activities.
- n. The Board has ensured the hiring, evaluation, and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary and Head of Internal audit.

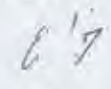
The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including strategic process, key business drivers and performing mile stones. The performance of the Board was found most satisfactory.

Based on the global economic environment and competitive context in which the Company operates, the risk forced by the Company's businesses, Board dynamics, capability and information flows, it can reasonably be stated that the Board of RPL has played a key role in ensuring that the Company's objectives are not only achieved but also exceed expectations through a joint effort of the Management along with guidance and oversight by the Board and its members.

The company is investing substantial resources to further improve its working conditions for its employees to provide safe, healthy and comfortable environment.

On behalf of the Board, I wish to acknowledge the contributions of all our employees in the success of the Company. I also wish to thank our shareholders, customers, suppliers, bankers, business partners and other stakeholders for their confidence and support.

The Board look forward to the next year with confidence in meeting the challenges ahead.

  
**KHALID EIJAZ QURESHI**  
CHAIRMAN



Roshan Packages Limited

The meaning of "Growth" is not just expansion from an economic point of view; we fully believe that progress relates to social, cultural & environmental development. Our company mission drives us to pursue progress ethically, to be agents of truly sustainable development with a human face.

# CORRUGATION PLANT

# CORPORATE SOCIAL RESPONSIBILITY



At Roshan Packages, we are first and foremost committed to acting with integrity in our everyday business. We see CSR as an opportunity to instill hope and use our expertise, knowledge and relationships to make a positive impact to individuals, society, environment and the Motherland. The ethos & DNA of our nation is somewhere rooted in undying hope & we as a company recognize this about our social fabric. Hence, the Company believes in augmenting growth, creating value for all shareholders, while complying with responsible business ethics and adopting social values of goodness, because Hope is the Biggest Growth Package.

**Striving for constant improvement, we have established various commitments across all CSR areas. Some of them are listed below.**

1. Energy Conservation Program
2. Urdu Digest
3. Precious Perspective -as per last year book
4. Environmental Policy
5. Health and Safety
6. Gender Equality
7. Supporting Positive Initiatives
8. Fire Fighting Contract with Haseen Habib Ltd.

## **Environmental Policy**

Roshan Group has a comprehensive policy that is in strict compliance with local and international environmental protocols, which aim to minimise the impact of our industrial processes on the environment. Roshan Packages Limited has put great thought in replacing wooden boxes with high-quality recycled corrugated cartons. We aspire to be a socially responsible corporation through preserving our natural resources and contributing to a sustainable environment.

Roshan Sun Tao Paper Mills (Private) Limited, a dedicated and eco-friendly corrugated paper mill is installing an international standard recycle-based paper manufacturing plant. Also, the Roshan Sun Tao Paper Mills (Private) Limited will have a European standard effluent water treatment plant for efficient industrial waste management. This planning is in line with our environmental policy, and is based on the following parameters:

## **Encouraging reuse and recycling;**

Efficient use of materials and energy;  
Management of effluents, waste and by products  
Incorporating the principles of sustainable development  
Promoting awareness on environmental issues through research for developing eco-friendly products.

### Fire Fighting Contract with Haseen Habib Ltd.

ROSHAN Packages Ltd. has signed an agreement with Haseen Habib to enhance the capacity of Fire Fighting and Industrial Safety Equipment. ROSHAN Packages has always preferred and invested to increase the awareness of Fire Fighting and building a safer working zone for the workers and labour force. This initiative will help ROSHAN Packages to maintain this goal and vision. Industrial Safety measures have always been on top of ROSHAN's priority to safeguard the investment of suppliers and clients.

### Health & Safety

Roshan Group conforms to international practices to maintain an excellent work environment that ensures the health and safety of its employees and visitors through:

- Enforcing safe working practices, systems and procedures;
- Supplying appropriate information, instructions and training on work safety.
- Maintaining updated emergency procedures and Regularly updating health & safety policy.

### Gender Equality

Roshan Group is not only an equal opportunity employer, as we also have a comprehensive company policy that promotes gender equality and protects women's fundamental rights through:

- Providing equal employment opportunities.
- Offering equal on job training opportunities.
- Ensuring equal remuneration status.
- Implementing equal career growth based on performance and merit.
- Offering special maternity and medical leaves.
- Implementing workplace harassment measures.

### Training Programs for Farmers and Growers

Roshan Enterprises, an authentic market leader with nationwide presence, has been reaching out to farmers and growers, particularly in conflict zones of Baluchistan and FATA.

Our programmes equip farmers with specially devised skill development training focused on modern farming and packaging techniques, helping them increase the life expectancy of their products and gain higher yields. Ultimately, our programme assists farmers in reaching optimum profitability and enjoying better living standards.

### Supporting Positive Initiatives

Roshan Group is providing scholarships and financial assistance to high attaining and deserving students through the Karwan-i-Illam Foundation. We support Akhuwat Foundation, a civil society organisation engaged in poverty alleviation through interest-free microfinance programmes. Therefore, we are making crucial contributions in improving the socio-economic dynamics of Pakistan.

Alongside supporting these initiatives, Urdu Digest remains Roshan Group's flagship contribution towards nurturing the moral and ethical values in society, which is integral in building a more peaceful, progressive and prosperous Pakistan.



# THE STORY BEHIND URDU DIGEST

Beyond business, we are reaching out to create tangible impact in the lives of the people of Pakistan. Urdu Digest is one such products of ours that aims to keep the language alive, provides young writers with an approachable platform and encourages to read and write Urdu. In this day and age when the future of Urdu language seems uncertain and people are gradually distancing from their mother-tongue, the continuation of a project like Urdu Digest is a great feat that makes us proud. But this goes beyond the matter of language.

Over the years we have all seen a declining trend in the culture of reading. The younger generation oscillates between lengthy textbooks and social media news and reading Urdu is not much of an option, especially with the decline of Urdu readership. Keeping this in mind, Roshan focuses on creating events, Urdu Mushairas and distributing free Urdu Digests to encourage the habit of reading in people. The youth we feel will resonate with Urdu, if they are given the right exposure on write & read platforms.



# VISION OF QUALITY AND INNOVATION



Roshan Packages is focused on providing you with a professional certification experience, innovative product ideas and a trustworthy environment.

At Roshan, we strongly believe that quality is what differentiates the value of a company from another. It is most important especially when it comes to food and packaging. Our constant focus on improving the way we serve our customers along with complete financial discipline, will enable us to create innovative opportunities, pursue growth and meet promising objectives.

# LEADING THE WAY IN SUSTAINABILITY

Roshan aims at bringing strategic vision closer to the business processes to create a sustainable working model. Looking at a bigger canvas, we are embedding sustainability in our products and delivering innovative packaging solutions that satisfy the need of recycling in world.

These days public awareness and interest in recycled packaging is growing. The rapidly changing climate and concerns for environment is also adding to it, and people are especially promoting companies that follow a sustainable model. We believe that packaging has a strong influence on sustainable purchasing decisions and that packaging solutions need to constantly evolve with time. Growth is undoubtedly about balancing business interests with social and cultural benefits.

Innovating Packaging solutions is the soul of Roshan as a company. We completely believe in delivering leading edge products and the highest quality service to our customers. Our product portfolio includes consumer packaging, displays and promotional packaging, customised protective packaging and industrial packaging, providing state-of-the-art solutions for each market requirement. Our packaging, paper and recycling operations are closely integrated. Our resolute corporate values underpin our culture and behaviours and are central to how wider value is created for our business.



## OUR AWARDS & ACHIEVEMENTS

Roshan Packages equips individuals and teams to consistently execute high-impact plans and goals with confidence and excellence. It is with our trust and the commitment of our team, that we have attained landmark achievements over the years.

These are not simple awards or certifications for us. They are a testament to the passion and hard work of Team Roshan and a promise that the pursuit to quality and perfection at Roshan will only grow every year. Each one of these milestones inspires us to optimize our efforts for continued growth in the days ahead. Some of these achievements are:



- Implementation of SAP-Enterprise Resource Planner (2015)
- ACCA Approved Employer Status (2016)
- Quality Management System ISO 9001 (2015)
- Food Safety Management System FSSC 22000
- Sedex Approved Organization – 4 Pillars Certification
  - o Business Conduct
  - o Environmental
  - o Health and Safety
  - o Labour Law
- Approved Employer ICAEW
- ACCA Approved Employer
- Halal Management System Awarded by SANHA

The success of Roshan is not limited to Pakistan. We have also been the recipient of several awards from all World Network, in collaboration with Harvard Business School, for its outstanding growth achievements:

- Ranked 23rd in Pakistan under 25 Fastest Growing Companies of Pakistan (2010)
- \* Ranked 37th in 100 Fastest Growing Companies of Pakistan – 2011
- \* Ranked 25th in Pakistan under 500 Fastest Growing Companies of Arabia Region – 2011
- \* Ranked 23rd in Pakistan under 500 Fastest Growing Companies of Arabia Region (2012)
- \* Ranked 26th in 100 Fastest Growing Companies of Pakistan (2013)
- \* Ranked 26th in 100 Fastest Growing Companies of Pakistan (2013)

# VISION ZERO



VISION ZERO is about nothing less than our life and health – our most valuable asset. Roshan Packages believes in completely supporting its employees and managers to continuously improve the safety and health conditions in line with Vision Zero.

## VISION ZERO

The ISSA's revolutionary Vision Zero integrates the three dimensions of safety, health and well-being at all levels of work. It is based on the fact that we are human and make mistakes, but systems should be designed to protect us when we err. Vision Zero is both an attitude toward life and a strategy for designing a safe transportation system. It establishes that the loss of even one life or serious injury on our roads is unacceptable.

Together, we can achieve zero accidents and work related diseases, because every person in our Roshan Family matters.

## 7 GOLDEN RULES FOR VISION ZERO

- 1 Identify hazards control risks
- 2 Define targets develop programmes
- 3 Invest in people motivate by participation
- 4 Take leadership demonstrate commitment
- 5 Improve qualifications develop competence
- 6 Ensure a safe and healthy system be well organized
- 7 Ensure safety and health in machines, equipment and workplaces

# RISK AND OPPORTUNITIES

The objectives of the management are well aligned and harmonized with the overall strategic objectives of the Company. The following strategies were adopted by the management to achieve its objectives:

| Risk   | Mitigations  |
|--|--|
| <b>Technological Obsolescence</b><br>Roshan Packages will need to maintain investment in expanding, modernizing and upgrading its manufacturing facilities and keep pace with advancements in technology in order to remain competitive in the future. A failure to do so may result in lower quality and efficiency relative to the industry, leading to diminishing sales and market share | The Company is constantly investing in expanding, modernizing, and upgrading its manufacturing facilities and keeping pace with advancements in technology in order to remain competitive in the future. The Company has recently installed high-tech machinery from Europe to meet international standards.   |
| <b>Business Risk</b><br>Decrease in demand for the Company's products in the wake of lower than expected market growth may lead to declining sales volume and profitability. The Consumer Goods industry has been a major driver of the economy and any uncertainty in consumer markets may directly affect demand for the products of Roshan Packages                                       | The Company is diversifying its portfolio and increasing its range of customers so that dependency on any particular industry or customer may not hamper its operations.   |
| <b>Foreign Exchange Risk</b><br>Currency fluctuations and uncertainty in foreign exchange markets will affect the prices the Company pays for its raw materials and machinery and can potentially hamper operational and financial planning.   | Company is shifting towards local buying. However, some raw material is not available locally due to which is being bought internationally in order to mitigate this risk company have shifted on sight LC. Furthermore, company is trying it level best to negotiate these fluctuations with customer to pass on.   |
| <b>Liquidity Risk</b><br>Roshan Packages utilized various financing facilities during the regular course of business operations, which opens it up to risk of not being able to meet its financial obligations on time using internal liquidity. Failure to pay dues on time may result in weakening creditability, higher costs of future financing, and damage to reputation.              | The Company makes sure that it always has sufficient cash flows to meet its liabilities on time. The Company has an appropriate mix of equity, long term loans, supplier credits and working capital lines. The Company has strong vigilance to maintain its quick and current ratios. Additionally, the Company has sufficient funds available to meet this risk. |
| <b>Credit Risk</b><br>Roshan Packages is exposed to the financial risk of counter parties being unable to discharge an obligation, such as banks holding cash and cash equivalents and deposits and clients with outstanding receivables. Default by such parties would negatively affect the Company's financial standing.  | The Company has a diversified portfolio of deposits having AA short term credit ratings. Additionally, the Company has strong controls on credit given to the customer based on their credit days and credit, whereas supplies immediately hold in order to reduce the magnitude of the exposure, while maintaining strong financial viability                     |
| <b>Regulatory Risk</b><br>Imposition / enhancement of duties, taxes or any other policies which effect business operations.  | The Govt. is currently working on better documentation of the economy, and any policies drafted as a result will be applicable across the Board so Roshan Packages will remain competitive in all aspects  |
| <b>Human Resource</b><br>Demand of skilled workers may lead towards high turnover, increased human resource cost and deterioration in service quality  | The Company will remain competitive according to the market. Furthermore, the human resource department will play an active role in maintaining a quality working environment with regular training and succession planning.   |
| <b>Pricing</b><br>There is a likelihood that new entrants will increase price war which will erode margins   | The Company invests heavily in modern technologies, diversification of business and technical expertise to face these challenges. Furthermore, we are religiously working to improve operational efficiencies, and developing new vendor relations in order to get materials at competitive prices.  |

# OPPORTUNITIES

|   |  |
|---|--|
|    | <b>Modern Technology</b><br>RPL is using state of the art and technologically upgraded machinery in its operations, giving it a leading edge in the market and helping it remain competitive.  |
|    | <b>Strong Relationships</b><br>RPL believes in maintaining long term business relationships with its customers, suppliers and business partners. A majority of the RPL clientele consists of blue chip companies, and have been working with RPL for more than five years.   |
|    | <b>Backward Integration</b><br>RPL is currently investing in a new paper mill project that directly ties into and supports our corrugated packaging business. This new venture will help RPL to solve its raw material constraints, reduce long term overheads, and will enable us to provide uninterrupted supplies to our customers.               |
|  | <b>One stop for all packaging needs</b><br>RPL have the ability to deliver wide range of packaging solution from primary packaging to secondary packaging. With this great strategic edge, the Company is in tactical position to secure more local market share and enjoy benefits of economies of scale.   |
|  | <b>Production Capacity</b><br>The Company aggressively pursues local and international markets to fully utilize its potential capacity and earn higher return for its shareholders   |
|  | <b>E-commerce platform</b><br>Roshan Packages Limited is the first packaging company of Pakistan who have introduce ecommerce portal to meets the demand of individual and to reached masses. Through Rosh pack. Com we will tap growing needs of startup entrepreneur as well as for household needs in ordered to maximize return of shareholders. |

# EVENTS & ACTIVITIES

## SUNDAR EXPO

Roshan Packages Limited's had a strong presence at the Sundar Expo 2019 in Expo Centre Lahore. Directors and Roshan Packages team were delighted to meet with potential & existing customers and industrialists from all over Pakistan interested in the Packaging solutions for their businesses.



## CRICKET EXTRAVAGANZA 2018



Cricket extravaganza was organized by Roshan Packages Ltd, as part of their employee engagement strategy and as an effort to provide a relaxing day to employees.

The event was held at Model Town Greens Cricket Club with participation of three teams: Corrugation kings, Roshan Falcons and Roshan Tigers.



While inaugurating the ceremony Tayyab Aijaz Qureshi, CEO Roshan Packages said: "We have consistently proven our credibility through valuing our resources, we strongly believe that process of value addition to the products we sell starts from our very own people."



## JOB FAIR

Roshan Packages Limited participating actively in Job Fairs of NUST and UET, having a massive turnout of young talent at the stall! Director Roshan Packages Mr. Saadat Eijaz who was one of the guest speakers in the closing ceremony, also urged the academia to bridge the gap between the education provided to the students and the high expectations of the industry



## ANNUAL SALES STRATEGY MEETING



Roshan Packages family! Planning today for a Roshan Tomorrow!

Save  
your **home** from the mess, use  
**ROSHPACK**  
for the excess



**BURGER**  
*Loves*  
**ROSHPACK**



# ANALYSIS OF FINANCIAL RATIOS

| SIGNIFICANT RATIOS                                       |       | 2014  | 2015  | 2016   | 2017  | 2018   | 2019  |
|--|-------|-------|-------|--------|-------|--------|-------|
| <b>Other Information</b>                                 |       |       |       |        |       |        |       |
| Sales growth   | %age  | 12%   | 16%   | 1%     | 13%   | -2%    | 34%   |
| <b>Profitability Ratios</b>                              |       |       |       |        |       |        |       |
| Gross profit   | %age  | 11%   | 11%   | 14%    | 13%   | 8%     | 6%    |
| Net profit   | %age  | 3%    | 4%    | 7%     | 6%    | -2%    | 0%    |
| Operating profit Margin                                  | %age  | 6%    | 6%    | 9%     | 9%    | 1%     | 4%    |
| EBITDA to sales  | %age  | 9%    | 8%    | 11.4%  | 13.3% | 4.6%   | 6.9%  |
| Return on assets   | %age  | 4.0%  | 4.6%  | 5.1%   | 3.0%  | -1.1%  | -0.3% |
| Return on equity - Excluding surplus                     | %age  | 11%   | 13%   | 20.3%  | 5.9%  | -2.2%  | -0.7% |
| Return on equity- Including surplus                      | %age  | 9.5%  | 11.2% | 11%    | 5%    | -2%    | -0.5% |
| Return on capital employed excluding revaluation surplus | %age  | 18%   | 16%   | 14%    | 7%    | 1%     | 5.1%  |
| Return on capital employed including revaluation surplus | %age  | 15.7% | 14.6% | 9.6%   | 5.6%  | 0.8%   | 3.6%  |
| <b>Liquidity Ratios</b>                                  |       |       |       |        |       |        |       |
| Current ratio  | times | 1.20  | 1.25  | 1.19   | 2.33  | 1.68   | 1.47  |
| Quick ratio  | times | 0.81  | 0.80  | 0.88   | 1.98  | 1.39   | 1.16  |
| Cash to current liabilities                              | %age  | 8%    | 5%    | 8%     | 104%  | 65%    | 40%   |
| <b>Activity Ratios</b>                                   |       |       |       |        |       |        |       |
| Inventory turnover                                       | times | 8.03  | 6.48  | 6.22   | 6.95  | 6.27   | 7.59  |
| Inventory days   | days  | 45.44 | 56.36 | 58.71  | 52.53 | 58.23  | 48.08 |
| Debtors turnover   | times | 5.17  | 5.02  | 4.26   | 3.80  | 3.33   | 4.32  |
| Debtors days   | days  | 70.61 | 72.74 | 85.69  | 95.98 | 109.69 | 84.57 |
| Creditors turnover                                       | times | 4.71  | 4.06  | 3.42   | 3.81  | 4.47   | 6.05  |
| Creditors days   | days  | 77.45 | 89.91 | 106.75 | 95.75 | 81.68  | 60.36 |
| Fixed assets turnover                                    | times | 3.06  | 3.01  | 1.22   | 1.14  | 1.11   | 1.16  |
| Total assets turonver                                    | times | 1.24  | 1.25  | 0.71   | 0.49  | 0.48   | 0.59  |
| Operating cycle  | days  | 38.61 | 39.20 | 37.65  | 52.78 | 86.24  | 72.28 |
| <b>Investment/Market ratios</b>                          |       |       |       |        |       |        |       |
| Breakup value per share (excluding revaluation surplus)  | Rs.   | 29.18 | 34.04 | 43.16  | 39.40 | 34.37  | 26.57 |
| Breakup value per share (including revaluation surplus)  | Rs.   | 35.24 | 39.67 | 79.97  | 49.39 | 43.49  | 39.57 |
| <b>Capital structure ratio</b>                           |       |       |       |        |       |        |       |
| Debt to Equity ratio                                     | times | 0.51  | 0.33  | 0.48   | 0.26  | 0.36   | 0.30  |
| Interest cover ratio                                     | times | 4.28  | 3.96  | 7.54   | 3.88  | 0.39   | 1.22  |
| <b>Leverage Ratios</b>                                   |       |       |       |        |       |        |       |
| Long-Term Debt to EBITDA                                 | times | 0.08  | 0.10  | 1.31   | 1.17  | 2.86   | 0.95  |
| Long-Term Debt to Equity with surplus                    | times | 0.02  | 0.03  | 0.23   | 0.12  | 0.10   | 0.06  |
| Long-Term Debt to Equity without surplus                 | times | 0.02  | 0.03  | 0.42   | 0.15  | 0.13   | 0.09  |
| Longterm Debt to total Assets                            | times | 0.01  | 0.01  | 0.11   | 0.08  | 0.06   | 0.04  |
| Total debt to equity with surplus                        | times | 0.51  | 0.33  | 0.48   | 0.26  | 0.36   | 0.30  |
| Total debt to equity without surplus                     | times | 0.61  | 0.38  | 0.89   | 0.33  | 0.46   | 0.45  |
| Total debt to assets                                     | times | 0.22  | 0.14  | 0.22   | 0.17  | 0.22   | 0.19  |
| EBITDA / Interest  | times | 5.82  | 5.32  | 9.03   | 5.86  | 1.54   | 1.98  |

# FINANCIAL SUMMARY OF LAST SIX YEARS

| ROSHAN PACKAGES LIMITED                        |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Horizontal Analysis                            | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          |
| <b>ROSHAN PACKAGES LIMITED</b>                 |               |               |               |               |               |               |
| <b>Balance Sheet</b>                           |               |               |               |               |               |               |
| Paid up Capital                                | 299,390,000   | 299,390,000   | 299,390,000   | 1,075,000,000 | 1,182,500,000 | 1,419,000,000 |
| No. of Shares                                  | 29,939,000    | 29,939,000    | 29,939,000    | 107,500,000   | 118,250,000   | 141,900,000   |
| Non-Current assets                             | 1,014,414,638 | 1,203,695,223 | 3,183,888,712 | 3,835,297,144 | 3,843,406,165 | 5,014,875,930 |
| Current assets                                 | 1,461,552,258 | 1,650,721,503 | 1,951,213,720 | 4,558,990,712 | 4,548,780,253 | 4,190,599,263 |
| Stores and Spares                              | 38,724,824    | 44,273,473    | 55,723,979    | 108,302,192   | 146,559,980   | 172,865,543   |
| Stocks in trade                                | 429,615,280   | 554,392,973   | 445,186,665   | 575,197,025   | 631,651,871   | 709,586,567   |
| Debtors  | 685,286,253   | 737,001,616   | 963,552,761   | 1,191,625,522 | 1,231,373,541 | 1,269,505,348 |
| Cash and bank balances                         | 103,009,688   | 69,584,330    | 136,953,332   | 2,034,190,710 | 1,749,293,398 | 1,138,630,069 |
| Property plant and equipment                   | 1,010,871,038 | 1,197,146,437 | 2,964,999,035 | 3,610,358,535 | 3,625,358,017 | 4,635,533,010 |
| Total assets                                   | 2,475,966,896 | 2,854,416,726 | 5,135,102,432 | 8,394,287,856 | 8,392,186,418 | 9,205,475,193 |
| Long-term debt                                 | 20,090,486    | 30,540,402    | 541,552,109   | 637,127,961   | 532,059,323   | 351,177,040   |
| Short-term debt                                | 514,065,138   | 361,619,247   | 604,845,393   | 755,639,809   | 1,333,809,379 | 1,353,114,322 |
| Total debt                                     | 534,155,624   | 392,159,649   | 1,146,397,502 | 1,392,767,770 | 1,865,868,702 | 1,704,291,362 |
| Current liabilities                            | 1,221,437,974 | 1,323,004,551 | 1,641,011,874 | 1,958,225,435 | 2,709,849,120 | 2,850,238,186 |
| Creditors                                      | 634,294,554   | 935,360,865   | 882,121,078   | 977,407,259   | 715,501,683   | 968,350,985   |
| Non-Current liabilities                        | 199,544,889   | 343,777,872   | 1,099,997,634 | 1,127,036,110 | 539,656,304   | 740,750,832   |
| Capital employed                               | 1,254,528,922 | 1,531,412,175 | 3,494,090,558 | 6,436,062,421 | 5,682,337,298 | 6,355,237,007 |
| Capital employed excluding revaluation surplus | 1,073,037,662 | 1,362,775,741 | 2,392,278,732 | 5,362,171,625 | 4,603,818,015 | 4,511,508,701 |
| Equity (excluding revaluation surplus)         | 873,492,772   | 1,018,997,869 | 1,292,281,097 | 4,235,135,517 | 4,064,161,712 | 3,770,757,870 |
| Surplus on revaluation                         | 181,491,260   | 168,636,434   | 1,101,811,827 | 1,073,890,796 | 1,078,519,283 | 1,843,728,306 |
| Equity (including revaluation surplus)         | 1,054,984,032 | 1,187,634,303 | 2,394,092,924 | 5,309,026,313 | 5,142,680,995 | 5,614,486,176 |
| <b>Income Statement</b>                        |               |               |               |               |               |               |
| Revenue  | 3,066,080,697 | 3,568,368,904 | 3,621,881,861 | 4,098,007,176 | 4,031,387,574 | 5,397,123,941 |
| Cost of Goods Sold                             | 2,729,456,035 | 3,186,272,461 | 3,107,313,485 | 3,545,205,877 | 3,782,682,167 | 5,091,493,751 |
| Gross Profit                                   | 336,624,662   | 382,096,443   | 514,568,376   | 552,801,299   | 248,705,407   | 305,630,190   |
| Operating Expenses                             | 140,854,591   | 163,161,152   | 188,834,770   | 233,968,359   | 316,488,601   | 234,712,005   |
| Other Income                                   | -             | -             | -             | -             | 115,085,706   | 156,931,746   |
| EBIT   | 196,811,983   | 223,778,732   | 327,888,866   | 361,607,324   | 47,302,512    | 227,849,931   |
| Finance Cost                                   | 45,968,316    | 56,498,321    | 45,655,236    | 93,144,227    | 120,526,837   | 186,632,757   |
| Profit Before Taxation                         | 150,843,667   | 167,280,411   | 282,233,630   | 268,463,097   | (73,224,325)  | 41,217,174    |
| Taxation                                       | 50,885,349    | 34,614,662    | 20,500,617    | 16,872,674    | 17,323,672    | 68,115,249    |
| Profit / (Loss) after Taxation                 | 99,958,318    | 132,665,749   | 261,733,013   | 251,590,423   | (90,547,997)  | (26,898,075)  |
| EBITDA   | 267,687,256   | 300,775,572   | 412,348,453   | 545,595,335   | 185,942,520   | 370,232,696   |
| <b>Cash Flow Statement</b>                     |               |               |               |               |               |               |
| Cash flow from Operating Activities            | (175,559,960) | 224,582,046   | 77,552,164    | (165,067,584) | (441,852,425) | (326,647,551) |
| Cash flow from Investing Activities            | (127,981,372) | (54,105,238)  | (720,522,593) | (802,838,378) | (86,230,786)  | 22,372,141    |
| Cash flow from Financing Activities            | 237,845,444   | (234,056,197) | 696,308,267   | 2,715,087,870 | 52,637,611    | (276,710,216) |
| Opening cash and cash equivalents              | 81,934,931    | 16,239,043    | (47,340,066)  | 5,997,772     | 1,753,179,680 | 1,277,734,079 |
| Closing cash and cash equivalents              | 16,239,043    | (47,340,346)  | 5,997,772     | 1,753,179,680 | 1,277,734,079 | 696,748,453   |

# VERTICAL FINANCIAL ANALYSIS OF LAST SIX YEARS

ROSHAN PACKAGES LIMITED

| Horizontal Analysis                          | 2014                 | %              | 2015                 | %              | 2016                 | %           | 2017                 | %           | 2018                 | %              | 2019                 | %             |
|--|----------------------|----------------|----------------------|----------------|----------------------|-------------|----------------------|-------------|----------------------|----------------|----------------------|---------------|
| <b>ROSHAN PACKAGES LIMITED</b>               |                      |                |                      |                |                      |             |                      |             |                      |                |                      |               |
| <b>Balance Sheet</b>                         |                      |                |                      |                |                      |             |                      |             |                      |                |                      |               |
| Non Current Assets                           |                      |                |                      |                |                      |             |                      |             |                      |                |                      |               |
| Property plant and equipment                 | 1,001,649,298        | 40.45%         | 1,183,670,997        | 41.5%          | 2,964,999,035        | 57.7%       | 3,610,358,536        | 43.0%       | 3,625,358,018        | 43.2%          | 4,635,533,011        | 50.4%         |
| Asset Subject to finance lease               | 9,221,740            | 0.37%          | 13,475,440           | 0.5%           | 45,160,209           | 0.9%        | 34,908,466           | 0.4%        | 32,394,882           | 0.4%           | 27,094,172           | 0.3%          |
| Long term deposits                           | 3,543,600            | 0.14%          | 6,548,786            | 0.2%           | 13,672,635           | 0.3%        | 16,759,933           | 0.2%        | 20,501,701           | 0.2%           | 16,253,723           | 0.2%          |
| Intangible assets                            | -                    | -              | 4,654,042            | 0.1%           | 4,615,676            | 0.1%        | 4,615,676            | 0.1%        | 3,197,979            | 0.0%           | 1,780,282            | 0.0%          |
| Investment in subsidiary                     | -                    | -              | 200,563,000          | 3.9%           | 203,563,000          | 3.9%        | 203,563,000          | 2.4%        | 111,376,130          | 1.3%           | 111,376,130          | 1.2%          |
| Long term loan - unsecured, considered good  | -                    | -              | -                    | -              | -                    | -           | -                    | -           | 82,972,338           | 1.0%           | 249,932,785          | 2.7%          |
| Current Assets:                              |                      |                |                      |                |                      |             |                      |             |                      |                |                      |               |
| Stores and Spares                            | 38,724,824           | 1.56%          | 44,273,473           | 1.6%           | 55,723,979           | 1.1%        | 108,302,192          | 1.3%        | 146,559,980          | 1.7%           | 172,865,543          | 1.9%          |
| Stocks in trade                              | 429,615,280          | 17.35%         | 554,392,973          | 19.4%          | 445,186,665          | 8.7%        | 575,197,025          | 6.9%        | 631,651,871          | 7.5%           | 709,586,567          | 7.7%          |
| Contract Assets                              | -                    | -              | -                    | -              | -                    | -           | -                    | -           | -                    | -              | 48,595,967           | 0.5%          |
| Debtors                                      | 685,286,253          | 27.68%         | 737,001,616          | 25.8%          | 963,552,761          | 18.8%       | 1,191,625,522        | 14.2%       | 1,231,373,541        | 14.7%          | 1,269,505,348        | 13.8%         |
| Short term loan - unsecured, considered good | -                    | -              | -                    | -              | -                    | -           | -                    | -           | 92,186,870           | 1.1%           | 92,186,870           | 1.0%          |
| Advances, deposits and prepayments           | 204,916,213          | 8.28%          | 245,469,111          | 8.6%           | 349,796,983          | 6.8%        | 649,675,263          | 7.7%        | 697,714,593          | 8.3%           | 759,228,899          | 8.2%          |
| Cash and bank balances                       | 103,009,688          | 4.16%          | 69,584,330           | 2.4%           | 136,953,332          | 2.7%        | 2,034,190,710        | 24.2%       | 1,749,293,398        | 20.8%          | 1,138,630,069        | 12.4%         |
| <b>Total assets</b>                          | <b>2,475,966,896</b> | <b>100.00%</b> | <b>2,854,416,726</b> | <b>100.00%</b> | <b>5,135,102,433</b> | <b>100%</b> | <b>8,394,287,857</b> | <b>100%</b> | <b>8,392,186,419</b> | <b>100.00%</b> | <b>9,205,475,194</b> | <b>100.3%</b> |

|  |                      |               |                      |              |                      |              |                      |               |                      |               |                      |               |       |
|--|----------------------|---------------|----------------------|--------------|----------------------|--------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|-------|
| Current portion of long term liabilities         | 58,279,637           | 2.35%         | 20,809,906           | 0.7%         | 143,692,223          | 2.8%         | 213,226,896          | 2.5%          | 638,365,183          | 7.6%          | 493,541,100          | 5.4%          |       |
| Short-term debt                                  | 514,065,138          | 20.76%        | 361,619,247          | 12.7%        | 604,845,899          | 11.8%        | 755,639,809          | 9.0%          | 1,333,809,379        | 15.9%         | 1,353,114,322        | 14.7%         |       |
| Creditors  | 634,294,554          | 25.62%        | 935,360,865          | 32.8%        | 882,121,078          | 17.2%        | 977,407,259          | 11.6%         | 711,640,156          | 8.5%          | 964,258,994          | 10.5%         |       |
| Accrued finance cost                             | 14,798,645           | 0.60%         | 5,214,533            | 0.2%         | 10,353,180           | 0.2%         | 11,951,473           | 0.1%          | 21,289,992           | 0.3%          | 34,431,666           | 0.4%          |       |
| Contract liabilities                             | -                    | -             | -                    | -            | -                    | -            | -                    | -             | 3,361,527            | 0.0%          | 4,091,995            | 0.0%          |       |
| provision for taxation                           | -                    | -             | -                    | -            | -                    | -            | -                    | -             | -                    | -             | -                    | -             |       |
| Unclaimed dividend                               | -                    | -             | -                    | -            | -                    | -            | -                    | -             | 882,883              | 0.0%          | 800,169              | 0.0%          |       |
| Non-Current liabilities                          | 199,544,889          | 8.06%         | 343,777,872          | 12.0%        | 1,099,997,635        | 21.4%        | 1,127,036,110        | 13.4%         | 539,656,304          | 6.4%          | 740,750,832          | 8.0%          |       |
| <b>Total Liabilities</b>                         | <b>1,420,982,863</b> | <b>57.39%</b> | <b>1,666,782,423</b> | <b>58.4%</b> | <b>2,741,009,508</b> | <b>53.4%</b> | <b>3,085,261,547</b> | <b>36.8%</b>  | <b>3,249,505,424</b> | <b>38.7%</b>  | <b>3,590,989,018</b> | <b>39.0%</b>  |       |
| Paid up Capital                                  | 299,390,000          | 12.09%        | 299,390,000          | 10.5%        | 299,390,000          | 5.8%         | 1,075,000,000        | 12.8%         | 1,182,500,000        | 14.1%         | 1,419,000,000        | 15.4%         |       |
| Share Premium                                    | -                    | -             | -                    | -            | -                    | -            | 0.0%                 | 2,339,165,370 | 27.9%                | 2,231,665,370 | 26.6%                | 1,994,789,057 | 21.7% |
| un appropriated profit                           | 574,102,773          | 23.19%        | 719,607,869          | 25.2%        | 992,891,097          | 19.3%        | 820,970,147          | 9.8%          | 649,996,342          | 7.7%          | 356,968,813          | 3.9%          |       |
| Surplus on revaluation of operating fixed assets | 181,491,260          | 7.33%         | 168,636,434          | 5.9%         | 1,101,811,827        | 21.5%        | 1,073,890,796        | 12.8%         | 1,078,519,283        | 12.8%         | 1,843,728,306        | 20.0%         |       |
| Equity   | 1,054,984,033        | 43%           | 1,187,634,303        | 42%          | 2,394,092,924        | 47%          | 5,309,026,313        | 63%           | 5,142,680,995        | 61.3%         | 5,614,486,176        | 61.0%         |       |
| <b>Total Equity+Liabilities</b>                  | <b>2,475,966,896</b> | <b>100%</b>   | <b>2,854,416,726</b> | <b>100%</b>  | <b>5,135,102,433</b> | <b>100%</b>  | <b>8,394,287,859</b> | <b>100%</b>   | <b>8,396,047,946</b> | <b>100.0%</b> | <b>9,205,475,194</b> | <b>100.0%</b> |       |

| Income Statement               | 2014          | %    | 2015          | %    | 2016          | %    | 2017          | %    | 2018          | %    | 2019          | %    |
|--------------------------------|---------------|------|---------------|------|---------------|------|---------------|------|---------------|------|---------------|------|
| Revenue                        | 3,066,080,697 | 100% | 3,568,368,904 | 100% | 3,621,881,861 | 100% | 4,098,007,176 | 100% | 4,031,387,574 | 100% | 5,397,123,941 | 100% |
| Cost of Goods Sold             | 2,729,456,036 | 89%  | 3,186,272,461 | 89%  | 3,107,313,485 | 86%  | 3,545,205,877 | 87%  | 3,782,662,167 | 94%  | 5,091,493,751 | 94%  |
| Gross Profit                   | 336,624,661   | 11%  | 382,096,443   | 11%  | 514,568,376   | 14%  | 552,801,299   | 13%  | 248,705,407   | 6%   | 305,630,190   | 6%   |
| Operating Expenses             | 140,854,591   | 5%   | 163,161,152   | 5%   | 188,834,770   | 5%   | 233,968,359   | 6%   | 316,488,601   | 8%   | 234,712,005   | 4%   |
| Other Income                   | -             | -    | -             | -    | -             | -    | -             | -    | 115,085,706   | 3%   | 156,931,746   | 3%   |
| EBIT                           | 196,811,983   | 6%   | 223,778,732   | 6%   | 327,888,866   | 9%   | 361,607,324   | 9%   | 47,302,512    | 1%   | 227,849,931   | 4%   |
| Finance Cost                   | 45,948,316    | 1%   | 56,498,321    | 2%   | 45,655,236    | 1%   | 93,144,227    | 2%   | 120,526,837   | 3%   | 186,632,757   | 3%   |
| Profit Before Taxation         | 150,843,667   | 5%   | 167,280,411   | 5%   | 282,233,630   | 8%   | 268,463,097   | 7%   | (73,224,325)  | -2%  | 41,217,174    | 1%   |
| Taxation                       | 50,885,349    | 2%   | 34,614,662    | 1%   | 20,500,617    | 1%   | 16,872,674    | 0%   | 17,323,672    | 0%   | 68,115,249    | 1%   |
| Profit / (Loss) after Taxation | 99,958,318    | 3%   | 132,665,749   | 4%   | 261,733,013   | 7%   | 251,590,423   | 6%   | (90,947,997)  | -2%  | (26,898,075)  | 0%   |
| EBITDA                         | 267,687,296   | 9%   | 300,775,572   | 8%   | 412,348,453   | 11%  | 545,595,335   | 13%  | 185,942,520   | 5%   | 370,232,696   | 7%   |

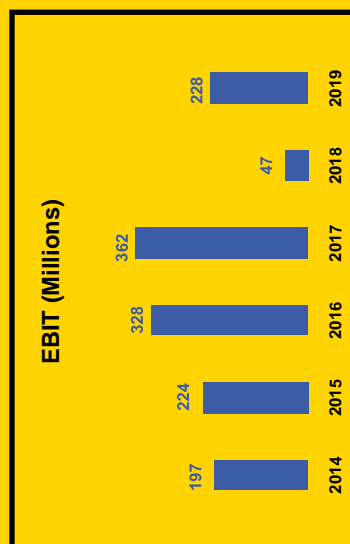
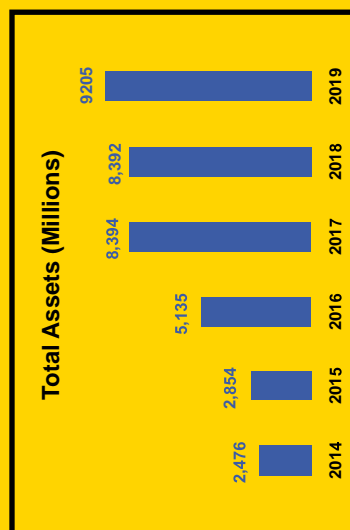
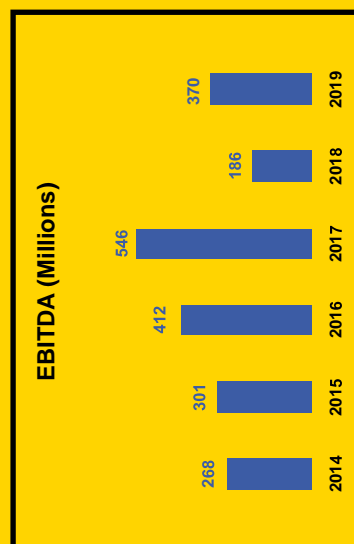
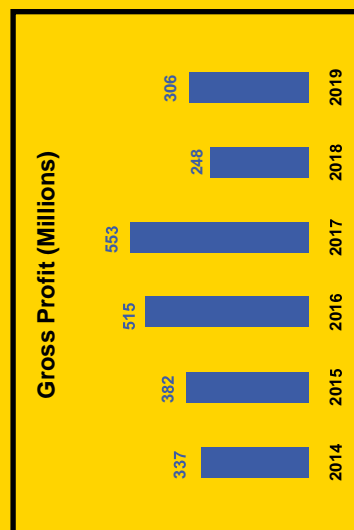
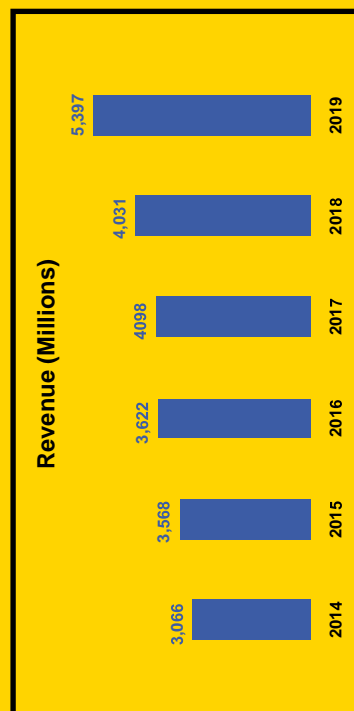
# HORIZONTAL FINANCIAL ANALYSIS OF LAST SIX YEARS

ROSHAN PACKAGES LIMITED

| Horizontal Analysis                          | 2014                 | %            | 2015                 | %            | 2016                 | %            | 2017                 | %            | 2018                 | %             | 2019                 | %           |
|--|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|---------------|----------------------|-------------|
| <b>ROSHAN PACKAGES LIMITED</b>               |                      |              |                      |              |                      |              |                      |              |                      |               |                      |             |
| <b>Balance Sheet</b>                         |                      |              |                      |              |                      |              |                      |              |                      |               |                      |             |
| Non Current Assets                           |                      |              |                      |              |                      |              |                      |              |                      |               |                      |             |
| Property plant and equipment                 | 1,001,649,298        | 6.87         | 1,183,670,997        | 18.17        | 2,964,999,035        | 150.49       | 3,610,358,536        | 21.77        | 3,625,358,018        | 0.42          | 4,635,533,011        | 27.86       |
| Asset Subject to finance lease               | 9,221,740            | 7.11         | 13,475,440           | 46.13        | 45,160,209           | 235.13       | 34,908,466           | (23.59)      | 32,394,882           | (6.12)        | 27,094,172           | (16.36)     |
| Long term deposits                           | 3,543,600            | 31.40        | 6,548,786            | 84.81        | 13,672,635           | 108.78       | 16,759,933           | 22.58        | 20,501,701           | 22.33         | 16,253,723           | (20.72)     |
| Intangible assets                            | -                    | -            | 4,654,042            | (0.82)       | 4,615,676            | (0.82)       | 4,615,676            | (30.71)      | 3,197,979            | (44.33)       | 1,780,282            | (44.33)     |
| Investment in subsidiary                     | -                    | -            | -                    | -            | 200,563,000          | 1.50         | 203,563,000          | 1.50         | 111,376,130          | (45.29)       | 111,376,130          | -           |
| Long term loan - unsecured, considered good  | -                    | -            | -                    | -            | -                    | -            | -                    | -            | 82,972,338           | -             | 249,932,785          | -           |
| Current Assets:                              |                      |              |                      |              |                      |              |                      |              |                      |               |                      |             |
| Stores and Spares                            | 38,724,824           | 36.02        | 44,273,473           | 14.33        | 55,723,979           | 25.86        | 108,302,192          | 94.35        | 146,559,980          | 35.33         | 172,865,543          | 17.95       |
| Stocks in trade                              | 429,615,280          | 71.82        | 554,392,973          | 29.04        | 445,186,665          | (19.70)      | 575,197,025          | 29.20        | 631,651,871          | 9.81          | 709,586,567          | 12.34       |
| Contract Assets                              | -                    | -            | -                    | -            | -                    | -            | -                    | -            | -                    | -             | 48,595,967           | 100%        |
| Debtors                                      | 685,286,253          | 36.77        | 737,001,616          | 7.55         | 963,552,761          | 30.74        | 1,191,625,522        | 23.67        | 1,231,373,541        | 3.34          | 1,269,505,348        | 3.10        |
| Short term loan - unsecured, considered good | -                    | -            | -                    | -            | -                    | -            | -                    | -            | 92,186,870           | -             | 92,186,870           | -           |
| Advances, deposits and prepayments           | 204,916,213          | 105.38       | 245,469,111          | 19.79        | 349,796,983          | 42.50        | 649,675,263          | 85.73        | 697,714,593          | 7.39          | 759,228,899          | 8.82        |
| Cash and bank balances                       | 103,009,688          | 25.72        | 69,584,330           | (32.45)      | 136,953,332          | 96.82        | 2,034,190,710        | 1,385.32     | 1,749,293,398        | (14.01)       | 1,138,630,069        | (34.91)     |
| <b>Total assets</b>                          | <b>2,475,966,896</b> | <b>29.64</b> | <b>2,854,416,726</b> | <b>15.28</b> | <b>5,135,102,432</b> | <b>79.90</b> | <b>8,394,287,857</b> | <b>63.47</b> | <b>8,392,186,419</b> | <b>(0.03)</b> | <b>9,205,475,194</b> | <b>9.69</b> |

|  |                      |              |                      |              |                      |              |                      |              |                      |             |                      |              |
|--|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|-------------|----------------------|--------------|
| Current portion of long term liabilities         | 58,279,637           | (11.59)      | 20,809,906           | (64.29)      | 143,692,223          | 590.50       | 213,226,896          | 48.39        | 638,365,183          | 199.38      | 493,541,100          | (22.69)      |
| Short-term debt                                  | 514,065,138          | 307.72       | 361,619,247          | (29.65)      | 604,845,393          | 67.26        | 755,639,809          | 24.93        | 1,333,809,379        | 76.51       | 1,353,114,322        | 1.45         |
| Creditors  | 634,294,554          | 21.04        | 935,360,865          | 47.46        | 882,121,078          | (5.69)       | 977,407,259          | 10.80        | 711,640,156          | (27.19)     | 964,258,994          | 35.50        |
| Accrued finance cost                             | 14,798,645           | 7.33         | 5,214,533            | (64.76)      | 10,353,180           | 98.54        | 11,951,473           | 15.44        | 21,289,992           | 78.14       | 34,431,606           | 61.73        |
| Contract liabilities                             | -                    | -            | -                    | -            | -                    | -            | -                    | -            | -                    | -           | 4,091,995            | 5.97         |
| provision for taxation                           | -                    | -            | -                    | -            | -                    | -            | -                    | -            | 3,361,527            | -           | -                    | -            |
| Unclaimed dividend                               | -                    | -            | -                    | -            | -                    | -            | -                    | -            | 882,883              | -           | 800,169              | -            |
| Non-Current liabilities                          | 199,544,889          | (11.48)      | 343,777,872          | 72.28        | 1,099,997,635        | 219.97       | 1,127,036,110        | 2.46         | 539,656,304          | (52.12)     | 740,750,832          | 37.26        |
| <b>Total Liabilities</b>                         | <b>1,420,982,863</b> | <b>48.76</b> | <b>1,666,782,423</b> | <b>17.30</b> | <b>2,741,009,508</b> | <b>64.45</b> | <b>3,085,261,547</b> | <b>12.56</b> | <b>3,249,505,424</b> | <b>5.32</b> | <b>3,590,989,018</b> | <b>10.51</b> |
| Paid up Capital                                  | 299,390,000          | -            | 299,390,000          | -            | 299,390,000          | -            | 1,075,000,000        | 259.06       | 1,182,500,000        | 10.00       | 1,419,000,000        | 20.00        |
| Share Premium                                    | -                    | -            | -                    | -            | -                    | -            | 2,339,165,370        | (4.60)       | 2,231,665,370        | (4.60)      | 1,994,789,057        | (10.61)      |
| un appropriated profit                           | 574,102,773          | 28.26        | 719,607,869          | 25.34        | 992,891,097          | 37.98        | 820,970,147          | (17.32)      | 649,996,342          | (20.83)     | 356,968,813          | (45.08)      |
| Surplus on revaluation of operating fixed assets | 181,491,260          | (12.58)      | 168,636,434          | (7.08)       | 1,101,811,827        | 553.37       | 1,073,890,796        | (2.53)       | 1,078,519,283        | 0.43        | 1,843,728,306        | 70.95        |
| Equity   | 1,054,984,033        | 10.51        | 1,187,634,303        | 12.57        | 2,394,0              |              |                      |              |                      |             |                      |              |

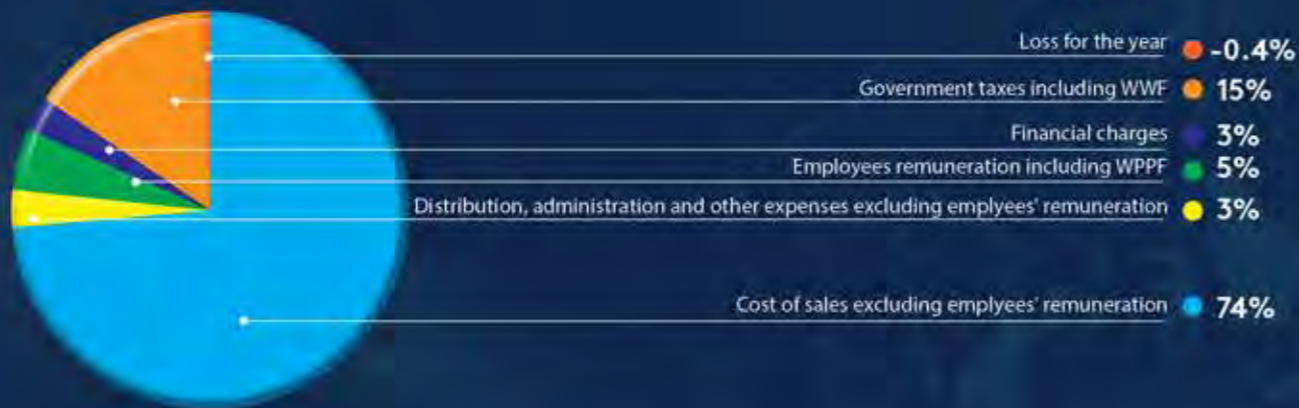
# GRAPHICAL ANALYSIS



## STATEMENT OF WEALTH GENERATED AND DISTRIBUTED

|  | 2019<br>Rs.          | %           | 2018<br>Rs.          | %           |
|--|----------------------|-------------|----------------------|-------------|
| Total revenue inclusive of sales tax                         | 6,298,741,129        | 96%         | 4,694,781,077        | 98%         |
| Reversal / (charge) of expected credit loss on trade debtors | 82,855,890           | 1%          | -42,097,130          | -1%         |
| Other income   | 156,931,746          | 2%          | 115,085,706          | 2%          |
|  | <b>6,538,528,765</b> | <b>100%</b> | <b>4,767,769,653</b> | <b>100%</b> |
| <b>WEALTH DISTRIBUTION</b>                                   |                      |             |                      |             |
| Cost of sales excluding employees' remuneration              | 4,859,423,937        | 74%         | 3,597,109,198        | 75%         |
| Distribution, administration and other expenses              | 202,181,089          | 3%          | 169,771,125          | 4%          |
| Employees remuneration including WPPF                        | 347,456,620          | 5%          | 290,193,315          | 6%          |
| Financial charges  | 186,632,757          | 3%          | 120,526,837          | 3%          |
| Government tax including WWF                                 | 969,732,437          | 15%         | 680,717,175          | 14%         |
| Loss for the Year  | -26,898,075          | -0.4%       | -90,547,997          | -2%         |
|  | <b>6,538,528,765</b> | <b>100%</b> | <b>4,767,769,653</b> | <b>100%</b> |

### 2019



### 2018

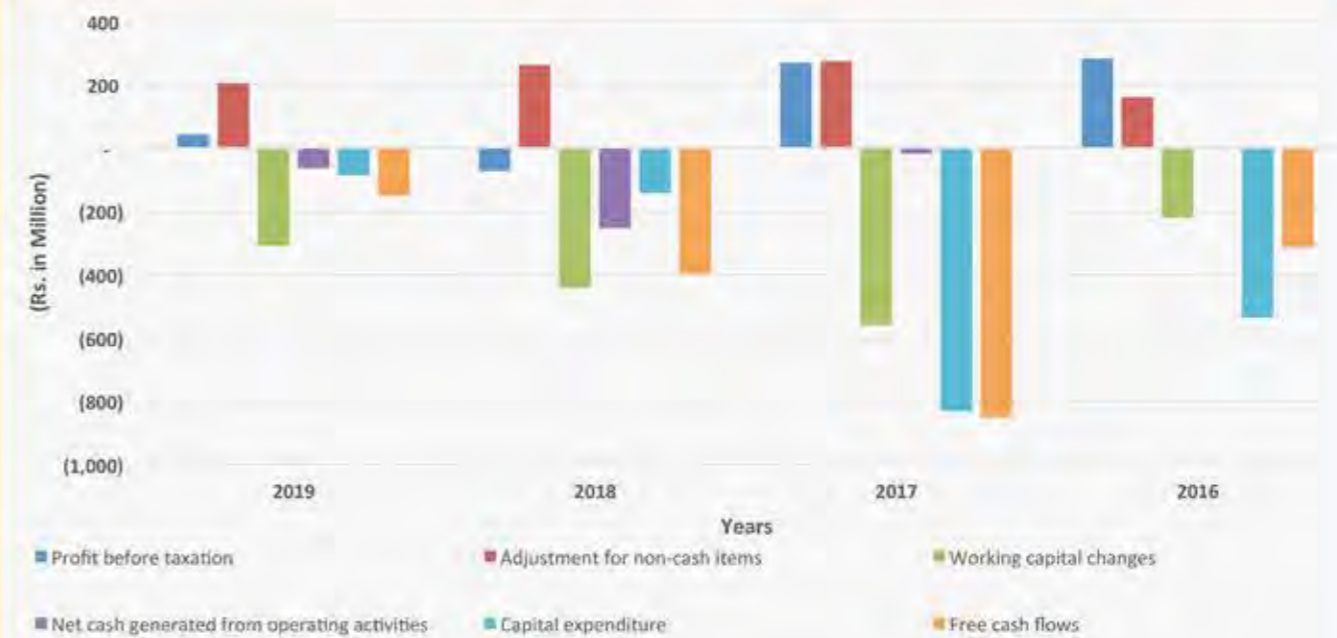


## FREE CASH FLOWS

|  | 2019          | 2018          | 2017          | 2016          |
|--|---------------|---------------|---------------|---------------|
| <b>Rupees</b>                                |               |               |               |               |
| Profit before taxation                       | 41,217,174    | (73,224,325)  | 268,463,096   | 282,233,630   |
| Adjustment for non-cash items                | 204,238,336   | 261,595,173   | 273,650,758   | 159,663,789   |
| Working capital changes                      | (309,676,658) | (442,486,369) | (561,058,722) | (220,508,357) |
| Net cash generated from operating activities | (64,221,148)  | (254,115,521) | (18,944,868)  | 221,389,062   |
| Capital expenditure                          | (86,129,557)  | (143,464,468) | (832,053,638) | (535,842,666) |
| Free cash flows                              | (150,350,705) | (397,579,989) | (850,998,506) | (314,453,604) |

#### Comments

Free cash flows are improved due to profitability and better working capital management during the year. Moreover, major expansion projects have already been completed.



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2017

### Roshan Packages Limited Year Ending June 30, 2019

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: 6
  - b. Female: 1
2. The Composition of Board is as follows:
  - a. Independent Directors
    - Mr. Muhammad Naveed Tariq:
    - Mrs. Ayesha Musaddaque Hamid
  - b. Other Non-Executive Directors
    - Mr. Zaki Aijaz:
    - Mr. Quasim Aijaz:
    - Mr. Khalid Eijaz Quershi
  - c. Executive Directors
    - Mr. Tayyab Aijaz:
    - Mr. Saadat Aijaz
3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company. (Excluding the listed subsidiaries of listed holding companies where applicable.)
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decision on relevant matters have been taken by Board/shareholder 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 Board for this purpose. The Board has complied with the requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations.

9. Board has arranged Directors Training program for the following:
  - Mr. Saadat Aijaz
  - Mr. Zaki Aijaz
  - Mr. Quasim Aijaz
  - Mr. Muhammad Naveed Tariq
10. The Board has approved appointment of CFO, 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. CFO and CEO duly endorsed the Financial Statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

a. **Audit Committee:**

| Name                      | Status   |
|---------------------------|----------|
| Mr. Muhammad Naveed Tariq | Chairman |
| Mr. Quasim Aijaz          | Member   |
| Mr. Khalid Eijaz Qureshi  | Member   |

b. **Human Resource and Remuneration Committee:**

| Name                         | Status   |
|------------------------------|----------|
| Mrs. Ayesha Musaddaque Hamid | Chairman |
| Mr. Tayyab Aijaz             | Member   |
| Mr. Khalid Eijaz Qureshi     | Member   |

c. **Strategic Committee:**

| Name             | Status   |
|------------------|----------|
| Mr. Tayyab Aijaz | Chairman |
| Mr. Saadat Aijaz | Member   |
| Mr. Zaki Aijaz   | Member   |

d. **Project Committee:**

| Name             | Status   |
|------------------|----------|
| Mr. Zaki Aijaz   | Chairman |
| Mr. Saadat Aijaz | Member   |
| Mr. Tayyab Aijaz | Member   |

13. The term of reference of aforesaid Committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
- Audit Committee (quarterly)
  - HR and Remuneration Committee (yearly)
15. The Board has setup an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, and registered with the audit oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with international federation of accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
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 other requirements of the Regulations have been complied with.



**Khalid Eijaz Qureshi**  
Chairman



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Roshan Packages Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Roshan Packages Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 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.

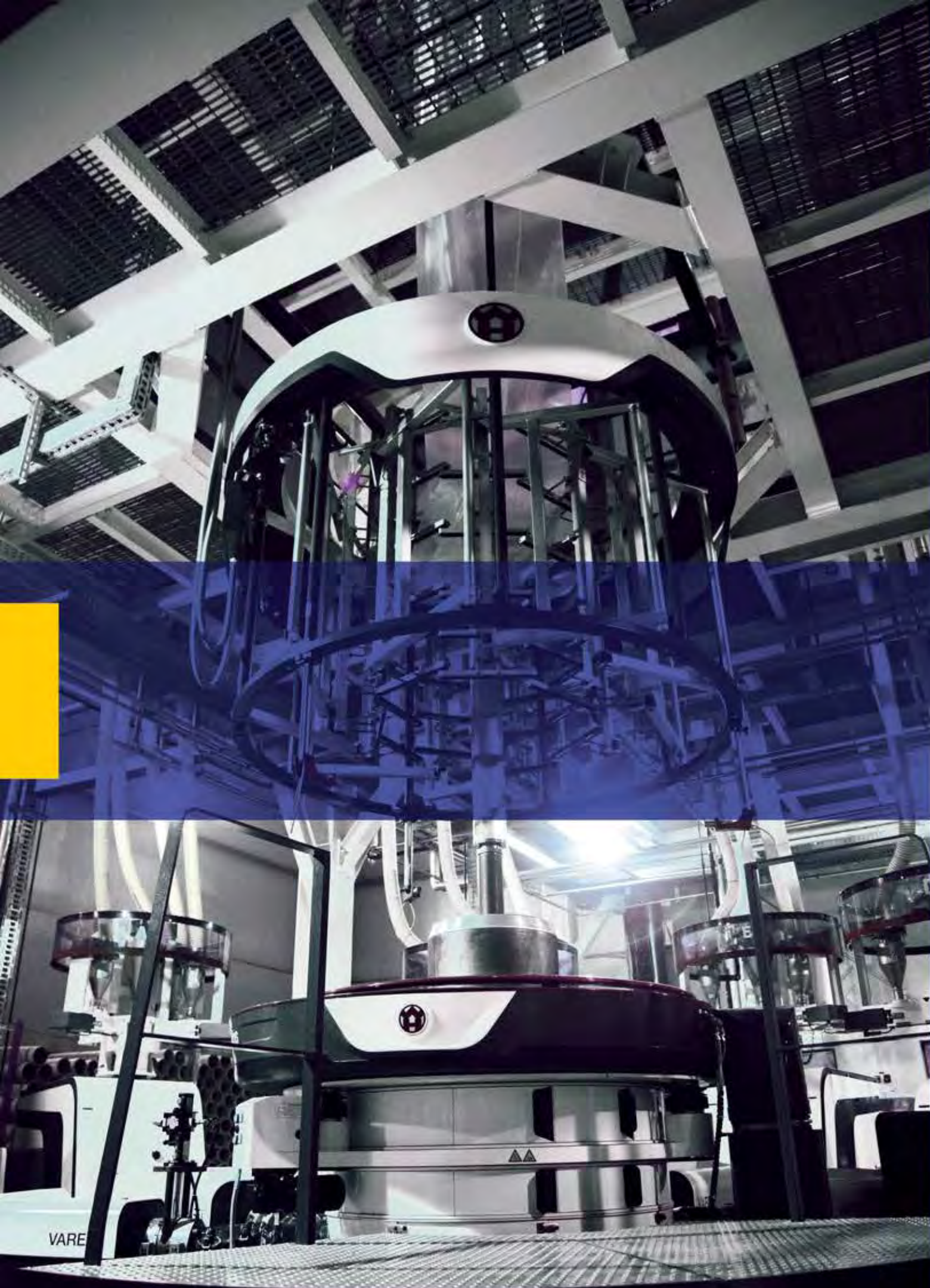
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Lahore

Date: 29 October 2019

  
KPMG Taseer Hadi & Co.  
Chartered Accountants



# UNCONSOLIDATED FINANCIAL STATEMENTS





| S. No. | Key audit matter(s) | How the matter was addressed in our audit |
|--------|---------------------|---|
|--------|---------------------|---|

**2. Impact of adoption of IFRS 9 “Financial Instruments” on Trade Debtors**

Refer to note 11 to the financial statements and the accounting policy in note 4.1.2 to the financial statements.

IFRS 9 ‘Financial Instruments’ is effective for the Company for the first time during the current year and replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’.

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (“ECL”) model when assessing the impairment of financial assets in the scope of IFRS 9 and is therefore a fundamentally different approach. Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset.

In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability-weighted outcomes, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions.

As at 30 June 2018 and 2019 the Company’s gross trade debtors were **Rs. 1,279 million** and **Rs. 1,528 million**. The adoption of IFRS 9 by the Company using the allowed modified retrospective approach had resulted in recognition of ECL in respect of trade debtors of **Rs. 293 million** in opening retained earnings as at 01 July 2018 and **Rs. 259 million** as at 30 June 2019.

Our audit procedures to review the application of impairment methodology of IFRS 9 on trade debtors included the following:

- reviewing and evaluating the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of trade debtors of the Company;
- assessing the integrity and quality of data used by the management for determining ECL in respect of trade debtors;
- checking the mathematical accuracy of the ECL model by performing recalculation on sample basis;
- reviewing the adequacy of disclosures in the financial statements of the Company with regard to the effect of adoption of IFRS 9.



| S. No. | Key audit matter(s) | How the matter was addressed in our audit |
|--------|---------------------|---|
|--------|---------------------|---|

We considered this as key audit matter due to the significance of the change in accounting methodology and involvement of judgments and assumptions made by management in this regard.

**Information other than the financial statements and auditor’s report thereon**

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended **30 June 2019**, but does not include the financial statements and our auditor’s report thereon.

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

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

**Responsibilities of management and board of directors for the financial statements**

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

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

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

**Auditor’s responsibilities for the audit of the financial statements**

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on other legal and regulatory requirements**

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) in our opinion, 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 Fahad Bin Waheed.

**Lahore**

**Date: 05 November, 2019**

*KPMG Taseer Hadi & Co.*

**KPMG Taseer Hadi & Co.  
Chartered Accountants**

## ROSHAN PACKAGES LIMITED

### Unconsolidated Statement of Financial Position

As at 30 June 2019

| ASSETS   | Note | 2019<br>Rupees       | 2018<br>Rupees       |
|--|------|----------------------|----------------------|
| <b>Non-current assets</b>  |      |                      |                      |
| Property, plant and equipment  | 5    | 4,635,533,011        | 3,625,358,017        |
| Intangible   | 6    | 1,780,282            | 3,197,979            |
| Investment in subsidiary   | 7    | 111,376,130          | 111,376,130          |
| Long term loan - unsecured, considered good  | 8    | 249,932,785          | 82,972,338           |
| Long term deposits   |      | 16,253,723           | 20,501,701           |
|  |      | <b>5,014,875,931</b> | <b>3,843,406,165</b> |
| <b>Current assets</b>  |      |                      |                      |
| Stores, spares and other consumables   |      | 172,865,543          | 146,559,980          |
| Stock-in-trade   | 9    | 709,586,567          | 631,651,871          |
| Contract assets  | 10   | 48,595,967           | -                    |
| Trade debtors - unsecured  | 11   | 1,269,505,348        | 1,231,373,541        |
| Short term loan - unsecured, considered good   | 12   | 92,186,870           | 92,186,870           |
| Advances, deposits, prepayments and other receivables  | 13   | 759,228,899          | 697,714,593          |
| Cash and bank balances   | 14   | 1,138,630,069        | 1,749,293,398        |
|  |      | <b>4,190,599,263</b> | <b>4,548,780,253</b> |
| <b>Total assets</b>  |      | <b>9,205,475,194</b> | <b>8,392,186,418</b> |
| <b>EQUITY AND LIABILITIES</b>  |      |                      |                      |
| <b>Share capital and reserves</b>  |      |                      |                      |
| Authorized share capital<br>150,000,000 (2018: 150,000,000) ordinary shares of Rs. 10 each                     |      | 1,500,000,000        | 1,500,000,000        |
| Issued, subscribed and paid up share capital<br>141,900,000 (2018: 118,250,000) ordinary shares of Rs. 10 each | 15   | 1,419,000,000        | 1,182,500,000        |
| Share premium  | 16   | 1,994,789,057        | 2,231,665,370        |
| Surplus on revaluation of property, plant and equipment  | 17   | 1,843,728,306        | 1,078,519,283        |
| Un-appropriated profit   |      | 356,968,813          | 649,996,341          |
| <b>Shareholders' equity</b>  |      | <b>5,614,486,176</b> | <b>5,142,680,994</b> |
| <b>Non-current liabilities</b>   |      |                      |                      |
| Supplier's credit - unsecured  | 18   | 96,356,613           | 186,145,423          |
| Long term finances - secured   | 19   | -                    | -                    |
| Liabilities against assets subject to finance lease - secured  | 20   | 9,505,865            | 9,850,797            |
| Deferred taxation  | 21   | 561,296,117          | 277,646,741          |
| Deferred liabilities   | 22   | 73,592,237           | 66,013,343           |
|  |      | <b>740,750,832</b>   | <b>539,656,304</b>   |
| <b>Current liabilities</b>   |      |                      |                      |
| Current portion of long term liabilities   | 23   | 493,541,100          | 638,365,183          |
| Short term borrowings - secured  | 24   | 1,353,114,322        | 1,333,809,379        |
| Trade and other payables   | 25   | 964,258,994          | 711,640,156          |
| Contract liabilities   | 26   | 4,091,995            | 3,861,527            |
| Unclaimed dividend   |      | 800,169              | 882,883              |
| Accrued markup   | 27   | 34,431,606           | 21,289,992           |
|  |      | <b>2,850,238,186</b> | <b>2,709,849,120</b> |
| <b>Contingencies and commitments</b>   | 28   |                      |                      |
|  |      | <b>9,205,475,194</b> | <b>8,392,186,418</b> |

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



Chief Executive Office



Director



Chief Financial Officer

## ROSHAN PACKAGES LIMITED

### Unconsolidated Statement of Profit or Loss

For the year ended 30 June 2019

|   | Note | 2019<br>Rupees      | 2018<br>Rupees       |
|---|------|---------------------|----------------------|
| Revenue   | 29   | 5,397,123,941       | 4,031,387,574        |
| Cost of sales   | 30   | (5,091,493,751)     | (3,782,682,167)      |
| <b>Gross profit</b>                                   |      | <b>305,630,190</b>  | <b>248,705,407</b>   |
| Administrative expenses                               | 31   | (115,497,897)       | (124,637,530)        |
| Selling and distribution expenses                     | 32   | (86,919,077)        | (67,128,375)         |
| Reversal of / (impairment) allowance on trade debtors |      | 82,855,890          | (42,097,130)         |
| Other expenses  | 33   | (115,150,921)       | (82,625,566)         |
| Other income  | 34   | 156,931,746         | 115,085,706          |
|   |      | <b>(77,780,259)</b> | <b>(201,402,895)</b> |
| <b>Operating profit</b>                               |      | <b>227,849,931</b>  | <b>47,302,512</b>    |
| Finance cost  | 35   | (186,632,757)       | (120,526,837)        |
| <b>Profit / (loss) before taxation</b>                |      | <b>41,217,174</b>   | <b>(73,224,325)</b>  |
| Taxation  | 36   | (68,115,249)        | (17,323,672)         |
| <b>Loss after taxation</b>                            |      | <b>(26,898,075)</b> | <b>(90,547,997)</b>  |
|   |      |                     | <i>(Restated)</i>    |
| <b>Loss per share - basic and diluted</b>             | 37   | <b>(0.19)</b>       | <b>(0.64)</b>        |

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



Chief Executive Office



Director



Chief Financial Officer

## ROSHAN PACKAGES LIMITED

### Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2019

|   | Note | 2019<br>Rupees      | 2018<br>Rupees |
|---|------|---------------------|----------------|
| <b>Loss after taxation</b>  |      | <b>(26,898,075)</b> | (90,547,997)   |
| <b><u>Other comprehensive income:</u></b>   |      |                     |                |
| <i>Items that will not be reclassified to profit or loss:</i>                                     |      |                     |                |
| - Remeasurement of retirement benefits - net of tax   |      | <b>1,719,907</b>    | 2,951,215      |
| - Revaluation surplus during the year - net of tax  |      | <b>786,981,936</b>  | -              |
| - Effect of change in tax rate on balance of revaluation surplus on property, plant and equipment | 17   | <b>4,994,654</b>    | 28,751,464     |
| <b>Total comprehensive income / (loss) for the year</b>   |      | <b>766,798,422</b>  | (58,845,318)   |

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



Chief Executive Office



Director



Chief Financial Officer

## ROSHAN PACKAGES LIMITED

### Unconsolidated Statement of Cash Flows

For the year ended 30 June 2019

|   | Note | 2019<br>Rupees       | 2018<br>Rupees |
|---|------|----------------------|----------------|
| <b><u>Cash flows from operating activities</u></b>              |      |                      |                |
| <b>Cash used in operations</b>                                  | 38   | <b>(64,221,148)</b>  | (254,115,521)  |
| Finance cost paid   |      | <b>(170,439,823)</b> | (105,883,668)  |
| Income taxes paid   |      | <b>(85,239,623)</b>  | (72,586,154)   |
| Net decrease / (increase) in long term deposits                 |      | <b>4,247,978</b>     | (3,741,768)    |
| Accumulated absences paid                                       |      | <b>(1,370,236)</b>   | (938,058)      |
| Gratuity paid   |      | <b>(9,624,699)</b>   | (4,587,257)    |
|   |      | <b>(262,426,403)</b> | (187,736,905)  |
| <b>Net cash used in operating activities</b>                    |      | <b>(326,647,551)</b> | (441,852,425)  |
| <b><u>Cash flows from investing activities</u></b>              |      |                      |                |
| Purchase of operating assets                                    |      | <b>(86,129,557)</b>  | (143,464,468)  |
| Loan to subsidiary  |      | <b>(26,868,547)</b>  | (36,509,099)   |
| Proceeds from disposal of property, plant and equipment         |      | <b>12,379,723</b>    | 2,033,143      |
| Profit on bank deposits received                                |      | <b>122,990,522</b>   | 91,709,638     |
| <b>Net cash generated from / (used in) investing activities</b> |      | <b>22,372,141</b>    | (86,230,786)   |
| <b><u>Cash flows from financing activities</u></b>              |      |                      |                |
| Payment of supplier's credit                                    |      | <b>(132,182,549)</b> | (112,882,915)  |
| Expenses incurred on issuance of bonus shares                   |      | <b>(376,313)</b>     | -              |
| Proceeds from short term finances acquired                      |      | <b>48,982,645</b>    | 387,621,281    |
| Payments from long term finances                                |      | <b>(174,400,037)</b> | (100,559,142)  |
| Dividend paid   |      | <b>(82,716)</b>      | (106,617,117)  |
| Payment of finance lease liabilities                            |      | <b>(18,651,246)</b>  | (14,924,496)   |
| <b>Net cash (used in) / generated from financing activities</b> |      | <b>(276,710,216)</b> | 52,637,611     |
| <b>Net decrease in cash and cash equivalents</b>                |      | <b>(580,985,627)</b> | (475,445,601)  |
| <b>Cash and cash equivalents at the beginning of the year</b>   |      | <b>1,277,734,079</b> | 1,753,179,680  |
| <b>Cash and cash equivalents at the end of the year</b>         | 39   | <b>696,748,452</b>   | 1,277,734,079  |

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



Chief Executive Office



Director



Chief Financial Officer

## ROSHAN PACKAGES LIMITED

Unconsolidated Statement of Changes in Equity  
For the year ended 30 June 2019

|   | Issued,<br>subscribed and<br>paid-up capital | Capital reserves     |  | Revenue reserve       | Total                |
|---|--|----------------------|--|-----------------------|----------------------|
|   |  | Share<br>premium     | Surplus on<br>revaluation of<br>property, plant<br>and equipment | Accumulated<br>profit |                      |
| ----- Rupees -----  |  |                      |  |                       |                      |
| <b>Balance as on 30 June 2017</b>   | 1,075,000,000                                | 2,339,165,370        | 1,073,890,796  | 820,970,146           | 5,309,026,312        |
| <b><u>Total comprehensive loss for the year</u></b>   |  |                      |  |                       |                      |
| Loss after taxation   | -  | -                    | -  | (90,547,997)          | (90,547,997)         |
| <i>Other comprehensive income:</i>  |  |                      |  |                       |                      |
| - Remeasurement of retirement benefits - net of tax   | -  | -                    | -  | 2,951,215             | 2,951,215            |
| - Effect of change in tax rate on balance of revaluation on property, plant and equipment                                 | -  | -                    | 28,751,464   | -                     | 28,751,464           |
|   | -  | -                    | 28,751,464   | (87,596,782)          | (58,845,318)         |
| Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax | -  | -                    | (24,122,977)   | 24,122,977            | -                    |
| <b><u>Transaction with owners of the Company - distributions</u></b>  |  |                      |  |                       |                      |
| Final cash dividend for the year ended 30 June 2017 @ Rs. 1 per share   | -  | -                    | -  | (107,500,000)         | (107,500,000)        |
| Bonus shares issued   | 107,500,000                                  | (107,500,000)        | -  | -                     | -                    |
|   | 107,500,000                                  | (107,500,000)        | -  | (107,500,000)         | (107,500,000)        |
| <b>Balance as on 30 June 2018</b>   | <b>1,182,500,000</b>                         | <b>2,231,665,370</b> | <b>1,078,519,283</b>   | <b>649,996,341</b>    | <b>5,142,680,994</b> |
| <b>Balance as on 01 July 2018 - as previously reported</b>  | <b>1,182,500,000</b>                         | <b>2,231,665,370</b> | <b>1,078,519,283</b>   | <b>649,996,341</b>    | <b>5,142,680,994</b> |
| Adjustment on initial application of IFRS 9, (refer note 4.1.2)   | -  | -                    | -  | (293,451,902)         | (293,451,902)        |
| Adjustment on initial application of IFRS 15, (refer note 4.1.1)  | -  | -                    | -  | (1,165,024)           | (1,165,024)          |
| Restated balance at 01 July 2018  | 1,182,500,000                                | 2,231,665,370        | 1,078,519,283  | 355,379,414           | 4,848,064,067        |
| <b><u>Total comprehensive loss for the year</u></b>   |  |                      |  |                       |                      |
| Loss after taxation   | -  | -                    | -  | (26,898,075)          | (26,898,075)         |
| <i>Other comprehensive income:</i>  |  |                      |  |                       |                      |
| - Remeasurement of retirement benefits - net of tax   | -  | -                    | -  | 1,719,907             | 1,719,907            |
| - Revaluation surplus during the year - net of tax  | -  | -                    | 786,981,936  | -                     | 786,981,936          |
| - Effect of change in tax rate on balance of revaluation on property, plant and equipment                                 | -  | -                    | 4,994,654  | -                     | 4,994,654            |
|   | -  | -                    | 791,976,590  | (25,178,169)          | 766,798,421          |
| Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax | -  | -                    | (26,767,567)   | 26,767,567            | -                    |
| <b><u>Transaction with owners of the Company - distributions</u></b>  |  |                      |  |                       |                      |
| Bonus shares issued   | 236,500,000                                  | (236,500,000)        | -  | -                     | -                    |
| Expenses incurred on issuance of bonus shares   | -  | (376,313)            | -  | -                     | (376,313)            |
|   | 236,500,000                                  | (236,876,313)        | -  | -                     | (376,313)            |
| <b>Balance as on 30 June 2019</b>   | <b>1,419,000,000</b>                         | <b>1,994,789,057</b> | <b>1,843,728,306</b>   | <b>356,968,813</b>    | <b>5,614,486,176</b> |

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



Chief Executive Office



Director



Chief Financial Officer

## ROSHAN PACKAGES LIMITED

Notes to the Unconsolidated Financial Statements  
For the year ended 30 June 2019

### 1 Corporate and general information

Roshan Packages Limited ("the Company") was incorporated in Pakistan as a private company limited by shares on 13 August 2002 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was converted into a public limited company on 23 September 2016 and got listed on Pakistan Stock Exchange Limited on 28 February 2017. It is principally engaged in the manufacture and sale of corrugation and flexible packaging materials.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

- Head office and registered office: 325 G-III, M.A. Johar Town, Lahore.
- Marketing office: 104, Parsa Tower, PECHS Block-6, Shahra-e-Faisal, Karachi.
- Corrugation packaging plant: 7 km, Sundar Raiwind Road, Lahore.
- Flexible packaging plant: Plot No. 141, 142 and 142-B, Sundar Industrial Estate, Raiwind, Lahore.

### 2 Basis of preparation

#### 2.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest other than on the basis of reported results and net assets of the subsidiary. Consolidated financial statements of the Company are prepared and presented separately.

| Name of Company<br>Subsidiary                | 2019                           | 2018      |
|--|--------------------------------|-----------|
|  | (Direct percentage of holding) |           |
| Roshan Sun Tao Paper Mills (Private) Limited | <u>60</u>                      | <u>60</u> |

#### 2.2 Statement of compliance

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

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

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

Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 985 (I)/2019 dated 02 September 2019 has deferred the application of impairment requirements of IFRS 9 on financial assets due from Government of Pakistan till 30 June 2021.

### 2.3 Functional and presentation currency

These unconsolidated financial statements have been presented in Pakistani Rupees which is also the Company's functional currency, unless otherwise indicated.

### 2.4 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for:

- certain foreign currency translation adjustments;
- recognition of employee retirement benefits at present value;
- certain operating assets at revalued amounts; and
- certain financial liabilities recognised at present value.

### 2.5 Use of estimates and judgments

The preparation of these unconsolidated financial statements is in conformity with the accounting and reporting standards as applicable in Pakistan which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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 values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's unconsolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

|  | Note    |
|--|---------|
| - Revenue recognition: Whether revenue from products recognised over time or at point in time. | 4.1.1   |
| - Depreciation method, rates and useful lives of depreciable assets                            | 4.2     |
| - Useful life of intangibles   | 4.6     |
| - Stock-in-trade   | 4.9     |
| - Stores, spares and other consumables   | 4.8     |
| - Impairment of trade debtors and contract assets  | 4.1.2.2 |
| - Employee retirement benefits   | 4.11    |
| - Provisions   | 4.13    |
| - Contingencies  | 4.14    |
| - Taxation   | 4.18    |
| - Measurement of ECL allowance for financial assets  | 4.1.2.2 |

### 3 New standards / amendments to approved accounting standards and interpretations which became effective during the year ended 30 June 2019

3.1 The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018. The impact of adoption of the standard and new accounting policies are explained in note 4 below. A number of other standards are effective from 01 July 2018 but they do not have a material effect on the Company's unconsolidated financial statements.

### 3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's unconsolidated financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of changes required in classification, measurement of financial instruments and the disclosure requirements of the standard.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendments will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendments and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The

amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

The above amendments are not likely to have an impact on the Company's unconsolidated financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is

ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's unconsolidated financial statements.

#### 4 Significant accounting policies

The accounting policies adopted for the preparation of these unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements of the Company for the year ended 30 June 2018, except for those disclosed in note 4.1 of these unconsolidated financial statements.

#### 4.1 Changes in significant accounting policies

The company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018.

Due to the transition method chosen by the Company in applying these standards, comparative information throughout these unconsolidated financial statements has not generally been restated to reflect its requirements.

The effect of initially applying these standards is mainly attributed to the following:

- earlier recognition of revenue from made-to-order products contracts ; and
- an increase in impairment losses recognised on financial assets.

The details of new significant accounting policies adopted, the nature and effect of the changes from previous accounting policies are set out below:

#### 4.1.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgment.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 01 July 2018). Accordingly, the information presented at 30 June 2018 has not been restated - i.e. presented, as previously reported, under IAS 18. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The impact on these unconsolidated financial statements on the date of adoption of IFRS 15 (01 July 2018) is summarised below:

|   | <b>Impact of<br/>adopting IFRS 15<br/>at 01 July 2018</b> |
|---|---|
| <b>Accumulated profit</b>                     | <b>Rs.</b>  |
| Made - to order products recognised over time | (731,562)   |
| Related tax                                   | (433,462)   |
| Impact at 01 July 2018                        | <u>(1,165,024)</u>  |

The following table summarises the impact of adopting IFRS 15 on Company's unconsolidated statement of financial position as at 30 June 2019 and its unconsolidated statement of profit or loss for the year then ended for each of the line items affected. There was no material impact on the Company's unconsolidated statement of comprehensive income and unconsolidated statement of cash flows for the year ended 30 June 2019.

**Impact on the unconsolidated statement of financial position**

|   | <b>Amount without<br/>adoption of<br/>IFRS 15<br/>Rs.</b> | <b>Adjustments<br/>Rs.</b> | <b>As<br/>reported<br/>Rs.</b> |
|---|---|----------------------------|--------------------------------|
| <b>Assets</b>   |   |                            |                                |
| Stock in trade  | 747,205,749   | (37,619,182)               | 709,586,567                    |
| Contract asset  | -   | 48,595,967                 | 48,595,967                     |
| Advances, deposits, prepayments and other receivables | 765,393,340   | (6,164,441)                | 759,228,899                    |
| Other assets  | 7,688,063,761   | -                          | 7,688,063,761                  |
| <b>Total assets</b>                                   | <u>9,200,662,850</u>                                      | <u>4,812,344</u>           | <u>9,205,475,194</u>           |

|                                     | <b>Amount without<br/>adoption of<br/>IFRS 15<br/>Rs.</b> | <b>Adjustments<br/>Rs.</b> | <b>As<br/>reported<br/>Rs.</b> |
|-------------------------------------|---|----------------------------|--------------------------------|
| <b>Equity</b>                       |   |                            |                                |
| Un-appropriated profit              | 353,702,983   | 3,265,830                  | 356,968,813                    |
| Others                              | 5,257,517,363   | -                          | 5,257,517,363                  |
|                                     | <u>5,611,220,346</u>                                      | <u>3,265,830</u>           | <u>5,614,486,176</u>           |
| <b>Liabilities</b>                  |   |                            |                                |
| Deferred taxation                   | 559,749,603   | 1,546,514                  | 561,296,117                    |
| Other liabilities                   | 3,029,692,901   | -                          | 3,029,692,901                  |
| <b>Total equity and liabilities</b> | <u>9,200,662,850</u>                                      | <u>4,812,344</u>           | <u>9,205,475,194</u>           |

***Impact on unconsolidated statement of profit or loss***

|  | <b>Amount without<br/>adoption of<br/>IFRS 15<br/>Rs.</b> | <b>Adjustments<br/>Rs.</b> | <b>As<br/>reported<br/>Rs.</b> |
|--|---|----------------------------|--------------------------------|
| Revenue  | 6,250,145,162   | 48,595,967                 | 6,298,741,129                  |
| Less : Sales tax                               | (895,989,855)   | (5,627,333)                | (901,617,188)                  |
|  | <u>5,354,155,307</u>                                      | <u>42,968,634</u>          | <u>5,397,123,941</u>           |
| Cost of sales                                  | (4,989,147,096)   | (102,346,655)              | (5,091,493,751)                |
| Taxation                                       | (66,031,627)  | (2,083,622)                | (68,115,249)                   |
| Others   | (329,140,489)   | 64,727,473                 | (264,413,016)                  |
| <b>Total comprehensive income for the year</b> | <u>(30,163,905)</u>                                       | <u>3,265,830</u>           | <u>(26,898,075)</u>            |

**Made-to-order packaging products:** Under IAS 18, revenue for made-to-order packaging products was recognised when the goods were either dispatched or delivered to the customers' premises, which was taken to be the point in time at which customer accepted the goods and the related risks and rewards of ownership transferred. Revenue was recognised at that point provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods. Under IFRS 15, revenue for made-to-order products is recognised over time - i.e. before the goods delivered to the customers' premises.

Therefore, for these products revenue is recognised sooner under IFRS 15 than under IAS 18. The impact of these changes on items other than revenue are an increase in trade and other receivables, a new contract asset and a decrease in inventories.

**4.1.2 IFRS 9 'Financial Instruments'**

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. As a result of adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the unconsolidated statement of profit or loss. Previously, the Company's policy was to include the impairment of trade debtors (if any) in selling and distribution expense. The comparative unconsolidated statement of profit or loss for the year ended 30 June 2018 did not have any impact of impairment loss on trade debtors.

The Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information. The details of new significant accounting policies adopted and the nature and the effect of the changes to the previous accounting policies are set out below:

**4.1.2.1 Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for the financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive income ("FVOCI"), or through profit or loss ("FVTPL"); and
- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation of certain financial assets with respect to subsequent measurement either through profit or loss or other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

**Financial assets at FVTPL** These assets are subsequently measured at fair value. Net gains and losses, including an interest / markup or dividend income, are recognised in unconsolidated statement of profit or loss.

**Financial assets at amortised cost** These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income, foreign exchange gains, losses and impairment are recognised in unconsolidated statement of profit or loss.

**Debt investment at FVOCI** These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in unconsolidated statement of profit or loss. Other net gains and losses are recognised in unconsolidated statement of comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated statement of profit or loss.

**Equity investments at FVOCI** These assets are subsequently measured at fair value. Dividends are recognised in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to unconsolidated statement of profit or loss.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 July 2018. The effect of adoption of IFRS 9 on the carrying amounts of financial assets as at 01 July 2018 relates solely to the new impairment requirements.

|                                | <b>Original Classification under IAS 39</b> | <b>New classification under IFRS 9</b> | <b>Original carrying amount IAS 39<br/>Rs.</b> | <b>New carrying amount under IFRS 9<br/>Rs.</b> |
|--------------------------------|---|--|--|---|
| Long term loan                 | Loans and receivables                       | Amortized cost                         | 82,972,338                                     | 82,972,338                                      |
| Long term deposits             | Loans and receivables                       | Amortized cost                         | 20,501,701                                     | 20,501,701                                      |
| Short term loan                | Loans and receivables                       | Amortized cost                         | 92,186,870                                     | 92,186,870                                      |
| Trade debtors                  | Loans and receivables                       | Amortized cost                         | 1,231,373,541                                  | 937,921,639                                     |
| Deposits and other receivables | Loans and receivables                       | Amortized cost                         | 27,473,045                                     | 27,473,045                                      |
| Bank balances                  | Loans and receivables                       | Amortized cost                         | 1,749,293,398                                  | 1,749,293,398                                   |

#### 4.1.2.2 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to the financial assets measured at amortized cost, and debt investments at FVOCI, but not to investments in equity instruments.

The Company has determined that the application of IFRS 9's impairment requirements at 01 July 2018 results in an additional impairment (expected credit loss) as follows:

|   | <b>Rs.</b>                |
|---|---------------------------|
| Loss allowance at 30 June 2018 under IAS 39                                 | 48,135,576                |
| Additional impairment (expected credit loss) recognised at 01 July 2018 on: |                           |
| Trade debtors   | 293,451,902               |
|   | <b><u>341,587,478</u></b> |

Additional information about how the Company measures the allowance for impairment is described in note 43.2 to the unconsolidated financial statements.

#### 4.1.2.3 Transition

Changes in accounting policies resulting from adoption of IFRS 9 have been applied as follows:

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment requirements). Differences in the carrying amounts of financial assets resulting from adoption of IFRS 9 are recognised in unappropriated profits as at 01 July 2018. Accordingly the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The determination of business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application.

#### 4.2 Property, plant and equipment

##### Operating assets and depreciation

Operating assets except freehold land, buildings on freehold land, plant and machinery and electric installations are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss while buildings on freehold land, plant and machinery and electric installations are stated at revalued amount less accumulated depreciation.

Cost of property, plant and equipment comprises of historical cost, exchange differences recognized, for the acquisition of assets up to the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken, if any, for specific projects.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Revalued amounts have been determined by an independent professional valuer on the basis of present market value. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Increases in the carrying amounts arising on revaluation of property, plant and equipment is recognised, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset all other decreases are charged to profit or loss. Each year, the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the profit or loss) and depreciation based on the assets original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit. All transfers to / from surplus on revaluation are net of applicable deferred taxation.

Depreciation on all property, plant and equipment is charged to profit or loss on the reducing balance method, except for certain buildings on freehold land, plant and machinery and related electric installations which are being depreciated using the straight line method, so as to write off

the historical cost of an asset over its estimated useful life at annual rates mentioned in note 5 after taking into account their residual values.

Depreciation on additions to operating assets is charged from the month in which the item becomes available for use whereas it is discontinued from the month in which the asset is disposed or classified as held for disposal.

The residual value, depreciation method and the useful lives of each part of operating assets that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in profit or loss.

##### Capital work-in-progress

Capital work in progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure incurred on operating assets during the construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant operating assets category as and when assets are available for use.

#### 4.3 Financial instruments

The Company has initially applied IFRS 9 from 01 July 2018. Information about the Company's accounting policies regarding classification, subsequent measurement and impairment relating to financial instruments is provided in note 4.1.2.

##### 4.3.1 Derecognition

###### 4.3.1.1 Financial assets

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

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

###### 4.3.1.2 Financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount

extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### **4.3.1.3 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the unconsolidated statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **4.4 Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates that are used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **4.5 Leases**

The Company is a lessee:

##### **4.5.1 Finance leases**

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at lower of present value of minimum lease payments under the lease arrangements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Each minimum lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease. These liabilities are classified as current and non-current depending upon the timing of the payment.

Assets acquired under a finance lease are depreciated over the useful life of the asset using the reducing balance method at the rate given in note 5.1. Depreciation of leased assets is charged to profit or loss.

Depreciation on additions to leased assets is charged from the month in an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual and estimated useful lives of leased assets are reviewed, at each financial year end and adjusted if impact on depreciation is significant.

##### **4.5.2 Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

#### **4.6 Intangibles**

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangibles having finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in profit or loss on a straight-line basis over a period of five years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

#### **4.7 Investment in equity instruments of the subsidiary**

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount.

The Company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of approved accounting standards.

#### **4.8 Stores, spares and other consumables**

These are valued at lower of cost, which is calculated according to moving average method, and net realizable value. Stores in transit are valued at invoice value including other charges, if any, incurred thereon. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

#### **4.9 Stock-in-trade**

These are stated at the lower of cost and estimated net realizable value.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, and valuation has been determined as follows:

|                                    |   |
|------------------------------------|---|
| Raw materials                      | Weighted average cost   |
| Work-in-process and finished goods | Cost of direct materials, labour and appropriate manufacturing overheads. |

Stock in transit is valued at a cost, comprising invoice value plus other charges invoiced there on.

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 (selling expenses). Provision is made in the unconsolidated financial statements for obsolete and slow moving stock in trade based on management estimate.

#### 4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at amortised cost less impairment allowance if any. For the purpose of unconsolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and short term borrowings.

#### 4.11 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

##### Defined benefit plan - Gratuity

The Company operates an un-funded gratuity scheme for all employees. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for the gratuity scheme was carried out as at 30 June 2019. Projected unit credit method was used for valuation of the scheme.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Past service costs are recognized immediately in the profit or loss.

The Company uses the valuation performed by an independent actuary as the present value of its obligations under the gratuity scheme. The valuation is based on the assumptions as mentioned in note 22 unconsolidated financial statements.

##### Accumulating compensated absences

Accruals are made annually to cover the obligation for accumulating compensated absences on the basis of accumulated leaves and the last drawn salary and are charged to profit or loss.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

#### 4.12 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

#### 4.13 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic

benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

#### 4.14 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.

#### 4.15 Revenue from contracts with customers

The Company has initially applied IFRS 15 from 01 July 2018. Information about the Company's accounting policies relating to contracts with customers is provided in note 4.1.1.

##### Made-to-order packaging products:

The Company has determined that for made-to-order packaging products, the customer controls all of the work in progress as the products are being manufactured. This is because under those contracts products are made to a customer's specification and if a contract is terminated by the customer, then the Company is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Revenue and associated costs are recognised over time – i.e. before the goods are delivered to the customers' premises. Progress is determined based on the cost-to-cost method. Invoices are issued according to contractual terms and are usually payable within 60 - 90 days. Uninvoiced amounts are presented as contract assets.

##### Standard packaging products:

Revenue is measured based on the consideration specified in a contract with customer. The Company recognises revenue when it transfers control of the goods. The customers obtain control of standard packaging products when the goods are either dispatched or delivered to them and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 60 - 90 days. No discounts are provided for standard packaging products. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.

#### 4.16 Borrowings and their cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

#### 4.17 Foreign currency translation

Transactions denominated in foreign currencies are translated into Pak Rupees, at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the profit or loss.

#### 4.18 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity respectively.

##### Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

The company takes into account the current income tax law and the 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 views on items of material nature are in accordance with the law, the amounts are shown as contingent liabilities.

##### Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except in the case of items credited or charged directly to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

#### 4.19 Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

#### 4.20 Earnings per share

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

Diluted EPS is calculated by adjusting basic EPS with 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.

| 5 | Property, plant and equipment | Note | 2019<br>Rupees       | 2018<br>Rupees       |
|---|-------------------------------|------|----------------------|----------------------|
|   | Operating assets              | 5.1  | 4,545,885,536        | 3,452,467,657        |
|   | Capital work-in-progress      | 5.2  | 89,647,475           | 172,890,360          |
|   |                               |      | <b>4,635,533,011</b> | <b>3,625,358,017</b> |

#### 5.1 Operating assets

|                                    | Owned         |                            |                     |                        |                        | Leased           |              | Total        |
|------------------------------------|---------------|----------------------------|---------------------|------------------------|------------------------|------------------|--------------|--------------|
|                                    | Freehold land | Buildings on freehold land | Plant and machinery | Electric installations | Furniture and fixtures | Office equipment | Vehicles     |              |
| <i>Cost / revalued amount</i>      |               |                            |                     |                        |                        |                  |              |              |
| Balance as at 01 July 2017         | 814,125,000   | 974,934,767                | 2,407,423,324       | 75,786,926             | 7,034,867              | 38,874,679       | 37,390,523   | 47,781,000   |
| Additions                          | -             | 2,047,950                  | 75,200,758          | 3,960,810              | 1,310,173              | 6,108,337        | 857,000      | 10,415,000   |
| Transfers to owned assets          | -             | -                          | -                   | -                      | -                      | -                | 7,837,500    | (7,837,500)  |
| Disposals                          | -             | -                          | -                   | (57,673)               | -                      | (414,612)        | (3,149,956)  | (1,099,000)  |
| Balance as at 30 June 2018         | 814,125,000   | 976,982,717                | 2,482,624,082       | 79,690,063             | 8,345,040              | 44,568,404       | 42,935,067   | 49,259,500   |
| Balance as at 01 July 2018         | 814,125,000   | 976,982,717                | 2,482,624,082       | 79,690,063             | 8,345,040              | 44,568,404       | 42,935,067   | 49,259,500   |
| Additions                          | -             | 41,804,962                 | 84,319,687          | 36,548,109             | 675,116                | 6,024,568        | -            | 12,169,000   |
| Transfers to owned assets          | -             | -                          | -                   | -                      | -                      | -                | 19,068,500   | (19,068,500) |
| Disposals                          | -             | -                          | -                   | -                      | -                      | (588,972)        | (11,064,000) | -            |
| Revaluation during the year        | 127,630,000   | 138,149,810                | 1,221,529,545       | 9,031,022              | -                      | -                | -            | (11,652,972) |
| Balance as at 30 June 2019         | 941,755,000   | 1,156,937,489              | 3,788,473,314       | 125,269,194            | 9,020,156              | 50,004,000       | 50,939,567   | 42,360,000   |
| <i>Accumulated depreciation</i>    |               |                            |                     |                        |                        |                  |              |              |
| Balance as at 01 July 2017         | -             | 146,306,462                | 688,545,575         | 20,482,628             | 3,199,633              | 12,950,147       | 27,146,492   | 13,272,534   |
| Charge for the year                | -             | 34,077,851                 | 85,843,030          | 3,596,151              | 441,289                | 2,894,062        | 2,636,650    | 7,733,278    |
| Transfers to owned assets          | -             | -                          | -                   | -                      | -                      | -                | 3,807,831    | (3,807,831)  |
| Disposals                          | -             | -                          | -                   | (42,937)               | -                      | (133,296)        | (2,553,970)  | (333,363)    |
| Balance as at 30 June 2018         | -             | 180,384,313                | 774,388,605         | 24,035,842             | 3,640,922              | 15,710,913       | 31,037,003   | 16,864,618   |
| Balance as at 01 July 2018         | -             | 180,384,313                | 774,388,605         | 24,035,842             | 3,640,922              | 15,710,913       | 31,037,003   | 16,864,618   |
| Charge for the year                | -             | 33,479,999                 | 86,493,530          | 6,700,487              | 511,634                | 3,206,756        | 2,835,726    | 7,736,936    |
| Transfers to owned assets          | -             | -                          | -                   | -                      | -                      | -                | 9,335,726    | (9,335,726)  |
| Disposals                          | -             | -                          | -                   | -                      | -                      | (281,068)        | (8,928,842)  | -            |
| Revaluation during the year        | -             | 29,000,463                 | 409,667,315         | 2,388,032              | -                      | -                | -            | (9,209,910)  |
| Balance as at 30 June 2019         | -             | 242,864,775                | 1,270,549,450       | 33,124,361             | 4,152,556              | 18,636,601       | 34,279,613   | 15,265,828   |
| Carrying amount as at 30 June 2018 | 814,125,000   | 796,598,404                | 1,708,235,477       | 55,654,221             | 4,704,118              | 28,857,491       | 11,898,064   | 32,394,882   |
| Carrying amount as at 30 June 2019 | 941,755,000   | 914,072,714                | 2,517,923,864       | 92,144,833             | 4,867,600              | 31,367,399       | 16,659,954   | 27,094,172   |
| Annual depreciation rate - %age    | -             | 2.5%-10%                   | 3%-10%              | 10%                    | 10%                    | 10%              | 20%          | 20%          |

**5.1.1** Freehold land, buildings on freehold land, plant and machinery and electric installations were revalued by an independent professional valuer, Unicorn International Surveyors, on present market value basis at reporting date. The revaluation surplus net of deferred tax is credited to surplus on revaluation of property, plant and equipment. Had there been no revaluation, the carrying amounts of the following classes of assets would have been as follows:

|                            | 2019<br>Rupees       | 2018<br>Rupees       |
|----------------------------|----------------------|----------------------|
| Freehold land              | 126,827,077          | 126,827,077          |
| Buildings on freehold land | 532,895,466          | 511,174,304          |
| Plant and machinery        | 1,464,413,496        | 1,442,939,035        |
| Electric installations     | 79,656,983           | 49,200,916           |
|                            | <u>2,203,793,022</u> | <u>2,130,141,332</u> |

**5.1.2** The forced sale values of the revalued assets are as follows:

|                            |                      |                      |
|----------------------------|----------------------|----------------------|
| Freehold land              | 800,491,750          | 692,006,250          |
| Buildings on freehold land | 777,025,455          | 562,768,106          |
| Plant and machinery        | 2,139,924,877        | 964,620,713          |
| Electric installations     | 78,633,516           | 49,948,293           |
|                            | <u>3,796,075,598</u> | <u>2,269,343,362</u> |

**5.1.3** Depreciation charge for the year has been allocated as follows:

|                                   |                    |                    |
|-----------------------------------|--------------------|--------------------|
| Cost of sales                     | 131,879,839        | 128,378,696        |
| Administrative expenses           | 3,174,487          | 3,090,064          |
| Selling and distribution expenses | 5,910,742          | 5,753,551          |
|                                   | <u>140,965,068</u> | <u>137,222,311</u> |

**5.1.4** Freehold lands of the Company are located at 7 K.M. Sundar Raiwind Road, opposite Sundar Industrial Estate, Mauza Bhai Kot, District Lahore, measuring 8.22 acres and Plot No. 141, 142 & 142-B, Sundar Industrial Estate, Sundar Raiwind Road, Lahore, measuring 7.73 acres.

The buildings on freehold land and other immovable assets of the Company are constructed / located at above mentioned freehold land.

**5.1.5** Fair value estimation

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is determined on the basis of objective evidence at each reporting date.

The tables below analyze the non-financial assets carried at fair value as at 30 June 2019 and 30 June 2018.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset

or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the Company's freehold land, buildings on freehold land, plant and machinery and electric installations that are measured at fair value.

**Recurring fair value measurements of following items of operating assets:**

|                            | 2019               |                    |                      |                      |
|----------------------------|--------------------|--------------------|----------------------|----------------------|
|                            | Level 1            | Level 2            | Level 3              | Total                |
|                            | ----- Rupees ----- |                    |                      |                      |
| Freehold land              | -                  | 941,755,000        | -                    | 941,755,000          |
| Buildings on freehold land | -                  | -                  | 914,072,714          | 914,072,714          |
| Plant and machinery        | -                  | -                  | 2,517,923,864        | 2,517,923,864        |
| Electric installations     | -                  | -                  | 92,144,833           | 92,144,833           |
|                            | <u>-</u>           | <u>941,755,000</u> | <u>3,524,141,411</u> | <u>4,465,896,411</u> |
|                            | ----- Rupees ----- |                    |                      |                      |
|                            | 2018               |                    |                      |                      |
|                            | Level 1            | Level 2            | Level 3              | Total                |
| Freehold land              | -                  | 814,125,000        | -                    | 814,125,000          |
| Buildings on freehold land | -                  | -                  | 796,598,404          | 796,598,404          |
| Plant and machinery        | -                  | -                  | 1,708,235,477        | 1,708,235,477        |
| Electric installations     | -                  | -                  | 55,654,221           | 55,654,221           |
|                            | <u>-</u>           | <u>814,125,000</u> | <u>2,560,488,102</u> | <u>3,374,613,102</u> |

Movements of the above mentioned assets and surplus on revaluation of these assets have been disclosed in note 5.1 and note 17 respectively to these unconsolidated financial statements. There are no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

#### **5.1.6 Valuation techniques used to derive level 2 and level 3 fair values**

The Company obtains independent valuations for its freehold land, building on freehold land, plant and machinery and electric installations at least every three years. At the end of each reporting period, the management updates its assessment of the fair value of each asset mentioned above, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 2 fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot. Level 3 fair value of building on freehold land has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value. Level 3 fair value of plant and machinery, and electric installations have been determined using a depreciated replacement cost approach, whereby, the current replacement cost of plant and machinery, and electric installations of similar make/origin, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear.

### 5.1.7 Valuation inputs and relationship to fair value

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See paragraph above for the valuation techniques adopted.

| Description                | Fair value at 30 June |               | Significant unobservable inputs   | Quantitative data / range and relationship to the fair value   |
|----------------------------|-----------------------|---------------|---|--|
|                            | 2019                  | 2018          |   |  |
|                            | Rupees                | Rupees        |   |  |
| Buildings on freehold land | 914,072,714           | 796,598,404   | Cost of construction of a new similar building.   | The market value has been determined by using a suitable depreciation factor on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.   |
| Plant and machinery        | 2,517,923,864         | 1,708,235,477 | Cost of acquisition of similar plant and machinery with similar level of technology.    | The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of plant and machinery. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.             |
| Electric installations     | 92,144,833            | 55,654,221    | Cost of acquisition of similar electric installations with similar level of technology. | The market value has been determined by using cost of acquisition of similar electric installations with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of electric installations. The higher the cost of acquisition of similar electric installations, higher the fair value of tools and equipment. Further, higher the depreciation rate, the lower the fair value of electric installations. |

### 5.2 Capital work-in-progress

|                          | 2019               |                           |                                       |                    |
|--------------------------|--------------------|---------------------------|---------------------------------------|--------------------|
|                          | As at 01 July 2018 | Additions during the year | Transfers / deletions during the year | As at 30 June 2019 |
|                          | -----Rupees-----   |                           |                                       |                    |
| Plant and machinery      | 60,549,381         | 30,902,230                | (70,474,442)                          | 20,977,169         |
| Civil works              | 28,296,397         | 25,036,827                | (40,593,067)                          | 12,740,157         |
| Electrical installations | 36,452,289         | 801,690                   | (36,499,292)                          | 754,687            |
| Machinery in transit     | 9,265,578          | -                         | (9,265,578)                           | -                  |
|                          | <b>134,563,645</b> | <b>56,740,747</b>         | <b>(156,832,379)</b>                  | <b>34,472,013</b>  |
| Advances to suppliers    | 38,326,715         | 52,786,580                | (35,937,833)                          | 55,175,462         |
|                          | <b>172,890,360</b> | <b>109,527,327</b>        | <b>(192,770,212)</b>                  | <b>89,647,475</b>  |
|                          | -----Rupees-----   |                           |                                       |                    |
|                          | 2018               |                           |                                       |                    |
|                          | As at 01 July 2017 | Additions during the year | Transfers / deletions during the year | As at 30 June 2018 |
| Plant and machinery      | 64,940,013         | 70,810,126                | (75,200,758)                          | 60,549,381         |
| Civil works              | 130,397            | 30,213,950                | (2,047,950)                           | 28,296,397         |
| Electrical installations | 18,611,765         | 21,801,334                | (3,960,810)                           | 36,452,289         |
| Machinery in transit     | -                  | 9,265,578                 | -                                     | 9,265,578          |
|                          | 83,682,175         | 132,090,988               | (81,209,518)                          | 134,563,645        |
| Advances to suppliers    | 35,228,745         | 12,310,317                | (9,212,347)                           | 38,326,715         |
|                          | <b>118,910,920</b> | <b>144,401,305</b>        | <b>(90,421,865)</b>                   | <b>172,890,360</b> |

### 6 Intangible

#### Cost

|                           | 2019      | 2018      |
|---------------------------|-----------|-----------|
|                           | Rupees    | Rupees    |
| Balance as at 01 July     | 7,088,486 | 7,088,486 |
| Additions during the year | -         | -         |
| Balance as at 30 June     | 7,088,486 | 7,088,486 |

#### Accumulated amortization

|                       | 2019      | 2018      |
|-----------------------|-----------|-----------|
| Balance as at 01 July | 3,890,507 | 2,472,810 |
| Charge for the year   | 1,417,697 | 1,417,697 |
| Balance as at 30 June | 5,308,204 | 3,890,507 |

#### Net book value as at 30 June

|                              | 2019       | 2018       |
|------------------------------|------------|------------|
|                              | Percentage | Percentage |
| Annual amortization rate (%) | 20%        | 20%        |

6.1 Intangible represents ERP software and amortization on intangible is charged to administrative expenses.

| 7 | Investment in subsidiary   | Note | 2019<br>Rupees     | 2018<br>Rupees |
|---|--|------|--------------------|----------------|
|   | <b>Unquoted:</b>   |      |                    |                |
|   | <b>Roshan Sun Tao Paper Mills (Private) Limited</b>  |      |                    |                |
|   | 11,137,613 (2018: 11,137,613) fully paid ordinary shares of Rs. 10 each [Equity held 60% (2018: 60%)] - Cost | 7.1  | <b>111,376,130</b> | 111,376,130    |

7.1 The Company directly holds 60% shares in its subsidiary, Roshan Sun Tao Paper Mills (Private) Limited. The principal activity of the subsidiary will be manufacturing, supplying and dealing in corrugated papers. The investment in subsidiary is accounted for at cost.

| 8 | Long term loan - unsecured, considered good                       | Note      | 2019<br>Rupees     | 2018<br>Rupees |
|---|---|-----------|--------------------|----------------|
|   | Loan to associate undertaking - Roshan Enterprises                | 8.1 & 8.2 | <b>132,838,400</b> | -              |
|   | Loan to subsidiary - Roshan Sun Tao Paper Mills (Private) Limited | 8.3 & 8.4 | <b>117,094,385</b> | 82,972,338     |
|   |   |           | <b>249,932,785</b> | 82,972,338     |

8.1 This represents receivables amounting to Rs. 122.72 million, converted to long term loan by a special resolution passed at the Annual General Meeting of the Company dated 29 October 2018. The loan including markup will be repaid by the associated undertaking after two years from the date of conversion i.e. 29 October 2018. The loan carries markup at the rate of 1-Year KIBOR+2% per annum. Markup is being charged from the date of conversion.

|   | 2019<br>Rupees     | 2018<br>Rupees |
|---|--------------------|----------------|
| <b>Movement during the year is as follows:</b>                      |                    |                |
| Balance converted in to long term loan from receivables - unsecured | <b>122,722,688</b> | -              |
| Accrued mark up   | <b>10,115,712</b>  | -              |
| Closing balance   | <b>132,838,400</b> | -              |

8.2 The maximum aggregate amount outstanding during the year amounted to Rs. 132.838 million (2018: Nil).

8.3 This represents loan disbursed to finance capital expenditure, for setting up of the subsidiary's production facility, up to a maximum of Rs. 260 million. The loan carries interest at the rate of 8% per annum. The mark up shall be received on a quarterly basis from the date of commencement of commercial operations of the subsidiary, which is expected in December 2021. The principal will be received in 2 equal installments commencing from June 2021.

**Movement during the year is as follows:**

|   | 2019<br>Rupees     | 2018<br>Rupees |
|---|--------------------|----------------|
| Opening balance   | <b>82,972,338</b>  | -              |
| Balance converted in to long term loan from advance due from subsidiary | -                  | 42,020,690     |
| Loan disbursed during the year  | <b>26,868,547</b>  | 36,509,099     |
| Accrued mark up   | <b>7,253,500</b>   | 4,442,549      |
| Closing balance   | <b>117,094,385</b> | 82,972,338     |

8.4 The maximum aggregate amount outstanding during the year amounted to Rs. 117.094 million (2018: 82.972).

| 9 | Stock-in-trade  | Note | 2019<br>Rupees     | 2018<br>Rupees |
|---|---|------|--------------------|----------------|
|   | Raw materials [In transit: 91.052 million (2018: Rs. 24.456 million)] |      | <b>693,322,162</b> | 569,085,590    |
|   | Work-in-process   |      | -                  | 20,776,488     |
|   | Finished goods  |      | <b>16,264,405</b>  | 41,789,793     |
|   |   |      | <b>709,586,567</b> | 631,651,871    |

**10 Contract assets**

This represents the Company's right to consideration for work completed but not billed at the reporting date on made to order products recognized on the adoption of IFRS 15.

| 11 | Trade debtors - unsecured         | Note | 2019<br>Rupees       | 2018<br>Rupees |
|----|-----------------------------------|------|----------------------|----------------|
|    | Considered good                   | 11.1 | 1,528,236,936        | 1,279,509,117  |
|    | Less: provision for credit losses |      | (258,731,588)        | (48,135,576)   |
|    |                                   |      | <b>1,269,505,348</b> | 1,231,373,541  |

11.1 This includes an amount of Rs. 3.143 million (2018: Rs. 122.722 million) receivable from Roshan Enterprises ("an associated undertaking"). The maximum aggregate amount outstanding during the year was Rs.122.722 million (2018: Rs.122.722 million). The age analysis is as follows:

|  | 2019<br>Rupees   | 2018<br>Rupees |
|--|------------------|----------------|
| <b>Aging of related party balances</b> |                  |                |
| Current                                | -                | 2,735,160      |
| 01 to 90 days                          | <b>3,143,560</b> | 4,441,077      |
| 91 to 180 days                         | -                | 3,974,400      |
| 181 to 270 days                        | -                | 3,717,960      |
| 271 to 365 days                        | -                | 1,479,455      |
| More than 365 days                     | -                | 106,374,636    |
|  | <b>3,143,560</b> | 122,722,688    |

11.2 The movement in provision for credit losses against trade receivables is as follows:

| Provision for credit losses                 | Rupees             |
|---|--------------------|
| As at 01 July 2018 - as previously reported | 48,135,576         |
| Adjustment on initial application of IFRS 9 | 293,451,902        |
|   | <u>341,587,478</u> |
| Reversal during the year                    | (82,855,890)       |
| As at 30 June 2019                          | <u>258,731,588</u> |

12 Short term loan - unsecured, considered good

This represents share deposit money paid by the Company to the subsidiary for further issuance of share capital. However, since the shares were not issued by the subsidiary within ninety days of receipt of subscription money, the said subscription money was recognised as a loan in accordance with the requirements of "Investment in Associated Companies and Associated Undertakings, Regulations, 2017". The loan carries interest at the rate of 8% (2018: 8%) per annum.

| Note  | 2019<br>Rupees     | 2018<br>Rupees |
|---|--------------------|----------------|
| <b>13 Advances, deposits, prepayments and other receivables</b> |                    |                |
| <b><u>Non-interest bearing</u></b>                              |                    |                |
| <i>Advances - considered good:</i>                              |                    |                |
| - To employees  | 2,482,861          | 12,813,298     |
| - To suppliers  | 119,880,757        | 101,950,842    |
|   | <u>122,363,618</u> | 114,764,140    |
| <i>Balances with statutory authorities:</i>                     |                    |                |
| - Sales tax receivable - net                                    | 185,914,319        | 183,636,382    |
| - Income tax receivable - net                                   | 405,889,123        | 369,556,236    |
|   | <u>591,803,442</u> | 553,192,618    |
| Prepayments   | 1,770,072          | 2,284,790      |
| Security deposits   | 15,117,872         | 5,934,505      |
| Interest receivable - saving accounts                           | 13,423,995         | 14,163,590     |
| Interest receivable - subsidiary                                | 14,749,900         | 7,374,950      |
|   | <u>759,228,899</u> | 697,714,593    |

13.1 It include advances against expenses paid to executives amounting to Rs. 0.47 million (2018: Rs. 3.102 million).

| Note                             | 2019<br>Rupees       | 2018<br>Rupees |
|----------------------------------|----------------------|----------------|
| <b>14 Cash and bank balances</b> |                      |                |
| Cash in hand                     | 232,131              | 268,767        |
| <i>Cash at banks</i>             |                      |                |
| - saving accounts                | 123,014,476          | 306,937,893    |
| - current accounts               | 115,383,462          | 192,086,738    |
| - term deposits                  | 900,000,000          | 1,250,000,000  |
|                                  | <u>1,138,397,938</u> | 1,749,024,631  |
|                                  | <u>1,138,630,069</u> | 1,749,293,398  |

14.1 Profit on the balances in saving accounts ranges from 6.3% to 12.5% (2018: 5.7% to 6.3%) per annum.

14.2 Profit on term deposits ranges from 6.25% to 12.8% (2018: 5.6% to 6.25%) per annum.

15 Issued, subscribed and paid up share capital

|   | 2019<br>(Number of shares) | 2018               | 2019<br>Rupees       | 2018<br>Rupees       |
|---|----------------------------|--------------------|----------------------|----------------------|
| Ordinary shares of Rs. 10 each fully paid in cash   | 57,336,000                 | 57,336,000         | 573,360,000          | 573,360,000          |
| Ordinary shares of Rs. 10 each issued as bonus shares                                     | 79,461,000                 | 55,811,000         | 794,610,000          | 558,110,000          |
| Ordinary shares of Rs. 10 each fully paid for consideration other than cash - (Note 15.1) | 5,103,000                  | 5,103,000          | 51,030,000           | 51,030,000           |
|   | <u>141,900,000</u>         | <u>118,250,000</u> | <u>1,419,000,000</u> | <u>1,182,500,000</u> |

15.1 These shares were issued against the fair value of land acquired which measures 48 kanals and 12 marlas and is situated opposite to Sundar Industrial Estate, Bhai Kot, Raiwind, Lahore.

15.2 The Company during the year issued 23.65 million bonus shares amounting to Rs. 236.50 million. The reconciliation of ordinary share capital during the period is as follows:

|   | (Number of shares) | Rupees               |
|---|--------------------|----------------------|
| Issued share capital as at 01 July 2018 | 118,250,000        | 1,182,500,000        |
| Issue of bonus shares during the period | 23,650,000         | 236,500,000          |
| Issued share capital as at 30 June 2019 | <u>141,900,000</u> | <u>1,419,000,000</u> |

15.3 Following shares of the Company are held with the related parties.

| Name of related party        | Relationship with the Company | 2019<br>------(No. of shares)----- | 2018       | 2019<br>Rupees | 2018<br>Rupees |
|------------------------------|-------------------------------|------------------------------------|------------|----------------|----------------|
| Mr. Tayyab Aijaz             | Chief Executive Officer       | 38,087,809                         | 31,739,841 | 380,878,090    | 317,398,410    |
| Mr. Saddat Aijaz             | Director                      | 16,830,000                         | 14,025,000 | 168,300,000    | 140,250,000    |
| Mr. Zaki Aijaz               | Director                      | 16,833,538                         | 14,027,949 | 168,335,380    | 140,279,490    |
| Mr. Khalid Eijaz Qureshi     | Director                      | 20,790,000                         | 17,325,000 | 207,900,000    | 173,250,000    |
| Mr. Quasim Aijaz             | Director                      | 4,196,562                          | 3,497,135  | 41,965,620     | 34,971,350     |
| Mr. Muhammad Naveed Tariq    | Director                      | 2                                  | 2          | 20             | 20             |
| Mr. Malik Asad Ali Khan      | Director                      | -                                  | 2          | -              | 20             |
| Mrs. Ayesha Mussadaque Hamid | Director                      | 56                                 | -          | 560            | -              |
| Mr. Hamza Gillani            | Other related party           | 12,127                             | 10,106     | 121,270        | 101,060        |

## 16 Share premium

This share premium reserve can be utilized by the Company only for the purposes specified in section 81(2) and 81(3) of the Companies Act, 2017.

## 17 Surplus on revaluation of property, plant and equipment

This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land, plant and machinery and electric installations, adjusted by incremental depreciation arising out of revaluation of above mentioned assets except freehold land. The latest valuation is carried out by an independent professional valuer, Unicorn International Surveyors, on 30 June 2019, on present market value basis.

The revaluation surplus relating to above mentioned operating assets, excluding freehold land, is net of applicable deferred taxes. Incremental depreciation represents the difference between the actual depreciation on the above mentioned assets excluding freehold land and the equivalent depreciation based on the historical cost of these assets. The movement in revaluation surplus is as follows:

|   | 2019<br>Rupees       | 2018<br>Rupees       |
|---|----------------------|----------------------|
| Opening balance - net of tax  | 1,078,519,283        | 1,073,890,796        |
| Revaluation surplus during the year   | 1,055,284,567        | -                    |
| Deferred tax on revaluation surplus during the year   | (268,302,631)        | -                    |
| Effect of change in tax rate on balance of revaluation on property, plant and equipment                       | 4,994,654            | 28,751,464           |
| Surplus transferred to unappropriated profit for the year on account of incremental depreciation - net of tax | (26,767,567)         | (24,122,977)         |
| Closing balance - net of tax  | <u>1,843,728,306</u> | <u>1,078,519,283</u> |

## 18 Supplier's credit - unsecured

|   | 2019<br>Rupees    | 2018<br>Rupees     |
|---|-------------------|--------------------|
| Supplier's credit                               | 248,226,538       | 302,302,080        |
| Current portion shown under current liabilities | (151,869,925)     | (116,156,657)      |
|   | <u>96,356,613</u> | <u>186,145,423</u> |

18.1 This comprises of payable to Windmoller & Holscher, Germany and Taiwan Endurance, Taiwan in respect of the following assets:

|   | 2019<br>Rupees     | 2018<br>Rupees     |
|---|--------------------|--------------------|
| Varex II 5-Layer Co-Extrusion Line machine  | 129,891,643        | 148,029,230        |
| Gravure Printing Press Heliostar SH machine | 97,084,734         | 122,926,110        |
| Paper Board Handling System machine         | 21,250,161         | 31,346,740         |
|   | <u>248,226,538</u> | <u>302,302,080</u> |

18.1.1 This represents interest free amount payable to Windmoller & Holscher, Germany, against purchase of Varex II 5-Layer Co-Extrusion Line machine on deferred payment basis in ten half yearly installments ending on 03 February 2021. The interest free payable amount has been discounted at a rate of 0.87% per annum to arrive at the cash price equivalent of the machine. The reconciliation of the carrying amount is as follows:

|                                    | 2019<br>Rupees     | 2018<br>Rupees     |
|------------------------------------|--------------------|--------------------|
| Supplier's credit                  | 210,369,804        | 210,369,804        |
| Discounting adjustment             | (9,565,283)        | (9,565,283)        |
|                                    | <u>200,804,521</u> | <u>200,804,521</u> |
| Unwinding of discount on liability | 8,933,873          | 7,300,090          |
|                                    | <u>209,738,394</u> | <u>208,104,611</u> |
| Exchange loss                      | 71,939,597         | 34,378,940         |
|                                    | <u>281,677,991</u> | <u>242,483,551</u> |
| Payments                           | (151,786,348)      | (94,454,321)       |
|                                    | <u>129,891,643</u> | <u>148,029,230</u> |
| Current maturity                   | (65,623,300)       | (50,368,322)       |
|                                    | <u>64,268,343</u>  | <u>97,660,908</u>  |

18.1.2 This represents interest free amount payable to Windmoller & Holscher, Germany, against purchase of Gravure Printing Press Heliostar SH machine on deferred payment basis in ten half yearly installments ending on 13 September 2020. The interest free payable amount has been discounted at a rate of 0.87% per annum to arrive at the cash price equivalent of the machine. The reconciliation of the carrying amount is as follows:

|                                    | 2019<br>Rupees     | 2018<br>Rupees     |
|------------------------------------|--------------------|--------------------|
| Supplier's credit                  | 210,406,544        | 210,406,544        |
| Discounting adjustment             | (9,566,953)        | (9,566,953)        |
|                                    | <u>200,839,591</u> | <u>200,839,591</u> |
| Unwinding of discount on liability | 9,273,465          | 7,908,397          |
|                                    | <u>210,113,056</u> | <u>208,747,988</u> |
| Exchange loss                      | 58,873,010         | 29,472,498         |
|                                    | <u>268,986,066</u> | <u>238,220,486</u> |
| Payments                           | (171,901,332)      | (115,294,376)      |
|                                    | <u>97,084,734</u>  | <u>122,926,110</u> |
| Current maturity                   | (64,996,464)       | (50,153,746)       |
|                                    | <u>32,088,270</u>  | <u>72,772,364</u>  |

**18.1.3** This represents interest free amount payable to Taiwan Endurance Company Limited, Taiwan, against purchase of Paper Board Handling System machine on deferred payment basis in 3 equal annual installments ending on 15 December 2019. The interest free payable amount has been discounted at a rate of 0.26% per annum to arrive at the cash price equivalent of the machine. The reconciliation of the carrying amount is as follows:

|                                    | 2019<br>Rupees    | 2018<br>Rupees |
|------------------------------------|-------------------|----------------|
| Supplier's credit                  | 40,584,800        | 40,584,800     |
| Discounting adjustment             | (209,200)         | (209,200)      |
|                                    | <b>40,375,600</b> | 40,375,600     |
| Unwinding of discount on liability | 203,563           | 151,091        |
|                                    | <b>40,579,163</b> | 40,526,691     |
| Exchange loss                      | 13,218,798        | 5,124,279      |
|                                    | <b>53,797,961</b> | 45,650,970     |
| Payments                           | (32,547,800)      | (14,304,230)   |
|                                    | <b>21,250,161</b> | 31,346,740     |
| Current maturity                   | (21,250,161)      | (15,634,589)   |
|                                    | <b>-</b>          | 15,712,151     |

## 19 Long term finances - secured

These have been obtained from the following financial institutions:

|                            |      |   |   |
|----------------------------|------|---|---|
| Dubai Islamic Bank Limited | 19.1 | - | - |
| United Bank Limited        | 19.2 | - | - |
|                            |      | - | - |

### 19.1 Dubai Islamic Bank Limited

|                  | Note   | 2019<br>Rupees     | 2018<br>Rupees |
|------------------|--------|--------------------|----------------|
| Opening balance  |        | 255,812,500        | 356,371,642    |
| Payments         |        | (100,000,000)      | (100,559,142)  |
|                  |        | <b>155,812,500</b> | 255,812,500    |
| Current maturity | 19.1.2 | (155,812,500)      | (255,812,500)  |
|                  |        | <b>-</b>           | -              |

**19.1.1** This represents Shirkat-ul-Milk facility of Rs. 400 million for financing the expansion of flexible packaging facility. The principal portion of Rs. 115.125 million (2018: Rs. 191.875 million) is repayable in six equal quarterly instalments of Rs. 19.188 million beginning on 16 September 2019, and remaining principal portion of Rs. 40.687 million (2018: Rs 63.938 million) is repayable in seven equal quarterly instalments of Rs. 5.813 million beginning on 22 August 2019. Mark up is payable quarterly at the rate of three months KIBOR plus 0.9% per annum. The mark-up rate charged during the year on the outstanding balance ranged from 7.34% to 13.82% (2018: 7.04% to 7.79%) per annum. It is secured by a first exclusive charge over fixed assets of the Company's flexible packaging facility located at Sundar Industrial Estate, Lahore, first hypothecation charge over plant and machinery of the corrugation packaging facility of the Company located at Sundar, Raiwind Road, opposite to Sundar Industrial Estate, Lahore, and personal guarantees of 3 directors of the Company

**19.1.2** The outstanding term finance liability has become payable on demand due to the fact that the Company has made defaults in complying covenants associated by the lender with the said term loan.

|                                 | Note   | 2019<br>Rupees     | 2018<br>Rupees |
|---------------------------------|--------|--------------------|----------------|
| <b>19.2 United Bank Limited</b> |        |                    |                |
| Opening balance                 |        | 250,000,000        | 250,000,000    |
| Payments                        |        | (74,400,037)       | -              |
|                                 |        | <b>175,599,963</b> | 250,000,000    |
| Current maturity                | 19.2.2 | (175,599,963)      | (250,000,000)  |
|                                 |        | <b>-</b>           | -              |

**19.2.1** This represents term finance facility to finance corrugator unit capacity expansion project. The aggregate amount of the facility is Rs. 400 million out of which Rs. 351.2 million (2018: Rs 351.2 million) has been availed as of the reporting date. The outstanding principal of Rs. 135.452 million (2018: Rs 199.815 million) is repayable in four equal half yearly installments and remaining outstanding principal amounting to Rs. 40.147 million (2018: Rs 50.185 million) is repayable in four equal half yearly installments beginning on 03 November 2019. Mark up is payable semi annually at the rate of six months KIBOR plus 0.9% per annum (2018: three months KIBOR plus net spread (Lending rate - Deposit rate) secured up to 0.6%). The mark-up rate charged during the year on the outstanding balance ranged from 7.94% to 11.7% (2018: 6.74% to 7.90%) per annum. The facility is secured by first exclusive charge over present and future land, building and plant and machinery of the corrugation packaging facility of the Company located at Sundar, Raiwind Road, opposite to Sundar Industrial Estate, Lahore, and personal guarantees of 3 directors of the Company.

**19.2.2** The outstanding term finance liability has become payable on demand due to the fact that the Company has made defaults in complying covenants associated by the lender with the said term loan.

### 20 Liabilities against assets subject to finance lease - secured

|   | Note | 2019<br>Rupees   | 2018<br>Rupees |
|---|------|------------------|----------------|
| Present value of minimum lease payments               |      | 19,764,577       | 26,246,823     |
| Less: Current portion shown under current liabilities | 23   | (10,258,712)     | (16,396,026)   |
|   |      | <b>9,505,865</b> | 9,850,797      |

The minimum lease payments have been discounted at an implicit interest rate of KIBOR plus 1% to 1.5% per annum reset every six months. The implicit interest rate used during the year to arrive at the present value of minimum lease payments ranges from 9.66% to 20.14% (2018: 9.66% to 18.43%) per annum. Since the implicit interest rate is linked with KIBOR, the amount of minimum lease payments and finance charge may vary from period to period.

Rentals are paid monthly in advance. Taxes, repairs, replacements and insurance costs are to be born by lessee.

The lease is secured against personal guarantees of 3 directors of the Company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

The amount of future minimum lease payments along with their present value and the periods during which they fall due are:

|  | 2019              |                        |                   |
|--|-------------------|------------------------|-------------------|
|  | Upto one year     | From one to five years | Total             |
| <b>Liabilities against assets subject to finance lease - secured</b> |                   |                        |                   |
| Minimum lease payments   | 12,083,333        | 10,068,715             | 22,152,048        |
| Less: finance costs allocated to future periods                      | (1,824,621)       | (562,850)              | (2,387,471)       |
| Present value of minimum lease payments                              | <u>10,258,712</u> | <u>9,505,865</u>       | <u>19,764,577</u> |

|  | 2018              |                        |                   |
|--|-------------------|------------------------|-------------------|
|  | Upto one year     | From one to five years | Total             |
| <b>Liabilities against assets subject to finance lease - secured</b> |                   |                        |                   |
| Minimum lease payments   | 18,271,055        | 10,441,140             | 28,712,195        |
| Less: finance costs allocated to future periods                      | (1,875,029)       | (590,343)              | (2,465,372)       |
| Present value of minimum lease payments                              | <u>16,396,026</u> | <u>9,850,797</u>       | <u>26,246,823</u> |

## 21 Deferred taxation

|  | 2019               |                                       |                                      |                    |
|--|--------------------|---------------------------------------|--------------------------------------|--------------------|
|  | *Opening balance   | Charge / (reversal) to profit or loss | Charge to other comprehensive income | Closing balance    |
| <b>Taxable temporary difference</b>    |                    |                                       |                                      |                    |
| Accelerated tax depreciation           | 215,887,872        | 44,271,925                            | -                                    | 260,159,797        |
| Revaluation surplus                    | 166,072,325        | (11,005,219)                          | 263,307,977                          | 418,375,083        |
| Assets subject to finance lease        | 1,832,502          | 286,467                               | -                                    | 2,118,969          |
| <b>Deductible temporary difference</b> |                    |                                       |                                      |                    |
| Deferred liabilities                   | (25,122,190)       | 24,422,768                            | 699,422                              | -                  |
| Impairment allowance on trade debtors  | (1,799,831)        | 1,799,831                             | -                                    | -                  |
| Tax losses due to tax depreciation     | (26,988,200)       | 8,339,476                             | -                                    | (18,648,724)       |
| Minimum tax                            | (40,238,993)       | (48,283,065)                          | -                                    | (88,522,058)       |
| Alternate corporate tax                | (12,186,950)       | -                                     | -                                    | (12,186,950)       |
|  | <u>277,456,535</u> | <u>19,832,183</u>                     | <u>264,007,399</u>                   | <u>561,296,117</u> |

\* This includes the effect of initially applying IFRS 15 as at 01 July 2018 as explained in note 4.1 of the unconsolidated financial statements.

|   | 2018               |                                       |   |                    |
|---|--------------------|---------------------------------------|---|--------------------|
|   | Opening balance    | Charge / (reversal) to profit or loss | Charge / (reversal) to other comprehensive income | Closing balance    |
| <b>Taxable temporary difference</b>                       |                    |                                       |   |                    |
| Accelerated tax depreciation                              | 224,686,225        | (8,798,353)                           | -   | 215,887,872        |
| Revaluation surplus                                       | 175,708,417        | 19,115,372                            | (28,751,464)                                      | 166,072,325        |
| Assets subject to finance lease                           | 1,114,314          | 718,188                               | -   | 1,832,502          |
| <b>Deductible temporary difference</b>                    |                    |                                       |   |                    |
| Deferred liabilities                                      | (23,178,714)       | (2,927,218)                           | 983,741   | (25,122,190)       |
| Provision for doubtful debts                              | (1,793,300)        | (6,531)                               | -   | (1,799,831)        |
| Tax losses due to tax depreciation                        | -                  | (26,797,994)                          | -   | (26,797,994)       |
| Tax credits under section 65B available for carry forward | (36,020,207)       | 36,020,207                            | -   | -                  |
| Minimum tax   | (40,238,993)       | -                                     | -   | (40,238,993)       |
| Alternate corporate tax                                   | (12,186,950)       | -                                     | -   | (12,186,950)       |
|   | <u>288,090,792</u> | <u>17,323,672</u>                     | <u>(27,767,723)</u>                               | <u>277,646,741</u> |

21.1 Deferred tax assets amounting to Rs. 101.34 million have not been recognised in the financial statements.

| 22 | Deferred liabilities              | Note | 2019 Rupees       | 2018 Rupees       |
|----|-----------------------------------|------|-------------------|-------------------|
|    | Accumulating compensated absences | 22.1 | 6,560,993         | 5,024,731         |
|    | Provision for gratuity            | 22.2 | 67,031,244        | 60,988,612        |
|    |                                   |      | <u>73,592,237</u> | <u>66,013,343</u> |

| 22.1 | Accumulating compensated absences                            | 2019 Rupees      | 2018 Rupees      |
|------|--|------------------|------------------|
|      | Opening liability  | 5,024,731        | 4,525,917        |
|      | Provision for the year                                       | 2,906,498        | 1,436,872        |
|      |  | <u>7,931,229</u> | <u>5,962,789</u> |
|      | Transferred to trade and other payables for former employees | (1,370,236)      | (938,058)        |
|      | Liability as at year end                                     | <u>6,560,993</u> | <u>5,024,731</u> |

| 22.2 | Provision for gratuity                       | 2019 Rupees       | 2018 Rupees       |
|------|--|-------------------|-------------------|
|      | Opening liability                            | 60,988,612        | 55,250,563        |
|      | Provision charged to profit or loss          | 18,086,660        | 14,260,259        |
|      | Actuarial gain to other comprehensive income | (2,419,329)       | (3,934,953)       |
|      |  | <u>76,655,943</u> | <u>65,575,869</u> |
|      | Paid during the year                         | (9,624,699)       | (4,587,257)       |
|      | Liability as at year end                     | <u>67,031,244</u> | <u>60,988,612</u> |

| 22.2.1 | Movement in present value of defined benefit obligation | 2019 Rupees       | 2018 Rupees       |
|--------|---|-------------------|-------------------|
|        | Opening liability                                       | 60,988,612        | 55,250,563        |
|        | Current service cost                                    | 13,592,559        | 10,420,881        |
|        | Interest cost   | 4,494,101         | 3,839,378         |
|        | Remeasurements - actuarial gain                         | (2,419,329)       | (3,934,953)       |
|        | Paid during the year                                    | (9,624,699)       | (4,587,257)       |
|        | Liability as at year end                                | <u>67,031,244</u> | <u>60,988,612</u> |

22.2.2 Comparison of present value of defined benefit obligation for five years is as follows:

|   | 2019        | 2018        | 2017       | 2016       | 2015       |
|---|-------------|-------------|------------|------------|------------|
| ----- Rupees -----                          |             |             |            |            |            |
| As at June 30                               |             |             |            |            |            |
| Present value of defined benefit obligation | 67,031,244  | 60,988,612  | 55,250,563 | 40,047,474 | 36,078,371 |
| Remeasurments - actuarial (gain) / loss     | (2,419,329) | (3,934,953) | 1,169,816  | (474,225)  | 21,968     |

22.2.3 Assumptions used for valuation of the defined benefit scheme for employees are as under:

|                                     | 2019   | 2018  |
|-------------------------------------|--------|-------|
| Discount rate                       | 14.25% | 8.00% |
| Expected rate of increase in salary | 13.25% | 7.00% |
| Average duration of liability       | 8      | 7     |

Mortality rates are assumed to be based on the SLIC (2001-2005) mortality table.

22.2.4 Year end sensitivity analysis ( $\pm 100$  bps) on defined benefit obligation is as follows:

|   | Discount rate + 100 bps | Discount rate - 100 bps | Salary increase rate + 100 bps | Salary increase rate - 100 bps |
|---|-------------------------|-------------------------|--------------------------------|--------------------------------|
| Present value of defined benefit obligation | 60,685,453              | 74,340,488              | 74,340,488                     | 60,580,207                     |

23

**Current portion of long term liabilities**

Note

|   | 2019<br>Rupees     | 2018<br>Rupees     |
|---|--------------------|--------------------|
| Supplier's credit - unsecured                                 | 151,869,925        | 116,156,657        |
| Long term finances - secured                                  | 331,412,463        | 505,812,500        |
| Liabilities against assets subject to finance lease - secured | 10,258,712         | 16,396,026         |
|   | <b>493,541,100</b> | <b>638,365,183</b> |

24

**Short term borrowings - secured**

|                      |      |                      |                      |
|----------------------|------|----------------------|----------------------|
| Running finance      | 24.1 | 441,881,617          | 471,559,319          |
| Term finances:       |      |                      |                      |
| - Import finance     | 24.2 | 112,267,606          | 185,983,794          |
| - Murabaha / Istisna | 24.3 | 798,965,099          | 676,266,266          |
|                      |      | <b>911,232,705</b>   | <b>862,250,060</b>   |
|                      |      | <b>1,353,114,322</b> | <b>1,333,809,379</b> |

24.1

**Running finance**

This represents short term running finance facilities available from various commercial banks under mark-up arrangements amounting to Rs. 550 million (2018: Rs.550 million) at mark-up rates ranging from one month to three months KIBOR plus 0.5% to 1.10% per annum, payable quarterly, on the balance outstanding. The aggregate running finances are secured against first and joint pari passu charge over present and future current assets of the Company. The mark-up rate charged during the year on the outstanding balance ranged from 7.42% to 13.9% (2018: 6.64% to 7.42%) per annum.

24.2

**Import finance**

This represents import finance facilities available from various commercial banks under profit arrangements amounting to Rs. 1,920 million (2018: Rs. 1770 million) at mark-up rates ranging from one to three month KIBOR plus 0.5% to 1.10% per annum, payable at the maturity of the respective transaction. The aggregate import finances are secured against first and joint pari passu charge over all present and future current assets of the Company. The mark-up rate charged during the year on the outstanding balance ranged from 7.42% to 13.52% (2018: 6.70% to 7.53%) per annum.

24.3

**Murabaha / Istisna**

This represents Murabaha / Istisna facilities available from various commercial banks under profit arrangements amounting to Rs. 950 million (2018: Rs. 1050 million) at mark-up rates ranging from six month KIBOR plus 0.50% to 1.0% per annum, payable at the maturity of the respective transaction. The aggregate murabaha/istisna finances are secured against first and joint pari passu charge over all present and future current assets of the Company. The mark-up rate charged during the year on the outstanding balance ranged from 6.96% to 14.09% (2018: 6.61% to 8.53%) per annum.

24.4

**Letters of credit and guarantee**

Of the aggregate facility of Rs. 2,420 million (2018: Rs. 2,220 million) for opening letters of credit and Rs. 130 million (2018: Rs. 130 million) for guarantees, the amount utilized at 30 June 2019, was Rs. 741 million (2018: Rs. 307.5 million) and Rs. 33 million (2018: Rs. 7.42 million) respectively. The aggregate facilities for opening letters of credit and guarantees are secured by a first pari passu charge over current assets of the Company and lien over import documents.

| 25 | Trade and other payables           | 2019<br>Rupees     | 2018<br>Rupees     |
|----|------------------------------------|--------------------|--------------------|
|    | Trade creditors                    | 691,504,695        | 593,313,561        |
|    | Bills payable                      | 208,929,477        | 52,795,524         |
|    | Retention money                    | 851,021            | 4,167,040          |
|    | Accrued liabilities                | 57,194,817         | 52,556,138         |
|    | Withholding tax payable            | 2,368,928          | 3,601,722          |
|    | Workers' profit participation fund | 1,507,531          | -                  |
|    | Workers' welfare fund              | -                  | 1,678,561          |
|    | Advances from employees            | 1,902,525          | 3,527,610          |
|    |                                    | <b>964,258,994</b> | <b>711,640,156</b> |

26 **Contract liabilities**  
The contract liabilities primarily relate to the advance consideration received from the customers.

| 27 | Accrued markup                       | 2019<br>Rupees    | 2018<br>Rupees    |
|----|--------------------------------------|-------------------|-------------------|
|    | <i>Accrued markup / interest on:</i> |                   |                   |
|    | - Long term finance - secured        | 4,406,149         | 3,869,432         |
|    | - Short term borrowings - secured    | 30,025,457        | 17,420,560        |
|    |                                      | <b>34,431,606</b> | <b>21,289,992</b> |

## 28 Contingencies and commitments

### 28.1 Contingencies

28.1.1 The banks have issued the following guaranties on behalf of the Company:

- Letter of guarantee issued in favour of Sui Northern Gas Pipelines Limited amounting to Rs. 25.29 million (2018: Rs. 6.2 million).
- Letter of guarantee issued in favour of Total Parco Pakistan Limited amounting to Rs.8 million (2018: Rs. 8 million).

28.1.2 Additional Commissioner Inland Revenue ('ACIR'), through an order dated 22 May 2012 disallowed the Company's claim of tax credit amounting to Rs. 11.112 million against minimum tax liability for Tax Year 2011. Against the subject order, the Company's management preferred an appeal before the Commissioner of Inland Revenue (Appeals), who upheld the ACIR's order. The Company's management has preferred a second appeal before the Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication. The Company's management considers that reasonable grounds exist to support its stance in the appeal and is of the view that the decision would be in its favour. Consequently, no provision has been made in these unconsolidated financial statements on this account.

28.1.3 Income tax proceedings were initiated by Deputy Commissioner Inland Revenue ('DCIR') under section 214C of the Income Tax Ordinance, 2001 ('the Ordinance') for tax year 2015. Upon finalization of the said proceedings the DCIR increased the Company's tax chargeable by Rs. 8.7 million on account of fixed assets, trade creditors, WPPF and others etc. through an amended assessment order u/s 122(1)/122(5) of the Ordinance dated 28 June 2018. Aggrieved by the decision of DCIR the Company filed an appeal before CIR (Appeals) which is pending adjudication. The management based on the advice of its legal counsel, is confident that the matter will be decided in the Company's favor and no financial obligation is expected to accrue. Consequently, no provision has been made in these unconsolidated financial statements on this account.

### 28.2 Commitments in respect of

- Letters of credit and contracts for capital expenditure amounting to Rs. 37.92 million (2018: Rs. 9.25 million).
- Letters of credit and contracts other than for capital expenditure amounting to Rs. 147.87 million (2018: Rs. 315.72 million).

| 29 | Revenue from contract with customers  | Note | 2019<br>Rupees       | 2018<br>Rupees       |
|----|---------------------------------------|------|----------------------|----------------------|
|    | Revenue                               | 29.1 | 6,298,741,129        | 4,694,781,077        |
|    | Less: Sales tax                       |      | (901,617,188)        | (663,393,503)        |
|    | *Revenue from contract with customers | 29.2 | <b>5,397,123,941</b> | <b>4,031,387,574</b> |

### Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by timing of revenue recognition and major product lines.

|   | 2019<br>Rupees       | 2018<br>Rupees       |
|---|----------------------|----------------------|
| <b>Major product lines:</b>               |                      |                      |
| - Made-to-order packaging products        | 4,813,580,764        | 3,757,901,517        |
| - Standard packaging products             | 583,543,177          | 273,486,057          |
|   | <b>5,397,123,941</b> | <b>4,031,387,574</b> |
| <b>Timing of revenue recognition:</b>     |                      |                      |
| - Products transferred over time          | 4,813,580,764        | 3,757,901,517        |
| - Products transferred at a point in time | 583,543,177          | 273,486,057          |
| *Revenue from contract with customers     | <b>5,397,123,941</b> | <b>4,031,387,574</b> |

\*The net impact of appliance IFRS 15 in revenue is amounted to Rs.6.925 million.

29.1 This includes unbilled revenue amounting to Rs. 48.6 million (2018: nil) recognized due to adoption of IFRS 15.

29.2 This includes revenue amounting to Rs. 9.578 million (2018: Rs. 16.348 million) to Roshan Enterprises, a related party (associated undertaking).

| 30 | Cost of sales                      | Note | 2019<br>Rupees       | 2018<br>Rupees |
|----|------------------------------------|------|----------------------|----------------|
|    | Raw materials consumed             |      | 4,252,776,094        | 3,029,823,613  |
|    | Carriage inward expenses           |      | 3,600,718            | 1,590,873      |
|    | Packing material consumed          |      | 19,837,551           | 15,263,171     |
|    | Production supplies                |      | 85,882,384           | 66,604,651     |
|    | Fuel and power                     |      | 174,496,387          | 145,116,102    |
|    | Salaries, wages and other benefits | 30.1 | 232,069,814          | 185,572,969    |
|    | Repairs and maintenance            |      | 65,215,171           | 52,013,508     |
|    | Printing and stationery            |      | 884,419              | 1,057,911      |
|    | Insurance                          |      | 7,275,977            | 7,357,263      |
|    | Operating lease rentals            |      | 16,508,440           | 15,359,460     |
|    | Travelling and conveyance          |      | 23,252,091           | 20,162,395     |
|    | Communication expenses             |      | 1,428,715            | 1,117,230      |
|    | Vehicle running expenses           |      | 2,876,923            | 2,302,667      |
|    | Depreciation                       |      | 131,879,839          | 128,378,696    |
|    | Others                             |      | 13,104,884           | 9,249,234      |
|    |                                    |      | <b>5,031,089,407</b> | 3,680,969,743  |
|    | Opening work-in-process*           |      | -                    | 42,527,088     |
|    | Closing work-in-process            |      | -                    | (20,776,488)   |
|    |                                    |      | -                    | 21,750,600     |
|    | Cost of goods manufactured         |      | <b>5,031,089,407</b> | 3,702,720,343  |
|    | Opening stock of finished goods*   |      | 11,941,276           | 62,299,584     |
|    | Closing stock of finished goods    |      | (16,264,405)         | (41,789,793)   |
|    |                                    |      | (4,323,129)          | 20,509,791     |
|    | Freight and transportation         |      | 64,727,473           | 59,452,033     |
|    |                                    |      | <b>5,091,493,751</b> | 3,782,682,167  |

\*This includes the effect of initially applying IFRS 15 as at 01 July 2018 as explained in note 4.1 of the unconsolidated financial statements.

### 30.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

|   | Note | 2019<br>Rupees    | 2018<br>Rupees |
|---|------|-------------------|----------------|
| <i>Gratuity:</i>                          |      |                   |                |
| Current service cost                      |      | 7,875,701         | 6,037,990      |
| Interest cost for the year                |      | 2,603,940         | 2,224,585      |
|   |      | <b>10,479,641</b> | 8,262,575      |
| <i>Accumulating compensated absences:</i> |      |                   |                |
| Charge for the year                       |      | 1,684,062         | 832,542        |
|   |      | <b>12,163,703</b> | 9,095,117      |

### 31 Administrative expenses

|                                    | Note | 2019<br>Rupees     | 2018<br>Rupees |
|------------------------------------|------|--------------------|----------------|
| Salaries, wages and other benefits | 31.1 | 68,205,574         | 71,338,410     |
| Legal and professional charges     |      | 4,811,213          | 5,843,585      |
| Fees and subscription              |      | 8,984,568          | 6,661,312      |
| Travelling and conveyance          |      | 3,717,386          | 6,350,801      |
| Insurance                          |      | 1,805,969          | 2,787,016      |
| Printing and stationery            |      | 863,543            | 736,712        |
| Repairs and maintenance            |      | 1,624,753          | 2,276,161      |
| Vehicle running and maintenance    |      | 3,339,270          | 4,060,457      |
| Utilities                          |      | 1,495,953          | 1,640,206      |
| Lease rentals - operating          |      | 5,797,500          | 5,364,708      |
| Auditors remuneration              | 31.2 | 3,015,600          | 2,346,000      |
| Communication                      |      | 5,180,674          | 3,705,382      |
| Depreciation                       |      | 3,174,487          | 3,090,064      |
| Amortization                       |      | 1,417,697          | 1,417,697      |
| Entertainment                      |      | 1,157,311          | 3,633,773      |
| Others                             |      | 906,399            | 3,385,246      |
|                                    |      | <b>115,497,897</b> | 124,637,530    |

### 31.1 Salaries, wages and other benefits

Salaries, wages and other benefits include following in respect of retirement benefits:

|   | 2019<br>Rupees   | 2018<br>Rupees |
|---|------------------|----------------|
| <i>Gratuity:</i>                          |                  |                |
| Current service cost                      | 4,113,011        | 3,153,284      |
| Interest cost for the year                | 1,359,883        | 1,161,768      |
|   | <b>5,472,894</b> | 4,315,052      |
| <i>Accumulating compensated absences:</i> |                  |                |
| Charge for the year                       | 879,485          | 434,787        |
|   | <b>6,352,379</b> | 4,749,839      |

| 31.2 | <b>Auditors remuneration</b> | Note | 2019<br>Rupees   | 2018<br>Rupees   |
|------|------------------------------|------|------------------|------------------|
|      | <i>Audit services:</i>       |      |                  |                  |
|      | Statutory audit              |      | 1,650,000        | 1,500,000        |
|      | Half year review             |      | 550,000          | 500,000          |
|      | Additional time cost charged |      | 600,000          | -                |
|      | Out of pocket expenses       |      | 215,600          | 196,000          |
|      | <i>Non-audit services:</i>   |      |                  |                  |
|      | Other certifications         |      | -                | 150,000          |
|      |                              |      | <b>3,015,600</b> | <b>2,346,000</b> |

| 32 | <b>Selling and distribution expenses</b> |      |                   |                   |
|----|--|------|-------------------|-------------------|
|    | Salaries, wages and other benefits       | 32.1 | 45,673,701        | 33,281,936        |
|    | Travelling and conveyance                |      | 9,786,777         | 4,875,336         |
|    | Vehicle running and maintenance          |      | 3,165,021         | 1,173,879         |
|    | Postage and telephone                    |      | 293,187           | 504,362           |
|    | Printing and stationery                  |      | -                 | 9,800             |
|    | Advertisement and business promotion     |      | 18,306,352        | 16,966,751        |
|    | Entertainment                            |      | 1,057,192         | 1,048,003         |
|    | Depreciation                             |      | 5,910,742         | 5,753,551         |
|    | Others                                   |      | 2,726,105         | 3,514,757         |
|    |  |      | <b>86,919,077</b> | <b>67,128,375</b> |

### 32.1 Salaries, wages and other benefits

Salaries, wages and other benefits include following in respect of retirement benefits:

|   | Note | 2019<br>Rupees   | 2018<br>Rupees   |
|---|------|------------------|------------------|
| <i>Gratuity:</i>                          |      |                  |                  |
| Current service cost                      |      | 1,603,847        | 1,229,607        |
| Interest cost for the year                |      | 530,279          | 453,025          |
|   |      | <b>2,134,126</b> | <b>1,682,632</b> |
| <i>Accumulating compensated absences:</i> |      |                  |                  |
| Charge for the year                       |      | 342,951          | 169,543          |
|   |      | <b>2,477,077</b> | <b>1,852,175</b> |

### 33 Other expenses

|                                    |      |                    |                   |
|------------------------------------|------|--------------------|-------------------|
| Exchange loss - net                |      | 113,643,390        | 82,262,727        |
| Workers' profit participation fund |      | 1,507,531          | -                 |
| Donations                          | 33.1 | -                  | 362,839           |
|                                    |      | <b>115,150,921</b> | <b>82,625,566</b> |

33.1 None of the directors or their spouses had any interest in the donees.

| 34 | <b>Other income</b>                           | 2019<br>Rupees     | 2018<br>Rupees     |
|----|---|--------------------|--------------------|
|    | Profit on bank deposits                       | 61,505,105         | 34,375,886         |
|    | Profit on term deposits                       | 60,745,822         | 67,619,552         |
|    | Markup on long term loan                      | 17,369,211         | 4,442,549          |
|    | Markup on short term loan                     | 7,374,950          | 7,374,950          |
|    | Gain on sale of property, plant and equipment | 9,936,658          | 375,468            |
|    | Liabilities no longer payable written back    | -                  | 593,862            |
|    | Others  | -                  | 303,439            |
|    |   | <b>156,931,746</b> | <b>115,085,706</b> |

### 35 Finance cost

*Interest / mark up on:*

|  |                    |                    |
|--|--------------------|--------------------|
| - Long term finances                       | 42,699,017         | 38,637,177         |
| - Finance leases                           | 4,062,553          | 3,163,416          |
| - Short term borrowings                    | 127,052,059        | 67,294,699         |
| Unwinding of discount on supplier's credit | 3,051,320          | 5,304,650          |
| Bank charges and others                    | 9,767,808          | 6,126,895          |
|  | <b>186,632,757</b> | <b>120,526,837</b> |

### 36 Taxation

*Income tax:*

|                |                   |          |
|----------------|-------------------|----------|
| - Current year | 46,669,718        | -        |
| - Prior year   | 1,613,348         | -        |
|                | <b>48,283,066</b> | <b>-</b> |

*Deferred tax:*

|                |                   |                   |
|----------------|-------------------|-------------------|
| - Current year | 33,262,509        | 51,345,531        |
| - Prior year   | 53,094,692        | (34,021,859)      |
|                | <b>19,832,183</b> | <b>17,323,672</b> |
|                | <b>68,115,249</b> | <b>17,323,672</b> |

### 36.1 Tax charge reconciliation

|   | 2019<br>Rupees      | 2018<br>Rupees      |
|---|---------------------|---------------------|
| Accounting profit / (loss)                          | <b>41,217,174</b>   | <b>(73,224,325)</b> |
| Tax expense (benefit) at the rate of 29% (2018:30%) | <b>11,952,980</b>   | <b>(21,967,297)</b> |
| -Effect of temporary differences                    | <b>(33,262,505)</b> | <b>(73,312,828)</b> |
| -Effect of prior year charge                        | <b>21,694,550</b>   | <b>-</b>            |
| -Effect of minimum tax                              | <b>55,511,068</b>   | <b>48,613,301</b>   |
| -Effect of change in tax rate                       | <b>33,013,488</b>   | <b>(34,021,859)</b> |
| -Effect of tax credit                               | <b>(20,794,332)</b> | <b>(48,613,301)</b> |
|   | <b>56,162,269</b>   | <b>39,290,969</b>   |
| Average tax expense charged to profit or loss       | <b>68,115,249</b>   | <b>17,323,672</b>   |

|  |               | 2019         | 2018<br>(Restated) |
|--|---------------|--------------|--------------------|
| <b>37 Earnings per share - basic and diluted</b> |               |              |                    |
| Loss attributable to owners of the Company       | <i>Rupees</i> | (26,898,075) | (90,547,997)       |
| Weighted-average number of ordinary shares       | <i>Number</i> | 141,900,000  | 141,900,000        |
| Basic earnings per share                         | <i>Rupees</i> | (0.19)       | (0.64)             |

**37.1** Weighted average number of shares for 2018 have been restated due to the impact of issuance of bonus shares, as detailed in note 15.

**37.2** There is no dilution effect on basic earning per share, as the Company has no such commitments.

|  | <i>Note</i> | 2019<br><i>Rupees</i> | 2018<br><i>Rupees</i> |
|--|-------------|-----------------------|-----------------------|
| <b>38 Cash used in operations</b>  |             |                       |                       |
| Profit / (loss) before taxation  |             | 41,217,174            | (73,224,325)          |
| <i>Adjustment for non-cash charges and other items:</i>                          |             |                       |                       |
| Depreciation on operating assets   |             | 140,965,068           | 137,222,311           |
| Amortization of intangibles  |             | 1,417,697             | 1,417,697             |
| Profit on bank deposits  |             | (122,250,927)         | (101,995,438)         |
| Markup on long term loan   |             | (17,369,211)          | (4,442,549)           |
| Markup on short term loan  |             | (7,374,950)           | (7,374,950)           |
| Unrealized exchange loss   |             | 94,017,292            | 58,822,472            |
| Finance cost   |             | 186,632,757           | 120,526,837           |
| Impairment loss on trade receivables   |             | (82,855,890)          | 42,097,130            |
| Gain on disposal of property, plant and equipment                                |             | (9,936,658)           | (375,468)             |
| Provision for accumulating compensated absences                                  |             | 2,906,498             | 1,436,872             |
| Provision for gratuity   |             | 18,086,660            | 14,260,259            |
| <b>Operating profit before working capital changes</b>                           |             | <b>245,455,510</b>    | 188,370,848           |
| <i>Effect on cash flow due to working capital changes:</i>                       |             |                       |                       |
| - Increase in stores, spares and other consumables                               |             | (26,305,563)          | (38,257,788)          |
| - Increase in stock-in-trade   |             | (107,783,213)         | (56,454,846)          |
| - Increase in contract assets  |             | (14,474,212)          | -                     |
| - Increase in trade debtors  |             | (371,450,507)         | (81,845,149)          |
| - (Increase) / decrease in advances, deposits, prepayments and other receivables |             | (23,550,864)          | 186,891               |
| - Increase / (decrease) in trade and other payables                              |             | 233,657,233           | (241,659,346)         |
| - Increase / (decrease) in contract liabilities                                  |             | 230,468               | (24,456,131)          |
|  |             | <b>(309,676,658)</b>  | (442,486,369)         |
| <b>Cash used in operations</b>   |             | <b>(64,221,148)</b>   | (254,115,521)         |
| <b>39 Cash and cash equivalents</b>  |             |                       |                       |
| Cash and bank balances   | 14          | 1,138,630,069         | 1,749,293,398         |
| Short term borrowings - running finance  | 24.1        | (441,881,617)         | (471,559,319)         |
|  |             | <b>696,748,452</b>    | 1,277,734,079         |

**40** The credit facilities available to the Company at year ended 30 June are as follows:

|                                | 2019                          | 2018                          |
|--------------------------------|-------------------------------|-------------------------------|
| Available limit                | Utilised credit               | Utilised credit               |
| ----- Rupees in million -----  | ----- Rupees in million ----- | ----- Rupees in million ----- |
| Running finance                | 550                           | 442                           |
| Istisna                        | 950                           | 799                           |
| Musharika                      | 600                           | -                             |
| FATR/FAPC                      | 1,920                         | 113                           |
|                                | <b>4,020</b>                  | <b>1,354</b>                  |
| Letter of credits / guarantees | <b>2,550</b>                  | <b>774</b>                    |
|                                |                               | <b>2,350</b>                  |
|                                |                               | <b>315</b>                    |

**41 Remuneration of Chief Executive, Directors and Executives**

**41.1** The aggregate amount charged in the unconsolidated financial statements for the year for remuneration, including certain benefits to the Chief Executive, directors and executives of the Company is as follows:

|                                     | Chief Executive   |                  | Executive Director |                  | Non Executive Directors |                  | Executives        |                   |
|-------------------------------------|-------------------|------------------|--------------------|------------------|-------------------------|------------------|-------------------|-------------------|
|                                     | 2019              | 2018             | 2019               | 2018             | 2019                    | 2018             | 2019              | 2018              |
| <b>Short term employee benefits</b> |                   |                  |                    |                  |                         |                  |                   |                   |
| Managerial remuneration             | 5,848,739         | 3,279,540        | 5,333,485          | 2,727,276        | -                       | -                | 41,320,064        | 36,275,901        |
| House rent allowance                | 2,631,639         | 1,472,823        | 2,399,904          | 1,227,276        | -                       | -                | 18,592,859        | 16,324,156        |
| Medical expenses                    | 584,811           | 327,294          | 533,305            | 272,724          | -                       | -                | 4,130,069         | 3,627,590         |
| Utilities                           | 584,811           | 327,294          | 533,305            | 272,724          | -                       | -                | 4,134,146         | 3,627,590         |
| Advisory fee                        | -                 | -                | -                  | -                | 4,914,788               | -                | -                 | -                 |
| Meeting fee                         | -                 | -                | -                  | -                | 795,000                 | -                | -                 | -                 |
| Bonus                               | -                 | 272,745          | -                  | 227,288          | -                       | -                | 2,687,115         | 1,853,042         |
|                                     | <b>9,650,000</b>  | <b>5,679,696</b> | <b>8,799,999</b>   | <b>4,727,288</b> | <b>5,709,788</b>        | <b>5,709,788</b> | <b>70,864,253</b> | <b>61,708,279</b> |
| <b>Post employment benefits</b>     |                   |                  |                    |                  |                         |                  |                   |                   |
| Gratuity                            | -                 | -                | -                  | -                | -                       | -                | 1,621,500         | 3,103,011         |
| Accumulated compensated absences    | <b>425,000</b>    | <b>225,000</b>   | <b>410,000</b>     | <b>187,500</b>   | -                       | -                | <b>511,748</b>    | <b>459,930</b>    |
|                                     | <b>10,075,000</b> | <b>5,904,696</b> | <b>9,209,999</b>   | <b>4,914,788</b> | <b>5,709,788</b>        | <b>5,709,788</b> | <b>72,997,501</b> | <b>65,271,220</b> |
| Number of persons                   | <b>1</b>          | <b>1</b>         | <b>1</b>           | <b>1</b>         | <b>5</b>                | <b>5</b>         | <b>27</b>         | <b>27</b>         |

**41.2** The chief executive, executive director, non executive directors and certain executives are provided with company maintained vehicles, mobile phones for official use and medical facility.

#### 42 Transactions with related parties

The related parties include the subsidiary, associated undertakings, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties have been disclosed in the respective notes to these financial statements other than the following:

| Relationship with the Company | Name of related party                        | Nature of Transactions                 | Percentage of shareholding |        | 2018 Rupees |
|-------------------------------|--|--|----------------------------|--------|-------------|
|                               |  |  | 2019                       | 2018   |             |
| Chief Executive               | Tayyab Ajjaz                                 | Bonus shares issued                    | 26.84%                     | 26.84% | 63,479,680  |
| Director                      | Zaki Ajjaz                                   | Bonus shares issued                    | 11.86%                     | 11.86% | 28,055,890  |
| Director                      | Saadat Ejiaz                                 | Bonus shares issued                    | 11.86%                     | 11.86% | 28,050,000  |
| Director                      | Khalid Ejiaz                                 | Bonus shares issued                    | 14.65%                     | 14.65% | 34,650,000  |
| Director                      | Quasim Ajjaz                                 | Bonus shares issued                    | 2.96%                      | 2.96%  | 6,994,270   |
| Director                      | Ayesha Mussadaque Hamid                      | Shares issued                          | 0.01%                      | -      | 560         |
| Other related party           | Hamza Gillani                                | Bonus shares issued                    | 0.01%                      | 0.01%  | 20,210      |
| Subsidiary                    | Roshan Sun Tao Paper Mills (Private) Limited | Long term loan to subsidiary           |                            |        | 36,509,099  |
|                               |  | Markup accrued on long term loan       |                            |        | 4,442,549   |
|                               |  | Markup accrued on short term loan      |                            |        | 7,374,950   |
| Associated undertaking        | Roshan Enterprises                           | Trade debt converted to long term loan |                            |        | 122,722,688 |
|                               |  | Markup accrued on long term loan       |                            |        | 10,115,712  |

#### 43 Financial instruments

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

##### 43.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

##### 43.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from long term loan, long term deposits, trade debts, short term loan, advances, deposits and other receivables and balances with banks. Out of the total financial assets of Rs. 2,860,647 million (2018: Rs. 3,216.345 million), the financial assets which are subject to significant credit risk amounted to Rs. 1,269,505 million (2018: Rs. 1,231.373 million).

##### 43.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

|  |             | 2019<br>Rupees       | 2018<br>Rupees       |
|--|-------------|----------------------|----------------------|
| <b><i>Financial assets at amortized cost</i></b> | <i>Note</i> |                      |                      |
| Long term loan                                   | 8           | 249,932,785          | 82,972,338           |
| Trade debts and contract assets                  | 10          | 1,318,101,315        | 1,231,373,541        |
| Short term loan                                  |             | 92,186,870           | 92,186,870           |
| Advances, deposits and other receivables         | 13          | 62,028,351           | 60,788,044           |
| Bank balances                                    | 14          | 1,138,397,938        | 1,749,024,631        |
|  |             | <b>2,860,647,259</b> | <b>3,216,345,424</b> |
| <i>Secured</i>                                   |             | -                    | -                    |
| <i>Unsecured</i>                                 |             | <b>2,860,647,259</b> | <b>3,216,345,424</b> |
|  |             | <b>2,860,647,259</b> | <b>3,216,345,424</b> |

The Company identified cancellation of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counter party is as follows:

|  | 2019<br>Rupees       | 2018<br>Rupees       |
|--|----------------------|----------------------|
| Trade debts and contract assets              | 1,318,101,315        | 1,231,373,541        |
| Banking companies and financial institutions | 1,167,812,356        | 1,772,632,386        |
| Loan to subsidiary and associate             | 356,869,555          | 182,534,158          |
| Others                                       | 17,864,033           | 29,805,339           |
|  | <b>2,860,647,259</b> | <b>3,216,345,424</b> |

#### 43.2.2 Trade debts and contract assets

The Company's trade debts and contract assets comprises of receivables from industrial customers and individuals. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the customer. Majority of the Company's industrial customers have been transacting with the Company for over five years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their trading history with the Company and existence of previous financial difficulties.

The Company uses an allowance matrix to measure ECLs of trade debtors. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. The future recoveries from trade debtors are accounted for in calculating the loss rate.

|                     | Weighted<br>average loss rate | Gross carrying<br>amount | Loss<br>allowance  |
|---------------------|-------------------------------|--------------------------|--------------------|
|                     |                               | -----Rupees-----         |                    |
| <b>30 June 2019</b> |                               |                          |                    |
| Current             | 0.16%                         | 816,699,381              | 1,249,734          |
| 1 - 90 Days         | 1.04%                         | 274,787,417              | 2,861,570          |
| 91 - 180 Days       | 10.58%                        | 106,310,455              | 11,249,989         |
| 181 - 270 Days      | 10.56%                        | 151,686,484              | 16,021,129         |
| 271 - 365 Days      | 100%                          | 40,307,953               | 40,307,953         |
| 366 -Above Days     | 100%                          | 187,041,213              | 187,041,213        |
|                     |                               | <b>1,576,832,903</b>     | <b>258,731,588</b> |
| <b>30 June 2018</b> |                               |                          |                    |
| Current             | 0.16%                         | 687,950,541              | 1,094,774          |
| 1 - 90 Days         | 1.02%                         | 163,243,339              | 1,661,144          |
| 91 - 180 Days       | 10.37%                        | 60,633,295               | 6,286,713          |
| 181 - 270 Days      | 11.08%                        | 39,516,368               | 4,379,273          |
| 271 - 365 Days      | 100%                          | 24,003,581               | 24,003,581         |
| 366 -Above Days     | 100%                          | 304,161,993              | 304,161,993        |
|                     |                               | <b>1,279,509,117</b>     | <b>341,587,478</b> |

#### 43.2.3 Cash and bank balances

The Company held cash and cash equivalents amounting to Rs. 696.748 million. These cash and cash equivalents are held with banks and financial institutions counterparties, which are rated A to AAA+, based on PACRA and VIS ratings.

Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects short term maturities of the exposure. The Company considers its cash and cash equivalents have low credit risk based on the external ratings of the counterparties.

12 month probabilities of default are based on historical data supplied by VIS rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

##### 43.2.3(a) Counterparties with external credit ratings

The credit quality of financial assets held with banking companies that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

| Bank                                       | Rating     |           | Rating Agency | 2019                 | 2018                 |
|--|------------|-----------|---------------|----------------------|----------------------|
|  | Short term | Long term |               | Rupees               | Rupees               |
| Allied Bank Limited                        | A1+        | AAA       | PACRA         | -                    | 253,540,898          |
| Askari Bank Limited.                       | A1+        | AA+       | PACRA         | 91,881,395           | 20,941,922           |
| Bank Alfalah Limited                       | A1+        | AA+       | PACRA         | -                    | 1,420,590            |
| Dubai Islamic Bank Pakistan Limited        | A-1+       | AA        | JCR-VIS       | 508,170,467          | 1,031,701,771        |
| Habib Bank Limited                         | A-1+       | AAA       | JCR-VIS       | 7,525,482            | 14,186,619           |
| Habib Metropolitan Bank Limited            | A1+        | AA+       | PACRA         | 18,936               | 177,045              |
| MCB Bank Limited                           | A1+        | AAA       | PACRA         | 527,350              | 14,916,768           |
| Meezan Bank Limited                        | A-1+       | AA+       | JCR-VIS       | 18,875,089           | 9,976,060            |
| National Bank of Pakistan                  | A1+        | AAA       | PACRA         | 122,925              | 122,925              |
| Soneri Bank Limited                        | A1+        | AA-       | PACRA         | -                    | 507,618              |
| Standard Chartered Bank (Pakistan) Limited | A1+        | AAA       | PACRA         | 2,241,322            | 12,376,578           |
| The Bank of Punjab                         | A1+        | AA        | PACRA         | 627,027              | 434,021              |
| United Bank Limited                        | A-1+       | AAA       | JCR-VIS       | 7,453,689            | 8,788,672            |
| Bank Islami Pakistan Limited.              | A1         | A+        | PACRA         | 3,811,344            | -                    |
| JS Bank Limited                            | A1+        | AA-       | PACRA         | 526,557,330          | 403,540,899          |
|  |            |           |               | <b>1,167,812,356</b> | <b>1,772,632,386</b> |

The Company has not recognised an impairment allowance on financial assets held with banking companies during the year ended 30 June 2019, as the impact was immaterial. There was no impact of transition to IFRS 9 ECL model on financial assets held with banking companies as at 01 July 2018.

#### 43.2.4 Loan to Subsidiary and associate

Loan to subsidiary has a low credit risk and a 12 month ECL basis have been used to determine impairment if any, on the financial asset. PD of lowest investment grade is used with as assumed recovery rate of nil. However, the impact of ECL against these financial assets has been determined to be immaterial and no charge of ECL has been accounted for in the financial statements.

The Company measures ECL against loan to associated undertaking, based on past transaction history with the associate. PD based on life time ECL basis has been calculated, using a pattern of recovery of past receivables from the associated undertaking with an assumed recovery rate of 95 percent. However, the impact of ECL on the financial asset has been determined to be immaterial.

#### 43.2.5 Advances, deposits and other receivables

Advances, deposits and other receivables mainly comprise of advances to employees against salaries and deposits with government entities. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

#### 43.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets, or that such obligation will have to be settled in a manner unfavourable to Company.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

#### 43.3.1 Exposure to liquidity risk

|   | Carrying amount      | Contractual cash flows | Up to one year       | One to five years  | More than five years |
|---|----------------------|------------------------|----------------------|--------------------|----------------------|
| 30 June 2019  |                      |                        |                      |                    |                      |
| ----- Rupees -----                                  |                      |                        |                      |                    |                      |
| Liabilities against assets subject to finance lease | 19,764,577           | 22,152,048             | 12,083,333           | 10,068,715         | -                    |
| Long term finances - secured                        | 331,412,463          | 373,490,946            | 373,490,946          | -                  | -                    |
| Supplier's credit - unsecured                       | 248,226,538          | 256,038,324            | 156,231,319          | 99,807,005         | -                    |
| Short term borrowings - secured                     | 1,353,114,322        | 1,542,288,630          | 1,542,288,630        | -                  | -                    |
| Trade and other payables                            | 959,531,514          | 959,531,514            | 959,531,514          | -                  | -                    |
| Unclaimed dividend                                  | 800,169              | 800,169                | 800,169              | -                  | -                    |
| Accrued markup                                      | 34,431,606           | 34,431,606             | 34,431,606           | -                  | -                    |
|   | <b>2,947,281,189</b> | <b>3,188,733,237</b>   | <b>3,078,857,517</b> | <b>109,875,720</b> | <b>-</b>             |
| 30 June 2018  |                      |                        |                      |                    |                      |
| ----- Rupees -----                                  |                      |                        |                      |                    |                      |
| Liabilities against assets subject to finance lease | 26,246,823           | 28,712,195             | 18,271,055           | 10,441,140         | -                    |
| Long term finances - secured                        | 505,812,500          | 545,496,688            | 545,496,688          | -                  | -                    |
| Supplier's credit - unsecured                       | 302,302,080          | 310,113,866            | 120,518,051          | 189,595,815        | -                    |
| Short term borrowings - secured                     | 1,333,809,379        | 1,440,489,173          | 1,440,489,173        | -                  | -                    |
| Trade and other payables                            | 702,192,833          | 702,192,833            | 702,192,833          | -                  | -                    |
| Unclaimed dividend                                  | 882,883              | 882,883                | 882,883              | -                  | -                    |
| Accrued markup                                      | 21,289,992           | 21,289,992             | 21,289,992           | -                  | -                    |
|   | <b>2,892,536,490</b> | <b>3,049,177,630</b>   | <b>2,849,140,675</b> | <b>200,036,955</b> | <b>-</b>             |

#### 43.3.2 Concentration risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is limited to certain sectors, however all transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

|                                       | 2019<br>Rupees       | 2018<br>Rupees       |
|---------------------------------------|----------------------|----------------------|
| Banking companies                     | 1,167,812,356        | 1,772,632,386        |
| Subsidiary and associated undertaking | 356,869,555          | 182,534,158          |
| Others                                | 1,335,965,348        | 1,261,178,880        |
|                                       | <b>2,860,647,259</b> | <b>3,216,345,424</b> |

#### 43.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### 43.4.1 Currency risk

The Company is exposed to currency risk on supplier credit and trade and other payables that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD), Euro, Swedish krona and Pound.

#### 43.4.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

|                          | 2019             |                    |                 |              |
|--------------------------|------------------|--------------------|-----------------|--------------|
|                          | USD              | Euro               | Swedish krona   | Pounds       |
| <i>On balance sheet:</i> |                  |                    |                 |              |
| Supplier credit          | (129,334)        | (1,230,343)        | -               | -            |
| Trade and other payables | (651,804)        | (13,907)           | (57,271)        | (452)        |
| <b>Net exposure</b>      | <b>(781,138)</b> | <b>(1,244,250)</b> | <b>(57,271)</b> | <b>(452)</b> |
| 2018                     |                  |                    |                 |              |
|                          | USD              | Euro               | Swedish krona   | Pounds       |
| <i>On balance sheet:</i> |                  |                    |                 |              |
| Supplier credit          | (258,667)        | (1,957,070)        | -               | -            |
| Trade and other payables | (391,440)        | (112,806)          | (16,970)        | -            |
| <b>Net exposure</b>      | <b>(650,107)</b> | <b>(2,069,876)</b> | <b>(16,970)</b> | <b>-</b>     |

#### 43.4.1(b) Exchange rate applies during the year

The following significant exchange rates have been applied during the year:

|                      | Average rate |        | Reporting date rate |        |
|----------------------|--------------|--------|---------------------|--------|
|                      | 2019         | 2018   | 2019                | 2018   |
| USD to PKR           | 148.69       | 109.96 | 164.50              | 121.40 |
| Euro to PKR          | 167.50       | 131.29 | 186.99              | 141.58 |
| Swedish krona to PKR | 16.57        | 13.01  | 18.02               | 13.60  |
| Pounds to PKR        | 195.13       | -      | 208.45              | -      |

#### 43.4.1(c) Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, pre-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of supplier credit and trade and other payables.

| <u>Effect on profit or loss</u> | 2019                | 2018                |
|---------------------------------|---------------------|---------------------|
|                                 | Rupees              | Rupees              |
| US Dollar                       | (12,849,720)        | (7,892,299)         |
| Euro                            | (23,266,231)        | (29,305,449)        |
| Swedish krona                   | (103,202)           | (23,078)            |
| Pound                           | (9,422)             | -                   |
|                                 | <b>(36,228,575)</b> | <b>(37,220,826)</b> |

#### 43.4.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

##### 43.4.2(a) Interest/mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

|                                   | 2019                              |             | 2018                        |                      |
|-----------------------------------|-----------------------------------|-------------|-----------------------------|----------------------|
|                                   | Effective rate<br>(in Percentage) | 2018        | Carrying amount<br>(Rupees) | 2018                 |
| <b>Financial assets</b>           |                                   |             |                             |                      |
| <i>Fixed rate instruments:</i>    |                                   |             |                             |                      |
| Long term loan - subsidiary       | 8.00                              | 8.00        | 117,094,385                 | 82,972,338           |
| Short term loan                   | 8.00                              | 8.00        | 92,186,870                  | 92,186,870           |
| Bank balances - Term deposits     | 12.65 - 12.80                     | 6.20 - 7.20 | 900,000,000                 | 1,250,000,000        |
| Bank balances - Saving accounts   | 10.70 - 12.55                     | 6.30        | 123,014,476                 | 306,937,893          |
| <i>Variable rate instruments:</i> |                                   |             |                             |                      |
| Long term loan - associate        | 12.28                             | -           | 132,838,400                 | -                    |
|                                   |                                   |             | <b>1,365,134,131</b>        | <b>1,732,097,101</b> |

#### Financial liabilities

##### Fixed rate instruments:

|                               |             |             |             |             |
|-------------------------------|-------------|-------------|-------------|-------------|
| Supplier's credit - unsecured | 0.26 - 0.87 | 0.26 - 0.87 | 248,226,538 | 302,302,080 |
|-------------------------------|-------------|-------------|-------------|-------------|

##### Variable rate instruments:

|   |   |  |                      |                      |
|---|---|--|----------------------|----------------------|
| Long term finances                                  | 3 - 6 months<br>KIBOR plus<br>0.90        | 3 - 6 months<br>KIBOR plus<br>0.6 - 0.90 | 331,412,463          | 505,812,500          |
| Liabilities against assets subject to finance lease | 6 months<br>KIBOR plus<br>1 - 2           | 6 months<br>KIBOR plus<br>1 - 2          | 19,764,577           | 26,246,823           |
| Short term borrowings - secured                     | 1 - 6 months<br>KIBOR plus<br>0.50 - 1.10 | 3 - 6 months<br>KIBOR plus<br>0.50 - 1   | 1,353,114,322        | 1,333,809,379        |
|   |   |  | <b>1,952,517,900</b> | <b>2,168,170,782</b> |

#### 43.4.2(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

|                                 | 100 bps          |              |
|---------------------------------|------------------|--------------|
|                                 | Increase         | Decrease     |
|                                 | -----Rupees----- |              |
| Effect on profit - 30 June 2019 | 15,714,530       | (15,714,530) |
| Effect on profit - 30 June 2018 | 18,658,687       | (18,658,687) |

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

#### 43.4.2(c) Interest rate risk management

The Company manages the risk through risk management strategies where significant changes in gap position can be adjusted. The Company's significant financing is based on variable rate pricing that depends on KIBOR on as indicated in respective notes.

#### 43.4.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. Whether those factors are caused by factors specific to individual financial instruments or its issuer, or all factors effecting all similar financial instruments trading in the market.

#### 43.5 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

#### 44 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income

divided by total capital employed.

The Company's objectives when managing capital are:

- (i) 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, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, arrange new lines of credit or sell assets to reduce debt.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

|                                  | Carrying amount |                 |
|----------------------------------|-----------------|-----------------|
|                                  | 2019<br>Rupees  | 2018<br>Rupees  |
| Borrowings                       | 1,242,645,168   | 1,368,062,560   |
| Less : Cash and cash equivalents | (696,748,452)   | (1,277,734,079) |
| Net debt                         | 545,896,716     | 90,328,481      |
| Total equity                     | 5,614,486,176   | 5,142,680,995   |
| Gearing ratio                    | 10%             | 2%              |

#### 45 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.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|   | Carrying value                     |   | Fair value           |         |         |         |
|---|------------------------------------|---|----------------------|---------|---------|---------|
|   | Financial assets at amortised cost | Other financial liabilities - at amortised cost | Total                | Level 1 | Level 2 | Level 3 |
| ----- Rupees -----                                      |                                    |   |                      |         |         |         |
| <b>30 June 2019</b>                                     |                                    |   |                      |         |         |         |
| <b>Financial assets - not measured at fair value</b>    |                                    |   |                      |         |         |         |
| Long term loan  | 249,932,785                        | -   | 249,932,785          | -       | -       | -       |
| Long term deposits                                      | 16,253,723                         | -   | 16,253,723           | -       | -       | -       |
| Trade debts and contract assets                         | 1,318,101,315                      | -   | 1,318,101,315        | -       | -       | -       |
| Short term loan   | 92,186,870                         | -   | 92,186,870           | -       | -       | -       |
| Advances, deposits and other receivables                | 45,774,628                         | -   | 45,774,628           | -       | -       | -       |
| Cash and bank balances                                  | 1,138,630,069                      | -   | 1,138,630,069        | -       | -       | -       |
|   | <b>2,860,879,390</b>               | -   | <b>2,860,879,390</b> | -       | -       | -       |
| <b>Financial liabilities not measured at fair value</b> |                                    |   |                      |         |         |         |
| Liabilities against assets subject to finance lease     | -                                  | 19,764,577                                      | 19,764,577           | -       | -       | -       |
| Long term finances                                      | -                                  | 331,412,463                                     | 331,412,463          | -       | -       | -       |
| Supplier's credit                                       | -                                  | 248,226,538                                     | 248,226,538          | -       | -       | -       |
| Short term borrowings                                   | -                                  | 1,353,114,322                                   | 1,353,114,322        | -       | -       | -       |
| Trade and other payables                                | -                                  | 959,531,514                                     | 959,531,514          | -       | -       | -       |
| Unclaimed dividend                                      | -                                  | 800,169   | 800,169              | -       | -       | -       |
| Accrued markup  | -                                  | 34,431,606                                      | 34,431,606           | -       | -       | -       |
|   | -                                  | <b>2,947,281,189</b>                            | <b>2,947,281,189</b> | -       | -       | -       |

|  | Carrying value        |                             | Fair value    |         |                    |
|--|-----------------------|-----------------------------|---------------|---------|--------------------|
|  | Loans and receivables | Other financial liabilities | Total         | Level 1 | Level 2<br>Level 3 |
| ----- Rupees -----                       |                       |                             |               |         |                    |
| Long term loan                           | 82,972,338            | -                           | 82,972,338    | -       | -                  |
| Long term deposits                       | 20,501,701            | -                           | 20,501,701    | -       | -                  |
| Trade debtors                            | 1,231,373,541         | 1,231,373,541               | 2,462,747,082 | -       | -                  |
| Short term loan                          | 92,186,870            | -                           | 92,186,870    | -       | -                  |
| Advances, deposits and other receivables | 40,286,343            | -                           | 40,286,343    | -       | -                  |
| Cash and bank balances                   | 1,749,293,398         | -                           | 1,749,293,398 | -       | -                  |
|  | 3,216,614,191         | -                           | 3,216,614,191 | -       | -                  |

### 30 June 2018

#### Financial assets - not measured at fair value

|  |               |               |               |   |   |
|--|---------------|---------------|---------------|---|---|
| Long term loan                           | 82,972,338    | -             | 82,972,338    | - | - |
| Long term deposits                       | 20,501,701    | -             | 20,501,701    | - | - |
| Trade debtors                            | 1,231,373,541 | 1,231,373,541 | 2,462,747,082 | - | - |
| Short term loan                          | 92,186,870    | -             | 92,186,870    | - | - |
| Advances, deposits and other receivables | 40,286,343    | -             | 40,286,343    | - | - |
| Cash and bank balances                   | 1,749,293,398 | -             | 1,749,293,398 | - | - |
|  | 3,216,614,191 | -             | 3,216,614,191 | - | - |

#### Financial liabilities not measured at fair value

|   |   |               |               |   |   |
|---|---|---------------|---------------|---|---|
| Liabilities against assets subject to finance lease | - | 26,246,823    | 26,246,823    | - | - |
| Long term finances                                  | - | 505,812,500   | 505,812,500   | - | - |
| Supplier's credit                                   | - | 302,302,080   | 302,302,080   | - | - |
| Short term borrowings                               | - | 1,333,809,379 | 1,333,809,379 | - | - |
| Trade and other payables                            | - | 702,192,833   | 702,192,833   | - | - |
| Unclaimed dividend                                  | - | 882,883       | 882,883       | - | - |
| Accrued markup                                      | - | 21,289,992    | 21,289,992    | - | - |
|   | - | 2,892,536,490 | 2,892,536,490 | - | - |

### 46 Reconciliation of movements of liabilities to cash flows arising from financing activities.

|  | 2019                 |                      |   |                    |                    |                        |                      |
|--|----------------------|----------------------|---|--------------------|--------------------|------------------------|----------------------|
|  | Supplier's credit    | Long term finances   | Liabilities against assets subject to finance lease | Short term finance | Unclaimed dividend | Share premium          | Total                |
| Balance as at 01 July 2018                     | 302,302,080          | 505,812,500          | 26,246,823  | 862,250,060        | 882,883            | 2,231,665,370          | 3,929,159,716        |
| <b>Changes from financing activities</b>       |                      |                      |   |                    |                    |                        |                      |
| Dividend paid                                  | -                    | -                    | -   | -                  | (82,716)           | -                      | (82,716)             |
| Payment of supplier's credit                   | (132,182,549)        | -                    | -   | -                  | -                  | -                      | (132,182,549)        |
| Repayment of short term finance                | -                    | -                    | -   | (2,104,126,204)    | -                  | -                      | (2,104,126,204)      |
| Proceeds from short term finance acquired      | -                    | -                    | -   | 2,153,108,849      | -                  | -                      | 2,153,108,849        |
| Payments from long term finances               | -                    | (174,400,037)        | -   | -                  | -                  | -                      | (174,400,037)        |
| Payment of finance lease liabilities           | -                    | -                    | (18,651,246)  | -                  | -                  | -                      | (18,651,246)         |
| Expenses incurred on issuance of bonus shares  | -                    | -                    | -   | -                  | -                  | (376,313)              | (376,313)            |
| <b>Total changes from financing cash flows</b> | <b>(132,182,549)</b> | <b>(174,400,037)</b> | <b>(18,651,246)</b>                                 | <b>48,982,645</b>  | <b>(82,716)</b>    | <b>(376,313)</b>       | <b>(276,710,216)</b> |
| <b>Total liability related other changes</b>   | 78,107,007           | -                    | 12,169,000  | -                  | -                  | -                      | 90,276,007           |
| <b>Total equity related other charges</b>      | -                    | -                    | -   | -                  | -                  | (236,500,000)          | (236,500,000)        |
| <b>Closing as at 30 June 2019</b>              | <b>248,226,538</b>   | <b>331,412,463</b>   | <b>19,764,577</b>                                   | <b>911,232,705</b> | <b>800,169</b>     | <b>(1,994,789,057)</b> | <b>3,506,225,507</b> |

2018

|   | 2018              |                    |   |                    |                    | Total                  |
|---|-------------------|--------------------|---|--------------------|--------------------|------------------------|
|   | Liabilities       |                    |   | Equity             |                    |                        |
|   | Supplier's credit | Long term finances | Liabilities against assets subject to finance lease | Short term finance | Unclaimed dividend | Un-appropriated profit |
| Balance as at 01 July 2017                | 355,267,770       | 606,371,642        | 30,756,319  | 474,628,779        | -                  | 820,970,146            |
| <i>Changes from financing activities</i>  |                   |                    |   |                    |                    |                        |
| Dividend paid                             | -                 | -                  | -   | -                  | (106,617,117)      | (106,617,117)          |
| Payment of supplier's credit              | (112,882,915)     | -                  | -   | -                  | -                  | (112,882,915)          |
| Repayment of short term finance           | -                 | -                  | -   | (1,383,272,029)    | -                  | (1,383,272,029)        |
| Proceeds from short term finance acquired | -                 | -                  | -   | 1,770,893,310      | -                  | 1,770,893,310          |
| Payments from long term finances          | -                 | (100,559,142)      | -   | -                  | -                  | (100,559,142)          |
| Payment of finance lease liabilities      | -                 | -                  | (14,924,496)  | -                  | -                  | (14,924,496)           |
| Total changes from financing cash flows   | (112,882,915)     | (100,559,142)      | (14,924,496)  | 387,621,281        | (106,617,117)      | 52,637,611             |
| Total liability related other changes     | 59,917,225        | -                  | 10,415,000  | -                  | 107,500,000        | (107,500,000)          |
| Total equity related other changes        | -                 | -                  | -   | -                  | -                  | (63,473,805)           |
| Closing as at 30 June 2018                | 302,302,080       | 505,812,500        | 26,246,823  | 862,250,060        | 882,883            | 649,996,341            |

Rupees

#### 47 Number of employees

The average and total number of permanent and contractual employees during the year as at 30 June 2019 and as at 30 June 2018 are as follows:

| No of employees                             |      |
|---|------|
| 2019  | 2018 |
| Number of employees as at 30 June           | 483  |
| Average number of employees during the year | 480  |

#### 48 Plant capacity and annual production

|                    | Corrugation Plant<br>(Metric Tonnes) |        | Flexible Plant<br>(Metric Tonnes) |        |
|--------------------|--------------------------------------|--------|-----------------------------------|--------|
|                    | 2019                                 | 2018   | 2019                              | 2018   |
| Installed capacity | 60,000                               | 60,000 | 12,240                            | 10,800 |
| Actual production  | 31,076                               | 26,652 | 8,460                             | 6,163  |

Lower capacity utilization of plant is due to gap between demand and supply of products.

#### 49 Date of authorization for issue

These financial statements were approved and authorized for issue on 31-10-2019 by the Board of Directors of the Company.

#### 50 General

- Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation as per financial reporting framework. However, no significant re-arrangements has been made other than those disclosed in the financial statements.
- Figures have been rounded off to nearest rupee.

  
Chief Executive Office

  
Director

  
Chief Financial Officer



# CONSOLIDATED FINANCIAL STATEMENTS



# DIRECTORS' REPORT

The Directors of the Roshan Packages Limited are pleased to present their Director's Report along with audited consolidated Financial Statements of the group for the year ended June 30, 2019.

## FINANCIAL OVERVIEW

The operating results of the Group are summarized as under:

|                           | 2019            | 2018      |
|---------------------------|-----------------|-----------|
|                           | Rupees in '000' |           |
| Turnover                  | 5,397,124       | 4,031,388 |
| Gross Profit              | 305,630         | 248,705   |
| Operating profit          | 210,832         | 34,917    |
| Finance Cost              | 186,633         | 120,530   |
| Profit/ (Loss) before Tax | 24,199          | (85,613)  |
| (Loss) After Tax          | (43,916)        | (102,937) |

## PRINCIPLE ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF BUSINESS BASED ON CONSOLIDATED FINANCIAL STATEMENTS

Despite all macroeconomic challenges and odds, with the grace of Almighty your group has achieved handsome double-digit growth of 34%. Your group has recognized net revenue of Rs. 5.4 billion which is Rs. 1.36 billion more than comparable period last year.

In volumetric terms your group has successfully dispatched 39,012 metric tons as compared to 32,859 metric tons last year, which reflects volumetric growth of 18.73%.

Gross Profit of the group increased by Rs. 56.9 million and recorded at 305.6 million. Your group has been able to generate operating profit of Rs. 210.8 million as compared to 34.9 million last year which shows an improvement of Rs. 175.9 million (504%) as compared to last year.

Despite having significant increase in sales, the group have reduced its administrative cost by Rs. 7.3 million as compared to last year and recorded at 117.8 million in comparison of Rs.125.2 million. Due to high volatility of PKR against foreign currency during the year, group have suffered foreign exchange loss of Rs. 113 million as compared to 82 million last year.

Due to constant increase in policy rate despite having strict control over borrowing, the finance cost increased by 66 million and recorded at 186 million as compared to 120 million last year. It is worth mentioning that despite tremendous growth in sales the interest-bearing borrowing of the group is reduced by Rs. 161 million.

Your group have successfully absorbed the enormous increase in finance cost and posted a profit before tax of Rs. 24.2 million as compared to loss of Rs. 85.6 million last year, which shows acknowledgeable improvement of 128% as compared to last year.

In the current finance bill Government has changed tax rates and restricted normal tax rate to 29% which was previously proposed to be reduced to 25% and also increased the turnover tax from 1.25% to 1.50%. Owing to these significant changes deferred tax and current tax charge has been increased due to which the group recognized a loss of Rs. 43.9 million as compared to loss of Rs. 102.9 million last year.

During the year the group revalued its assets in line with the policy and recognized revaluation surplus of Rs. 786 million in other comprehensive income.

## ROSHAN SUN TAO PAPER MILLS (PRIVATE) LIMITED

Roshan Sun Tao Paper Mills (Pvt) Limited is a private limited company (the project). During the year under review no significant financial activities taken place. However, capital expenditure amounting to Rs. 23.99 million are incurred during the year. The management of the group strongly believes that in upcoming year winding up petition will be set aside and decision will be made in favor of the company. The suit file for the specific performance of the shareholding agreement will also be decided in favor of the company, since ex party proceeding have been initiated due to non appearance from the other party. Furthermore, management of the group is actively working with financial institutes for the financial closure of the project and as soon as financial closure is achieved, the project will kick off, since technical side and shortlisting of the supplier have already been completed. During the year the project has been approved by Punjab Board of Investment and Trade as special economic zone and recommend the same to Board of investment (Federal Board) for its final review and declaration as Special Economic Zone. Management of the group strongly believes that the board will approve the Project.

## EARNING PER SHARE

The earnings per share for current and previous year are as follows:

LPS-2019: (0.31)/share

LPS-2018: (0.73)/share

## ADOPTION OF IFRS 15 AND 9

During the year The Group has adopted IFRS 15 and IFRS 9 as applicable. The complete disclosure of these standards have been disclosed in the financial statements of the Group.

## PRINCIPLE ACTIVITIES, DEVELOPMENT AND PERFORMANCE OF BUSINESS BASED CONSOLIDATED FINANCIAL STATEMENTS

The operation of the subsidiary has not yet started so the matter related to the subsidiary has been separately disclosed in the consolidated Directors' Report.

## BRIEF ON EXPANSION PROJECTS

We are pleased to announce that our both expansion projects are complete and have successfully started commercial production. The Management is confident that the increased capacity will bring efficiencies and better results in future.

## HUMAN RESOURCE DEVELOPMENT

We believe that our core strength are our employees, who strive every day to meet individual challenges and help the Group achieve its objectives. Nurturing their abilities has been the Group's priority. For this, the Group has arranged to hold different training programs aiming to develop the employees' leadership, strategic and managerial skills.

## CORPORATE SOCIAL RESPONSIBILITY

The Group's Management continued its focus on environment protection and skill development during the year. The Group considers social, environmental and ethical matters as important elements of any business activity. A more detailed review of the CSR activities has been given elsewhere in this report.

## UTILIZATION OF IPO FUNDS

The funds raised through the issue of prospectus were utilized for the completion of the expansion projects, to payoff short-term and long-term borrowing and increased working capital requirement, as disclosed in the prospectus. The balance amount will be utilized in any other activity related to the Group's ongoing operations, as may be approved by the Board of Directors.

## BOARD MEMBERS AND ATTENDANCE AT MEETINGS

During the year under review, four (04) Board meetings of the Board were held which were attended by the Directors, as per following detail  
Mr. Malik Asad Ali Khan retired during the year and Mrs. Ayesha Musaddaque Hamid elected as female Independent Director on Board of RPL.

## DIRECTORS' REPORT

| NAME                         | STATUS                             |    |
|------------------------------|------------------------------------|----|
| Mr. Khaïd Eijaz Qureshi      | Chairman/Non-Executive Director    | 03 |
| Mr. Tayyab Aijaz             | CEO/Executive Director             | 04 |
| Mr. Saadat Aijaz             | Executive Director                 | 04 |
| Mr. Zaki Aijaz               | Non-Executive Director             | 04 |
| Mr. Quasim Aijaz             | Non-Executive Director             | 04 |
| Mr. Muhamad Naveed Tariq     | Independent Non-Executive Director | 04 |
| Mr. Malik Asad Ali Khan      | Independent Non-Executive Director | 01 |
| Mrs. Ayesha Musaddaque Hamid | Independent Non-Executive Director | 01 |

Leave of absence was granted to the board members who could not attend the meeting.

### AUDIT COMMITTEE

During the year under review, four (04) Board Audit Committee meetings were held and attendance by its member was as follows:

| NAME                     | STATUS   | MEETINGS ATTENDED |
|--------------------------|----------|-------------------|
| Mr. Muhamad Naveed Tariq | Chairman | 04                |
| Mr. Quasim Aijaz         | Member   | 04                |
| Mr. Khaïd Eijaz Qureshi  | Member   | 03                |

### HUMAN RESIOURCE AND REMUNERATION COMMITTEE

During the year under review, two (02) Human Resource and Remuneration Committee meeting was held with the following attendance.  
Mr. Asad Ali Khan retire during the year and Miss. Ayesha Musaddaque Hamid appointed as Chairman of the Committee.

| NAME                         | STATUS   | MEETINGS ATTENDED |
|------------------------------|----------|-------------------|
| Mr. Malik Asad Ali Khan      | Chairman | 01                |
| Mrs. Ayesha Musaddaque Hamid | Chairman | 01                |
| Mr. Tayyab Aijaz             | Member   | 02                |
| Mr. Khaïd Eijaz Qureshi      | Member   | 02                |

### STRATEGIC COMMITTEE

During the year under review, two (02) Strategic Committee meetings were held with following attendance detail

| NAME             | STATUS   | MEETINGS ATTENDED |
|------------------|----------|-------------------|
| Mr. Tayyab Aijaz | Chairman | 02                |
| Mr. Saadat Aijaz | Member   | 02                |
| Mr. Zaki Aijaz   | Member   | 02                |

### PROJECT COMMITTEE

During the year under review, six (06) Project Committee meetings were held which were attended by its members as per following detail

| NAME             | STATUS   | MEETINGS ATTENDED |
|------------------|----------|-------------------|
| Mr. Zaki Aijaz   | Chairman | 06                |
| Mr. Saadat Eijaz | Member   | 06                |
| Mr. Tayyab Aijaz | Member   | 06                |

### DIRECTORS' TRAINING PROGRAMS

In line with Regulation 20(a) of the Listed Companies (Code of Corporate Governance) Regulations 2017 (the "Regulations"), half of the Board has already acquired certification under Directors' Training Program.

### APPOINTMENT OF AUDITORS

As recommended by the Board of Directors and approved in last Annual General Meeting, M/S KPMG Taseer Hadi & Company, Chartered Accountants were appointed as auditors of the Company for year ended June 30, 2019. The present auditors M/S KPMG Taseer Hadi & Company, Chartered Accountants, are retiring. As suggested by the Audit Committee, the Board of Directors has recommended appointment of M/S EY Ford Rhodes Chartered Accountant as auditors of the Company for the year ending June 30, 2020.

### PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed to this Report.

### PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

There are some risk factors which may have an impact on the future performance of the Company. These have been disclosed separately in the report.

### CHANGES DURING FINANCIAL YEAR CONCERNING NATURE OF THE BUSINESS OF THE COMPANY OR OF ITS SUBSIDIARIES AND JOINT OPERATION

No changes have occurred during the financial year concerning nature of the business of the Company. However, matters related to the subsidiary have been disclosed in detail in the consolidated report.

### MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY BUSINESS

The devaluation of the Pak Rupee, increasing rates of Fuel and Powers, increasing interests' rates and Govt. policies and legislation are the major factors which can affect the business performance. In addition to that, an awareness of hygiene, urbanization and food safety regulations are the factors which are likely to increase the demand for packaging.

## IMPACT OF COMPANY BUSINESS ON THE ENVIRONMENT

The Group's production has no negative impact on the environment as our plant and operations comply with international and national environmental standards.

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board ensures the adequacy of internal control activities either directly or through its committees. The Board also reviews the Group's financial operations and position at regular intervals by means of interim accounts, reports, profitability reviews and other financial and statistical information.

## PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND THE BOARD COMMITTEES

Complying with the Regulations, the Human Resource and Remuneration Committee has developed a mechanism for the evaluation of the performance of the Board of Directors and Board Committees. During the year, a comprehensive questionnaire was circulated among all members for this purpose. On the basis of that feedback, the average rating of the performance of the Board was found satisfactory. Improvement is an ongoing process and the Board has identified the areas of improvement in line with the global best practices.

## DIRECTORS' REMUNERATION

The remuneration policy for Board of Directors, Executive, Non-Executive & Independent Directors, has been prepared. The policy has been designed on the basis of standards in the market, and reflects demands to competencies & efforts in light of scope of their work and increase in responsibilities of the directors. As per the Articles of Association of the Company, the Board is authorized to determine the remuneration of Directors. Independent Directors and Non-Executive Directors shall be entitled to receive a meeting fee for attending the meetings of the Board or any of its Committee as per the scale approved by the Board from time to time. However, the Directors who are entitled to remuneration shall not be entitled to receive any meeting fee. If any Non-Executive Director performs extra services, he/she shall be entitled to remuneration.

The remuneration of the Executive Directors is approved by the Board. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his own remuneration.

In order to keep transparency, the Board shall observe the following principles while determining the remuneration of any Director:

- The remuneration package shall encourage value creation within the Group.
- The remuneration package shall be appropriate to attract and retain directors needed to govern the Group successfully.
- Levels of remuneration shall not be at a level that could be perceived to compromise their independence.
- The Board shall give due consideration to the recommendations of the HR & Remuneration Committee.
- No Director shall participate in a part of the meeting in which his/her own remuneration is to be determined.
- The details of the aggregate remuneration of executive and non-executive directors, including salary, meeting fee, benefits and performance-linked incentives disclose separately in the Annual Report of RPL.

## FORWARD LOOKING STATEMENT

The country is facing microeconomic challenges that needs to be addressed in order to avoid further economic turmoil. The continuity of the economic policies will remain critical to the sustained development of the economy. Due to economic uncertainty, GDP growth has already declined and the performance of industries is slowed down. However, one must appreciate that discouraging imports will largely benefit the local industries in long run.

Your Group is geared to face the challenging times and is taking every possible steps to strengthen the operations to improve sales and margins, however, we expect the raw material prices to go up. The Group is constantly negotiating with its existing customers to pass on the higher raw material and energy costs. In addition to that, the Group is constantly reviewing its portfolio of customers and rationalizing it. Furthermore, the Group is continuously focusing on cost-cutting through cost rationalizing, efficiency improvement steps to reduce wastages and inefficiencies, rationalizing non-cash base expenses, hiring and acquisition of new talent and in order to increase our portfolio.

participating in national and international trade shows, actively using advance marketing tools along with traditional method of knocking customers. Our enthusiasm to broaden our products and customer portfolio will remain our priority going forward. We have a clear and focused strategy for our future and we hope to strengthen our position in the coming years.

While remaining cautious about the outlook for current fiscal, we are positive that being a consumer-oriented organization, along with food safety regulation and increasing awareness of hygiene packaging needs, the Group will grow and perform even better, Insha'Allah. We, therefore, remain optimistic and confident for the future of your company.

## SUBSEQUENT EVENTS

There have been no material changes since 30 June 2019 to the date of this report and the Group has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Group.

## ACKNOWLEDGMENT

We thank our employees who have worked diligently and delivered outstanding performance in a challenging economic and business environment. We also thank our valued shareholders, customers and the business partners for their support to the Group and its Management and look forward to their continuing support in our efforts for enhancing the value for all stakeholders.



Chief Executive Officer



Chairman



## INDEPENDENT AUDITOR'S REPORT

To the members of Roshan Packages Limited

### Opinion

We have audited the annexed consolidated financial statements of Roshan Packages Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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



Following are the Key audit matters.

| S. No. | Key audit matter(s)  | How the matter was addressed in our audit   |
|--------|--|---|
| 1.     | <p><b>Revenue from contract with customers</b></p> <p>Refer to note 27 to the financial statements and the accounting policy in note 4.1.1 and 4.14 to the financial statements.</p> <p>The Group recognized revenue of <b>Rs. 5,397 million</b> (2018: <b>Rs. 4,031 million</b>) from contracts with customers, during the year ended 30 June 2019.</p> <p>The Group has adopted IFRS 15 "Revenue from Contracts with Customers" during the year. IFRS 15 provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognise revenue as performance obligations are fulfilled rather than based on the transfer of risk and rewards. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Group and due to the risk associated with the judgement in determining the timing of the transfer of control of goods.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process relating to recording of revenue from contract with customers and testing the design, implementation and operating effectiveness of relevant key internal controls;</li> <li>• assessing the appropriateness of the Group's revenue accounting policies and compliance of those policies with applicable financial reporting standard;</li> <li>• obtaining an understanding of the types of contracts with the Group's customers and comparing on a sample basis, revenue transactions recorded during the year and around the year end with the sales orders, sales invoices, dispatch orders and other relevant underlying documents to assess whether the revenue was recorded in accordance with the five step approach of IFRS 15 in appropriate financial reporting period;</li> <li>• inspecting, on a sample basis, credit notes issued during and around the year end to evaluate whether the variable elements of revenue from contract with customers had been accurately recorded in the appropriate financial reporting period; and</li> <li>• scanning for any manual journal entries relating to revenue recorded during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.</li> </ul> |



| S. No. | Key audit matter(s) | How the matter was addressed in our audit |
|--------|---------------------|---|
|--------|---------------------|---|

**2. Impact of adoption of IFRS 9 “Financial Instruments” on Trade Debtors**

Refer to note 10 to the financial statements and the accounting policy in note 4.1.2 to the financial statements.

IFRS 9 ‘Financial Instruments’ is effective for the Group for the first time during the current year and replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’.

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (“ECL”) model when assessing the impairment of financial assets in the scope of IFRS 9 and is therefore a fundamentally different approach. Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset.

In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability-weighted outcomes, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions.

As at 30 June 2018 and 2019 the Group’s gross trade debtors were **Rs. 1,279 million** and **Rs. 1,528 million** respectively. The adoption of IFRS 9 by the Group using the allowed modified retrospective approach had resulted in recognition of ECL in respect of trade debtors of **Rs. 293 million** in opening retained earnings as at 01 July 2018 and **Rs. 259 million** as at 30 June 2019.

Our audit procedures to review the application of impairment methodology of IFRS 9 on trade debtors included the following:

- reviewing and evaluating the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of trade debtors of the Group;
- assessing the integrity and quality of data used by the management for determining ECL in respect of trade debtors;
- checking the mathematical accuracy of the ECL model by performing recalculation on sample basis;
- reviewing the adequacy of disclosures in the financial statements of the Group with regard to the effect of adoption of IFRS 9.



| S. No. | Key audit matter(s) | How the matter was addressed in our audit |
|--------|---------------------|---|
|--------|---------------------|---|

We considered this as key audit matter due to the significance of the change in accounting methodology and involvement of judgments and assumptions made by management in this regard.

**Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon**

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended **30 June 2019**, but does not include the consolidated and unconsolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group’s financial reporting process.



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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Fahad Bin Waheed.

**Lahore**

**Date: 05 November, 2019**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

# PACKAGING MADE CONVENIENT

CUSTOMIZED PACKAGING  
SOLUTIONS



## Roshan Packages Limited

Consolidated Statement of Financial Position  
As at 30 June 2019

|  | Note | 2019<br>Rupees       | 2018<br>Rupees       |
|--|------|----------------------|----------------------|
| <b>ASSETS</b>  |      |                      |                      |
| <b><u>Non-current assets</u></b>                               |      |                      |                      |
| Property, plant and equipment                                  | 5    | 5,107,417,885        | 4,066,732,766        |
| Intangible   | 6    | 1,780,282            | 3,197,979            |
| Long term loan - unsecured, considered good                    | 7    | 132,838,400          | -                    |
| Long term deposits   |      | 16,253,723           | 20,501,701           |
|  |      | <b>5,258,290,290</b> | <b>4,090,432,446</b> |
| <b><u>Current assets</u></b>                                   |      |                      |                      |
| Stores, spares and other consumables                           |      | 172,865,543          | 146,559,980          |
| Stock-in-trade   | 8    | 709,586,567          | 631,651,871          |
| Contract assets  | 9    | 48,595,967           | -                    |
| Trade debtors - unsecured                                      | 10   | 1,269,505,348        | 1,231,373,541        |
| Advances, deposits, prepayments and other receivables          | 11   | 768,452,371          | 715,436,958          |
| Cash and bank balances   | 12   | 1,138,675,457        | 1,749,470,913        |
|  |      | <b>4,107,681,253</b> | <b>4,474,493,263</b> |
| <b>Total assets</b>  |      | <b>9,365,971,543</b> | <b>8,564,925,709</b> |
| <b>EQUITY AND LIABILITIES</b>                                  |      |                      |                      |
| <b><u>Share capital and reserves</u></b>                       |      |                      |                      |
| Authorized share capital                                       |      | 1,500,000,000        | 1,500,000,000        |
| 150,000,000 (2018: 150,000,000) ordinary shares of Rs. 10 each |      |                      |                      |
| Issued, subscribed and paid up share capital                   | 13   | 1,419,000,000        | 1,182,500,000        |
| 141,900,000 (2018: 118,250,000) ordinary shares of Rs. 10 each |      |                      |                      |
| Share premium  | 14   | 1,994,789,057        | 2,231,665,370        |
| Surplus on revaluation of property, plant and equipment        | 15   | 1,843,728,306        | 1,078,519,283        |
| Un-appropriated profit   |      | 328,339,477          | 637,429,084          |
| <b>Attributable to owners of the Holding Company</b>           |      | <b>5,585,856,840</b> | <b>5,130,113,737</b> |
| Non-controlling interest                                       |      | 167,070,413          | 168,026,167          |
| <b>Total equity</b>  |      | <b>5,752,927,253</b> | <b>5,298,139,904</b> |
| <b><u>Non-current liabilities</u></b>                          |      |                      |                      |
| Supplier's credit - unsecured                                  | 16   | 96,356,613           | 186,145,423          |
| Long term finances - secured                                   | 17   | -                    | -                    |
| Liabilities against assets subject to finance lease - secured  | 18   | 9,505,865            | 9,850,797            |
| Deferred taxation  | 19   | 561,296,117          | 277,646,741          |
| Deferred liabilities   | 20   | 73,592,237           | 66,013,343           |
|  |      | <b>740,750,832</b>   | <b>539,656,304</b>   |
| <b><u>Current liabilities</u></b>                              |      |                      |                      |
| Current portion of long term liabilities                       | 21   | 493,541,100          | 638,365,183          |
| Short term borrowings - secured                                | 22   | 1,353,114,322        | 1,333,809,379        |
| Trade and other payables                                       | 23   | 986,314,266          | 728,920,537          |
| Contract liabilities   | 24   | 4,091,995            | 3,861,527            |
| Unclaimed dividend   |      | 800,169              | 882,883              |
| Accrued markup   | 25   | 34,431,606           | 21,289,992           |
|  |      | <b>2,872,293,458</b> | <b>2,727,129,501</b> |
| <b>Contingencies and commitments</b>                           | 26   |                      |                      |
|  |      | <b>9,365,971,543</b> | <b>8,564,925,709</b> |

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive Office

Director

Chief Financial Officer

**Roshan Packages Limited**  
Consolidated Statement of Profit or Loss  
For the year ended 30 June 2019

|   | Note | 2019<br>Rupees      | 2018<br>Rupees  |
|---|------|---------------------|-----------------|
| Revenue   | 27   | 5,397,123,941       | 4,031,387,574   |
| Cost of sales   | 28   | (5,091,493,751)     | (3,782,682,167) |
| <b>Gross profit</b>                                   |      | <b>305,630,190</b>  | 248,705,407     |
| Administrative expenses                               | 29   | (117,887,050)       | (125,205,222)   |
| Selling and distribution expenses                     | 30   | (86,919,077)        | (67,128,375)    |
| Reversal of / (impairment) allowance on trade debtors |      | 82,855,890          | (42,097,130)    |
| Other expenses  | 31   | (115,150,921)       | (82,625,566)    |
| Other income  | 32   | 142,303,297         | 103,268,207     |
|   |      | <b>(94,797,861)</b> | (213,788,086)   |
| <b>Operating profit</b>                               |      | <b>210,832,329</b>  | 34,917,321      |
| Finance cost  | 33   | (186,632,989)       | (120,530,402)   |
| <b>Profit / (loss) before taxation</b>                |      | <b>24,199,340</b>   | (85,613,081)    |
| Taxation  | 34   | (68,115,249)        | (17,323,672)    |
| <b>Loss after taxation</b>                            |      | <b>(43,915,909)</b> | (102,936,753)   |
| <b>Loss attributable to:</b>                          |      |                     |                 |
| Owners of the Holding Company                         |      | (42,960,155)        | (102,708,249)   |
| Non-controlling interest                              |      | (955,754)           | (228,504)       |
|   |      | <b>(43,915,909)</b> | (102,936,753)   |
|   |      |                     | (Restated)      |
| <b>Loss per share - basic and diluted</b>             | 35   | <b>(0.31)</b>       | (0.73)          |

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



Chief Executive Office



Director



Chief Financial Officer

**Roshan Packages Limited**  
Consolidated Statement of Comprehensive Income  
For the year ended 30 June 2019

|   | Note | 2019<br>Rupees      | 2018<br>Rupees |
|---|------|---------------------|----------------|
| <b>Loss after taxation</b>  |      | <b>(43,915,909)</b> | (102,936,753)  |
| <b>Other comprehensive income:</b>  |      |                     |                |
| <i>Items that will not be reclassified to profit or loss:</i>                                     |      |                     |                |
| - Remeasurement of retirement benefits  |      | 1,719,907           | 2,951,215      |
| - Revaluation surplus during the year - net of tax  |      | 786,981,936         | -              |
| - Effect of change in tax rate on balance of revaluation surplus on property, plant and equipment | 15   | 4,994,654           | 28,751,464     |
| <b>Total comprehensive income / (loss) for the year</b>   |      | <b>749,780,588</b>  | (71,234,074)   |
| Total comprehensive income/(loss) attributable to:  |      |                     |                |
| Owners of the Holding Company   |      | 750,736,342         | (71,005,570)   |
| Non-controlling interest  |      | (955,754)           | (228,504)      |
|   |      | <b>749,780,588</b>  | (71,234,074)   |

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



Chief Executive Office



Director



Chief Financial Officer


**Roshan Packages Limited**  
Consolidated Statement of Cash Flows  
For the year ended 30 June 2019

|   | Note | 2019<br>Rupees       | 2018<br>Rupees |
|---|------|----------------------|----------------|
| <b><u>Cash flows from operating activities</u></b>              |      |                      |                |
| <b>Cash used in operations</b>                                  | 36   | <b>(65,810,479)</b>  | (258,316,958)  |
| Finance cost paid   |      | (170,440,055)        | (105,887,236)  |
| Income taxes paid   |      | (85,239,623)         | (72,658,154)   |
| Net decrease / (increase) in long term deposits                 |      | 4,247,978            | (3,741,768)    |
| Accumulated absences paid                                       |      | (1,370,236)          | (938,058)      |
| Gratuity paid   |      | (9,624,699)          | (4,587,257)    |
|   |      | <b>(262,426,635)</b> | (187,812,473)  |
| <b>Net cash used in operating activities</b>                    |      | <b>(328,237,114)</b> | (446,129,431)  |
| <b><u>Cash flows from investing activities</u></b>              |      |                      |                |
| Purchase of operating assets                                    |      | (111,540,670)        | (183,054,383)  |
| Proceeds from disposal of property, plant and equipment         |      | 12,379,724           | 2,033,143      |
| Profit on bank deposits received                                |      | 122,990,522          | 99,084,588     |
| <b>Net cash generated from / (used in) investing activities</b> |      | <b>23,829,576</b>    | (81,936,652)   |
| <b><u>Cash flows from financing activities</u></b>              |      |                      |                |
| Payment of supplier's credit                                    |      | (132,182,549)        | (112,882,915)  |
| Expenses incurred on issuance of bonus shares                   |      | (376,313)            | -              |
| Proceeds from short term finances acquired                      |      | 48,982,645           | 387,621,281    |
| Payments of long term finances                                  |      | (174,400,037)        | (100,559,142)  |
| Dividend paid   |      | (82,716)             | (106,617,117)  |
| Payment of finance lease liabilities                            |      | (18,651,246)         | (14,924,496)   |
| <b>Net cash (used in) / generated from financing activities</b> |      | <b>(276,710,216)</b> | 52,637,611     |
| <b>Net decrease in cash and cash equivalents</b>                |      | <b>(581,117,754)</b> | (475,428,472)  |
| <b>Cash and cash equivalents at the beginning of the year</b>   |      | <b>1,277,911,594</b> | 1,753,340,066  |
| <b>Cash and cash equivalents at the end of the year</b>         | 37   | <b>696,793,840</b>   | 1,277,911,594  |

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

  
Chief Executive Office

  
Director

  
Chief Financial Officer

**Roshan Packages Limited**  
Consolidated Statement of Changes in Equity  
For the year ended 30 June 2019

|   | Attributable to the owners of the Holding Company |               |   |                 |                          | Total equity  |
|---|---|---------------|---|-----------------|--------------------------|---------------|
|   | Issued, subscribed and paid-up capital            | Share premium | Surplus on revaluation of property, plant and equipment | Revenue reserve | Non-controlling interest |               |
| <b>Balance as on 30 June 2017</b>   | 1,075,000,000                                     | 2,339,165,370 | 1,073,890,796   | 820,563,141     | 4,233,619,307            | 5,476,873,978 |
| <b>Total comprehensive loss for the year</b>  | -   | -             | -   | (102,708,249)   | (102,708,249)            | (102,936,753) |
| Loss after taxation   | -   | -             | -   | -               | -                        | -             |
| Other comprehensive income:   | -   | -             | -   | 2,951,215       | 2,951,215                | 2,951,215     |
| - Remeasurement of retirement benefits - net of tax   | -   | -             | -   | -               | -                        | -             |
| - Effect of change in tax rate on balance of revaluation on property, plant and equipment                                 | -   | -             | 28,751,464  | -               | 28,751,464               | 28,751,464    |
| Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax | -   | -             | (24,122,977)  | 24,122,977      | -                        | -             |
| <b>Transaction with owners of the Group - distributions</b>   | 107,500,000                                       | (107,500,000) | -   | (107,500,000)   | (107,500,000)            | (107,500,000) |
| Final cash dividend for the year ended 30 June 2017 @ Rs. 1 per share   | -   | -             | -   | -               | -                        | -             |
| Bonus shares issued   | 107,500,000                                       | (107,500,000) | -   | (107,500,000)   | (215,000,000)            | (107,500,000) |
| <b>Balance as on 30 June 2018</b>   | 1,182,500,000                                     | 2,231,665,370 | 1,078,519,283   | 637,429,084     | 3,947,613,737            | 5,298,139,904 |

**Roshan Packages Limited**  
Consolidated Statement of Changes in Equity  
For the year ended 30 June 2019

|   | 1,182,500,000        | 2,231,665,370        | 1,078,519,283        | 3,947,613,737        | 168,026,167        | 5,298,139,904        |
|---|----------------------|----------------------|----------------------|----------------------|--------------------|----------------------|
| <b>Balance as on 01 July 2018 - as previously reported</b>  |                      |                      |                      |                      |                    |                      |
| Adjustment on initial application of IFRS 9,<br>(refer note 4.1.2)  | -                    | -                    | -                    | (293,451,902)        | -                  | (293,451,902)        |
| Adjustment on initial application of IFRS 15,<br>(refer note 4.1.1)   | -                    | -                    | -                    | (1,165,024)          | -                  | (1,165,024)          |
| Restated balance at 01 July 2018  | 1,182,500,000        | 2,231,665,370        | 1,078,519,283        | 3,652,946,811        | 168,026,167        | 5,003,522,978        |
| <b>Total comprehensive loss for the year</b>  |                      |                      |                      |                      |                    |                      |
| Profit after taxation   | -                    | -                    | -                    | (42,960,155)         | (955,754)          | (43,915,909)         |
| <i>Other comprehensive income:</i>  |                      |                      |                      |                      |                    |                      |
| - Remeasurement of retirement benefits - net of tax   | -                    | -                    | -                    | 1,719,907            | -                  | 1,719,907            |
| - Revaluation surplus during the year - net of tax  | -                    | -                    | 786,981,936          | 786,981,936          | -                  | 786,981,936          |
| - Effect of change in tax rate on balance of revaluation on<br>property, plant and equipment                                    | -                    | -                    | 4,994,654            | 4,994,654            | -                  | 4,994,654            |
| Surplus transferred to un-appropriated profit on<br>account of incremental depreciation charged<br>during the year - net of tax | -                    | -                    | 791,976,590          | (41,240,248)         | (955,754)          | 749,780,588          |
| <b>Transaction with owners of the Group - distributions</b>   |                      |                      |                      |                      |                    |                      |
| Bonus shares issued   | 236,500,000          | (236,500,000)        | -                    | -                    | -                  | -                    |
| Expenses incurred on issuance of bonus shares   | -                    | (376,313)            | -                    | (376,313)            | -                  | (376,313)            |
|   | 236,500,000          | (236,876,313)        | -                    | (236,876,313)        | -                  | (376,313)            |
| <b>Balance as on 30 June 2019</b>   | <b>1,419,000,000</b> | <b>1,994,789,057</b> | <b>1,843,728,306</b> | <b>4,166,856,840</b> | <b>167,070,413</b> | <b>5,752,927,253</b> |

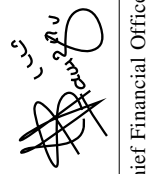
The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



Chief Executive Office



Director



Chief Financial Officer

**Roshan Packages Limited**  
Notes to the Consolidated Financial Statements  
For the year ended 30 June 2019

**1 Corporate and general information**

**1.1 Legal status and operations**

The Group comprises of Roshan Packages Limited ("the Holding Company") and Roshan Sun Tao Paper Mills (Private) Limited ("the Subsidiary"), together "the Group".

**1.2 Roshan Packages Limited**

The Holding Company (hereinafter also referred to as the 'Packaging material segment') was incorporated in Pakistan as a private company limited by shares on 13 August 2002 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Holding Company was converted into a public limited company on 23 September 2016 and got listed on Pakistan Stock Exchange Limited on 28 February 2017. It is principally engaged in the manufacture and sale of corrugation and flexible packaging materials.

**1.3 Roshan Sun Tao Paper Mills (Private) Limited**

The Subsidiary (hereinafter also referred to as the 'corrugated papers segment') was incorporated in Pakistan as a private company limited by shares on 08 January 2016, and is a joint venture with Shandong Yongtai Paper Mill Company Limited, China. The principal activity of the Subsidiary will be manufacturing, supplying and dealing in corrugated papers. The Holding Company holds 60% of voting securities in the Subsidiary. The country of incorporation is also its principal place of business and Subsidiary's financial year end is 30 June. As of the reporting date, the Subsidiary is in its set up phase and has not yet commenced its commercial operations.

**1.4 Geographical locations and addresses of business units of the Group are as under:**

**Holding Company**

- Head office and registered office: 325 G-III, M.A. Johar Town, Lahore.
- Marketing office: 104, Parsa Tower, PECHS Block-6, Shahra-e-Faisal, Karachi.
- Corrugation plant: 7 km, Sundar Raiwind Road, Lahore
- Flexible plant: Plot No. 141, 142 and 142-B, Sundar Industrial Estate, Raiwind, Lahore.

**Subsidiary**

- Head office and registered office: 325-G-III, Johar Town, Lahore, Punjab.
- The land purchased for setting up the manufacturing facility is situated at M-2 Lahore-Islamabad motorway, district Sheikhpura near village Mandiala and Qaimpur, adjacent to Quaid-e-Azam Industrial Apparel Park.

**2 Basis of preparation**

**2.1 Basis of consolidation**

The consolidated financial statement have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2019 and the audited financial statements of the Subsidiary for the year ended 30 June 2019.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The Subsidiary has same reporting period as that of the Holding Company. The accounting

policies of subsidiary conform with the accounting policies of the group.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

The assets, liabilities, income and expenses of the Subsidiary are consolidated on a line by line basis and carrying value of investment held by the Holding Company is eliminated against the Subsidiary company's shareholders' equity in these consolidated financial statements.

As of reporting date, the Holding Company has the following subsidiary;

|  | 2019                                | 2018 |
|--|-------------------------------------|------|
|  | <b>Direct percentage of holding</b> |      |
| Roshan Sun Tao Paper Mills (Private) Limited | <b>60</b>                           | 60   |

## 2.2 Statement of compliance

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

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

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

Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 985 (I)/2019 dated 02 September 2019 has deferred the application of impairment requirements of IFRS 9 on financial assets due from Government of Pakistan till 30 June 2021.

## 2.3 Functional and presentation currency

These consolidated financial statements have been presented in Pakistani Rupees which is also the Group's functional currency, unless otherwise indicated.

## 2.4 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for:

- certain foreign currency translation adjustments;
- recognition of employee retirement benefits at present value;
- certain operating assets at revalued amounts; and
- certain financial liabilities recognised at present value.

## 2.5 Use of estimates and judgments

The preparation of these consolidated financial statements is in conformity with the accounting and reporting standards as applicable in Pakistan which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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 values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

|  | Note    |
|--|---------|
| - "Revenue recognition: Whether revenue from products recognised over time or at point in time." | 4.1.1   |
| - Depreciation method, rates and useful lives of depreciable assets                              | 4.2     |
| - Useful life of intangibles   | 4.6     |
| - Stock-in-trade   | 4.8     |
| - Stores, spares and other consumables   | 4.7     |
| - Impairment of trade debtors and contract assets  | 4.1.2.2 |
| - Employee retirement benefits   | 4.10    |
| - Provisions   | 4.12    |
| - Contingencies  | 4.13    |
| - Taxation   | 4.17    |
| - Measurement of ECL allowance for financial assets  | 4.1.2.2 |

## 3 New standards / amendments to approved accounting standards and interpretations which became effective during the year ended 30 June 2019

**3.1** The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018. The impact of adoption of the standard and new accounting policies are explained in note 4 below. A number of other standards are effective from 01 July 2018 but they do not have a material effect on the Group's financial statements.

## 3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's financial statements.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-

Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently in the process of analyzing the potential impact of changes required in classification, measurement of financial instruments and the disclosure requirements of the standard.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendments will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendments and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a group now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued

guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The Group may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, group should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

The above amendments are not likely to have an impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a group increases its interest in a joint operation that meets the definition of a business. A group remeasures its previously held interest in a joint operation when it obtains control of the business. A group does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
  - IAS 23 Borrowing Costs - the amendment clarifies that a group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Group's financial statements.

#### 4 Significant accounting policies

The accounting policies adopted for the preparation of these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended 30 June 2018, except for those disclosed in note 4.1 of these consolidated financial statements.

##### 4.1 Changes in significant accounting policies

The Group has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018.

Due to the transition method chosen by the Group in applying these standards, comparative information throughout these consolidated financial statements has not generally been restated to reflect its requirements.

The effect of initially applying these standards is mainly attributed to the following:

- earlier recognition of revenue from made-to-order products contracts ; and
- an increase in impairment losses recognised on financial assets.

The details of new significant accounting policies adopted, the nature and effect of the changes from previous accounting policies are set out below:

##### 4.1.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which

provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgment.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 01 July 2018). Accordingly, the information presented at 30 June 2018 has not been restated - i.e. presented, as previously reported, under IAS 18. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The impact on these consolidated financial statements on the date of adoption of IFRS 15 (01 July 2018) is summarised below.

|   | <b>Impact<br/>of adopting<br/>IFRS 15 at<br/>01 July 2018<br/>Rs.</b> |
|---|---|
| <b>Accumulated profit</b>                     |   |
| Made - to order products recognised over time | <b>(731,562)</b>  |
| Related tax                                   | <b>(433,462)</b>  |
| Impact at 01 July 2018                        | <b><u>(1,165,024)</u></b>   |

The following table summarises the impact of adopting IFRS 15 on Group's consolidated statement of financial position as at 30 June 2019 and its consolidated statement of profit or loss for the year then ended for each of the line items affected. There was no material impact on the Group's consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 30 June 2019.

***Impact on the consolidated statement of financial position***

|  | <b>Amount without<br/>adoption of<br/>IFRS 15<br/>Rs.</b> | <b>Adjustments<br/>Rs.</b> | <b>As<br/>reported<br/>Rs.</b> |
|--|---|----------------------------|--------------------------------|
| <b>Assets</b>  |   |                            |                                |
| Stock in trade   | 747,205,749   | (37,619,182)               | 709,586,567                    |
| Contract asset   | -   | 48,595,967                 | 48,595,967                     |
| Advances, deposits, prepayments and<br>other receivables         | 774,616,812   | (6,164,441)                | 768,452,371                    |
| Other assets   | 7,839,336,638   | -                          | 7,839,336,638                  |
| <b>Total assets</b>  | <b><u>9,361,159,199</u></b>                               | <b><u>4,812,344</u></b>    | <b><u>9,365,971,543</u></b>    |
| <b>Equity</b>  |   |                            |                                |
| Un-appropriated profit   | 325,073,647   | 3,265,830                  | 328,339,477                    |
| Others   | 5,424,587,776   | -                          | 5,424,587,776                  |
|  | <b><u>5,749,661,423</u></b>                               | <b><u>3,265,830</u></b>    | <b><u>5,752,927,253</u></b>    |
| <b>Liabilities</b>   |   |                            |                                |
| Deferred taxation  | 559,749,603   | 1,546,514                  | 561,296,117                    |
| Other liabilities  | 3,051,748,173   | -                          | 3,051,748,173                  |
| <b>Total equity and liabilities</b>                              | <b><u>9,361,159,199</u></b>                               | <b><u>4,812,344</u></b>    | <b><u>9,365,971,543</u></b>    |
| <b><i>Impact on consolidated statement of profit or loss</i></b> |   |                            |                                |
| Revenue  | 6,250,145,162   | 48,595,967                 | 6,298,741,129                  |
| Less : Sales tax   | (895,989,855)   | (5,627,333)                | (901,617,188)                  |
|  | <b><u>5,354,155,307</u></b>                               | <b><u>42,968,634</u></b>   | <b><u>5,397,123,941</u></b>    |
| Cost of sales  | (4,989,147,096)   | (102,346,655)              | (5,091,493,751)                |
| Taxation   | (66,031,627)  | (2,083,622)                | (68,115,249)                   |
| Others   | (346,158,323)   | 64,727,473                 | (281,430,850)                  |
| <b>Total comprehensive income for the year</b>                   | <b><u>(47,181,739)</u></b>                                | <b><u>3,265,830</u></b>    | <b><u>(43,915,909)</u></b>     |

**Made-to-order packaging products:** Under IAS 18, revenue for made-to-order packaging products was recognised when the goods were either dispatched or delivered to the customers' premises, which was taken to be the point in time at which customer accepted the goods and the related risks and rewards of ownership transferred. Revenue was recognised at that point provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods. Under IFRS 15, revenue for made-to-order products is recognised over time - i.e. before the goods delivered to the customers' premises.

Therefore, for these products revenue is recognised sooner under IFRS 15 than under IAS 18. The impact of these changes on items other than revenue are an increase in trade and other receivables, a new contract asset and a decrease in inventories.

#### 4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. As a result of adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss. Previously, the Group's policy was to include the impairment of trade debtors (if any) in selling and distribution expense. The comparative consolidated statement of profit or loss for the year ended 30 June 2018 did not have any impact of impairment loss on trade debtors.

The Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information. The details of new significant accounting policies adopted and the nature and the effect of the changes to the previous accounting policies are set out below:

##### 4.1.2.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for the financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through other comprehensive income ("FVOCI"), or through profit or loss ("FVTPL"); and
- Those to be measured at amortized cost.

The classification depends upon Group's business model for managing the financial assets and the contractual terms of the cash flows.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation of certain financial assets with respect to subsequent measurement either through profit or loss or other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of

principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

|   |  |
|---|--|
| <b>Financial assets at FVTPL</b>            | These assets are subsequently measured at fair value. Net gains and losses, including an interest / markup or dividend income, are recognised in consolidated statement of profit or loss.   |
| <b>"Financial assets at amortised cost"</b> | These assets are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income, foreign exchange gains, losses and impairment are recognised in consolidated statement of profit or loss.  |
| <b>"Debt investment at FVOCI"</b>           | These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit or loss. Other net gains and losses are recognised in consolidated statement of comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit or loss. |
| <b>Equity investments at FVOCI</b>          | These assets are subsequently measured at fair value. Dividends are recognised in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to consolidated statement of profit or loss.   |

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 01 July 2018. The effect of adoption of IFRS 9 on the carrying amounts of financial assets as at 01 July 2018 relates solely to the new impairment requirements.

|                                | Original Classification under IAS 39 | New classification under IFRS 9 | Original carrying amount IAS 39<br>Rs. | New carrying amount under IFRS 9<br>Rs. |
|--------------------------------|--------------------------------------|---------------------------------|--|---|
| Long term deposits             | Loans and receivables                | Amortized cost                  | 20,501,701                             | 20,501,701                              |
| Trade debtors                  | Loans and receivables                | Amortized cost                  | 1,231,373,541                          | 937,921,639                             |
| Deposits and other receivables | Loans and receivables                | Amortized cost                  | 20,098,095                             | 20,098,095                              |
| Bank balances                  | Loans and receivables                | Amortized cost                  | 1,749,470,913                          | 1,749,470,913                           |

#### 4.1.2.2 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to the financial assets measured at amortized cost, and debt investments at FVOCI, but not to investments in equity instruments.

The Group has determined that the application of IFRS 9's impairment requirements at 01 July 2018 results in an additional impairment (Expected credit loss) as follows:

|   | Rs                 |
|---|--------------------|
| Loss allowance at 30 June 2018 under IAS 39                                 | 48,135,576         |
| Additional impairment (Expected credit loss) recognised at 01 July 2018 on: |                    |
| - Trade debtors   | 293,451,902        |
|   | <b>341,587,478</b> |

Additional information about how the Group measures the allowance for impairment is described in note 43.2 to the consolidated financial statements.

#### 4.1.2.3 Transition

Changes in accounting policies resulting from adoption of IFRS 9 have been applied as follows:

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment requirements). Differences in the carrying amounts of financial assets resulting from adoption of IFRS 9 are recognised in unappropriated profits as at 01 July 2018. Accordingly the information presented for 2018 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The determination of business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application.

## 4.2 Property, plant and equipment

### Operating assets and depreciation

Operating assets except freehold land, buildings on freehold land, plant and machinery and electric installations are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss while buildings on freehold land, plant and machinery and electric installations are stated at revalued amount less accumulated depreciation.

Cost of property, plant and equipment comprises of historical cost, exchange differences recognized, for the acquisition of assets up to the commencement of commercial production and the cost of borrowings during construction period in respect of loans taken, if any, for specific projects.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Revalued amounts have been determined by an independent professional valuer on the basis of present market value. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Increases in the carrying amounts arising on revaluation of property, plant and equipment is recognised, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset all other decreases are charged to profit or loss. Each year, the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the profit or loss) and depreciation based on the assets original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit. All transfers to / from surplus on revaluation are net of applicable deferred taxation.

Depreciation on all property, plant and equipment is charged to profit or loss on the reducing balance method, except for certain buildings on freehold land, plant and machinery and related electric installations which are being depreciated using the straight line method, so as to write off the historical cost of an asset over its estimated useful life at annual rates mentioned in note 5 after taking into account their residual values.

Depreciation on additions to operating assets is charged from the month in which the item becomes available for use whereas it is discontinued from the month in which the asset is disposed or classified as held for disposal.

The residual value, depreciation method and the useful lives of each part of operating assets that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Group

and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in profit or loss.

#### **Capital work-in-progress**

Capital work in progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure incurred on operating assets during the construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant operating assets category as and when assets are available for use.

### **4.3 Financial instruments**

The Group has initially applied IFRS 9 from 01 July 2018. Information about the Group's accounting policies regarding classification, subsequent measurement and impairment relating to financial instruments is provided in note 4.1.2.

#### **4.3.1 Derecognition**

##### **4.3.1.1 Financial assets**

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

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

##### **4.3.1.2 Financial liabilities**

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### **4.3.1.3 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### **4.4 Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the

estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates that are used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **4.5 Leases**

The Group is a lessee:

#### **4.5.1 Finance leases**

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognized at lower of present value of minimum lease payments under the lease arrangements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Each minimum lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease. These liabilities are classified as current and non-current depending upon the timing of the payment.

Assets acquired under a finance lease are depreciated over the useful life of the asset using the reducing balance method at the rate given in note 5.1. Depreciation of leased assets is charged to profit or loss.

Depreciation on additions to leased assets is charged from the month in an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual and estimated useful lives of leased assets are reviewed, at each financial year end and adjusted if impact on depreciation is significant.

#### **4.5.2 Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

### **4.6 Intangibles**

Intangibles are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangibles having finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Amortization is based on the cost of an asset less its residual value, if any. Amortization is recognized in profit or loss on a straight-line basis over a period of five years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

#### 4.7 Stores, spares and other consumables

These are valued at lower of cost, which is calculated according to moving average method, and net realizable value. Stores in transit are valued at invoice value including other charges, if any, incurred thereon. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

#### 4.8 Stock-in-trade

These are stated at the lower of cost and estimated net realizable value.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, and valuation has been determined as follows:

|                                    |   |
|------------------------------------|---|
| Raw materials                      | Weighted average cost   |
| Work-in-process and finished goods | Cost of direct materials, labour and appropriate manufacturing overheads. |

Stock in transit is valued at a cost, comprising invoice value plus other charges invoiced there on.

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 (selling expenses). Provision is made in the consolidated financial statements for obsolete and slow moving stock in trade based on management estimate.

#### 4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at amortised cost less impairment allowance if any. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and short term borrowings.

#### 4.10 Employee retirement benefits

The main features of the schemes operated by the Group for its employees are as follows:

##### Defined benefit plan - Gratuity

The Group operates an un-funded gratuity scheme for all employees. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for the gratuity scheme was carried out as at 30 June 2019. Projected unit credit method was used for valuation of the scheme.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur. Past service costs are recognized immediately in the profit or loss.

The Group uses the valuation performed by an independent actuary as the present value of its obligations under the gratuity scheme. The valuation is based on the assumptions as mentioned in note 20 consolidated financial statements.

##### Accumulating compensated absences

Accruals are made annually to cover the obligation for accumulating compensated absences on the basis of accumulated leaves and the last drawn salary and are charged to profit or loss.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

#### 4.11 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

#### 4.12 Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

#### 4.13 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 Group; 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.

#### 4.14 Revenue from contracts with customers

The Group has initially applied IFRS 15 from 01 July 2018. Information about the Group's accounting policies relating to contracts with customers is provided in note 4.1.1

##### Made-to-order packaging products:

The Group has determined that for made-to-order packaging products, the customer controls all of the work in progress as the products are being manufactured. This is because under those

contracts products are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Revenue and associated costs are recognised over time – i.e. before the goods are delivered to the customers' premises. Progress is determined based on the cost-to-cost method. Invoices are issued according to contractual terms and are usually payable within 60 - 90 days. Uninvoiced amounts are presented as contract assets.

**Standard packaging products:**

Revenue is measured based on the consideration specified in a contract with customer. The Group recognises revenue when it transfers control of the goods. The customers obtain control of standard packaging products when the goods are either dispatched or delivered to them and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 60 - 90 days. No discounts are provided for standard packaging products. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.

**4.15 Borrowings and their cost**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

**4.16 Foreign currency translation**

Transactions denominated in foreign currencies are translated into Pak Rupees, at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the profit or loss.

**4.17 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity respectively.

**Current**

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

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

**Deferred**

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised

to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except in the case of items credited or charged directly to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

**4.18 Operating profit**

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

**4.19 Earnings per share**

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

Diluted EPS is calculated by adjusting basic EPS with 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 Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

**4.20 Segment reporting**

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors that make strategic decisions. The Group has two operating segments, namely, packaging materials segment and corrugated papers segment.

The identification of operating segments was based on internal organisational and reporting structure, built on the different products and services within the Group. Allocation of the individual organisational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under the Companies Act,2017.

The majority of the sales of the Group is domestic and relates to Pakistan only, further all segments and non-current assets of the Group are based in Pakistan only.

No reportable segments have been identified and therefore, these consolidated financial statements have been prepared on the basis of a single reportable segment.

|  | Note | 2019<br>Rupees              | 2018<br>Rupees       |
|--|------|-----------------------------|----------------------|
| <b>5 Property, plant and equipment</b> |      |                             |                      |
| Operating assets                       | 5.1  | <b>4,719,991,918</b>        | 3,626,574,039        |
| Capital work-in-progress               | 5.2  | <b>387,425,967</b>          | 440,158,727          |
|  |      | <b><u>5,107,417,885</u></b> | <u>4,066,732,766</u> |

5.1 Operating assets

|   | Owned                      |                            |                      |                        |                        | Leased            |                   | Total             |                      |
|---|----------------------------|----------------------------|----------------------|------------------------|------------------------|-------------------|-------------------|-------------------|----------------------|
|   | Freehold land              | Buildings on freehold land | Plant and machinery  | Electric installations | Furniture and fixtures | Office equipment  | Vehicles          |                   | Vehicles             |
| <b>Cost / revalued amount</b>           | - - - - - Rupees - - - - - |                            |                      |                        |                        |                   |                   |                   |                      |
| Balance as at 01 July 2017              | 988,231,382                | 974,934,767                | 2,407,423,324        | 75,786,926             | 7,034,867              | 38,874,679        | 37,390,523        | 47,781,000        | 4,577,457,468        |
| Additions                               | -                          | 2,047,950                  | 75,200,758           | 3,960,810              | 1,310,173              | 6,108,337         | 857,000           | 10,415,000        | 99,900,028           |
| Transfers to owned assets               | -                          | -                          | -                    | -                      | -                      | -                 | 7,837,500         | (7,837,500)       | -                    |
| Disposals                               | -                          | -                          | -                    | (57,673)               | -                      | (414,612)         | (3,149,956)       | (1,099,000)       | (4,721,241)          |
| Balance as at 30 June 2018              | 988,231,382                | 976,982,717                | 2,482,624,082        | 79,690,063             | 8,345,040              | 44,568,404        | 42,935,067        | 49,259,500        | 4,672,636,255        |
| Balance as at 01 July 2018              | 988,231,382                | 976,982,717                | 2,482,624,082        | 79,690,063             | 8,345,040              | 44,568,404        | 42,935,067        | 49,259,500        | 4,672,636,255        |
| Additions                               | -                          | 41,804,962                 | 84,319,687           | 36,548,109             | 675,116                | 6,024,568         | -                 | 12,169,000        | 181,541,442          |
| Transfers to owned assets               | -                          | -                          | -                    | -                      | -                      | -                 | 19,068,500        | (19,068,500)      | -                    |
| Disposals                               | -                          | -                          | -                    | -                      | -                      | (588,972)         | (11,064,000)      | -                 | (11,652,972)         |
| Revaluation during the year             | 127,630,000                | 138,149,810                | 1,221,529,545        | 9,031,022              | -                      | -                 | -                 | -                 | 1,496,340,377        |
| <b>Balance as at 30 June 2019</b>       | <b>1,115,861,382</b>       | <b>1,156,937,489</b>       | <b>3,788,473,314</b> | <b>125,269,194</b>     | <b>9,020,156</b>       | <b>50,004,000</b> | <b>50,939,567</b> | <b>42,360,000</b> | <b>6,338,865,102</b> |
| <b>Accumulated depreciation</b>         | - - - - - Rupees - - - - - |                            |                      |                        |                        |                   |                   |                   |                      |
| Balance as at 01 July 2017              | -                          | 146,306,462                | 688,545,575          | 20,482,628             | 3,199,633              | 12,950,147        | 27,146,492        | 13,272,534        | 911,903,471          |
| Charge for the year                     | -                          | 34,077,851                 | 85,843,030           | 3,596,151              | 441,289                | 2,894,062         | 2,636,650         | 7,733,278         | 137,222,311          |
| Transfers to owned assets               | -                          | -                          | -                    | -                      | -                      | -                 | 3,807,831         | (3,807,831)       | -                    |
| Disposals                               | -                          | -                          | -                    | (42,937)               | -                      | (133,296)         | (2,553,970)       | (333,363)         | (3,063,566)          |
| Balance as at 30 June 2018              | -                          | 180,384,313                | 774,388,605          | 24,035,842             | 3,640,922              | 15,710,913        | 31,037,003        | 16,864,618        | 1,046,062,216        |
| Balance as at 01 July 2018              | -                          | 180,384,313                | 774,388,605          | 24,035,842             | 3,640,922              | 15,710,913        | 31,037,003        | 16,864,618        | 1,046,062,216        |
| Charge for the year                     | -                          | 33,479,999                 | 86,493,530           | 6,700,487              | 511,634                | 3,206,756         | 2,835,726         | 7,736,936         | 140,965,068          |
| Transfers to owned assets               | -                          | -                          | -                    | -                      | -                      | -                 | 9,335,726         | (9,335,726)       | -                    |
| Disposals                               | -                          | -                          | -                    | -                      | -                      | (281,068)         | (8,928,842)       | -                 | (9,209,910)          |
| Revaluation during the year             | -                          | 29,000,463                 | 409,667,315          | 2,388,032              | -                      | -                 | -                 | -                 | 441,055,810          |
| <b>Balance as at 30 June 2019</b>       | <b>-</b>                   | <b>242,864,775</b>         | <b>1,270,549,450</b> | <b>33,124,361</b>      | <b>4,152,556</b>       | <b>18,636,601</b> | <b>34,279,613</b> | <b>15,265,828</b> | <b>1,618,873,184</b> |
| Carrying amount as at 30 June 2018      | 988,231,382                | 796,598,404                | 1,708,235,477        | 55,654,221             | 4,704,118              | 28,857,491        | 11,898,064        | 32,394,882        | 3,626,574,039        |
| <b>Carrying amount as at 30 June 19</b> | <b>1,115,861,382</b>       | <b>914,072,714</b>         | <b>2,517,923,864</b> | <b>92,144,833</b>      | <b>4,867,600</b>       | <b>31,367,399</b> | <b>16,659,954</b> | <b>27,094,172</b> | <b>4,719,991,918</b> |
| <b>Annual depreciation rate - %age</b>  | <b>-</b>                   | <b>2.5%-10%</b>            | <b>3%-10%</b>        | <b>10%</b>             | <b>10%</b>             | <b>10%</b>        | <b>20%</b>        | <b>20%</b>        | <b>-</b>             |

5.1.1

Freehold land, buildings on freehold land, plant and machinery and electric installations were revalued by an independent professional valuer, Unicorn International Surveyors, on present market value basis at reporting date. The revaluation surplus net of deferred tax is credited to surplus on revaluation of property, plant and equipment. Had there been no revaluation, the carrying amounts of the following classes of assets would have been as follows:

|                            | 2019 Rupees          | 2018 Rupees          |
|----------------------------|----------------------|----------------------|
| Freehold land              | 300,933,459          | 300,933,459          |
| Buildings on freehold land | 532,895,466          | 511,174,304          |
| Plant and machinery        | 1,464,413,496        | 1,442,939,035        |
| Electric installations     | 79,656,983           | 49,200,916           |
|                            | <b>2,377,899,404</b> | <b>2,304,247,714</b> |

5.1.2

The forced sale values of the revalued assets are as follows:

|                            | 2019 Rupees          | 2018 Rupees          |
|----------------------------|----------------------|----------------------|
| Freehold land              | 931,071,537          | 822,586,037          |
| Buildings on freehold land | 777,025,455          | 562,768,106          |
| Plant and machinery        | 2,139,924,877        | 964,620,713          |
| Electric installations     | 78,633,516           | 49,948,293           |
|                            | <b>3,926,655,385</b> | <b>2,399,923,149</b> |

5.1.3

Depreciation charge for the year has been allocated as follows:

|                                   |                    |                    |
|-----------------------------------|--------------------|--------------------|
| Cost of sales                     | 131,879,839        | 128,378,696        |
| Administrative expenses           | 3,174,487          | 3,090,064          |
| Selling and distribution expenses | 5,910,742          | 5,753,551          |
|                                   | <b>140,965,068</b> | <b>137,222,311</b> |

5.1.4

Freehold lands of the Packaging material segment are located at 7 K.M. Sundar Raiwind Road, opposite Sundar Industrial Estate, Mauza Bhai Kot, District Lahore, measuring 8.22 acres and Plot No. 141, 142 & 142-B, Sundar Industrial Estate, Sundar Raiwind Road, Lahore, measuring 7.73 acres.

Freehold land of the Corrugated paper segment is located in adjoining areas of village Mandialla (84 kanals and 10 marlas) and Qaimpur (371 kanals and 4 marlas) of tehsil Sheikhpura.

The buildings on freehold land and other immovable assets of the Group are constructed / located at respective above mentioned freehold lands.

5.1.5

**Fair value estimation**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is determined on the basis of objective evidence at each reporting date.

The tables below analyze the non-financial assets carried at fair value as at 30 June 2019 and 30 June 2018.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the Group's freehold land, buildings on freehold land, plant and machinery and electric installations that are measured at fair value.

**Recurring fair value measurements of following items of operating assets:**

|                            | 2019               |               |               |               |
|----------------------------|--------------------|---------------|---------------|---------------|
|                            | Level 1            | Level 2       | Level 3       | Total         |
|                            | ----- Rupees ----- |               |               |               |
| Freehold land              | -                  | 1,115,861,382 | -             | 1,115,861,382 |
| Buildings on freehold land | -                  | -             | 914,072,714   | 914,072,714   |
| Plant and machinery        | -                  | -             | 2,517,923,864 | 2,517,923,864 |
| Electric installations     | -                  | -             | 92,144,833    | 92,144,833    |
|                            | -                  | 1,115,861,382 | 3,524,141,411 | 4,640,002,793 |
|                            | 2018               |               |               |               |
|                            | Level 1            | Level 2       | Level 3       | Total         |
|                            | ----- Rupees ----- |               |               |               |
| Freehold land              | -                  | 988,231,382   | -             | 988,231,382   |
| Buildings on freehold land | -                  | -             | 796,598,404   | 796,598,404   |
| Plant and machinery        | -                  | -             | 1,708,235,477 | 1,708,235,477 |
| Electric installations     | -                  | -             | 55,654,221    | 55,654,221    |
|                            | -                  | 988,231,382   | 2,560,488,102 | 3,548,719,484 |

Movements of the above mentioned assets and surplus on revaluation of these assets have been disclosed in note 5.1 and note 15 respectively to these consolidated financial statements. There are no transfers between levels 1, 2 and 3 during the year and there were no changes in valuation techniques during the years.

**5.1.6 Valuation techniques used to derive level 2 and level 3 fair values**

The Group obtains independent valuations for its freehold land, building on freehold land, plant and machinery and electric installations at least every three years. At the end of each reporting period, the management updates its assessment of the fair value of each asset mentioned above, taking into account the most recent independent valuation. The management determines an asset's value within a range of reasonable fair value estimates. Level 2 fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot. Level 3 fair value of building on freehold land has been determined using a depreciated replacement cost approach, whereby, current cost of construction of a similar building in a similar location has been adjusted using a suitable depreciation rate to arrive at present market value. Level 3 fair value of plant and machinery, and electric installations have been determined using a depreciated replacement cost approach, whereby, the current replacement cost of plant and machinery, and electric installations of similar make/origin, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear.

**5.1.7 Valuation inputs and relationship to fair value**

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See paragraph above for the valuation techniques adopted.

| Description                | Fair value at 30 June |               | Significant unobservable inputs  | Quantitative Quantitative data / range and relationship to the fair value  |
|----------------------------|-----------------------|---------------|--|--|
|                            | 2019 Rupees           | 2018 Rupees   |  |  |
| Buildings on freehold land | 914,072,714           | 796,598,404   | Cost of construction of a new similar building. Suitable depreciation rate to arrive at depreciated replacement value.   | The market value has been determined by using a suitable depreciation factor on cost of constructing a similar new building. Higher, the estimated cost of construction of a new building, higher the fair value. Further, higher the depreciation rate, the lower the fair value of the building.   |
| Plant and machinery        | 2,517,923,864         | 1,708,235,477 | Cost of acquisition of similar plant and machinery with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value.    | The market value has been determined by using cost of acquisition of similar plant and machinery with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of plant and machinery. The higher the cost of acquisition of similar plant and machinery, higher the fair value of plant and machinery. Further, higher the depreciation rate, the lower the fair value of plant and machinery.             |
| Electric installations     | 92,144,833            | 55,654,221    | Cost of acquisition of similar electric installations with similar level of technology. Suitable depreciation rate to arrive at depreciated replacement value. | The market value has been determined by using cost of acquisition of similar electric installations with similar level of technology and applying a suitable depreciation factor based on remaining useful lives of electric installations. The higher the cost of acquisition of similar electric installations, higher the fair value of tools and equipment. Further, higher the depreciation rate, the lower the fair value of electric installations. |

## 5.2 Capital work-in-progress

|                          | 2019               |                           |                                       | As at 30 June 2019 |
|--------------------------|--------------------|---------------------------|---------------------------------------|--------------------|
|                          | As at 01 July 2018 | Additions during the year | Transfers / deletions during the year |                    |
|                          | -----Rupees-----   |                           |                                       |                    |
| Plant and machinery      | 243,507,011        | 34,882,061                | (70,474,442)                          | 207,914,630        |
| Civil works              | 83,848,601         | 28,240,938                | (40,593,067)                          | 71,496,472         |
| Electrical installations | 36,452,289         | 801,690                   | (36,499,292)                          | 754,687            |
| Machinery in transit     | 9,265,578          | -                         | (9,265,578)                           | -                  |
|                          | <b>373,073,479</b> | <b>63,924,689</b>         | <b>(156,832,379)</b>                  | <b>280,165,789</b> |
| Advances to suppliers    | 67,085,248         | 76,112,763                | (35,937,833)                          | 107,260,178        |
|                          | <b>440,158,727</b> | <b>140,037,452</b>        | <b>(192,770,212)</b>                  | <b>387,425,967</b> |

|                          | 2018               |                           |                                       | As at 30 June 2018 |
|--------------------------|--------------------|---------------------------|---------------------------------------|--------------------|
|                          | As at 01 July 2017 | Additions during the year | Transfers / deletions during the year |                    |
|                          | -----Rupees-----   |                           |                                       |                    |
| Plant and machinery      | 235,590,785        | 83,116,984                | (75,200,758)                          | 243,507,011        |
| Civil works              | 28,469,257         | 57,427,294                | (2,047,950)                           | 83,848,601         |
| Electrical installations | 18,611,765         | 21,801,334                | (3,960,810)                           | 36,452,289         |
| Machinery in transit     | -                  | 9,265,578                 | -                                     | 9,265,578          |
|                          | <b>282,671,807</b> | <b>171,611,190</b>        | <b>(81,209,518)</b>                   | <b>373,073,479</b> |
| Advances to suppliers    | 63,917,565         | 12,380,030                | (9,212,347)                           | 67,085,248         |
|                          | <b>346,589,372</b> | <b>183,991,220</b>        | <b>(90,421,865)</b>                   | <b>440,158,727</b> |

| 6 | Intangible Cost                     | Note | 2019 Rupees            | 2018 Rupees      |
|---|-------------------------------------|------|------------------------|------------------|
|   | Balance as at 01 July               |      | 7,088,486              | 7,088,486        |
|   | Additions during the year           |      | -                      | -                |
|   | Balance as at 30 June               |      | 7,088,486              | 7,088,486        |
|   | <b>Accumulated amortization</b>     |      |                        |                  |
|   | Balance as at 01 July               |      | 3,890,507              | 2,472,810        |
|   | Charge for the year                 | 29   | 1,417,697              | 1,417,697        |
|   | Balance as at 30 June               |      | 5,308,204              | 3,890,507        |
|   | <b>Net book value as at 30 June</b> |      | <b>1,780,282</b>       | <b>3,197,979</b> |
|   |                                     |      | ----- Percentage ----- |                  |
|   | <b>Annual amortization rate (%)</b> |      | <b>20%</b>             | <b>20%</b>       |

6.1 Intangible represents ERP software and amortization on intangible is charged to administrative expenses.

| 7 | Long term loan - unsecured, considered good         | Note      | 2019 Rupees | 2018 Rupees |
|---|---|-----------|-------------|-------------|
|   | Loan to associated undertaking - Roshan Enterprises | 7.1 & 7.2 | 132,838,400 | -           |

7.1 This represents receivables amounting to Rs. 122.72 million, converted to long term loan by a special resolution passed at the Annual General Meeting of the Group dated 29 October 2018. The loan including markup will be repaid by the associated undertaking after two years from the date of conversion i.e. 29 October 2018. The loan carries markup at the rate of 1-Year KIBOR+2% per annum. Markup is being charged from the date of conversion.

### Movement during the year is as follows:

|   | 2019 Rupees        | 2018 Rupees |
|---|--------------------|-------------|
| Balance converted in to long term loan from receivables - unsecured | 122,722,688        | -           |
| Accrued mark up   | 10,115,712         | -           |
| Closing balance   | <b>132,838,400</b> | -           |

7.2 The maximum aggregate amount outstanding during the year amounted to Rs. 132.838 million (2018: Nil).

| 8 | Stock-in-trade  | Note | 2019 Rupees        | 2018 Rupees        |
|---|---|------|--------------------|--------------------|
|   | Raw materials [In transit: 91.052 million (2018: Rs. 24.456 million)] |      | 693,322,162        | 569,085,590        |
|   | Work-in-process   |      | -                  | 20,776,488         |
|   | Finished goods  |      | 16,264,405         | 41,789,793         |
|   |   |      | <b>709,586,567</b> | <b>631,651,871</b> |

9 **Contract assets**  
This represents the Group's right to consideration for work completed but not billed at the reporting date on made to order products recognized on the adoption of IFRS 15.

| 10 | Trade debtors - unsecured         | Note | 2019 Rupees          | 2018 Rupees          |
|----|-----------------------------------|------|----------------------|----------------------|
|    | Considered good                   | 10.1 | 1,528,236,936        | 1,279,509,117        |
|    | Less: provision for credit losses |      | (258,731,588)        | (48,135,576)         |
|    |                                   |      | <b>1,269,505,348</b> | <b>1,231,373,541</b> |

10.1 This includes an amount of Rs. 3.143 million (2018: Rs. 122.722 million) receivable from Roshan Enterprises ("an associated undertaking"). The maximum aggregate amount outstanding during the year was Rs. 122.722 million (2018: Rs. 122.722 million). The age analysis is as follows:

|  | 2019 Rupees      | 2018 Rupees        |
|--|------------------|--------------------|
| <i>Aging of related party balances</i> |                  |                    |
| Current                                | -                | 2,735,160          |
| 01 to 90 days                          | 3,143,560        | 4,441,077          |
| 91 to 180 days                         | -                | 3,974,400          |
| 181 to 270 days                        | -                | 3,717,960          |
| 271 to 365 days                        | -                | 1,479,455          |
| More than 365 days                     | -                | 106,374,636        |
|  | <b>3,143,560</b> | <b>122,722,688</b> |

10.2 The movement in provision for credit losses against trade receivables is as follows:

|   | Rupees             |
|---|--------------------|
| <b>Provision for credit losses</b>          |                    |
| As at 01 July 2018 - as previously reported | 48,135,576         |
| Adjustment on initial application of IFRS 9 | 293,451,902        |
|   | <b>341,587,478</b> |
| Reversal during the year                    | (82,855,890)       |
| As at 30 June 2019                          | <b>258,731,588</b> |

|   | Note | 2019<br>Rupees     | 2018<br>Rupees |
|---|------|--------------------|----------------|
| <b>11 Advances, deposits, prepayments and other receivables</b> |      |                    |                |
| <b><u>Non-interest bearing</u></b>                              |      |                    |                |
| <i>Advances - considered good:</i>                              |      |                    |                |
| - To employees  | 11.1 | 2,482,861          | 12,813,298     |
| - To suppliers  |      | 119,880,757        | 101,950,842    |
|   |      | <b>122,363,618</b> | 114,764,140    |
| <i>Balances with statutory authorities:</i>                     |      |                    |                |
| - Sales tax receivable - net                                    |      | 200,321,869        | 199,324,409    |
| - Income tax receivable - net                                   |      | 415,454,945        | 378,965,524    |
|   |      | <b>615,776,814</b> | 578,289,933    |
| Prepayments   |      | 1,770,072          | 2,284,790      |
| Security deposits   |      | 15,117,872         | 5,934,505      |
| Interest receivable - saving accounts                           |      | 13,423,995         | 14,163,590     |
|   |      | <b>768,452,371</b> | 715,436,958    |

11.1 It include advances against expenses paid to executives amounting to Rs. 0.47 million (2018: Rs. 3.102 million).

|                                  | Note | 2019<br>Rupees       | 2018<br>Rupees |
|----------------------------------|------|----------------------|----------------|
| <b>12 Cash and bank balances</b> |      |                      |                |
| Cash in hand                     |      | 232,131              | 268,767        |
| <i>Cash at banks</i>             |      |                      |                |
| - saving accounts                | 12.1 | 123,014,476          | 306,937,893    |
| - current accounts               |      | 115,428,850          | 192,264,253    |
| - term deposits                  | 12.2 | 900,000,000          | 1,250,000,000  |
|                                  |      | <b>1,138,443,326</b> | 1,749,202,146  |
|                                  |      | <b>1,138,675,457</b> | 1,749,470,913  |

12.1 Profit on the balances in saving accounts ranges from 6.3% to 12.5% (2018: 5.7% to 6.3%) per annum.

12.2 Profit on term deposits ranges from 6.25% to 12.8% (2018: 5.6% to 6.25%) per annum.

### 13 Issued, subscribed and paid up share capital

|   | 2019<br>(Number of shares) | 2018        | 2019<br>Rupees       | 2018<br>Rupees |
|---|----------------------------|-------------|----------------------|----------------|
| Ordinary shares of Rs. 10 each fully paid in cash   | 57,336,000                 | 57,336,000  | 573,360,000          | 573,360,000    |
| Ordinary shares of Rs. 10 each issued as bonus shares                                     | 79,461,000                 | 55,811,000  | 794,610,000          | 558,110,000    |
| Ordinary shares of Rs. 10 each fully paid for consideration other than cash - (Note 15.1) | 5,103,000                  | 5,103,000   | 51,030,000           | 51,030,000     |
|   | <b>141,900,000</b>         | 118,250,000 | <b>1,419,000,000</b> | 1,182,500,000  |

13.1 These shares were issued against the fair value of land acquired which measures 48 kanals and 12 marlas and is situated opposite to Sundar Industrial Estate, Bhai Kot, Raiwind, Lahore.

13.2 The Holding Company during the year issued 23.65 million bonus shares amounting to Rs. 236.50 million. The reconciliation of ordinary share capital during the period is as follows:

|  | (Number of shares) | Rupees        |
|--|--------------------|---------------|
| <b>Issued share capital as at 01 July 2018</b> | <b>118,250,000</b> | 1,182,500,000 |
| <b>Issue of bonus shares during the period</b> | <b>23,650,000</b>  | 236,500,000   |
| <b>Issued share capital as at 30 June 2019</b> | <b>141,900,000</b> | 1,419,000,000 |

13.3 Following shares of the Holding Company are held with the related parties.

| Name of related party        | Relationship with the Holding Company | 2019<br>------(No. of shares)----- | 2018       | 2019<br>Rupees | 2018<br>Rupees |
|------------------------------|---------------------------------------|------------------------------------|------------|----------------|----------------|
| Mr. Tayyab Aijaz             | Chief Executive Officer               | 38,087,809                         | 31,739,841 | 380,878,090    | 317,398,410    |
| Mr. Saddat Aijaz             | Director                              | 16,830,000                         | 14,025,000 | 168,300,000    | 140,250,000    |
| Mr. Zaki Aijaz               | Director                              | 16,833,538                         | 14,027,949 | 168,335,380    | 140,279,490    |
| Mr. Khalid Ejaz Qureshi      | Director                              | 20,790,000                         | 17,325,000 | 207,900,000    | 173,250,000    |
| Mr. Quasim Aijaz             | Director                              | 4,196,562                          | 3,497,135  | 41,965,620     | 34,971,350     |
| Mr. Muhammad Naveed Tariq    | Director                              | 2                                  | 2          | 20             | 20             |
| Mr. Malik Asad Ali Khan      | Director                              | -                                  | 2          | -              | 20             |
| Mrs. Ayesha Mussadaque Hamid | Director                              | 56                                 | -          | 560            | -              |
| Mr. Hamza Gillani            | Other related party                   | 12,127                             | 10,106     | 121,270        | 101,060        |

### 14 Share premium

This share premium reserve can be utilized by the Group only for the purposes specified in section 81(2) and 81(3) of the Companies Act, 2017.

### 15 Surplus on revaluation of property, plant and equipment

This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land, plant and machinery and electric installations, adjusted by incremental depreciation arising out of revaluation of abovementioned assets except freehold land. The latest valuation is carried out by an independent professional valuer, Unicorn International Surveyors, on 30 June 2019, on present market value basis.

The revaluation surplus relating to above mentioned operating assets, excluding freehold land, is net of applicable deferred taxes. Incremental depreciation represents the difference between the actual depreciation on the above mentioned assets excluding freehold land and the equivalent depreciation based on the historical cost of these assets. The movement in revaluation surplus is as follows:

|   | 2019<br>Rupees       | 2018<br>Rupees       |
|---|----------------------|----------------------|
| Opening balance - net of tax  | 1,078,519,283        | 1,073,890,796        |
| Revaluation surplus during the year   | 1,055,284,567        | -                    |
| Deferred tax on revaluation surplus during the year   | (268,302,631)        | -                    |
| Effect of change in tax rate on balance of revaluation on property, plant and equipment                       | 4,994,654            | 28,751,464           |
| Surplus transferred to unappropriated profit for the year on account of incremental depreciation - net of tax | (26,767,567)         | (24,122,977)         |
| Closing balance - net of tax  | <u>1,843,728,306</u> | <u>1,078,519,283</u> |

|   | 2019<br>Rupees    | 2018<br>Rupees     |
|---|-------------------|--------------------|
| <b>16 Supplier's credit - unsecured</b>         |                   |                    |
| Supplier's credit                               | 248,226,538       | 302,302,080        |
| Current portion shown under current liabilities | (151,869,925)     | (116,156,657)      |
|   | <u>96,356,613</u> | <u>186,145,423</u> |

**16.1** This comprises of payable to Windmoller & Holscher, Germany and Taiwan Endurance, Taiwan in respect of the following assets:

|   | 2019<br>Rupees     | 2018<br>Rupees     |
|---|--------------------|--------------------|
| Varex II 5-Layer Co-Extrusion Line machine  | 129,891,643        | 148,029,230        |
| Gravure Printing Press Heliostar SH machine | 97,084,734         | 122,926,110        |
| Paper Board Handling System machine         | 21,250,161         | 31,346,740         |
|   | <u>248,226,538</u> | <u>302,302,080</u> |

**16.1.1** This represents interest free amount payable to Windmoller & Holscher, Germany, against purchase of Varex II 5-Layer Co-Extrusion Line machine on deferred payment basis in ten half yearly installments ending on 03 February 2021. The interest free payable amount has been discounted at a rate of 0.87% per annum to arrive at the cash price equivalent of the machine. The reconciliation of the carrying amount is as follows:

|                                    | 2019<br>Rupees     | 2018<br>Rupees     |
|------------------------------------|--------------------|--------------------|
| Supplier's credit                  | 210,369,804        | 210,369,804        |
| Discounting adjustment             | (9,565,283)        | (9,565,283)        |
|                                    | <u>200,804,521</u> | <u>200,804,521</u> |
| Unwinding of discount on liability | 8,933,873          | 7,300,090          |
|                                    | <u>209,738,394</u> | <u>208,104,611</u> |
| Exchange loss                      | 71,939,597         | 34,378,940         |
|                                    | <u>281,677,991</u> | <u>242,483,551</u> |
| Payments                           | (151,786,348)      | (94,454,321)       |
|                                    | <u>129,891,643</u> | <u>148,029,230</u> |
| Current maturity                   | (65,623,300)       | (50,368,322)       |
|                                    | <u>64,268,343</u>  | <u>97,660,908</u>  |

**16.1.2** This represents interest free amount payable to Windmoller & Holscher, Germany, against purchase of Gravure Printing Press Heliostar SH machine on deferred payment basis in ten half yearly installments ending on 13 September 2020. The interest free payable amount has been discounted at a rate of 0.87% per annum to arrive at the cash price equivalent of the machine. The reconciliation of the carrying amount is as follows:

|                                    | 2019<br>Rupees     | 2018<br>Rupees     |
|------------------------------------|--------------------|--------------------|
| Supplier's credit                  | 210,406,544        | 210,406,544        |
| Discounting adjustment             | (9,566,953)        | (9,566,953)        |
|                                    | <u>200,839,591</u> | <u>200,839,591</u> |
| Unwinding of discount on liability | 9,273,465          | 7,908,397          |
|                                    | <u>210,113,056</u> | <u>208,747,988</u> |
| Exchange loss                      | 58,873,010         | 29,472,498         |
|                                    | <u>268,986,066</u> | <u>238,220,486</u> |
| Payments                           | (171,901,332)      | (115,294,376)      |
|                                    | <u>97,084,734</u>  | <u>122,926,110</u> |
| Current maturity                   | (64,996,464)       | (50,153,746)       |
|                                    | <u>32,088,270</u>  | <u>72,772,364</u>  |

**16.1.3** This represents interest free amount payable to Taiwan Endurance Group Limited, Taiwan, against purchase of Paper Board Handling System machine on deferred payment basis in 3 equal annual installments ending on 15 December 2019. The interest free payable amount has been discounted at a rate of 0.26% per annum to arrive at the cash price equivalent of the machine. The reconciliation of the carrying amount is as follows:

|                                    | 2019<br>Rupees    | 2018<br>Rupees    |
|------------------------------------|-------------------|-------------------|
| Supplier's credit                  | 40,584,800        | 40,584,800        |
| Discounting adjustment             | (209,200)         | (209,200)         |
|                                    | <u>40,375,600</u> | <u>40,375,600</u> |
| Unwinding of discount on liability | 203,563           | 151,091           |
|                                    | <u>40,579,163</u> | <u>40,526,691</u> |
| Exchange loss                      | 13,218,798        | 5,124,279         |
|                                    | <u>53,797,961</u> | <u>45,650,970</u> |
| Payments                           | (32,547,800)      | (14,304,230)      |
|                                    | <u>21,250,161</u> | <u>31,346,740</u> |
| Current maturity                   | (21,250,161)      | (15,634,589)      |
|                                    | <u>-</u>          | <u>15,712,151</u> |

| 17   | Long term finances - secured  | Note   | 2019<br>Rupees | 2018<br>Rupees |
|------|---|--------|----------------|----------------|
|      | These have been obtained from the following financial institutions: |        |                |                |
|      | Dubai Islamic Bank Limited  | 17.1   | -              | -              |
|      | United Bank Limited   | 17.2   | -              | -              |
|      |   |        | -              | -              |
|      |   |        |                |                |
|      |   | Note   |                |                |
| 17.1 | <b>Dubai Islamic Bank Limited</b>                                   |        |                |                |
|      | Opening balance   |        | 255,812,500    | 356,371,642    |
|      | Payments  |        | (100,000,000)  | (100,559,142)  |
|      |   |        | 155,812,500    | 255,812,500    |
|      | Current maturity  | 17.1.2 | (155,812,500)  | (255,812,500)  |
|      |   |        | -              | -              |

**17.1.1** This represents Shirkat-ul-Melk facility of Rs. 400 million for financing the expansion of flexible packaging facility. The principal portion of Rs. 115.125 million (2018: Rs. 191.875 million) is repayable in six equal quarterly instalments of Rs. 19.188 million beginning on 16 September 2019, and remaining principal portion of Rs. 40.687 million (2018: Rs 63.938 million) is repayable in seven equal quarterly instalments of Rs. 5.813 million beginning on 22 August 2019. Mark up is payable quarterly at the rate of three months KIBOR plus 0.9% per annum. The mark-up rate charged during the year on the outstanding balance ranged from 7.34% to 13.82 % (2018: 7.04% to 7.79%) per annum. It is secured by a first exclusive charge over fixed assets of the flexible packaging facility located at Sundar Industrial Estate, Lahore, first hypothecation charge over plant and machinery of the corrugation packaging facility located at Sundar, Raiwind Road, opposite to Sundar Industrial Estate, Lahore, and personal guarantees of 3 directors of the Holding Company.

**17.1.2** The outstanding term finance liability has become payable on demand due to the fact that the Group has made defaults in complying covenants associated by the lender with the said term loan.

| 17.2 | United Bank Limited | Note   | 2019<br>Rupees | 2018<br>Rupees |
|------|---------------------|--------|----------------|----------------|
|      | Opening balance     |        | 250,000,000    | 250,000,000    |
|      | Payments            |        | (74,400,037)   | -              |
|      |                     |        | 175,599,963    | 250,000,000    |
|      | Current maturity    | 17.2.2 | (175,599,963)  | (250,000,000)  |
|      |                     |        | -              | -              |

**17.2.1** This represents term finance facility to finance corrugator unit capacity expansion project. The aggregate amount of the facility is Rs. 400 million out of which Rs. 351.2 million (2018: Rs 351.2 million) has been availed as of the reporting date. The outstanding principal of Rs. 135.452 million (2018: Rs 199.815 million) is repayable in four equal half yearly installments and remaining outstanding principal amounting to Rs. 40.147 million (2018: Rs 50.185 million) is repayable in four equal half yearly installments beginning on 03 November 2019. Mark up is payable semi annually at the rate of six months KIBOR plus 0.9% per annum (2018: three months KIBOR plus net spread (Lending rate - Deposit rate) secured up to 0.6%). The mark-up rate charged during the year on the outstanding balance ranged from 7.94% to 11.7% (2018: 6.74% to 7.90%) per annum. The facility is secured by first exclusive charge over present and future land, building and plant and machinery of the corrugation packaging facility located at Sundar, Raiwind Road, opposite to Sundar Industrial Estate, Lahore, and personal guarantees of 3 directors of the Holding Company.

**17.2.2** The outstanding term finance liability has become payable on demand due to the fact that the Group has made defaults in complying covenants associated by the lender with the said term loan.

| 18 | Liabilities against assets subject to finance lease - secured | Note | 2019<br>Rupees | 2018<br>Rupees |
|----|---|------|----------------|----------------|
|    | Present value of minimum lease payments                       |      | 19,764,577     | 26,246,823     |
|    | Less: Current portion shown under current liabilities         | 21   | (10,258,712)   | (16,396,026)   |
|    |   |      | 9,505,865      | 9,850,797      |

The minimum lease payments have been discounted at an implicit interest rate of KIBOR plus 1% to 1.5% per annum reset every six months. The implicit interest rate used during the year to arrive at the present value of minimum lease payments ranges from 9.66% to 20.14% (2018: 9.66% to 18.43%) per annum. Since the implicit interest rate is linked with KIBOR, the amount of minimum lease payments and finance charge may vary from period to period.

Rentals are paid monthly in advance. Taxes, repairs, replacements and insurance costs are to be borne by lessee.

The lease is secured against personal guarantees of 3 directors of the Group. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

The amount of future minimum lease payments along with their present value and the periods during which they fall due are:

|  | 2019          |                        |             |
|--|---------------|------------------------|-------------|
|  | Upto one year | From one to five years | Total       |
| <b>Liabilities against assets subject to finance lease - secured</b> |               |                        |             |
| Minimum lease payments   | 12,083,333    | 10,068,715             | 22,152,048  |
| Less: finance costs allocated to future periods                      | (1,824,621)   | (562,850)              | (2,387,471) |
| Present value of minimum lease payments                              | 10,258,712    | 9,505,865              | 19,764,577  |
| <b>2018</b>  |               |                        |             |
|  | Upto one year | From one to five years | Total       |
| <b>Liabilities against assets subject to finance lease - secured</b> |               |                        |             |
| Minimum lease payments   | 18,271,055    | 10,441,140             | 28,712,195  |
| Less: finance costs allocated to future periods                      | (1,875,029)   | (590,343)              | (2,465,372) |
| Present value of minimum lease payments                              | 16,396,026    | 9,850,797              | 26,246,823  |

**19 Deferred taxation**

|   | 2019                |                                       |                                      |                    |
|---|---------------------|---------------------------------------|--------------------------------------|--------------------|
|   | *Opening balance    | Charge / (reversal) to profit or loss | Charge to other comprehensive income | Closing balance    |
|   | ------(Rupees)----- |                                       |                                      |                    |
| <b><u>Taxable temporary difference</u></b>    |                     |                                       |                                      |                    |
| Accelerated tax depreciation                  | 215,887,872         | 44,271,925                            | -                                    | 260,159,797        |
| Revaluation surplus                           | 166,072,325         | (11,005,219)                          | 263,307,977                          | 418,375,083        |
| Assets subject to finance lease               | 1,832,502           | 286,467                               | -                                    | 2,118,969          |
| <b><u>Deductible temporary difference</u></b> |                     |                                       |                                      |                    |
| Deferred liabilities                          | (25,122,190)        | 24,422,768                            | 699,422                              | -                  |
| Impairment allowance on trade debtors         | (1,799,831)         | 1,799,831                             | -                                    | -                  |
| Tax losses due to tax depreciation            | (26,988,200)        | 8,339,476                             | -                                    | (18,648,724)       |
| Minimum tax                                   | (40,238,993)        | (48,283,065)                          | -                                    | (88,522,058)       |
| Alternate corporate tax                       | (12,186,950)        | -                                     | -                                    | (12,186,950)       |
|   | <b>277,456,535</b>  | <b>19,832,183</b>                     | <b>264,007,399</b>                   | <b>561,296,117</b> |

\*This includes the effect of initially applying IFRS 15 as at 01 July 2018 as explained in note 4.1 of the consolidated financial statements.

|   | 2018                |                                       |   |                    |
|---|---------------------|---------------------------------------|---|--------------------|
|   | Opening balance     | Charge / (reversal) to profit or loss | Charge / (reversal) to other comprehensive income | Closing balance    |
|   | ------(Rupees)----- |                                       |   |                    |
| <b><u>Taxable temporary difference</u></b>                |                     |                                       |   |                    |
| Accelerated tax depreciation                              | 224,686,225         | (8,798,353)                           | -   | 215,887,872        |
| Revaluation surplus                                       | 175,708,417         | 19,115,372                            | (28,751,464)                                      | 166,072,325        |
| Assets subject to finance lease                           | 1,114,314           | 718,188                               | -   | 1,832,502          |
| <b><u>Deductible temporary difference</u></b>             |                     |                                       |   |                    |
| Deferred liabilities                                      | (23,178,714)        | (2,927,218)                           | 983,741   | (25,122,190)       |
| Provision for doubtful debts                              | (1,793,300)         | (6,531)                               | -   | (1,799,831)        |
| Tax losses due to tax depreciation                        | -                   | (26,797,994)                          | -   | (26,797,994)       |
| Tax credits under section 65B available for carry forward | (36,020,207)        | 36,020,207                            | -   | -                  |
| Minimum tax   | (40,238,993)        | -                                     | -   | (40,238,993)       |
| Alternate corporate tax                                   | (12,186,950)        | -                                     | -   | (12,186,950)       |
|   | <b>288,090,792</b>  | <b>17,323,672</b>                     | <b>(27,767,722)</b>                               | <b>277,646,741</b> |

19.1 Deferred tax assets amounting to Rs. 101.34 million have not been recognised in the consolidated financial statements.

|   |             | 2019 Rupees       | 2018 Rupees       |
|---|-------------|-------------------|-------------------|
| <b>20 Deferred liabilities</b>  | <i>Note</i> |                   |                   |
| Accumulating compensated absences                                     | 20.1        | 6,560,993         | 5,024,731         |
| Provision for gratuity  | 20.2        | 67,031,244        | 60,988,612        |
|   |             | <b>73,592,237</b> | <b>66,013,343</b> |
| <b>20.1 Accumulating compensated absences</b>                         |             |                   |                   |
| Opening liability   |             | 5,024,731         | 4,525,917         |
| Provision for the year  |             | 2,906,498         | 1,436,872         |
|   |             | <b>7,931,229</b>  | <b>5,962,789</b>  |
| Transferred to trade and other payables for former employees          |             | (1,370,236)       | (938,058)         |
| Liability as at year end  |             | <b>6,560,993</b>  | <b>5,024,731</b>  |
| <b>20.2 Provision for gratuity</b>                                    |             |                   |                   |
| Opening liability   |             | 60,988,612        | 55,250,563        |
| Provision charged to profit or loss                                   |             | 18,086,660        | 14,260,259        |
| Actuarial gain to other comprehensive income                          |             | (2,419,329)       | (3,934,953)       |
|   |             | <b>76,655,943</b> | <b>65,575,869</b> |
| Paid during the year  |             | (9,624,699)       | (4,587,257)       |
| Liability as at year end  |             | <b>67,031,244</b> | <b>60,988,612</b> |
| <b>20.2.1 Movement in present value of defined benefit obligation</b> |             |                   |                   |
| Opening liability   |             | 60,988,612        | 55,250,563        |
| Current service cost  |             | 13,592,559        | 10,420,881        |
| Interest cost   |             | 4,494,101         | 3,839,378         |
| Remeasurements - actuarial gain                                       |             | (2,419,329)       | (3,934,953)       |
| Paid during the year  |             | (9,624,699)       | (4,587,257)       |
| Liability as at year end  |             | <b>67,031,244</b> | <b>60,988,612</b> |



| 23 Trade and other payables        | 2019<br>Rupees     | 2018<br>Rupees     |
|------------------------------------|--------------------|--------------------|
| Trade creditors                    | 713,068,944        | 609,899,804        |
| Bills payable                      | 208,929,477        | 52,795,524         |
| Retention money                    | 851,021            | 4,167,040          |
| Accrued liabilities                | 57,557,816         | 52,886,138         |
| Withholding tax payable            | 2,496,952          | 3,965,860          |
| Workers' profit participation fund | 1,507,531          | -                  |
| Workers' welfare fund              | -                  | 1,678,561          |
| Advances from employees            | 1,902,525          | 3,527,610          |
|                                    | <b>986,314,266</b> | <b>728,920,537</b> |

#### 24 Contract liabilities

The contract liabilities primarily relate to the advance consideration received from the customers.

| 25 Accrued markup                    | 2019<br>Rupees    | 2018<br>Rupees    |
|--------------------------------------|-------------------|-------------------|
| <i>Accrued markup / interest on:</i> |                   |                   |
| - Long term finance - secured        | 4,406,149         | 3,869,432         |
| - Short term borrowings - secured    | 30,025,457        | 17,420,560        |
|                                      | <b>34,431,606</b> | <b>21,289,992</b> |

#### 26 Contingencies and commitments

##### 26.1 Contingencies

26.1.1 The banks have issued the following guaranties on behalf of the Group:

- (a) Letter of guarantee issued in favour of Sui Northern Gas Pipelines Limited amounting to Rs. 25.29 million (2018: Rs. 6.2 million).
- (b) Letter of guarantee issued in favour of Total Parco Pakistan Limited amounting to Rs. 8 million (2018: Rs. 8 million).

26.1.2 Additional Commissioner Inland Revenue ('ACIR'), through an order dated 22 May 2012 disallowed the Group's claim of tax credit amounting to Rs. 11.112 million against minimum tax liability for Tax Year 2011. Against the subject order, the Group's management preferred an appeal before the Commissioner of Inland Revenue (Appeals), who upheld the ACIR's order. The Group's management has preferred a second appeal before the Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication. The Group's management considers that reasonable grounds exist to support its stance in the appeal and is of the view that the decision would be in its favour. Consequently, no provision has been made in these consolidated financial statements on this account.

26.1.3 Income tax proceedings were initiated by Deputy Commissioner Inland Revenue ('DCIR') under section 214C of the Income Tax Ordinance, 2001 ('the Ordinance') for tax year 2015. Upon finalization of the said proceedings the DCIR increased the Group's tax chargeable by Rs. 8.7 million on account of fixed assets, trade creditors, WPPF and others etc. through an amended assessment order u/s 122(1)/122(5) of the Ordinance dated 28 June 2018. Aggrieved by the decision of DCIR the Group filed an appeal before CIR (Appeals) which is pending adjudication. The management based on the advice of its legal counsel, is confident that the matter will be decided in the Group's favor and no financial obligation is expected to accrue. Consequently, no provision has been made in these consolidated financial statements on this account.

#### 26.2 Commitments in respect of

- (a) Letters of credit and contracts for capital expenditure amounting to Rs. 37.92 million (2018: Rs. 9.25 million).
- (b) Letters of credit and contracts other than for capital expenditure amounting to Rs. 147.87 million (2018: Rs. 315.72 million).

| 27 Revenue from contract with customers | Note | 2019<br>Rupees       | 2018<br>Rupees       |
|---|------|----------------------|----------------------|
| Revenue                                 | 27.1 | 6,298,741,129        | 4,694,781,077        |
| Less: Sales tax                         |      | (901,617,188)        | (663,393,503)        |
| *Revenue from contract with customers   | 27.2 | <b>5,397,123,941</b> | <b>4,031,387,574</b> |

##### Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by timing of revenue recognition and major product lines.

|   | 2019<br>Rupees       | 2018<br>Rupees       |
|---|----------------------|----------------------|
| <i>Major product lines:</i>               |                      |                      |
| - Made-to-order packaging products        | 4,813,580,764        | 3,757,901,517        |
| - Standard packaging products             | 583,543,177          | 273,486,057          |
|   | <b>5,397,123,941</b> | <b>4,031,387,574</b> |
| <i>Timing of revenue recognition:</i>     |                      |                      |
| - Products transferred over time          | 4,813,580,764        | 3,757,901,517        |
| - Products transferred at a point in time | 583,543,177          | 273,486,057          |
| *Revenue from contract with customers     | <b>5,397,123,941</b> | <b>4,031,387,574</b> |

\* The net impact of applying IFRS 15 in revenue is amounted to Rs. 6.925 million.

27.1 This includes unbilled revenue amounting to Rs. 48.6 million (2018: nil) recognized due to adoption of IFRS 15.

27.2 This includes revenue amounting to Rs. 9.578 million (2018: 16.348 million) to Roshan Enterprises, related party (associated undertaking).

| 28 Cost of sales                   | Note | 2019<br>Rupees       | 2018<br>Rupees       |
|------------------------------------|------|----------------------|----------------------|
| Raw materials consumed             |      | 4,252,776,094        | 3,029,823,613        |
| Carriage inward expenses           |      | 3,600,718            | 1,590,873            |
| Packing material consumed          |      | 19,837,551           | 15,263,171           |
| Production supplies                |      | 85,882,384           | 66,604,651           |
| Fuel and power                     |      | 174,496,387          | 145,116,102          |
| Salaries, wages and other benefits | 28.1 | 232,069,814          | 185,572,969          |
| Repairs and maintenance            |      | 65,215,171           | 52,013,508           |
| Printing and stationery            |      | 884,419              | 1,057,911            |
| Insurance                          |      | 7,275,977            | 7,357,263            |
| Operating lease rentals            |      | 16,508,440           | 15,359,460           |
| Travelling and conveyance          |      | 23,252,091           | 20,162,395           |
| Communication expenses             |      | 1,428,715            | 1,117,230            |
| Vehicle running expenses           |      | 2,876,923            | 2,302,667            |
| Depreciation                       |      | 131,879,839          | 128,378,696          |
| Others                             |      | 13,104,884           | 9,249,234            |
|                                    |      | <b>5,031,089,407</b> | <b>3,680,969,743</b> |

|                                  |                      |               |
|----------------------------------|----------------------|---------------|
| Opening work-in-process*         | -                    | 42,527,088    |
| Closing work-in-process          | -                    | (20,776,488)  |
|                                  | -                    | 21,750,600    |
| Cost of goods manufactured       | <b>5,031,089,407</b> | 3,702,720,343 |
| Opening stock of finished goods* | <b>11,941,276</b>    | 62,299,584    |
| Closing stock of finished goods  | <b>(16,264,405)</b>  | (41,789,793)  |
|                                  | <b>(4,323,129)</b>   | 20,509,791    |
| Freight and transportation       | <b>64,727,473</b>    | 59,452,033    |
|                                  | <b>5,091,493,751</b> | 3,782,682,167 |

\* This includes the effect of initially applying IFRS 15 as at 01 July 2018 as explained in note 4.1 of the consolidated financial statements.

## 28.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

|   | Note | 2019<br>Rupees    | 2018<br>Rupees |
|---|------|-------------------|----------------|
| <i>Gratuity:</i>                          |      |                   |                |
| Current service cost                      |      | <b>7,875,701</b>  | 6,037,990      |
| Interest cost for the year                |      | <b>2,603,940</b>  | 2,224,585      |
|   |      | <b>10,479,641</b> | 8,262,575      |
| <i>Accumulating compensated absences:</i> |      |                   |                |
| Charge for the year                       |      | <b>1,684,062</b>  | 832,542        |
|   |      | <b>12,163,703</b> | 9,095,117      |

## 29 Administrative expenses

|                                    |      |                    |             |
|------------------------------------|------|--------------------|-------------|
| Salaries, wages and other benefits | 29.1 | <b>68,205,574</b>  | 71,338,410  |
| Legal and professional charges     |      | <b>4,811,213</b>   | 5,843,585   |
| Fees and subscription              |      | <b>8,984,568</b>   | 6,661,312   |
| Travelling and conveyance          |      | <b>3,717,386</b>   | 6,350,801   |
| Insurance                          |      | <b>1,805,969</b>   | 2,787,016   |
| Printing and stationery            |      | <b>863,543</b>     | 736,712     |
| Repairs and maintenance            |      | <b>1,624,753</b>   | 2,276,161   |
| Vehicle running and maintenance    |      | <b>3,339,270</b>   | 4,060,457   |
| Utilities                          |      | <b>1,495,953</b>   | 1,640,206   |
| Lease rentals - operating          |      | <b>5,797,500</b>   | 5,364,708   |
| Auditors remuneration              | 29.2 | <b>3,378,600</b>   | 2,676,000   |
| Communication                      |      | <b>5,180,674</b>   | 3,705,382   |
| Depreciation                       |      | <b>3,174,487</b>   | 3,090,064   |
| Amortization                       |      | <b>1,417,697</b>   | 1,417,697   |
| Entertainment                      |      | <b>1,157,311</b>   | 3,633,773   |
| Others                             |      | <b>2,932,552</b>   | 3,622,938   |
|                                    |      | <b>117,887,050</b> | 125,205,222 |

## 29.1 Salaries, wages and other benefits

Salaries, wages and other benefits include following in respect of retirement benefits:

|   | 2019<br>Rupees   | 2018<br>Rupees |
|---|------------------|----------------|
| <i>Gratuity:</i>                          |                  |                |
| Current service cost                      | <b>4,113,011</b> | 3,153,284      |
| Interest cost for the year                | <b>1,359,883</b> | 1,161,768      |
|   | <b>5,472,894</b> | 4,315,052      |
| <i>Accumulating compensated absences:</i> |                  |                |
| Charge for the year                       | <b>879,485</b>   | 434,787        |
|   | <b>6,352,379</b> | 4,749,839      |

## 29.2 Auditors remuneration

Note

*Audit services:*

|                              | 2019<br>Rupees   | 2018<br>Rupees |
|------------------------------|------------------|----------------|
| Statutory audit              | <b>2,013,000</b> | 1,830,000      |
| Half year review             | <b>550,000</b>   | 500,000        |
| Additional time cost charged | <b>600,000</b>   | -              |
| Out of pocket expenses       | <b>215,600</b>   | 196,000        |

*Non-audit services:*

|                      | 2019<br>Rupees   | 2018<br>Rupees |
|----------------------|------------------|----------------|
| Other certifications | <b>-</b>         | 150,000        |
|                      | <b>3,378,600</b> | 2,676,000      |

## 30 Selling and distribution expenses

|                                      | 30.1 | 2019<br>Rupees    | 2018<br>Rupees |
|--------------------------------------|------|-------------------|----------------|
| Salaries, wages and other benefits   |      | <b>45,673,701</b> | 33,281,936     |
| Travelling and conveyance            |      | <b>9,786,777</b>  | 4,875,336      |
| Vehicle running and maintenance      |      | <b>3,165,021</b>  | 1,173,879      |
| Postage and telephone                |      | <b>293,187</b>    | 504,362        |
| Printing and stationery              |      | <b>-</b>          | 9,800          |
| Advertisement and business promotion |      | <b>18,306,352</b> | 16,966,751     |
| Entertainment                        |      | <b>1,057,192</b>  | 1,048,003      |
| Depreciation                         |      | <b>5,910,742</b>  | 5,753,551      |
| Others                               |      | <b>2,726,105</b>  | 3,514,757      |
|                                      |      | <b>86,919,077</b> | 67,128,375     |

## 30.1 Salaries, wages and other benefits

Salaries, wages and other benefits include following in respect of retirement benefits:

|   | Note | 2019<br>Rupees   | 2018<br>Rupees |
|---|------|------------------|----------------|
| <i>Gratuity:</i>                          |      |                  |                |
| Current service cost                      |      | <b>1,603,847</b> | 1,229,607      |
| Interest cost for the year                |      | <b>530,279</b>   | 453,025        |
|   |      | <b>2,134,126</b> | 1,682,632      |
| <i>Accumulating compensated absences:</i> |      |                  |                |
| Charge for the year                       |      | <b>342,951</b>   | 169,543        |
|   |      | <b>2,477,077</b> | 1,852,175      |

## 31 Other expenses

|                                    | 31.1 | 2019<br>Rupees     | 2018<br>Rupees |
|------------------------------------|------|--------------------|----------------|
| Exchange loss - net                |      | <b>113,643,390</b> | 82,262,727     |
| Workers' profit participation fund |      | <b>1,507,531</b>   | -              |
| Donations                          |      | <b>-</b>           | 362,839        |
|                                    |      | <b>115,150,921</b> | 82,625,566     |

31.1 None of the directors or their spouses had any interest in the donees.

|   | 2019<br>Rupees     | 2018<br>Rupees     |
|---|--------------------|--------------------|
| <b>32 Other income</b>                        |                    |                    |
| Profit on bank deposits                       | 61,505,105         | 34,375,886         |
| Profit on term deposits                       | 60,745,822         | 67,619,552         |
| Markup on long term loan                      | 10,115,712         | -                  |
| Gain on sale of property, plant and equipment | 9,936,658          | 375,468            |
| Liabilities no longer payable written back    | -                  | 593,862            |
| Others  | -                  | 303,439            |
|   | <b>142,303,297</b> | <b>103,268,207</b> |

|  | 2019<br>Rupees     | 2018<br>Rupees     |
|--|--------------------|--------------------|
| <b>33 Finance cost</b>                     |                    |                    |
| <i>Interest / mark up on:</i>              |                    |                    |
| - Long term finances                       | 42,699,017         | 38,637,177         |
| - Finance leases                           | 4,062,553          | 3,163,416          |
| - Short term borrowings                    | 127,052,059        | 67,294,699         |
| Unwinding of discount on supplier's credit | 3,051,320          | 5,304,650          |
| Bank charges and others                    | 9,768,040          | 6,130,460          |
|  | <b>186,632,989</b> | <b>120,530,402</b> |

|                      | 2019<br>Rupees    | 2018<br>Rupees    |
|----------------------|-------------------|-------------------|
| <b>34 Taxation</b>   |                   |                   |
| <i>Income tax:</i>   |                   |                   |
| - Current year       | 46,669,718        | -                 |
| - Prior year         | 1,613,348         | -                 |
|                      | <b>48,283,066</b> | <b>-</b>          |
| <i>Deferred tax:</i> |                   |                   |
| - Current year       | (33,262,509)      | 51,345,531        |
| - Prior year         | 53,094,692        | (34,021,859)      |
|                      | <b>19,832,183</b> | <b>17,323,672</b> |
|                      | <b>68,115,249</b> | <b>17,323,672</b> |

|   | 2019<br>Rupees    | 2018<br>Rupees    |
|---|-------------------|-------------------|
| <b>34.1 Tax charge reconciliation</b>               |                   |                   |
| Accounting profit / (loss)                          | 24,199,340        | (85,613,081)      |
| Tax expense (benefit) at the rate of 29% (2018:30%) | 7,017,809         | (25,683,924)      |
| -Effect of temporary differences                    | (33,262,505)      | 73,312,828        |
| -Effect of prior year charge                        | 21,694,550        | -                 |
| -Effect of minimum tax                              | 60,446,239        | 52,329,928        |
| -Effect of change in tax rate                       | 33,013,488        | (34,021,859)      |
| -Effect of tax credit                               | (20,794,332)      | (48,613,301)      |
|   | <b>61,097,441</b> | <b>43,007,596</b> |
| Average tax expense charged to profit or loss       | <b>68,115,249</b> | <b>17,323,672</b> |

|  |               | 2019<br>Rupees | 2018<br>(Restated) |
|--|---------------|----------------|--------------------|
| <b>35 Earnings per share - basic and diluted</b> |               |                |                    |
| Loss attributable to owners of the Group         | <i>Rupees</i> | (43,915,909)   | (102,936,753)      |
| Weighted-average number of ordinary shares       | <i>Number</i> | 141,900,000    | 141,900,000        |
| Basic earnings per share                         | <i>Rupees</i> | (0.31)         | (0.73)             |

**35.1** Weighted average number of shares for 2018 have been restated due to the impact of issuance of bonus shares, as detailed in note 15.

**35.2** There is no dilution effect on basic earning per share, as the Group has no such commitments.

|   | 2019<br>Rupees     | 2018<br>Rupees     |
|---|--------------------|--------------------|
| <b>36 Cash used in operations</b>                       |                    |                    |
| Profit / (loss) before taxation                         | 24,199,340         | (85,613,081)       |
| <i>Adjustment for non-cash charges and other items:</i> |                    |                    |
| Depreciation on operating assets                        | 140,965,068        | 137,222,311        |
| Amortization of intangibles                             | 1,417,697          | 1,417,697          |
| Profit on bank deposits                                 | (122,250,927)      | (101,995,438)      |
| Markup on long term loan                                | (10,115,712)       | -                  |
| Unrealized exchange loss                                | 94,017,292         | 58,822,472         |
| Finance cost  | 186,632,989        | 120,530,402        |
| Impairment loss on trade receivables                    | (82,855,890)       | 42,097,130         |
| Gain on disposal of property, plant and equipment       | (9,936,658)        | (375,468)          |
| Provision for accumulating compensated absences         | 2,906,498          | 1,436,872          |
| Provision for gratuity                                  | 18,086,660         | 14,260,259         |
| <b>Operating profit before working capital changes</b>  | <b>243,066,357</b> | <b>187,803,156</b> |

*Effect on cash flow due to working capital changes:*

|  |                      |                      |
|--|----------------------|----------------------|
| - Increase in stores, spares and other consumables                               | (26,305,563)         | (38,257,788)         |
| - Increase in stock-in-trade   | (107,783,213)        | (56,454,846)         |
| - Increase in contract assets  | (14,474,212)         | -                    |
| - Increase in trade debtors  | (371,450,507)        | (81,845,149)         |
| - (Increase) / decrease in advances, deposits, prepayments and other receivables | (22,426,918)         | (7,404,220)          |
| - Increase / (decrease) in trade and other payables                              | 233,333,109          | (237,701,980)        |
| - Increase / (decrease) in contract liabilities                                  | 230,468              | (24,456,131)         |
|  | <b>(308,876,836)</b> | <b>(446,120,114)</b> |
| <b>Cash used in operations</b>   | <b>(65,810,479)</b>  | <b>(258,316,958)</b> |

|   |      | 2019<br>Rupees     | 2018<br>Rupees       |
|---|------|--------------------|----------------------|
| <b>37 Cash and cash equivalents</b>     |      |                    |                      |
| Cash and bank balances                  | 12   | 1,138,675,457      | 1,749,470,913        |
| Short term borrowings - running finance | 22.1 | (441,881,617)      | (471,559,319)        |
|   |      | <b>696,793,840</b> | <b>1,277,911,594</b> |

## 38 The credit facilities available to the Group at year ended 30 June are as follows:

|                                | 2019                  |                 | 2018            |                 |
|--------------------------------|-----------------------|-----------------|-----------------|-----------------|
|                                | Available limit       | Utilised credit | Available limit | Utilised credit |
| ---                            | Rupees in million --- |                 |                 |                 |
| Running finance                | 550                   | 442             | 550             | 472             |
| Istisna                        | 950                   | 799             | 1,050           | 676             |
| Musharika                      | 600                   | -               | 600             | -               |
| FATR/FAPC                      | 1,920                 | 113             | 1,770           | 186             |
|                                | <b>4,020</b>          | <b>1,354</b>    | <b>3,970</b>    | <b>1,334</b>    |
| Letter of credits / guarantees | <b>2,550</b>          | <b>774</b>      | <b>2,350</b>    | <b>315</b>      |

## 39 Remuneration of Chief Executive, Directors and Executives

39.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits to the Chief Executive, directors and executives of the Group is as follows:

|                                     | Chief Executive    |                  | Executive Director |                  | Non Executive Directors |                  | Executives        |                   |
|-------------------------------------|--------------------|------------------|--------------------|------------------|-------------------------|------------------|-------------------|-------------------|
|                                     | 2019               | 2018             | 2019               | 2018             | 2019                    | 2018             | 2019              | 2018              |
|                                     | ----- Rupees ----- |                  |                    |                  |                         |                  |                   |                   |
| <b>Short term employee benefits</b> |                    |                  |                    |                  |                         |                  |                   |                   |
| Managerial remuneration             | 5,848,739          | 3,279,540        | 11,984,705         | 2,727,276        | -                       | -                | 49,004,231        | 45,876,369        |
| House rent allowance                | 2,631,639          | 1,472,823        | 2,399,904          | 1,227,276        | -                       | -                | 18,592,859        | 16,324,156        |
| Medical expenses                    | 584,811            | 327,294          | 533,305            | 272,724          | -                       | -                | 4,130,069         | 3,627,590         |
| Utilities                           | 584,811            | 327,294          | 533,305            | 272,724          | -                       | -                | 4,134,146         | 3,627,590         |
| Advisory fee                        | -                  | -                | -                  | -                | 2,250,000               | 4,914,788        | -                 | -                 |
| Meeting fee                         | -                  | -                | -                  | -                | 460,000                 | 795,000          | -                 | -                 |
| Bonus                               | -                  | 272,745          | -                  | 227,288          | -                       | -                | 2,687,115         | 1,853,042         |
|                                     | <b>9,650,000</b>   | <b>5,679,696</b> | <b>15,451,219</b>  | <b>4,727,288</b> | <b>2,710,000</b>        | <b>5,709,788</b> | <b>78,548,420</b> | <b>71,308,747</b> |
| <b>Post employment benefits</b>     |                    |                  |                    |                  |                         |                  |                   |                   |
| Gratuity                            | -                  | -                | -                  | -                | -                       | -                | 1,621,500         | 3,103,011         |
| Accumulated compensated absences    | 425,000            | 225,000          | 410,000            | 187,500          | -                       | -                | 511,748           | 459,930           |
|                                     | <b>10,075,000</b>  | <b>5,904,696</b> | <b>15,861,219</b>  | <b>4,914,788</b> | <b>2,710,000</b>        | <b>5,709,788</b> | <b>80,681,668</b> | <b>74,871,688</b> |
| Number of persons                   | <b>1</b>           | <b>1</b>         | <b>2</b>           | <b>1</b>         | <b>5</b>                | <b>5</b>         | <b>31</b>         | <b>30</b>         |

39.2 The chief executive, executive director, non executive directors and certain executives are provided with Group maintained vehicles, mobile phones for official use and medical facility.

## 40 Transactions with related parties

The related parties include the associated undertakings, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Significant transactions with related parties have been disclosed in the respective notes to these financial statements other than the following:

| Relationship with the Group | Name of related party   | Nature of Transactions                 | Percentage of shareholding |              |
|-----------------------------|-------------------------|--|----------------------------|--------------|
|                             |                         |  | 2019                       | 2018         |
| Chief Executive             | Tayyab Ajjaz            | Bonus shares issued                    | 26.84%                     | 26.84%       |
| Director                    | Zaki Ajjaz              | Bonus shares issued                    | 11.86%                     | 11.86%       |
| Director                    | Saadat Ejaz             | Bonus shares issued                    | 11.86%                     | 11.86%       |
| Director                    | Khalid Ejaz             | Bonus shares issued                    | 14.65%                     | 14.65%       |
| Director                    | Quasim Ajjaz            | Bonus shares issued                    | 2.96%                      | 2.96%        |
| Director                    | Ayesha Mussadaque Hamid | Shares issued                          | 0.01%                      | -            |
| Other related party         | Hamza Gillani           | Bonus shares issued                    | 0.01%                      | 0.01%        |
| Associated undertaking      | Roshan Enterprises      | Trade debt converted to long term loan |                            |              |
|                             |                         | Markup accrued on long term loan       |                            |              |
|                             |                         |  | <b>122,722,688</b>         | <b>9,187</b> |
|                             |                         |  | <b>10,115,712</b>          | <b>-</b>     |

## 41 Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

### 41.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### 41.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted and arises principally from long term loan, long term deposits, trade debts, short term loan, advances, deposits and other receivables and balances with banks. Out of the total financial assets of Rs. 2,636.661 million (2018: Rs. 3,033.988 million), the financial assets which are subject to significant credit risk amounted to Rs. 1,269.505 million (2018: Rs. 1,231.373 million).

#### 41.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

| <i>Financial assets at amortized cost</i> | Note | 2019                 | 2018                 |
|---|------|----------------------|----------------------|
|   |      | Rupees               | Rupees               |
| Long term loan                            | 7    | 132,838,400          | -                    |
| Trade debts and contract assets           | 9    | 1,318,101,315        | 1,231,373,541        |
| Advances, deposits and other receivables  | 11   | 47,278,451           | 53,413,094           |
| Bank balances                             | 12   | 1,138,443,326        | 1,749,202,146        |
|   |      | <b>2,636,661,492</b> | <b>3,033,988,781</b> |
| <i>Secured</i>                            |      |                      |                      |
| Unsecured                                 |      | 2,636,661,492        | 3,033,988,781        |
|   |      | <b>2,636,661,492</b> | <b>3,033,988,781</b> |

The Group identified cancellation of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counter party is as follows:

|  | 2019                 | 2018                 |
|--|----------------------|----------------------|
|  | Rupees               | Rupees               |
| Trade debts and contract assets              | 1,318,101,315        | 1,231,373,541        |
| Banking companies and financial institutions | 1,167,857,744        | 1,772,809,901        |
| Loan to associate                            | 132,838,400          | -                    |
| Others                                       | 17,864,033           | 29,805,339           |
|  | <b>2,636,661,492</b> | <b>3,033,988,781</b> |

### 41.2.2 Trade debts and contract assets

The Group's trade debts and contract assets comprises of receivables from industrial customers and individuals. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the customer. Majority of the Group's industrial customers have been transacting with the Group for over five years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their trading history with the Group and existence of previous financial difficulties.

The Group uses an allowance matrix to measure ECLs of trade debtors. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. The future recoveries from trade debtors are accounted for in calculating the loss rate.

|                     | Weighted average loss rate | Gross carrying amount | Loss allowance     |
|---------------------|----------------------------|-----------------------|--------------------|
| -----Rupees-----    |                            |                       |                    |
| <b>30 June 2019</b> |                            |                       |                    |
| Current             | 0.16%                      | 816,699,381           | 1,249,734          |
| 1 - 90 Days         | 1.04%                      | 274,787,417           | 2,861,570          |
| 91 - 180 Days       | 10.58%                     | 106,310,455           | 11,249,989         |
| 181 - 270 Days      | 10.56%                     | 151,686,484           | 16,021,129         |
| 271 - 365 Days      | 100%                       | 40,307,953            | 40,307,953         |
| 366 -Above Days     | 100%                       | 187,041,213           | 187,041,213        |
|                     |                            | <b>1,576,832,903</b>  | <b>258,731,588</b> |
| <b>30 June 2018</b> |                            |                       |                    |
| Current             | 0.16%                      | 687,950,541           | 1,094,774          |
| 1 - 90 Days         | 1.02%                      | 163,243,339           | 1,661,144          |
| 91 - 180 Days       | 10.37%                     | 60,633,295            | 6,286,713          |
| 181 - 270 Days      | 11.08%                     | 39,516,368            | 4,379,273          |
| 271 - 365 Days      | 100%                       | 24,003,581            | 24,003,581         |
| 366 -Above Days     | 100%                       | 304,161,993           | 304,161,993        |
|                     |                            | <b>1,279,509,117</b>  | <b>341,587,478</b> |

### 41.2.3 Cash and bank balances

"The Group held cash and cash equivalents amounting to Rs. 696.794 million. These cash and cash equivalents are held with banks and financial institutions counterparties, which are rated A to AAA+, based on PACRA and VIS ratings.

Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects short term maturities of the exposure. The Group considers its cash and cash equivalents have low credit risk based on the external ratings of the counterparties.

12 month probabilities of default are based on historical data supplied by VIS rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

#### 41.2.3(a) Counterparties with external credit ratings

The credit quality of financial assets held with banking companies that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

| Bank                                       | Rating     |           | Rating Agency | 2019                 | 2018                 |
|--|------------|-----------|---------------|----------------------|----------------------|
|  | Short term | Long term |               | Rupees               | Rupees               |
| Allied Bank Limited                        | A1+        | AAA       | PACRA         | -                    | 253,540,898          |
| Askari Bank Limited.                       | A1+        | AA+       | PACRA         | 91,881,395           | 20,941,922           |
| Bank Alfalah Limited                       | A1+        | AA+       | PACRA         | -                    | 1,420,590            |
| Dubai Islamic Bank Pakistan Limited        | A-1+       | AA        | JCR-VIS       | 508,216,298          | 1,031,766,929        |
| Habib Bank Limited                         | A-1+       | AAA       | JCR-VIS       | 7,525,482            | 14,186,619           |
| Habib Metropolitan Bank Limited            | A1+        | AA+       | PACRA         | 18,936               | 177,045              |
| MCB Bank Limited                           | A1+        | AAA       | PACRA         | 527,350              | 15,029,568           |
| Meezan Bank Limited                        | A-1+       | AA+       | JCR-VIS       | 18,878,056           | 9,979,027            |
| National Bank of Pakistan                  | A1+        | AAA       | PACRA         | 122,925              | 122,925              |
| Soneri Bank Limited                        | A1+        | AA-       | PACRA         | -                    | 507,618              |
| Standard Chartered Bank (Pakistan) Limited | A1+        | AAA       | PACRA         | 2,241,322            | 12,376,578           |
| The Bank of Punjab                         | A1+        | AA        | PACRA         | 627,027              | 434,021              |
| United Bank Limited                        | A-1+       | AAA       | JCR-VIS       | 7,450,279            | 8,785,262            |
| Bank Islami Pakistan Limited.              | A1         | A+        | PACRA         | 3,811,344            | -                    |
| JS Bank Limited                            | A1+        | AA-       | PACRA         | 526,557,330          | 403,540,899          |
|  |            |           |               | <b>1,167,857,744</b> | <b>1,772,809,901</b> |

The Group has not recognised an impairment allowance on financial assets held with banking companies during the year ended 30 June 2019, as the impact was immaterial. There was no impact of transition to IFRS 9 ECL model on financial assets held with banking companies as at 01 July 2018.

#### 41.2.4 Loan to associate

The Group measures ECL against loan to associated undertaking, based on past transaction history with the associate. PD based on life time ECL basis has been calculated, using a pattern of recovery of past receivables from the associated undertaking with an assumed recovery rate of 95 percent. However, the impact of ECL on the financial asset has been determined to be immaterial.

#### 41.2.5 Advances, deposits and other receivables

Advances, deposits and other receivables mainly comprise of advances to employees against salaries and deposits with government entities. The Group has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

#### 41.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets, or that such obligation will have to be settled in a manner unfavourable to Group.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Group has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Group is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

#### 41.3.1 Exposure to liquidity risk

##### 30 June 2019

Liabilities against assets subject to finance lease  
Long term finances - secured  
Supplier's credit - unsecured  
Short term borrowings - secured  
Trade and other payables  
Unclaimed dividend  
Accrued markup

| Carrying amount      | Contractual cash flows | Up to one year       | One to five years  | More than five years |
|----------------------|------------------------|----------------------|--------------------|----------------------|
| ----- Rupees -----   |                        |                      |                    |                      |
| 19,764,577           | 22,152,048             | 12,083,333           | 10,068,715         | -                    |
| 331,412,463          | 373,490,946            | 373,490,946          | -                  | -                    |
| 248,226,538          | 256,038,324            | 156,231,319          | 99,807,005         | -                    |
| 1,353,114,322        | 1,542,288,630          | 1,542,288,630        | -                  | -                    |
| 981,458,762          | 981,458,762            | 981,458,762          | -                  | -                    |
| 800,169              | 800,169                | 800,169              | -                  | -                    |
| 34,431,606           | 34,431,606             | 34,431,606           | -                  | -                    |
| <b>2,969,208,437</b> | <b>3,210,660,485</b>   | <b>3,100,784,765</b> | <b>109,875,720</b> | <b>-</b>             |

##### 30 June 2018

Liabilities against assets subject to finance lease  
Long term finances - secured  
Supplier's credit - unsecured  
Short term borrowings - secured  
Trade and other payables  
Unclaimed dividend  
Accrued markup

| Carrying amount      | Contractual cash flows | Less than one year   | One to five years  | More than five years |
|----------------------|------------------------|----------------------|--------------------|----------------------|
| ----- Rupees -----   |                        |                      |                    |                      |
| 26,246,823           | 28,712,195             | 18,271,055           | 10,441,140         | -                    |
| 505,812,500          | 545,496,688            | 545,496,688          | -                  | -                    |
| 302,302,080          | 310,113,866            | 120,518,051          | 189,595,815        | -                    |
| 1,333,809,379        | 1,440,489,173          | 1,440,489,173        | -                  | -                    |
| 719,109,076          | 719,109,076            | 719,109,076          | -                  | -                    |
| 882,883              | 882,883                | 882,883              | -                  | -                    |
| 21,289,992           | 21,289,992             | 21,289,992           | -                  | -                    |
| <b>2,909,452,733</b> | <b>3,066,093,873</b>   | <b>2,866,056,918</b> | <b>200,036,955</b> | <b>-</b>             |

#### 41.3.2 Concentration risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial assets is limited to certain sectors, however all transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

|                        | 2019<br>Rupees       | 2018<br>Rupees       |
|------------------------|----------------------|----------------------|
| Banking companies      | 1,167,857,744        | 1,772,809,901        |
| Associated undertaking | 132,838,400          | -                    |
| Others                 | 1,335,965,348        | 126,117,880          |
|                        | <b>2,636,661,492</b> | <b>3,033,988,781</b> |

#### 41.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### 41.4.1 Currency risk

The Group is exposed to currency risk on supplier credit and trade and other payables that are denominated in a currency other than the functional currency primarily U.S. Dollars (USD), Euro, Swedish krona and Pound.

##### 41.4.1(a) Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

|                          | 2019             |                    |                 |              |
|--------------------------|------------------|--------------------|-----------------|--------------|
|                          | USD              | Euro               | Swedish krona   | Pounds       |
| <i>On balance sheet:</i> |                  |                    |                 |              |
| Supplier credit          | (129,334)        | (1,230,343)        | -               | -            |
| Trade and other payables | (747,804)        | (13,907)           | (57,271)        | (452)        |
| <b>Net exposure</b>      | <b>(877,138)</b> | <b>(1,244,250)</b> | <b>(57,271)</b> | <b>(452)</b> |
|                          |                  |                    |                 |              |
|                          | 2018             |                    |                 |              |
|                          | USD              | Euro               | Swedish krona   | Pounds       |
| <i>On balance sheet:</i> |                  |                    |                 |              |
| Supplier credit          | (258,667)        | (1,957,070)        | -               | -            |
| Trade and other payables | (487,440)        | (112,806)          | (16,970)        | -            |
| <b>Net exposure</b>      | <b>(746,107)</b> | <b>(2,069,876)</b> | <b>(16,970)</b> | <b>-</b>     |

##### 41.4.1(b) Exchange rate applies during the year

The following significant exchange rates have been applied during the year:

|                      | Average rate |        | Reporting date rate |        |
|----------------------|--------------|--------|---------------------|--------|
|                      | 2019         | 2018   | 2019                | 2018   |
| USD to PKR           | 148.69       | 109.96 | 164.50              | 121.40 |
| Euro to PKR          | 167.50       | 131.29 | 186.99              | 141.58 |
| Swedish krona to PKR | 16.57        | 13.01  | 18.02               | 13.60  |
| Pounds to PKR        | 195.13       | -      | 208.45              | -      |

##### 41.4.1(c) Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, pre-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of supplier credit and trade and other payables.

|                                 | 2019<br>Rupees      | 2018<br>Rupees      |
|---------------------------------|---------------------|---------------------|
| <b>Effect on profit or loss</b> |                     |                     |
| US Dollar                       | (14,428,920)        | (9,057,739)         |
| Euro                            | (23,266,231)        | (29,305,449)        |
| Swedish krona                   | (103,202)           | (23,078)            |
| Pound                           | (9,422)             | -                   |
|                                 | <b>(37,807,775)</b> | <b>(38,386,266)</b> |

##### 41.4.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

##### 41.4.2(a) Interest / mark-up bearing financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

|                                   | 2019                              | 2018        | 2019                        | 2018                 |
|-----------------------------------|-----------------------------------|-------------|-----------------------------|----------------------|
|                                   | Effective rate<br>(in Percentage) |             | Carrying amount<br>(Rupees) |                      |
| <b>Financial assets</b>           |                                   |             |                             |                      |
| <i>Fixed rate instruments:</i>    |                                   |             |                             |                      |
| Bank balances - Term deposits     | 12.65 - 12.80                     | 6.20 - 7.20 | 900,000,000                 | 1,250,000,000        |
| Bank balances - Saving accounts   | 10.70 - 12.55                     | 6.30        | 123,014,476                 | 306,937,893          |
| <i>Variable rate instruments:</i> |                                   |             |                             |                      |
| Long term loan - associate        | 12.28                             | -           | 132,838,400                 | -                    |
|                                   |                                   |             | <b>1,155,852,876</b>        | <b>1,556,937,893</b> |

### ***Financial liabilities***

#### *Fixed rate instruments:*

|                               |                    |             |                    |             |
|-------------------------------|--------------------|-------------|--------------------|-------------|
| Supplier's credit - unsecured | <b>0.26 - 0.87</b> | 0.26 - 0.87 | <b>248,226,538</b> | 302,302,080 |
|-------------------------------|--------------------|-------------|--------------------|-------------|

#### *Variable rate instruments:*

|                    |   |  |                    |             |
|--------------------|---|--|--------------------|-------------|
| Long term finances | <b>3 - 6 months<br/>KIBOR plus<br/>0.90</b> | 3 - 6 months<br>KIBOR plus<br>0.6 - 0.90 | <b>331,412,463</b> | 505,812,500 |
|--------------------|---|--|--------------------|-------------|

|   |  |                                 |                   |            |
|---|--|---------------------------------|-------------------|------------|
| Liabilities against assets subject to finance lease | <b>6 months<br/>KIBOR plus<br/>1 - 2</b> | 6 months<br>KIBOR plus<br>1 - 2 | <b>19,764,577</b> | 26,246,823 |
|---|--|---------------------------------|-------------------|------------|

|                                 |  |  |                      |               |
|---------------------------------|--|--|----------------------|---------------|
| Short term borrowings - secured | <b>1 - 6 months<br/>KIBOR plus<br/>0.50 - 1.10</b> | 3 - 6 months<br>KIBOR plus<br>0.50 - 1 | <b>1,353,114,322</b> | 1,333,809,379 |
|---------------------------------|--|--|----------------------|---------------|

|  |  |  |                      |                      |
|--|--|--|----------------------|----------------------|
|  |  |  | <b>1,952,517,900</b> | <b>2,168,170,782</b> |
|--|--|--|----------------------|----------------------|

#### **41.4.2(b) Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

|  | 100 bps           |                     |
|--|-------------------|---------------------|
|  | Increase          | Decrease            |
|  | -----Rupees-----  |                     |
| <b>Effect on profit - 30 June 2019</b> | <b>15,714,530</b> | <b>(15,714,530)</b> |
| Effect on profit - 30 June 2018        | 18,658,687        | (18,658,687)        |

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Group.

#### **41.4.2(c) Interest rate risk management**

The Group manages the risk through risk management strategies where significant changes in gap position can be adjusted. The Group's significant financing is based on variable rate pricing that depends on KIBOR on as indicated in respective notes.

#### **41.4.3 Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. Whether those factors are caused by factors specific to individual financial instruments or its issuer, or all factors effecting all similar financial instruments trading in the market.

#### **41.5 Offsetting financial assets and financial liabilities**

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

## **42 Capital management**

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed.

The Group's objectives when managing 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, and
- to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, arrange new lines of credit or sell assets to reduce debt.

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

|                                  | Carrying amount      |                 |
|----------------------------------|----------------------|-----------------|
|                                  | 2019<br>Rupees       | 2018<br>Rupees  |
| Borrowings                       | <b>1,242,645,168</b> | 1,368,062,560   |
| Less : Cash and cash equivalents | <b>(696,793,840)</b> | (1,277,911,594) |
| Net debt                         | <b>545,851,328</b>   | 90,150,966      |
| Total equity                     | <b>5,752,927,253</b> | 5,298,139,904   |
| Gearing ratio                    | <b>9%</b>            | 2%              |

## **43 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.

Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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.

IFRS 13 'Fair Value Measurement' requires the Group to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (i.e. derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|   | Carrying value                     |   | Fair value           |          |          |          |
|---|------------------------------------|---|----------------------|----------|----------|----------|
|   | Financial assets at amortised cost | Other financial liabilities - at amortised cost | Total                | Level 1  | Level 2  | Level 3  |
| ----- Rupees -----                                      |                                    |   |                      |          |          |          |
| <b>30 June 2019</b>                                     |                                    |   |                      |          |          |          |
| <i>Financial assets - not measured at fair value</i>    |                                    |   |                      |          |          |          |
| Long term loan  | 132,838,400                        | -   | 132,838,400          | -        | -        | -        |
| Long term deposits                                      | 16,253,723                         | -   | 16,253,723           | -        | -        | -        |
| Trade debts and contract assets                         | 1,318,101,315                      | -   | 1,318,101,315        | -        | -        | -        |
| Advances, deposits and other receivables                | 31,024,728                         | -   | 31,024,728           | -        | -        | -        |
| Cash and bank balances                                  | 1,138,675,457                      | -   | 1,138,675,457        | -        | -        | -        |
|   | <b>2,636,893,623</b>               | <b>-</b>  | <b>2,636,893,623</b> | <b>-</b> | <b>-</b> | <b>-</b> |
| <i>Financial liabilities not measured at fair value</i> |                                    |   |                      |          |          |          |
| Liabilities against assets subject to finance lease     | -                                  | 19,764,577                                      | 19,764,577           | -        | -        | -        |
| Long term finances                                      | -                                  | 331,412,463                                     | 331,412,463          | -        | -        | -        |
| Supplier's credit                                       | -                                  | 248,226,538                                     | 248,226,538          | -        | -        | -        |
| Short term borrowings                                   | -                                  | 1,353,114,322                                   | 1,353,114,322        | -        | -        | -        |
| Trade and other payables                                | -                                  | 981,458,762                                     | 981,458,762          | -        | -        | -        |
| Unclaimed dividend                                      | -                                  | 800,169   | 800,169              | -        | -        | -        |
| Accrued markup  | -                                  | 34,431,606                                      | 34,431,606           | -        | -        | -        |
|   | <b>-</b>                           | <b>2,969,208,437</b>                            | <b>2,969,208,437</b> | <b>-</b> | <b>-</b> | <b>-</b> |

|   | Carrying value        |                             | Fair value           |          |          |          |
|---|-----------------------|-----------------------------|----------------------|----------|----------|----------|
|   | Loans and receivables | Other financial liabilities | Total                | Level 1  | Level 2  | Level 3  |
| ----- Rupees -----                                      |                       |                             |                      |          |          |          |
| <b>30 June 2018</b>                                     |                       |                             |                      |          |          |          |
| <i>Financial assets - not measured at fair value</i>    |                       |                             |                      |          |          |          |
| Long term deposits                                      | 20,501,701            | -                           | 20,501,701           | -        | -        | -        |
| Trade debtors   | 1,231,373,541         | -                           | 1,231,373,541        | -        | -        | -        |
| Advances, deposits and other receivables                | 32,911,393            | -                           | 32,911,393           | -        | -        | -        |
| Cash and bank balances                                  | 1,749,470,913         | -                           | 1,749,470,913        | -        | -        | -        |
|   | <b>3,034,257,548</b>  | <b>-</b>                    | <b>3,034,257,548</b> | <b>-</b> | <b>-</b> | <b>-</b> |
| <i>Financial liabilities not measured at fair value</i> |                       |                             |                      |          |          |          |
| Liabilities against assets subject to finance lease     | -                     | 26,246,823                  | 26,246,823           | -        | -        | -        |
| Long term finances                                      | -                     | 505,812,500                 | 505,812,500          | -        | -        | -        |
| Supplier's credit                                       | -                     | 302,302,080                 | 302,302,080          | -        | -        | -        |
| Short term borrowings                                   | -                     | 1,333,809,379               | 1,333,809,379        | -        | -        | -        |
| Trade and other payables                                | -                     | 719,109,076                 | 719,109,076          | -        | -        | -        |
| Unclaimed dividend                                      | -                     | 882,883                     | 882,883              | -        | -        | -        |
| Accrued markup  | -                     | 21,289,992                  | 21,289,992           | -        | -        | -        |
|   | <b>-</b>              | <b>2,909,452,733</b>        | <b>2,909,452,733</b> | <b>-</b> | <b>-</b> | <b>-</b> |

#### 44 Reconciliation of movements of liabilities to cash flows arising from financing activities.

|  | 2019                 |                      |   |                    |                    |                      |                      |
|--|----------------------|----------------------|---|--------------------|--------------------|----------------------|----------------------|
|  | Liabilities          |                      |   | Equity             |                    |                      |                      |
|  | Supplier's credit    | Long term finances   | Liabilities against assets subject to finance lease | Short term finance | Unclaimed dividend | Share premium        | Total                |
| Balance as at 01 July 2018                     | 302,302,080          | 505,812,500          | 26,246,823  | 862,250,060        | 882,883            | 2,231,665,370        | 3,929,159,716        |
| <i>Changes from financing activities</i>       |                      |                      |   |                    |                    |                      |                      |
| Dividend paid                                  | -                    | -                    | -   | -                  | (82,716)           | -                    | (82,716)             |
| Payment of supplier's credit                   | (132,182,549)        | -                    | -   | -                  | -                  | -                    | (132,182,549)        |
| Proceeds from short term finances              | -                    | -                    | -   | 48,982,645         | -                  | -                    | 48,982,645           |
| Payments from long term finances               | -                    | (174,400,037)        | -   | -                  | -                  | -                    | (174,400,037)        |
| Payment of finance lease liabilities           | -                    | -                    | (18,651,246)  | -                  | -                  | -                    | (18,651,246)         |
| Expenses incurred on issuance of bonus shares  | -                    | -                    | -   | -                  | -                  | (376,313)            | (376,313)            |
| <b>Total changes from financing cash flows</b> | <b>(132,182,549)</b> | <b>(174,400,037)</b> | <b>(18,651,246)</b>                                 | <b>48,982,645</b>  | <b>(82,716)</b>    | <b>(376,313)</b>     | <b>(276,710,216)</b> |
| <b>Total liability related other changes</b>   | <b>78,107,007</b>    | <b>-</b>             | <b>12,169,000</b>                                   | <b>-</b>           | <b>-</b>           | <b>-</b>             | <b>90,276,007</b>    |
| <b>Total equity related other charges</b>      | <b>-</b>             | <b>-</b>             | <b>-</b>  | <b>-</b>           | <b>-</b>           | <b>(236,500,000)</b> | <b>(236,500,000)</b> |
| <b>Closing as at 30 June 2019</b>              | <b>248,226,538</b>   | <b>331,412,463</b>   | <b>19,764,577</b>                                   | <b>911,232,705</b> | <b>800,169</b>     | <b>1,994,789,057</b> | <b>3,506,225,507</b> |

|  | 2018              |                    |   |                    |                    |                        | Total         |
|--|-------------------|--------------------|---|--------------------|--------------------|------------------------|---------------|
|  | Liabilities       |                    |   | Equity             |                    |                        |               |
|  | Supplier's credit | Long term finances | Liabilities against assets subject to finance lease | Short term finance | Unclaimed dividend | Un-appropriated profit |               |
| Balance as at 01 July 2017               | 355,267,770       | 606,371,642        | 30,756,319  | 474,628,779        | -                  | 820,970,146            | 2,287,994,656 |
| <i>Changes from financing activities</i> |                   |                    |   |                    |                    |                        |               |
| Dividend paid                            | -                 | -                  | -   | -                  | (106,617,117)      | -                      | (106,617,117) |
| Payment of supplier's credit             | (112,882,915)     | -                  | -   | -                  | -                  | -                      | (112,882,915) |
| Proceeds from short term finance         | -                 | -                  | -   | 387,621,281        | -                  | -                      | 387,621,281   |
| Payments from long term finances         | -                 | (100,559,142)      | -   | -                  | -                  | -                      | (100,559,142) |
| Payment of finance lease liabilities     | -                 | -                  | (14,924,496)  | -                  | -                  | -                      | (14,924,496)  |
| Total changes from financing cash flows  | (112,882,915)     | (100,559,142)      | (14,924,496)  | 387,621,281        | (106,617,117)      | -                      | 52,637,611    |
| Total liability related other changes    | 59,917,225        | -                  | 10,415,000  | -                  | 107,500,000        | (107,500,000)          | 70,332,225    |
| Total equity related other charges       | -                 | -                  | -   | -                  | -                  | (63,473,805)           | (63,473,805)  |
| Closing as at 30 June 2018               | 302,302,080       | 505,812,500        | 26,246,823  | 862,250,060        | 882,883            | 649,996,341            | 2,347,490,687 |

Balance as at 01 July 2017

*Changes from financing activities*

Dividend paid

Payment of supplier's credit

Proceeds from short term finance

Payments from long term finances

Payment of finance lease liabilities

Total changes from financing cash flows

Total liability related other changes

Total equity related other charges

Closing as at 30 June 2018

**45 Number of employees**

The average and total number of permanent and contractual employees during the year as at 30 June 2019 and as at 30 June 2018 are as follows:

Number of employees as at 30 June  
Average number of employees during the year

| No of employees |      |
|-----------------|------|
| 2019            | 2018 |
| 488             | 471  |
| 483             | 484  |

**46 Plant capacity and annual production**

|                    | Corrugation Plant<br>(Metric Tonnes) |        | Flexible Plant<br>(Metric Tonnes) |        |
|--------------------|--------------------------------------|--------|-----------------------------------|--------|
|                    | 2019                                 | 2018   | 2019                              | 2018   |
| Installed capacity | 60,000                               | 60,000 | 12,240                            | 10,800 |
| Actual production  | 31,076                               | 26,652 | 8,460                             | 6,163  |

Lower capacity utilization of plant is due to gap between demand and supply of products.

**47 Date of authorization for issue**

These financial statements were approved and authorized for issue on 31-10-2019 by the Board of Directors of the Group.

**48 General**

**48.1** Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation as per financial reporting framework however, no significant re-arrangements have been made other than those disclosed in the financial statements

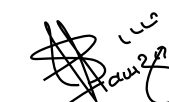
**48.2** Figures have been rounded off to nearest rupee.



Chief Executive Office



Director



Chief Financial Officer

**ROSHAN PACKAGES LIMITED**  
**Pattern of Shareholding**  
**as at June 30, 2019**

| S.No.  | CDS Account # | Name of shareholder               | Number of shares | Per %                     |
|--|---------------|-----------------------------------|------------------|---------------------------|
| <b>Directors and their spouse(s) and minor children</b>  |               |                                   |                  |                           |
| 1  | 1             | TAYYAB AIJAZ                      | 38,087,809       | 26.84                     |
| 2  | 2             | SADDAT AIJAZ                      | 16,830,000       | 11.86                     |
| 3  | 3             | ZAKI AIJAZ                        | 16,833,538       | 11.86                     |
| 4  | 4             | KHALID EIJAZ QURESHI              | 20,790,000       | 14.65                     |
| 5  | 5             | QUASIM AIJAZ                      | 4,196,562        | 2.96                      |
| 6  | 7             | MUHAMMAD NAVEED TARIQ             | 2                | 0.00                      |
| 7  | 2088          | MRS. AYESHA MUSSADAQUE HAMID      | 56               | 0.00                      |
|  |               |                                   | <b>7</b>         | <b>68.17</b>              |
| <b>Associated companies, undertakings and related parties</b>  |               |                                   |                  |                           |
|  |               |                                   | NIL              | -                         |
| <b>Sponsors</b>  |               |                                   |                  |                           |
|  |               |                                   | -                | -                         |
| <b>Executives</b>  |               |                                   |                  |                           |
|  |               |                                   | <b>3</b>         | <b>0.01</b>               |
| <b>Public sector companies and corporations</b>  |               |                                   |                  |                           |
|  | 04705-87224   | FEDERAL BOARD OF REVENUE          | 145,958          | 0.10                      |
|  |               |                                   | <b>-</b>         | <b>0.10</b>               |
| <b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b> |               |                                   |                  |                           |
|  | 09944-24      | AL BARAKA BANK (PAKISTAN) LIMITED | 1,087,900        | 0.77                      |
|  | 02113-21      | FIRST EQUITY MODARABA             | 59,400           | 0.04                      |
|  | 03277-90406   | DAWOOD FAMILY TAKAFUL LIMITED     | 3,000            | 0.00                      |
|  | 07450-521     | B.R.R. GUARDIAN MODARABA          | 124,381          | 0.09                      |
|  |               |                                   | <b>4</b>         | <b>0.90</b>               |
| <b>Mutual Funds</b>  |               |                                   |                  |                           |
|  |               |                                   | NIL              | -                         |
| <b>General Public Foreign</b>  |               |                                   |                  |                           |
|  | 05405-16565   | MUHAMMAD BASHARAT ABBASI          | 656              | 0.00                      |
|  |               |                                   | <b>1</b>         | <b>0.00</b>               |
| <b>Foreign Companies</b>   |               |                                   |                  |                           |
|  |               |                                   | NIL              | -                         |
| <b>Local Companies</b>   |               |                                   |                  |                           |
|  |               |                                   | <b>47</b>        | <b>4.68</b>               |
| <b>General Public Local</b>  |               |                                   |                  |                           |
|  |               |                                   | <b>6337</b>      | <b>26.13</b>              |
| <b>Total</b>   |               |                                   | <b>6400</b>      | <b>141,900,000 100.00</b> |

**ROSHAN PACKAGES LIMITED**  
**Pattern of Shareholding**  
**as at June 30, 2019**

| Categories of Shareholders   | Shareholders | Shares Held | Percentage                |
|--|--------------|-------------|---------------------------|
| <b>Directors and their spouse(s) and minor children</b>  |              |             |                           |
| TAYYAB AIJAZ   | 1            | 38,087,809  | 26.84                     |
| SADDAT AIJAZ   | 1            | 16,830,000  | 11.86                     |
| ZAKI AIJAZ   | 1            | 16,833,538  | 11.86                     |
| KHALID EIJAZ QURESHI   | 1            | 20,790,000  | 14.65                     |
| QUASIM AIJAZ   | 1            | 4,196,562   | 2.96                      |
| MUHAMMAD NAVEED TARIQ  | 1            | 2           | 0.00                      |
| MRS. AYESHA MUSSADAQUE HAMID   | 1            | 56          | 0.00                      |
| <b>Associated Companies, undertakings and related parties</b>  |              |             |                           |
|  | -            | -           | -                         |
| <b>Sponsors</b>  |              |             |                           |
|  | -            | -           | -                         |
| <b>Executives</b>  |              |             |                           |
|  | 3            | 20,443      | 0.01                      |
| <b>Public Sector Companies and Corporations</b>  |              |             |                           |
|  | 1            | 145,958     | 0.10                      |
| <b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b> |              |             |                           |
|  | 4            | 1,274,681   | 0.90                      |
| <b>Mutual Funds</b>  |              |             |                           |
|  | -            | -           | -                         |
| <b>General Public</b>  |              |             |                           |
| a. Local   | 6337         | 37,080,780  | 26.13                     |
| b. Foreign   | 1            | 656         | 0.00                      |
| <b>Foreign Companies</b>   |              |             |                           |
|  | -            | -           | -                         |
| <b>Others</b>  |              |             |                           |
|  | 47           | 6,639,515   | 4.68                      |
| <b>Totals</b>  |              | <b>6400</b> | <b>141,900,000 100.00</b> |

| Share holders holding 5% or more | Shares Held | Percentage |
|----------------------------------|-------------|------------|
| TAYYAB AIJAZ                     | 38,087,809  | 26.84      |
| KHALID EIJAZ QURESHI             | 20,790,000  | 14.65      |
| ZAKI AIJAZ                       | 16,833,538  | 11.86      |
| SADDAT AIJAZ                     | 16,830,000  | 11.86      |

**ROSHAN PACKAGES LIMITED**  
**Pattern Of Shareholdings**  
**As on June 30, 2019**

| # Of Shareholders | Shareholdings' Slab |    |        | Total Shares Held |
|-------------------|---------------------|----|--------|-------------------|
| 349               | 1                   | to | 100    | 12,881            |
| 350               | 101                 | to | 500    | 108,972           |
| 2391              | 501                 | to | 1000   | 1,600,505         |
| 2221              | 1001                | to | 5000   | 4,584,312         |
| 379               | 5001                | to | 10000  | 2,707,409         |
| 226               | 10001               | to | 15000  | 2,881,673         |
| 140               | 15001               | to | 20000  | 2,410,399         |
| 68                | 20001               | to | 25000  | 1,526,340         |
| 55                | 25001               | to | 30000  | 1,532,971         |
| 25                | 30001               | to | 35000  | 804,593           |
| 24                | 35001               | to | 40000  | 891,418           |
| 23                | 40001               | to | 45000  | 978,132           |
| 15                | 45001               | to | 50000  | 717,068           |
| 10                | 50001               | to | 55000  | 518,212           |
| 11                | 55001               | to | 60000  | 641,473           |
| 4                 | 60001               | to | 65000  | 251,280           |
| 12                | 65001               | to | 70000  | 803,157           |
| 8                 | 70001               | to | 75000  | 588,476           |
| 5                 | 75001               | to | 80000  | 385,589           |
| 7                 | 80001               | to | 85000  | 578,126           |
| 8                 | 85001               | to | 90000  | 694,082           |
| 4                 | 90001               | to | 95000  | 368,025           |
| 8                 | 95001               | to | 100000 | 780,533           |
| 2                 | 100001              | to | 105000 | 207,164           |
| 2                 | 105001              | to | 110000 | 217,992           |
| 3                 | 115001              | to | 120000 | 353,551           |
| 2                 | 120001              | to | 125000 | 249,381           |
| 1                 | 125001              | to | 130000 | 126,097           |
| 2                 | 130001              | to | 135000 | 263,400           |
| 1                 | 135001              | to | 140000 | 138,000           |
| 4                 | 145001              | to | 150000 | 591,942           |
| 2                 | 150001              | to | 155000 | 303,540           |
| 2                 | 155001              | to | 160000 | 315,020           |
| 1                 | 160001              | to | 165000 | 164,506           |
| 2                 | 170001              | to | 175000 | 345,520           |
| 1                 | 175001              | to | 180000 | 178,377           |
| 1                 | 180001              | to | 185000 | 181,200           |
| 1                 | 185001              | to | 190000 | 186,120           |
| 1                 | 195001              | to | 200000 | 198,600           |
| 1                 | 200001              | to | 205000 | 204,000           |
| 2                 | 220001              | to | 225000 | 447,828           |

**ROSHAN PACKAGES LIMITED**  
**Pattern Of Shareholdings**  
**As on June 30, 2019**

|             |          |    |          |                    |
|-------------|----------|----|----------|--------------------|
| 1           | 225001   | to | 230000   | 226,290            |
| 1           | 260001   | to | 265000   | 264,456            |
| 1           | 280001   | to | 285000   | 284,900            |
| 1           | 305001   | to | 310000   | 305,589            |
| 1           | 320001   | to | 325000   | 323,830            |
| 1           | 325001   | to | 330000   | 325,854            |
| 1           | 375001   | to | 380000   | 376,200            |
| 1           | 385001   | to | 390000   | 387,400            |
| 1           | 405001   | to | 410000   | 406,026            |
| 1           | 420001   | to | 425000   | 424,894            |
| 1           | 440001   | to | 445000   | 441,600            |
| 1           | 475001   | to | 480000   | 480,000            |
| 1           | 520001   | to | 525000   | 521,400            |
| 1           | 545001   | to | 550000   | 547,800            |
| 1           | 605001   | to | 610000   | 606,410            |
| 1           | 700001   | to | 705000   | 704,168            |
| 1           | 805001   | to | 810000   | 808,110            |
| 1           | 1085001  | to | 1090000  | 1,087,900          |
| 1           | 1100001  | to | 1105000  | 1,100,440          |
| 1           | 2175001  | to | 2180000  | 2,177,760          |
| 1           | 2320001  | to | 2325000  | 2,323,200          |
| 1           | 4195001  | to | 4200000  | 4,196,562          |
| 1           | 16825001 | to | 16830000 | 16,830,000         |
| 1           | 16830001 | to | 16835000 | 16,833,538         |
| 1           | 20785001 | to | 20790000 | 20,790,000         |
| 1           | 38085001 | to | 38090000 | 38,087,809         |
| <b>6400</b> |          |    |          | <b>141,900,000</b> |

## **Notice of Annual General Meeting**

Notice is hereby given that the 16th Annual General Meeting of **Roshan Packages Limited** (the “Company”) will be held on Wednesday, **27 November 2019** at 12.00 PM at Shalimar Hall, Faletti’s Hotel, Lahore to transact the following business:

### **Ordinary Business:**

1. To receive, consider and adopt the Chairman’s Review Report, Reports of Directors and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2019.
2. To appoint Company’s auditors and to fix their remuneration. The members are hereby notified that the Board and the Audit Committee have recommended the appointment of M/S. EY Ford Rhodes Co., Chartered Accountants as auditors of the Company in place of retiring auditors M/S. KPMG. Accordingly, the members are hereby given the notice as required under section 246(2) of the Companies Act, 2017, regarding appointment of auditor other than the retiring auditor.

### **Special Business:**

3. To consider, ratify and approve the transactions carried out with related party during financial year ended 30 June, 2019 under the authority of the special resolution passed in the annual general meeting held on 29 October, 2018 and to authorize the Chief Executive to approve all the transactions with the related party carried out or to be carried out during the financial year ending 30 June 2020 and till the next Annual General Meeting.
4. To consider and if thought fit, to pass a resolution as Special Resolution as proposed in the Statement of Material Facts pursuant to Section 199 of the Companies Act, 2017 to change the terms and conditions of the investments in Roshan Sun Tao Paper Mills (Private) Limited.

A statement of material facts under Section 134(3) of the Companies Act, 2017 is annexed to the notice of meeting sent to the members.

**BY ORDER OF THE BOARD**

**Lahore**  
**6 November 2019**

**Muhammad Adil**  
**Company Secretary**

### **Notes:**

#### **1. Book Closure:**

The Share Transfer Books of the Company will remain closed from **21 November 2019** to **27 November 2019** (both days inclusive). Transfers received in order at the office of our Share Registrar, CDC Share Registrar Services Limited, CDC House 99-B block B SMCHS, Main Shahrah-e-Faisal, Karachi by the close of business on 20 November 2019 will be treated in time to attend, speak and vote at the annual general meeting (AGM).

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company. A proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to the Member. The proxy shall produce his/her original Computerized National Identity Card (CNIC) or passport to prove his identity.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least forty-eight (48) hours before the time of the meeting. Form of proxy in English and Urdu languages are attached to the notice of meeting sent to the shareholders.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited (“CDC”) will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan."

#### **A. For Attending the Meeting**

- a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board’s resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

#### **B. For Appointing Proxies**

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

#### 5. CNIC/IBAN for E-Dividend Payment

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

#### 6. Zakat Declarations

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.

#### 7. Circulations of Annual Reports through CD/DVD/USB/ Email

Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of the company in its annual general held on 22-11-2017 had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

In accordance with Notification No. SRO 787 (I)/2014, shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: [www.roshanpackages.com.pk](http://www.roshanpackages.com.pk)

#### 8. Unclaimed Dividend and Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar M/s CDC Share Registrar Services Limited, CDC House 99-B block B SMCHS, Main Shahrah-e-Faisal, Karachi, to collect/enquire about their unclaimed dividend or pending shares, if any.

#### 9. Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the

facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least seven (7) days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website.

#### 10. Placement of Financial Statements

The Company has placed a copy of the Notice of AGM, Annual Separate and Consolidated Financial Statements for the year ended 30 June 2019 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: [www.roshanpackages.com.pk](http://www.roshanpackages.com.pk)

#### Statement of Material Facts under Section 134(3) of the Companies Act, 2017.

This statement sets out the material facts pertaining to the special business to be transacted in the Annual General Meeting of the Company to be held on **27 November 2019**.

#### **Item 3 of the Agenda: Approval & Authorization of Related Party Transactions**

Since the majority of the Company Directors were interested in the related party transactions carried out with Roshan Enterprises in the ordinary course of business at arm's length basis, these transactions were executed during the financial year ended June 30, 2019 under the authority of the Special Resolution passed in the annual general meeting held on 29 October, 2018. Accordingly, these transactions are being placed before the members of the Company for their approval pursuant to the aforesaid special resolution.

The following resolution is proposed to be passed as Special Resolution with or without any modification:

**‘Resolved** that the following transactions carried out in the ordinary course of business with the Related Party during the financial year ended June 30, 2019 be and are hereby ratified, approved and confirmed.

| Name of Related Party | Nature of Transaction | Rupees       |
|-----------------------|-----------------------|--------------|
| Roshan Enterprises    | Sale of Boxes         | 9.5 Million  |
| Roshan Enterprises    | Markup                | 10.1 Million |

Mr. Khalid Eijaz, Mr. Quasim Aijaz, Mr. Saadat Aijaz, Mr. Zaki Aijaz, all Directors of the Company, are interested in transactions with Roshan Enterprises as they are partners in the related party. The shareholding of these Directors in the company and extent of interests in Roshan Enterprises is detailed hereinafter.

| Name                 | % of interest in Roshan Enterprises | % of interest in Company |
|----------------------|-------------------------------------|--------------------------|
| Directors            |                                     |                          |
| SADDAT AIJAZ         | 27                                  | 11.86                    |
| ZAKI AIJAZ           | 10                                  | 11.86                    |
| KHALID EIJAZ QURESHI | 36                                  | 14.65                    |
| QUASIM AIJAZ         | 27                                  | 2.96                     |

The transactions referred to above were executed on an arm's length basis in the ordinary course of business at arm's length transaction.

The Company shall continue to carry out transactions with the related party in its ordinary course of business at arm's length during the year ending June 30, 2020 and till the date of next annual general meeting. The majority of the Directors are interested in these transactions, therefore these transactions with related party have to be approved by the shareholders.

In order to ensure smooth business operations, the shareholders may authorize the Chief Executive to approve transactions with Roshan Enterprises during the financial year ending June 30, 2020 and till the date of next annual general meeting. However, these transactions shall be placed before the shareholders in the next AGM for their approval/ratification.

The following resolution is proposed to be passed as Special Resolution with or without modification:

“Resolved that the Chief Executive of the Company be and is hereby authorized to approve transactions to be conducted with the Related Parties in the normal course of business during the year ending June 30, 2020 and till the next annual general meeting.  
Resolved further that these transactions shall be placed before the shareholders in the next annual general meeting for their ratification/approval.”

The interest of directors and relatives is the same as disclosed hereinabove.

Item 4 of the Agenda: Approval of Increase rate of mark up on loans and advances to Roshan Sun Tao Paper Mills (Pvt) Limited

The shareholders of the Company in the annual general meeting held on 22 November, 2017 has passed the following special resolution for investment of up to 260 million in the form of loans and advances to M/s Roshan Sun Tao Paper Mills (Pvt) Limited, a Subsidiary company, for a period of 4 years at markup rate of 8% per annum. As the rate was fixed at 8% per annum, therefore, in view of the increase in the rate of markup the board of directors has recommended to revise the rate of mark up to 1 year KIBOR plus 2% (which shall not be less than borrowing cost of the Company and relevant KIBOR whichever is higher). Section 199 of the Companies Act 2017 requires that no change in nature and terms and condition of the investment shall be made except under the authority of a special resolution. Accordingly, the change in the rate of markup is being presented to the shareholders for approval through passing the following resolution as a special resolution, with or without modification(s), addition(s) or deletion(s).

RESOLVED THAT “the rate of markup fixed through special resolution passed in the Annual General Meeting of the Company held on 22 November, 2017 for investment of up to Rs. 260 million in the form of loans and advances to Roshan Sun Tao Paper Mills (Private) Limited, a subsidiary company, for a period of four years be increased to 1 year Karachi Inter Bank Offered Rate (KIBOR) plus 2% per annum with effect from 1st August 2018 (which shall not be less than the KIBOR for the relevant period or the borrowing cost of the company whichever is higher)”.

RESOLVED FURTHER THAT the Chief Executive and/or Company Secretary (the "Authorized Officers") of the Company be and are hereby authorized and empowered on behalf of the Company to take all steps and actions necessary, ancillary and incidental and sign, execute and amend such documents, papers, instruments, agreement etc., as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the aforesaid resolution.

#### Interest of directors and their relatives:

The interest of the directors and their relatives in the subsidiary company is as under:

| Name         | % of interest in Roshan Suntao Subsidiary | % of interest in Company |
|--------------|---|--------------------------|
| Directors    |   |                          |
| SADDAT AIJAZ | 0.0003                                    | 11.86                    |
| ZAKI AIJAZ   | 0.0003                                    | 11.86                    |
| TAYYAB AIJAZ | 0.001                                     | 26.84                    |

transactions with Roshan Sun Tao Paper Mills Limited as they are directors in the company..

#### Statement under Rule 4(2) of the Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

| Name of Investee Company   | Roshan Sun Tao Paper Mills (Pvt) Limited  |
|--|---|
| <b>Total Investment Approved:</b>  | For Equity: up to 506.4 Million<br>For Loan and advances: 260 Million   |
| <b>Amount of Investment Made to date:</b>  | For Equity: Nil<br>For Loan and advances: 117.09 Million  |
| <b>Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:</b>                                     | The said approval was taken for five years. So, there is no such deviation.   |
| <b>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:</b> | M/s Shang Dong Youngtai Paper Mills Limited (SDYPL), a shareholder of M/s Roshan Sun Tao Paper Mills Limited, a subsidiary of the Company, has filed a petition in the Lahore High Court, Lahore for winding up of Roshan Sun Tao Paper Mills Limited. The Company has also been made a respondent in the petition. The Company has filed a specific performance suit against Ms. Shandong Yongtai Paper Mills Limited (hereinafter 'SYPML') in order to enforce provisions of the shareholder agreement entered into between the Company and SYPML requiring transfer of shareholding held by SYPML in Roshan Sun Tao Paper Mills (Private) Limited (subsidiary company) to the Company as a result of SYPML's breach of |

|  |  |
|--|--|
|  | <p>substantial terms of the shareholder agreement. These cases are pending before the respective Courts.</p> <p>The management is confident that the petition in high court for winding up will be dismissed as the Company being majority shareholder is fully committed to the investment plan of the subsidiary for its paper mill project.</p> <p>There is no material changes in the financial statement of the subsidiary since the date of resolution passed by the shareholders.</p> |
|--|--|

|  |  |
|--|--|
| <b>Name of Investee Company</b>  | <b>Roshan Enterprises</b>  |
| <b>Total Investment Approved:</b>  | For Loan and advances: PKR 122.722 million                                 |
| <b>Amount of Investment Made to date:</b>  | For Loan and advances: PKR 122.722 million                                 |
| <b>Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time:</b>                                     | The said approval was taken for two years. So, there is no such deviation. |
| <b>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:</b> | No such material change.   |

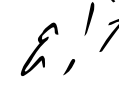
روشن سن ٹاؤ پیپر ملز (پرائیویٹ) لمیٹڈ آپ کی کمپنی کا ایک پروجیکٹ ہے۔ زیر غور مالی سال کے دوران اس میں کوئی خاص مالی سرگرمیاں رونما نہیں ہوئی ہیں۔ کمپنی کی انتظامیہ کو پختہ یقین ہے کہ آنے والے سال میں اس حوالے سے اہم مالی سرگرمیاں شروع ہو جائیں گی۔ علاوہ ازیں کمپنی کو تکمیل کرنے کی جو درخواست عدالت عالیہ میں زیر سماعت ہے۔ اس درخواست پر کمپنی کے حق میں فیصلہ لے لیا جائے گا۔ حصص کے معاہدے کی تکمیل مختص کا دعویٰ دیوانی عدالت میں دائر ہو چکا ہے اور اس کا فیصلہ بھی کمپنی کے حق میں لے لیا جائے گا۔ اس کی وجہ یہ ہے کہ فریق مخالف عدالت کے بار بار بلانے کے باوجود حاضر نہ ہوا ہے جس کی وجہ سے عدالت نے اس کے خلاف ایک طرفہ کارروائی شروع کر دی ہے۔ مزید برآں، کمپنی کی انتظامیہ پروجیکٹ کے مالی معاملات کے حوالے سے مالیاتی اداروں کے ساتھ فعال طور پر کام کر رہی ہے جیسے ہی ان کی تکمیل ہو جائے گی منصوبے پر کام شروع کر دیا جائے گا۔ کیونکہ منصوبے کے تکنیکی معاملات مکمل ہو چکے ہیں اور مشینری اور دوسرے ساز و سامان کے سپلائرز کی لسٹ بھی فائل ہو چکی ہے۔ رواں سال میں اس پروجیکٹ کو پنجاب بورڈ آف انویسٹمنٹ اینڈ ٹریڈ نے خصوصی اقتصادی زون کی حیثیت سے منظوری دی ہے اور حتمی جائزہ لینے اور اپسٹیل اگنا مک زون کے اعلان کے لئے بورڈ آف انویسٹمنٹ (وقائی بورڈ) کو بھی اسی کی سفارش کی ہے۔ کمپنی کی انتظامیہ کو یقین ہے کہ بورڈ اس منصوبے کی منظوری دے گا۔

اظہار تشکر

کمپنی کی انتظامیہ اپنے قابل قدر حصہ داران کے اعتماد اور یقین جو انھوں نے کمپنی کی ابتدائی عوامی پیشکش کے زبردست رد عمل کے صورت میں دکھایا ہے کے لیے ان کی تندرل سے مشکور ہے۔

انتظامیہ اپنے صارفین اور فرور وخت کنندگان کا بھی شکریہ ادا کرنا چاہتی ہے جنھوں نے اس کی مصنوعات اور خدمات کی مسلسل حمایت کی اور ان پر اعتماد کا اظہار کیا۔

انتظامیہ کمپنی کے تمام ملازمین کی کوششوں کو بھی تندرل سے سراہتی ہے جنھوں نے جانفشانی سے کام کیا اور مشکل اقتصادی اور کاروباری ماحول میں نمایاں کارکردگی کا مظاہرہ کیا۔



چیئر مین



چیئر ایگزیکٹو آفیسر

## سالانہ اجلاس عام کی اطلاع

بذریعہ مذکورہ اطلاع کیا جاتا ہے کہ روٹن ٹیکسٹ لیمیٹڈ ("کمپنی") کا 16 سالانہ اجلاس عام بروز بدھ 27 نومبر 2019ء بمقام شاپیمار ہال فلٹیئر ہوٹل لاہور میں بوقت 12 بجے سہ پہر درج ذیل امور کی انجام دہی کے لیے منعقد ہوگا۔

### عمومی امور

- 1- چیئرمین کی جائزہ رپورٹ ڈائریکٹرز اور ڈائریکٹرز کی رپورٹ مع 30 جون 2019ء تک ہونے والے سال کے آڈٹ شدہ سالانہ جداول مجموعی مالیاتی گوشواروں کی وصولی وغور وخصوص اور منظوری دینا۔
- 2- کمپنی کے آڈیٹرز کا تقرر اور ان کا مشاہرہ مقرر کرنا۔ بورڈ اور آڈٹ کمیٹی نے سکدوش ہونے والے آڈیٹرز کی کمیٹی کے پی ایم جی چارٹرڈ اکاؤنٹنٹس کی جگہ پر میسرز ای وائے فور ڈیوڈز چارٹرڈ اکاؤنٹنٹس کو بطور آڈیٹرز تقرر کی سفارش کی ہے۔ اس سلسلہ میں ارکان کو کمپنی ایکٹ 2017 کی شق (2) 246 تحت اطلاع دی گئی۔
- 3- غور کرنا اور سالانہ 30 جون 2019ء کے دوران متعلقہ اداروں کے ساتھ کاروباری امور کی انجام دہی کی منظوری دینا اور اگلے اجلاس عام تک متعلقہ اداروں کے ساتھ کاروباری امور کی انجام دہی کے لیے چیف ایگزیکٹو کو اختیار بنانے کی منظوری دینا۔
- 4- غور کرنا اور اگر مناسب سمجھا جائے تو سیکشن 199 کے تحت روٹن سن تاؤ پیپر پلان پر ایجوٹیٹ لیمیٹڈ میں کی جانے والی سرمایہ کاری کی شرائط و ضوابط میں تبدیلی کے لیے خصوصی قرارداد کو منظور کرنا جسے کے اسٹیٹمنٹ آف میٹریل فیکٹس میں دی گئی ہے۔

### خصوصی امور

- 1- غور کرنا اور سالانہ 30 جون 2019ء کے دوران متعلقہ اداروں کے ساتھ کاروباری امور کی انجام دہی کی منظوری دینا اور اگلے اجلاس عام تک متعلقہ اداروں کے ساتھ کاروباری امور کی انجام دہی کے لیے چیف ایگزیکٹو کو اختیار بنانے کی منظوری دینا۔
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کمپنی ایکٹ 2017 کی شق (3) 134 کے تحت میٹریل فیکٹس کا ایک بیان اجلاس کی اطلاع کے ساتھ منسلک ہوگا جو ارکان کو بھیجی جائے گی۔

لاہور

6 نومبر 2019ء

بکرم پورڈ

محمد عادل

کمپنی سیکرٹری

### ضروری گزارشات:

- 1- شیئرز بک کی بندش  
کمپنی کی شیئرز منتقلی کی کتابیں 21 نومبر 2019ء سے 27 نومبر 2019ء تک بند رہیں گی (بشمول دونوں دن)۔ اس سلسلہ میں جو منتقلی ہمارے شیئرز رجسٹرار کے دفتر سے ڈی سی شیئرز رجسٹرار سے روٹن لیمیٹڈ سے ڈی سی ہاؤس '99-B' بلاک بی بین شاہراہ فیصل کراچی میں بروز بدھ 20 نومبر 2019ء کے کاروباری دن کے اختتام تک وصول ہو جائے گی وہ منقول الیہ کو جتنی نقد منافع منقسمہ اور سالانہ اجلاس عام (اے جی ایم) میں شرکت، خطاب اور ووٹ کے استحقاق کے لیے بروقت تصور کی جائے گی۔
  - 2- اس اجلاس میں شرکت اور رائے دہی کا استحقاق رکھنے والا رکن اپنی جانب سے شرکت اور رائے دہی کے لیے اپنا نائب مقرر کر سکتا ہے۔ نائب کے لیے ضروری ہے کہ وہ کمپنی کا رکن ہو۔ اس طریقہ کار سے منتخب ہونے والا نائب ان تمام حقوق جیسا کہ اجلاس میں شرکت، بولنے اور رائے دہی جو کسی رکن کو حاصل ہیں کا مستحق ہے۔ نائب اپنی شناخت کے ثبوت کے طور پر اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ دکھائے گا۔
  - 3- نائب کے تقرری دستاویز اور پاور آف اٹارنی یا دیگر دستاویز جب کے تحت تقرری ہوئی کی نوٹری پبلک سے تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرار آفس میں جمع کروانے ہوں گے۔ نائب کے تقرر کے لیے فارم انگریزی اور اردو دونوں زبانوں میں حصہ داران کو بھیجی گئی اجلاس کی اطلاع کے ساتھ منسلک ہے۔
  - 4- ایسے ارکان جنہوں نے اپنے حصص سینٹرل ڈیپازٹری کمپنی آف پاکستان لیمیٹڈ ("سی ڈی سی") میں جمع کروائے ہیں انہیں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مندرجہ ذیل ہدایات پر بھی عمل کرنا ہوگا۔
- (الف) اجلاس میں شرکت کے لیے:
- (i) فرد کی صورت میں اکاؤنٹ ہولڈر اور/یا سب اکاؤنٹ ہولڈر اور ان کی رجسٹریشن تفصیلات سی ڈی سی کے ضابطوں کے مطابق اپ لوڈ ہوں اور اجلاس میں شرکت کے موقع پر اپنی شناخت کے لیے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنے ہوں گے۔
  - (ii) کارپوریٹ اسٹیٹی کی صورت میں بورڈ کی قرارداد/پاور آف اٹارنی مع دستخط کا نمونہ (اگر پہلے فراہم نہ کیا گیا ہو) اجلاس کے موقع پر پیش کرنا ہوگا۔
- (ب) نائب کی تقرری کے لیے:
- (i) فرد کی صورت میں اکاؤنٹ ہولڈر اور/یا سب اکاؤنٹ ہولڈر اور ان کی رجسٹریشن تفصیلات سی ڈی سی کے ضابطوں کے مطابق اپ لوڈ ہوں اور اجلاس میں شرکت کے موقع پر اپنی شناخت کے مطابق جمع

## FORM OF PROXY

I \_\_\_\_\_ of \_\_\_\_\_ being a member of Roshan Packages Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ (or failing him \_\_\_\_\_ of \_\_\_\_\_) as my proxy in absence to attend and vote for me and on my behalf at the Annual General Meeting of the company to be held on the day of \_\_\_\_\_ and at any adjournment thereof.

As Witnessed my hand this \_\_\_\_\_ day of \_\_\_\_\_

1. Name \_\_\_\_\_

C.N.I.C \_\_\_\_\_

Address \_\_\_\_\_

2. Name \_\_\_\_\_

C.N.I.C \_\_\_\_\_

Address \_\_\_\_\_

Signed by the said  
In the presence of

AFFIX  
Revenue  
Stamp of Rs. 5

Member Signature

### Note:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instrument appointing a Proxy together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Share Registrar Office of the Company, CDC Share Registrar Services Limited CDC House, 99-B, Block B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi – 74400 not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular# 1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for appointing Proxies:
  - i) In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
  - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
  - v) In case of a corporate entity, the Board of Directors' resolution/Power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

## نائب کی تقرری کا فارم

میں \_\_\_\_\_ بحیثیت رکن رومن چیکر لمیٹڈ جناب \_\_\_\_\_ (یا ان کی عدم دستیابی کی صورت میں جناب \_\_\_\_\_)

کو کمپنی کے سالانہ اجلاس عام جو \_\_\_\_\_ دن منعقد ہو رہا ہے یا کسی ایسی ایجنسی کی صورت میں شرکت کرنے اور حق رائے

دی استعمال کرنے اپنا بطور نائب مقرر کرتا ہوں۔

میں \_\_\_\_\_ مورخہ \_\_\_\_\_ بطور گواہ اس امر کی تصدیق کرتا ہوں۔

\_\_\_\_\_ کی موجودگی میں دستخط کیے گئے۔

نام 1

کمپیوٹرائزڈ شناختی کارڈ نمبر

پتہ

نام 2

کمپیوٹرائزڈ شناختی کارڈ نمبر

پتہ

5 روپے کی رسیدی  
ٹکٹ یہاں چسپاں کریں

رکن کے دستخط

ضروری بیان:

1. ایک رکن جو اجلاس عام میں شرکت اور ووٹ دینے کا مجاز ہو اپنی جگہ کسی کو بطور نائب مقرر کر سکتا ہے۔
2. نائب کی تقرری کی دستاویز مع پاور آف اٹارنی اگر کوئی ہو جس کے تحت تقرری ہوئی یا پاور آف اٹارنی کی نوٹری پبلک سے تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے سیکرٹری رجسٹر اراکے دفتر، سی ڈی سی شینیر رجسٹرار سروسز لمیٹڈ، سی ڈی سی بلاک بی 99-B بلاک بی سنڈھی مسلم کوآپریٹو باؤسنگ سوسائٹی میں شاہراہ فیصل کراچی-74400 میں جمع کروانے ہوں گے۔
3. ایسے ارکان جنہوں نے اپنے سیکرٹری جنرل ڈیپارٹمنٹ کی آف پاکستان لمیٹڈ میں جمع کروائے ہیں انہیں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 1 مورخہ 26 جنوری 2000ء کی مندرجہ ذیل ہدایات پر بھی عمل کرنا ہوگا۔
- (i) فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن تفصیلات اور سیکورٹیز ڈی سی کے ضابطوں کے مطابق اپ لوڈ ہیں نائب کی تقرری کا فارم درج بالا ہدایات کی روشنی میں جمع کروائیں۔
- (ii) نائب کی تقرری کے فارم پر دو افراد کی گواہی ہوگی اور ان کے نام سب سے اوپر کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
- (iii) اصل مالک اور نائب کے شناختی کارڈ کی تصدیق شدہ کاپیاں نائب کی تقرری کے فارم کے ساتھ منسلک کرنا ہوں گی۔
- (iv) نائب کو اجلاس کے موقع پر اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ ادارہ ہونے کی صورت میں بورڈ کی قرارداد/ پاور آف اٹارنی مع نائب کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیا گیا ہو) نائب کی تقرری کے فارم کے ہمراہ منسلک کرنا ہوگا۔

## ROSHAN PACKAGES LIMITED FORM FOR VIDEO CONFERENCE FACILITY

In this regard, please fill the following form and submit to registered address of the Company 07 days before holding of the Annual General Meeting.

Annual General Meeting along with complete information necessary to enable them to access the facility.

If the Company receives 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 07 days prior to date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

The Company Secretary/Share Registrar,

I/we, \_\_\_\_\_, of \_\_\_\_\_, being the registered shareholder(s) of the company under Folio No(s). \_\_\_\_\_ / CDC Participant ID No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ CDC Investor Account ID No., and holder of \_\_\_\_\_ Ordinary Shares, hereby request for video conference facility at \_\_\_\_\_ for the Annual General Meeting of the Company to be held on November 27, 2019.

Date: \_\_\_\_\_

Member's Signature: \_\_\_\_\_

Note:

This Standard Request Form may be sent at either of the following addresses of the Company Secretary or Independent Share Registrar of the Company:

### Head of Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99-B, Block B, S.M.C.H.S.  
Main Shakra-e-Faisal, Karachi – 74400

### Company Secretary

325 GIII MA Johar Town Lahore

## سالانہ رپورٹ اور اے جی ایم نوٹس کی

## الیکٹرانک ٹرانسمیشن کی اجازت کا فارم

سیکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 2014 (1) 787 مورخہ 8 ستمبر 2014 کے بموجب سہولت مہیا کی گئی ہے کہ کمپنی اپنی سالانہ تیلنس شیٹ اور نفع و نقصان کے گوشوارے بحاسب و نظریہ کی مرتب کردہ اطلاق معلومات (پڑتال شدہ مالیاتی حسابات) بشمول سالانہ اجلاس عام کی اطلاع اپنے حصص یافتگان کو بذریعہ ای میل ارسال کر سکتی ہے۔ وہ تمام حصص داران جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل حاصل کرنے کے خواہشمند ہیں ان سے التماس ہے کہ تکمیل شدہ رضامندی کے فارم کمپنی کے شیئرز رجسٹرار روٹن پیکیجز لمیٹڈ کو مہیا کریں۔

یاد رہے کہ سالانہ رپورٹ کی بذریعہ ای میل وصولی اختیاری ہے لازمی نہیں ہے۔

عنوان: سالانہ رپورٹ اور اے جی ایم نوٹس کی الیکٹرانک ٹرانسمیشن کی اجازت کا فارم

جناب عالی،

میں / ہم، بذریعہ پڑاؤشن پیکیجز لمیٹڈ ("کمپنی") کا / کے شیئرز ہولڈرز (ہولڈرز) ہونے کے ناتے کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمع سالانہ اجلاس عام کے نوٹس کی، ذیل میں دیئے گئے ای میل کے ذریعے الیکٹرانک ٹرانسمیشن کی اجازت اور اختیار دیتا ہوں / دیتے ہیں اور اپنے ای میل ایڈریس میں کسی تبدیلی کی کمپنی کو فوری طور پر اطلاع دینے کا وعدہ کرتا ہوں / کرتے ہیں۔

میں سمجھتا ہوں کہ کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس بمع سالانہ اجلاس عام کے نوٹس کی ای میل کے ذریعے ٹرانسمیشن سے ان تقاضوں کی تکمیل ہوگی جن کا پینڈنگ ایکٹ 2017 کی دفعات کے تحت ذکر کیا گیا ہے۔

1. شیئرز ہولڈرز (ہولڈرز) کا نام: \_\_\_\_\_
2. والد / شوہر کا نام: \_\_\_\_\_
3. سی این آئی سی: \_\_\_\_\_
4. این ٹی این: \_\_\_\_\_
5. پارٹیسپیٹ آئی ڈی / فوئیو نمبر: \_\_\_\_\_
6. ای میل ایڈریس: \_\_\_\_\_
7. فون نمبر: \_\_\_\_\_
8. میٹنگ ایڈریس: \_\_\_\_\_

دستخط:

(کارپوریٹ شیئرز ہولڈرز کی صورت میں،

مجاز دستخط کنندہ لازمی دستخط کرے)

تاریخ: \_\_\_\_\_

شیئرز رجسٹرار آفس

سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ،

سی ڈی سی ہاؤس، 99-B، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس

مین شاہراہ فیصل، کراچی 74400

## روشن پیکیجز لمیٹڈ

## ای۔ فارم برائے ویڈیو کانفرنس سہولت

اس سلسلے میں برائے مہربانی مندرجہ ذیل فارم پھر کر اسے کمپنی کے رجسٹریڈ آفس میں سالانہ اجلاس عام کے انعقاد سے 07 دن قبل جمع کر دیں۔ اگر کمپنی کو اجلاس سے 07 دن قبل کسی جغرافیائی جگہ پر رہائش پذیر ممبران جو 10 فیصد یا اس سے زائد حصص کے حامل ہوں کی جانب سے رضامندی موصول ہوتی ہے کہ وہ اجلاس میں بذریعہ ویڈیو کانفرنس کا انتظام کر دیا جائے گا جس کا انحصار اس شہر میں مذکورہ سہولت کی دستیابی پر ہوگا۔

کمپنی سالانہ اجلاس عام کے انعقاد سے 5 دن قبل ممبران کو ویڈیو کانفرنس کے مقام سے مطلع کر دے گی بمعہ ان تمام مکمل معلومات کے جو انہیں مذکورہ سہولت تک رسائی کے قابل کر سکیں۔

دی کمپنی سیکرٹری / شیئرز رجسٹرار،

میں / ہم، \_\_\_\_\_ حامل \_\_\_\_\_ عام حصص فوئیو نمبر (نمبرز) \_\_\_\_\_ / سی ڈی سی پارٹیسپیٹ ID نمبر \_\_\_\_\_ اور سب اکاؤنٹ نمبر \_\_\_\_\_

سی ڈی سی انویسٹرا کاؤنٹ ID نمبر \_\_\_\_\_ رہائش \_\_\_\_\_

کے تحت کمپنی کے رجسٹریڈ شیئرز ہولڈرز (ہولڈرز) کی حیثیت سے 2019-11-27 کو مستقر ہونے والے کمپنی کے سالانہ اجلاس عام کے لیے \_\_\_\_\_ میں ویڈیو کانفرنس سہولت کی درخواست کرتا ہوں /

کرتے ہیں۔

تاریخ: \_\_\_\_\_

ممبر کے دستخط

نوٹ: یہ معیاری درخواست فارم کمپنی سیکرٹری یا کمپنی کے انڈیپنڈنٹ شیئرز رجسٹرار، کسی کے بھی درج ذیل پتے پر بھیجا جاسکتا ہے۔

شیئرز رجسٹری آفس

سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ،

سی ڈی سی ہاؤس، 99-B، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس

مین شاہراہ فیصل، کراچی 74400

کمپنی سیکرٹری

325 جی تھری، ایم اے جوہر ٹاؤن، لاہور

# CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM

Pursuant to the allowance granted through SRO 787(1)/2014 of September 8, 2014 by the Securities Exchange Commission of Pakistan, the Company can circulate its balance sheet and profit and loss accounts, auditors report and Director's report etc. (Audited Financial Statement") along with the Company's Notice of Annual General Meeting through email to its shareholders. Those shareholders who wish to receive the Company's Annual Report via email are requested to provide a complete consent form to the Company's Share Registrar, Roshan Packages Limited.

**Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF AGM**

Dear Sirs,

I/we, being the shareholder(s) of Roshan Packages Limited. ("Company"), do hereby consent and authorize the Company for electronic transmission of the Audited Annual Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address.

I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements as mentioned under the provisions of Companies Act, 2017.

1. Name of Shareholder(s): \_\_\_\_\_
2. Fathers / Husband Name: \_\_\_\_\_
3. CNIC: \_\_\_\_\_
4. NTN: \_\_\_\_\_
5. Participant ID / Folio No: \_\_\_\_\_
6. E-mail address: \_\_\_\_\_
7. Telephone: \_\_\_\_\_
8. Mailing address: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Signature:  
(In case of corporate shareholders,  
the authorized signatory must sign)

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