



ANNUAL REPORT 2019

Century Paper & Board Mills Limited



WATER
FOR NATION

Clean - Green - Sustainable

WATER FOR NATION

Water is perceived as one of the most abundant resources on Earth, however, only 4% of the water on Earth is freshwater and thus fit for human consumption. Rapid population increase and industrialisation have severely affected water availability on a global basis and by 2030, 47% of the world population is likely to face acute water shortage. In Pakistan, since its inception, the availability of water to an individual has shrunk to one fifth of its original size, and in absence of countermeasures, will turn into scarcity by 2025. This situation calls for sensible consumption of this precious resource henceforth.

Paper production is traditionally water-intensive. While Century commenced business, there was no immediate water availability threat; nevertheless, displaying foresight and an eye for sustainability, the Company actively allocated resources towards increasing its water efficiency. Through this relentless pursuit, over the past 30 years, Century has been able to bring about 80% reduction in water usage per ton of production when compared with 1990 water consumption level. Yet we do not consider this the pinnacle of our achievement; rather, a mere waypoint. We are committed to pioneer innovative water reduction techniques, and make our production even more water efficient. After all, we cannot add a drop to the water available to us; however, we will conserve, recycle and recharge it.

We are excited to share, as a theme of this year's annual report, our initiatives in pursuit of water conservation under the slogan "Water for Nation".



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Vision

To be the market leader and an enduring force in the paper, board and packaging industry, positively influencing and providing value to our stakeholders, society and our nation.



Mission

To strive incessantly for excellence and sustain our position as a preferred supplier of quality paper, board and packaging material within a team environment and with a customer focussed strategy.



Core Values



Code of Ethics



Our core business is to manufacture paper, paperboard and packaging products to provide local businesses and individuals quality products of international standard. We are very strong believer of the fact that Ethics and Good Practices play a vital role in advancement and betterment of the Company. To support our belief, we endeavor our best to follow these ethical and good practices.

Corporate Governance

We as a responsible corporate citizen strongly adhere to Corporate Governance principles and comply with regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in uprightness of performance and expect it to be a fundamental responsibility of our employees to act in the Company's best interest while holding confidential information. We expect our employees to neither solicit internal information from others nor disclose Company's figures, data or any material information to any unauthorized persons/body.

Human Resource Development

We believe in individual respect and growth. Our employment and Human Resource policies develop individuals without race, religion, gender or any other discriminative factors. We provide equal opportunities with a team based management style employing incessant training and development programs for employees. These continuous improvement policies enhance efficiencies and knowledge and create a constructive and affirmative environment.

Transparent Financial Policies

We develop fair and transparent financial policies for conducting business. We ensure transparency and integrity and follow the principles of accounting and finance as approved by regulations and contemporary accounting codes. Any unsupportive or false entry, infringement of accounts for individual or company gain is strongly incoherent with our business codes and ethics.

Marketing and Industry Practices

We believe in free and fair business practices and open competitive markets. Developing any association within the segment, industry or with

competitors to distort the pricing and availability is contradictory to our business code of conduct. Any anti-trust activity such as price fixing, monopolization or forming cartel of suppliers is prohibited. Our marketing policies are customer focussed, placing high values in satisfying their requirements with emphasis on quality, service and product development. As a long term marketing strategy we vision to diversify and add value to our products while maintaining close liaisons with markets, customers and their needs.

Business Risk Management

Our risk management policies are geared to enhance shareholders worth, improve credit worthiness and minimize credit risk while diversifying income, supplier and customer bases and maintaining relationships with financial institutions.

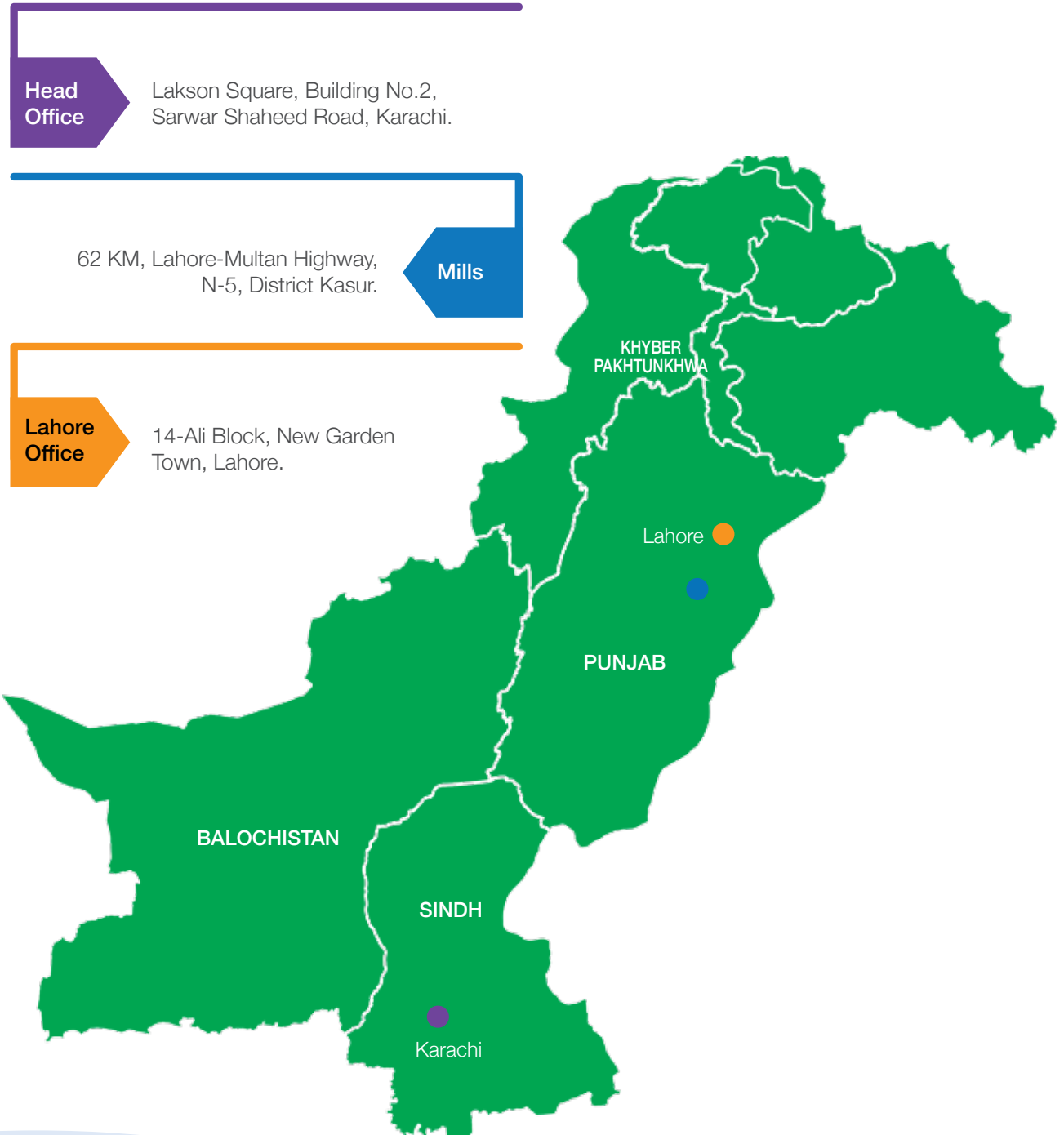
Social and Community Commitments

We believe in community development without political affiliations with any persons or group of persons working for gains. We contribute our resources for better environment with an unprejudiced approach. Our Safety, Health and Environment (SHE) policies are geared towards unbiased employees' betterment. Our positive contribution towards Community Related Services especially in health and education adds to economic development.

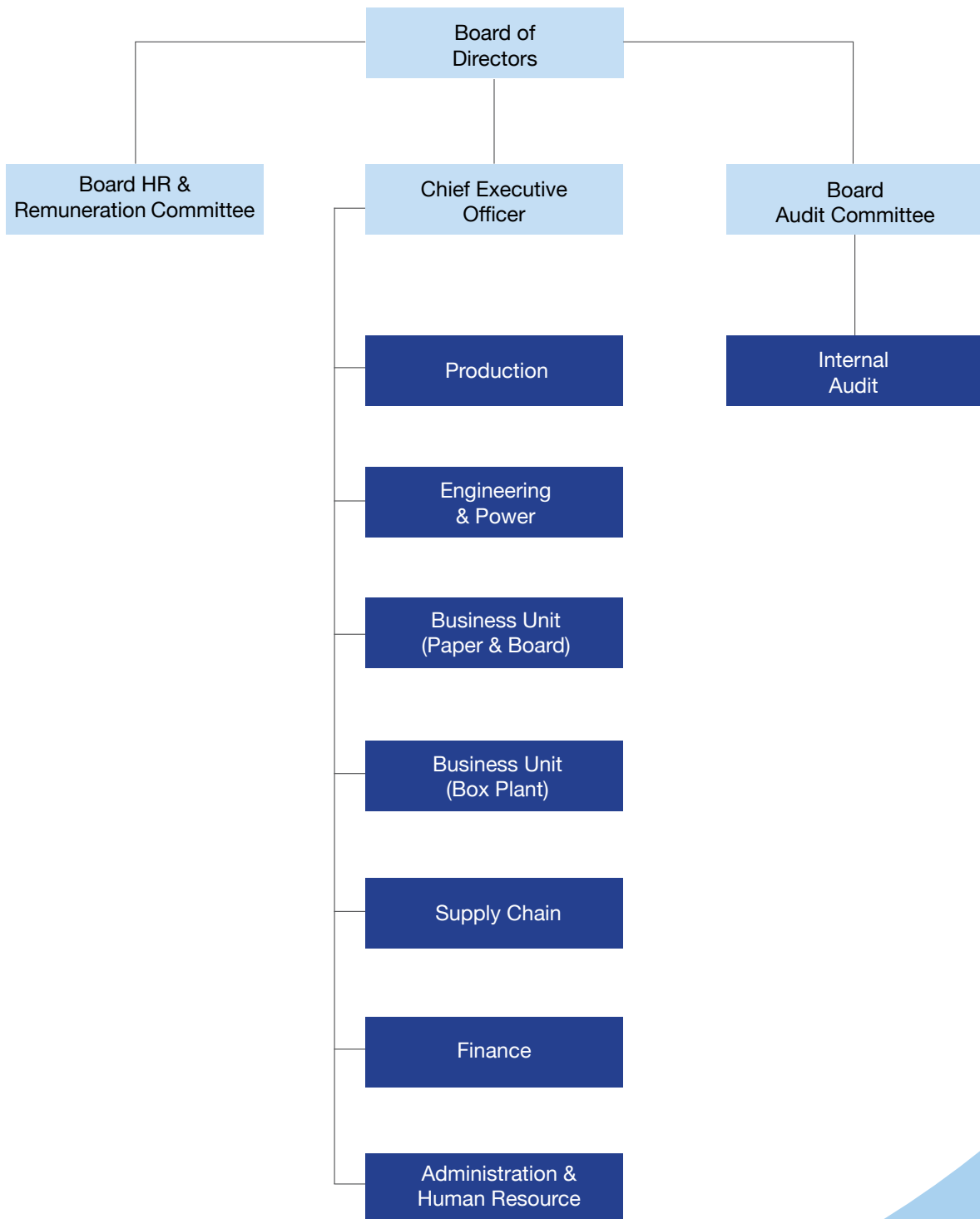
Environmental Management System - EMS

We invest in environmental projects with environment friendly policies to improve Health and Safety standards of employees, communities and surroundings. Our EMS continuously improves in light of advancement in technology and new understandings in Safety, Health and Environmental science. We are driving towards zero waste generation at the source and materials will be reused and recycled to minimize the need for treatment or disposal and to conserve resources and environment. We are working for the conservation of natural resources, energy and biodiversity by continuously improving our processes, practices and products.

Geographical Presence



Organogram



WATER
FOR NATION





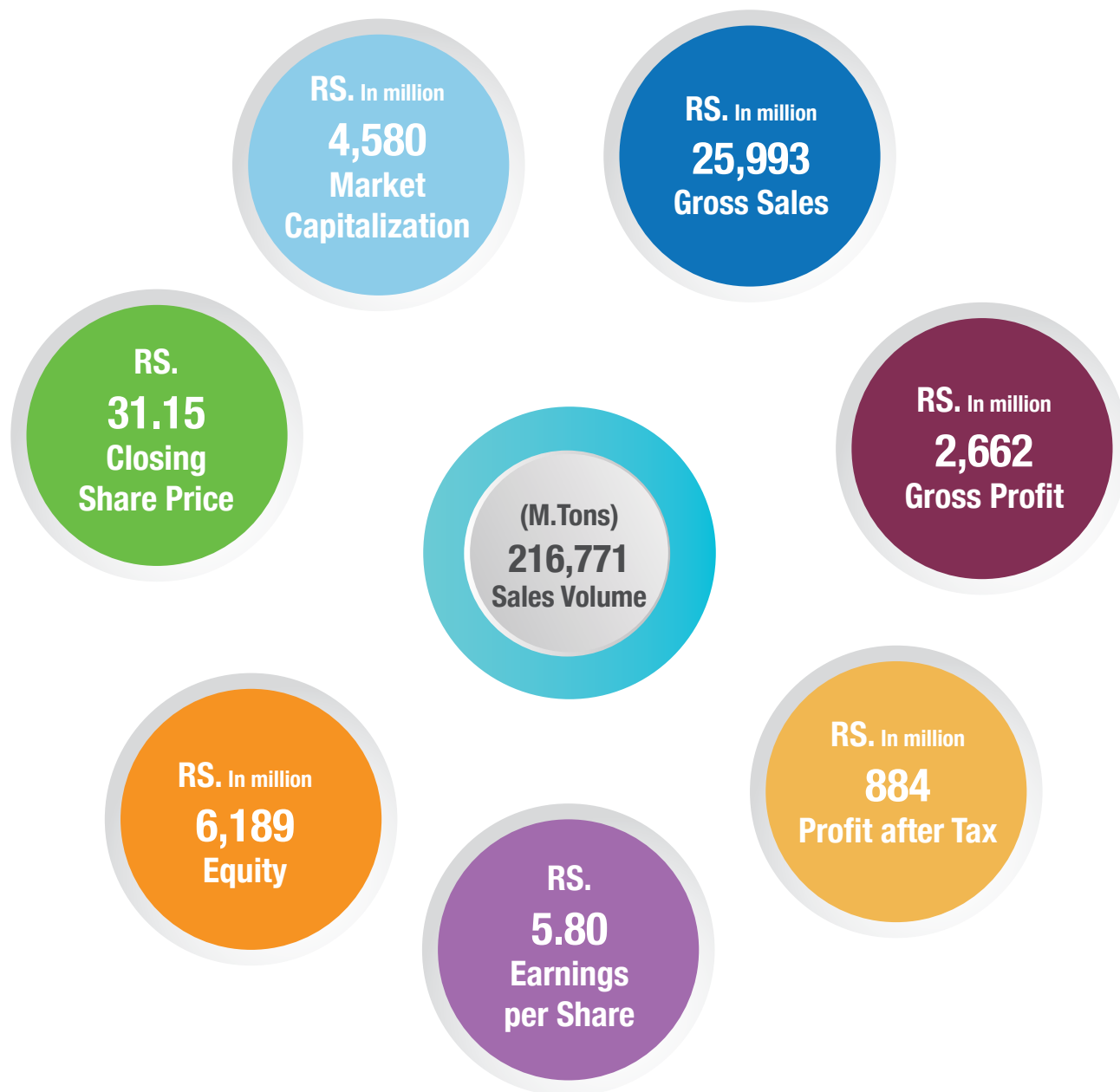
WATER **SAVING**

Century believes in inculcating the passion to conserve water in our employees, and society as a whole; hence this we accomplished through our employee awareness program.

The program aims to educate our team about the alarming water situation and ways to respond to it constructively. Through awareness sessions, walks, and distribution of various materials, Century is making humble efforts to successfully transform its employees into water conscious citizens.

Further, Century invested considerable expertise and finances into water efficiency initiatives plant-wide, such as operating on higher pulp consistencies, installation of high pressure low-discharge oscillating showers and more water efficient paper machines. Thus we have achieved water efficiency not only within our operations, but also planted the seeds of change on a societal level.

Year At a Glance

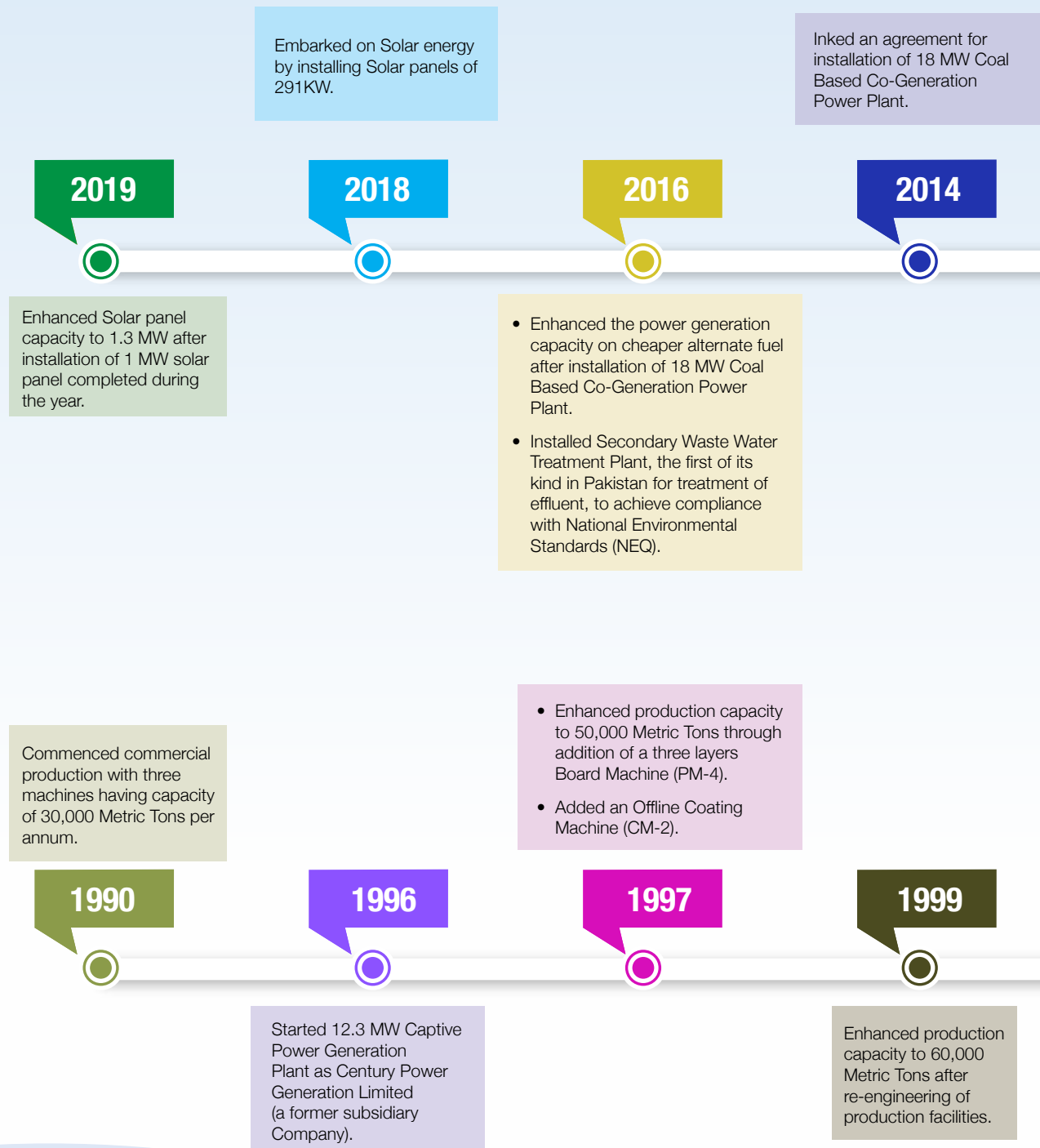


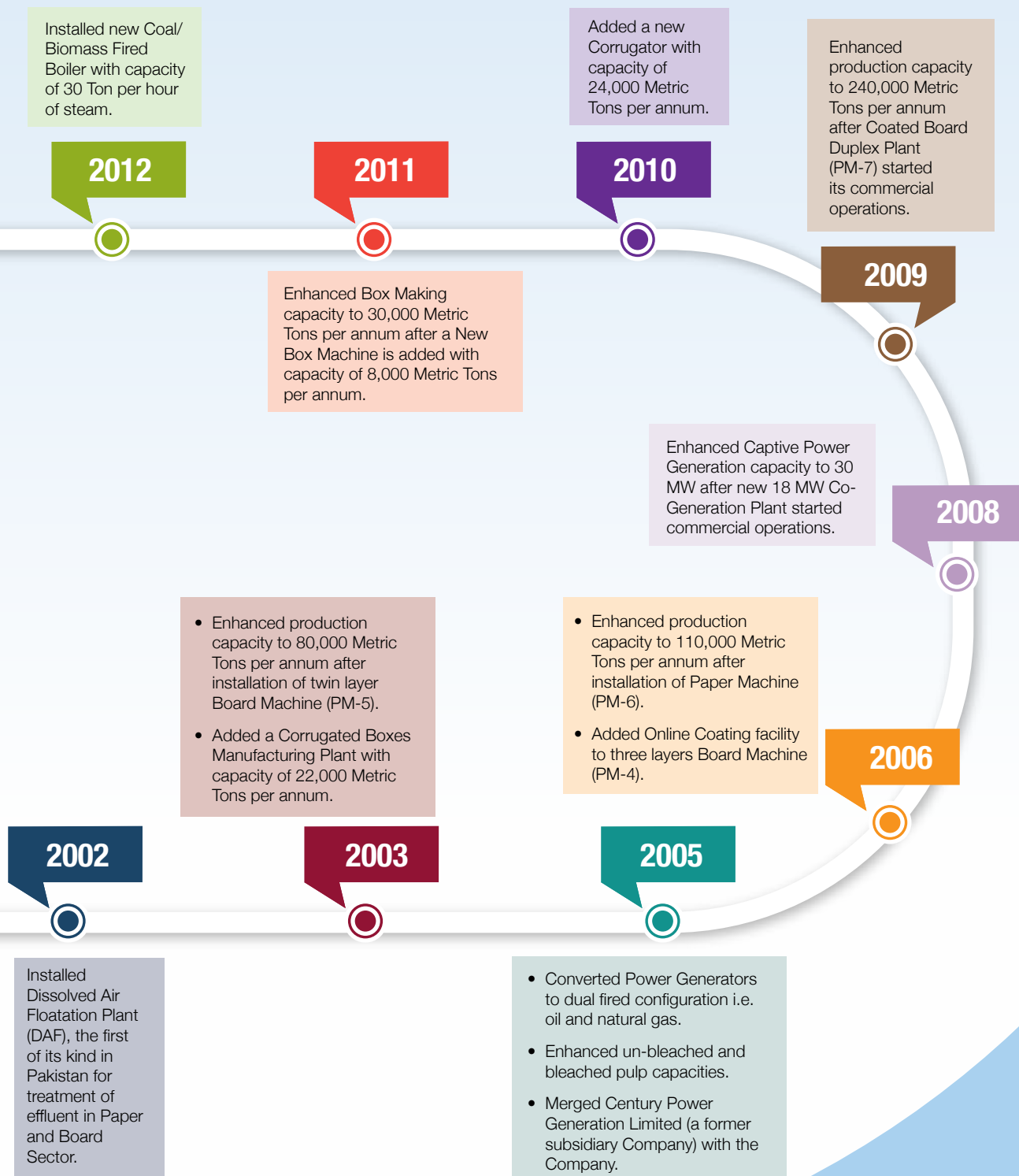
Key Figures & Ratios



Key Figures	Rupees in million	
	2019	2018
Gross sales	25,993	22,191
Net sales	22,241	18,965
EBITDA	2,985	2,880
Profit pre tax	1,239	1,431
Profit post tax	884	992
Share capital		
Ordinary shares	1,470	1,470
Preference shares	-	901
Shareholders' equity	6,189	6,443
Total assets	18,454	17,304
Capital expenditure	972	693
Capital employed	11,581	11,621
Long-term financing (including current portion)	4,183	3,869
Key Ratios	2019	2018
Earnings per share - Rupees	5.80	6.25
Breakup value per share - Rupees	42.10	37.69
Price earning ratio	5.37	10.15
Total Debt equity ratio	58 : 42	53 : 47
Debt equity ratio (including current portion)	40 : 60	38 : 62
Leverage ratio	1.98 : 1	1.69 : 1
Current ratio	1.20 : 1	1.14 : 1
Quick ratio	0.45 : 1	0.41 : 1
Asset coverage ratio	1.88 : 1	2.06 : 1
Interest coverage ratio	2.63 : 1	4.11 : 1
Debt servicing coverage ratio	1.58 : 1	1.87 : 1
Debtors days	38	32
Inventory days	59	54
Operating Cycle	53	41

Milestones





Entity Rating

by JCR-VIS Credit Rating Company Limited as on June 2019

Long-Term A+ (A Plus)

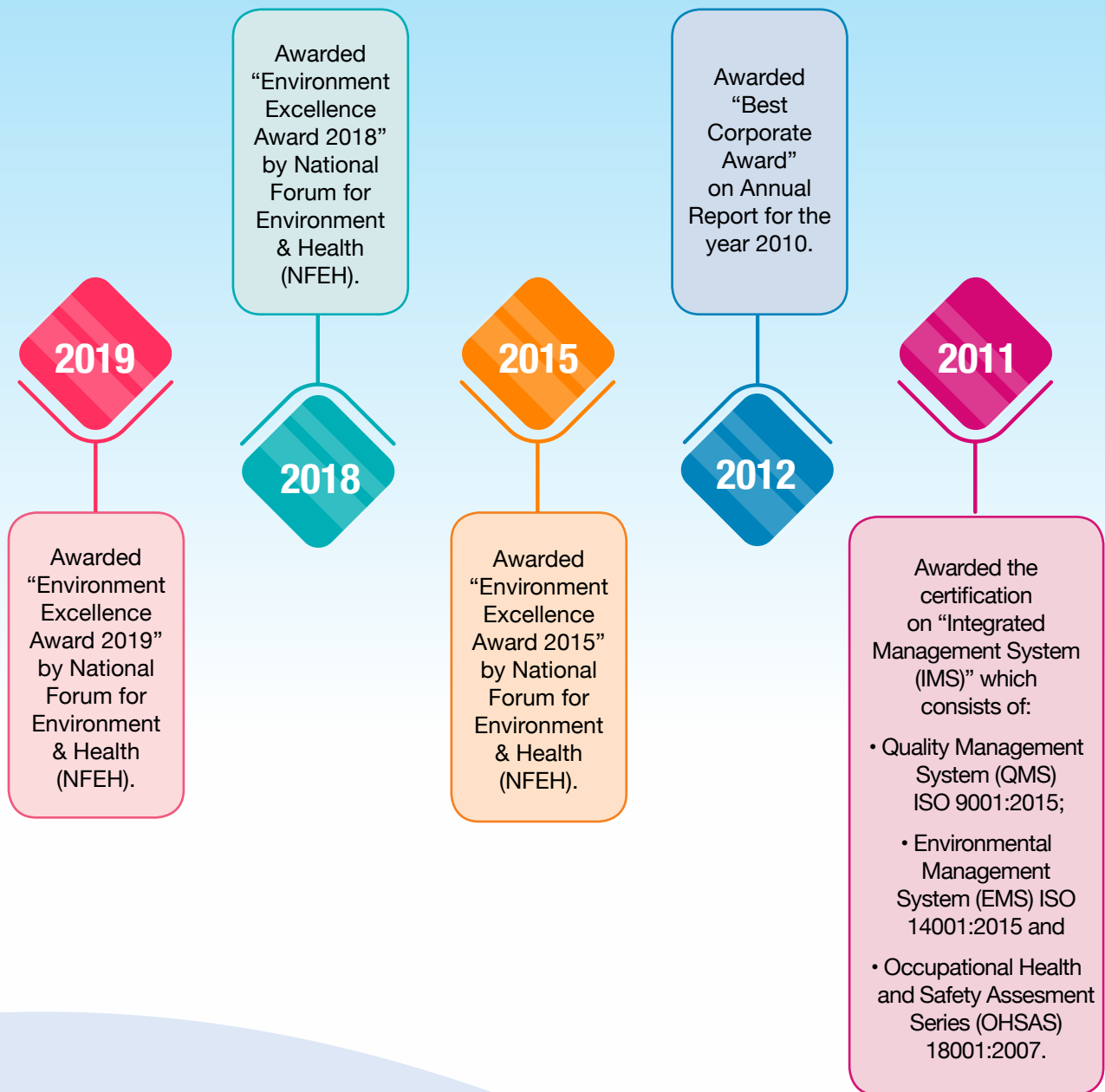
- Good credit quality.
- 'A' ratings denote expectations of low credit risk.
- Protection factors are adequate.
- Risk factors may vary with possible changes in the economy.

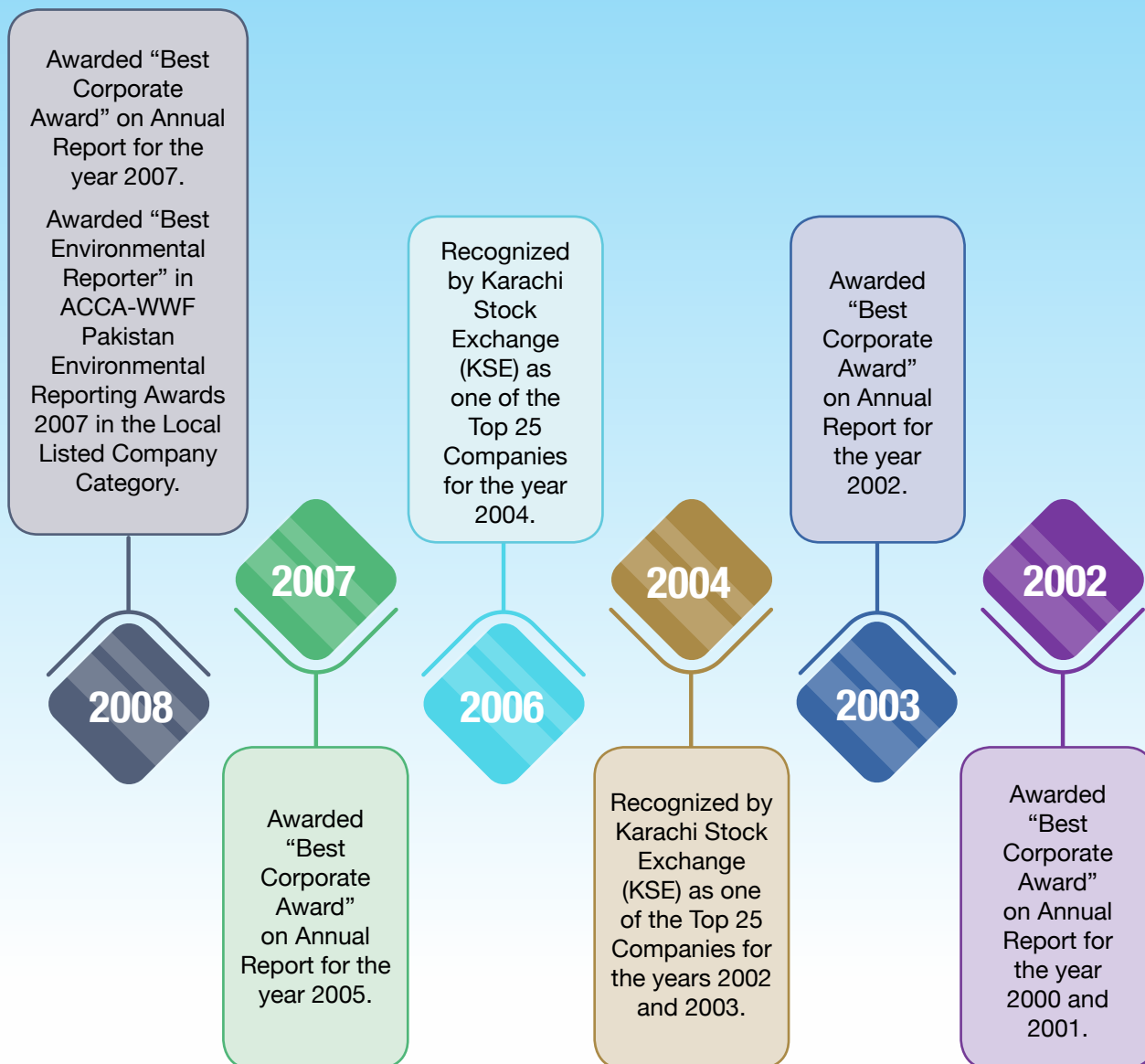
Short-Term A-1 (A minus One)

- High certainty of timely payment.
- Liquidity factors are excellent and supported by good fundamental protection factors.
- Risk factors are minor.



Certifications & Awards









WATER RE-CYCLING

Once we realize that we can ill afford to waste even a single drop of water, water re-cycling assumes a renewed importance. Towards that end, Century has enhanced the quality of its treated wastewater and maximized recycling and cascading of wastewater in its operations.

Century has made pioneering use of water treatment plants such as Dissolved Air Floatation (DAF) and Secondary Waste Water treatment plant; the latter has significantly raised our compliance with national environment standards.

The treated wastewater is now being reused in process to its maximum. Some of it is also utilized for horticultural purposes within the mills, thus delivering a dual benefit to the environment. Now plantation occupies a large section of the total 162 acres covered by the Century's Mills premises. Remainder of the recycled water is utilized for cleaning, sanitation and waste removal.

Review Report by the Chairman

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2017 an annual evaluation of the Board of Directors of Century Paper & Board Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2019, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.



Iqbal Ali Lakhani
Chairman

Dated: 08 August 2019

Board of Directors



Iqbal Ali Lakhani
(Chairman)



Amin Mohammed
Lakhani



Anushka Lakhani



Tasleemuddin
Ahmed Batlay



Shahid
Ahmed Khan



Engr. M. Abdul
Jabbar



Kemal Shoaib



Aftab Ahmad
(Chief Executive Officer)

Corporate Information

Board's Committees

Audit Committee

Kemal Shoaib (Chairman)

Amin Mohammed Lakhani

Tasleemuddin Ahmed Batlay

Human Resource & Remuneration Committee

Engr. M. Abdul Jabbar (Chairman)

Amin Mohammed Lakhani

Tasleemuddin Ahmed Batlay

Aftab Ahmad

Advisor

Sultan Ali Lakhani

Officers

Chief Financial Officer

Muhammad Rashid Dastagir

Email: rashid-dastagir@centurypaper.com.pk

Company Secretary

Mansoor Ahmed

Email: mansoor-ahmed@centurypaper.com.pk

External Auditors

BDO Ebrahim & Co.

Chartered Accountants

Email: info@bdoebrahim.com.pk



Shares Registrar

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

Bankers

Conventional

Allied Bank Limited
Bank Al-Falah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
Faysal Bank Limited
Industrial & Commercial Bank of China
United Bank Limited

Islamic

Meezan Bank Limited
Dubai Islamic Bank Limited
MCB Islamic Bank Limited

Offices & Mills

Head Office and Registered Office

Lakson Square, Building No.2,
Sarwar Shaheed Road,
Karachi - 74200, Pakistan.
Phone: (021) 38400000
Fax: (021) 35681163, 35683410
Email: info@centurypaper.com.pk
Website: www.centurypaper.com.pk

Lahore Office

14-Ali Block, New Garden Town,
Lahore - 54600, Pakistan.
Phone: (042) 35886801-4
Fax: (042) 35830338

Mills

62 KM, Lahore-Multan Highway,
N-5, District Kasur, Pakistan.
Phone: (049) 4511464-5, 4510061-2
Fax: (049) 4510063



Integrated Management System Policy

Century is Committed to:

1. Continual customer satisfaction by providing quality Paper, Paperboard and Corrugated Boxes produced in environment-friendly, Healthy and Safe working conditions.
2. Maintain and update IMS for Quality, Environment and Safety by fulfilling the requirements of International Standards: (ISO 9001, ISO 14001, and OHSAS 18001).
3. Set the IMS objectives and targets for continuously improving the operational efficiencies, resources conservation and mitigation of risks.
4. Take lead in social role and responsibilities towards the surrounding community.
5. Follow and abide by all the applicable Laws and Legal requirements.
6. Implement Century Value System and to endeavour that its employees are the best citizens following ethical values and good practices in advancement and betterment of the Company and the Society.



Environment Policy

- Ensure environment friendly operations, products and services.
- Mitigate environmental impacts through effective implementation of ISO 14001 in order to achieving conformance to applicable laws and regulations.
- Promote environmental awareness to all employees and the community.
- Establish objectives and targets for continual improvement in resource conservation by waste control and safe operating practices.



Quality Policy

- Century excels in manufacturing of quality Paper, Paperboard and Corrugated Boxes for packaging.
- Century, a customer focussed Company, is always ready to accept challenges for achieving its mission.
- Century's quality objectives are designed for enhancing customer satisfaction and operational efficiencies.
- Century is committed to building Safe, Healthy and Environment friendly atmosphere.
- Century, with its professional and dedicated team, ensures continual improvement in quality and productivity through effective implementation of Quality Management System.
- Century values the social and economic well being of its partners and strives for a harmonious environment conducive to team performance.



Safety Policy

- Improve Occupational Health and Safety (OHS) performance continuously in all areas of operations.
- Implement necessary controls and measures for mitigation of accidents and associated risk by setting objectives and following applicable legal and other requirements.
- Promote OHS practices through training of employees for healthy and safe work environment.
- Communicate Safety Policy to all stakeholders and review it periodically for ensuring adequacy and compliance with OHSAS 18001 standards.



Shareholders Information

The Company

The Century Paper & Board Mills Limited is listed on Pakistan Stock Exchange Limited (PSX) and the stock code for dealing in equity shares of the Company at PSX is CEPB. The Registered office is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. Phone: (021) 38400000 and Fax: (021) 35681163 and 35683410.

Ownership

On June 30, 2019 the Company has 1,987 shareholders.

Annual General Meeting

The annual shareholders meeting will be held on Thursday, September 26, 2019 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi. Shareholders of the Company are encouraged to participate.

Date of Book Closer

The register of the members and shares transfer books of the Company will remain closed from September 20, 2019 to September 26, 2019 (both days inclusive).

Dividend Announcement

The Board of Directors of the Company has proposed final cash dividend of Re. 1.00 per share (10%) for the year ended June 30, 2019 amounting to Rs. 147.02 million.

Dividend Payment

The proposal of the Board of Directors for dividend payment will be considered at the Annual General Meeting. If the proposal is approved, the dividend will be paid through E-Dividend mandate.

Income tax and zakat will be deducted in accordance with the current regulations.

E-Dividend Mandate (Mandatory)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company.



Share Price and Trading Volumes

Period	Share Price (Rupees)			Daily Average of Trading Volume
	High	Low	Closing	
First Quarter (Jul-Sep, 2018)	73.50	56.05	62.49	152,983
Second Quarter (Oct-Dec, 2018)	62.50	45.75	55.31	35,159
Third Quarter (Jan-Mar, 2019)	59.00	49.96	50.50	35,550
Fourth Quarter (Apr-Jun, 2019)	49.01	30.00	31.15	36,693
For the Year	73.50	30.00	31.15	64,338

Financial Results

The tentative timelines of the financial results for the year 2019-20 for approval in the Board of Directors meetings are as follows:

First Quarter ending on September 30, 2019	October 2019
Second Quarter ending on December 31, 2019	January 2020
Third Quarter ending on March 31, 2020	April 2020
For the year ending on June 30, 2020	August 2020

Web Presence

Annual/Quarterly reports are regularly placed at the Company's website, www.centurypaper.com.pk.

Change of Address

All registered shareholders should send information on change of address to: The Corporate Department, Century Paper & Board Mills Limited, Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan.





WATER **RE-CHARGING**

In order to achieve true sustainability for the water supply as a vital component of the environment, the natural habitats of water, both obvious and hidden, need to be enhanced and restored.

Displaying a holistic approach to conservation, Century has, in collaboration with Pakistan Council of Research in Water Resources (PCRWR), developed injection wells for underground water replenishment through rainwater. We appreciate PCRWR for sharing its expertise and knowledge for this national cause.

According to this program, rainwater collected from Century's roof tops covering 80,000 square meters in area will be used for replenishing underground water tables. At the average rainfall rate, the project will replenish 60,000 cubic meters of water annually. Two injection wells, each 120 foot deep, have already been constructed and numbers will increase gradually to achieve maximum capacity.

Corporate Calendar

July 17, 2018

Extraordinary General Meeting of Shareholders for election of Directors

October 17, 2018

Audit Committee meeting to consider interim accounts of the Company for the first quarter ended September 30, 2018

July 30, 2018

Board of Directors meeting to elect Chairman of the Board etc. for the term of three years

October 18, 2018

Board of Directors meeting to consider interim accounts of the Company for the first quarter ended September 30, 2018

August 07, 2018

Audit Committee meeting to consider annual audited accounts of the Company for the year ended June 30, 2018

February 21, 2019

Audit Committee meeting to consider interim accounts of the Company for the half year ended December 31, 2018

August 09, 2018

Board of Directors meeting to consider annual audited accounts of the Company for the year ended June 30, 2018

February 25, 2019

Board of Directors meeting to consider interim accounts of the Company for the half year ended December 31, 2018

September 27, 2018

Board of Directors meeting to consider redemption of Preference Shares of the Company

April 23, 2019

Audit Committee meeting to consider interim accounts of the Company for the nine months ended March 31, 2019

September 28, 2018

Annual General Meeting of Shareholders to consider annual accounts of the Company for the year ended June 30, 2018

April 25, 2019

Board of Directors meeting to consider interim accounts of the Company for the nine months ended March 31, 2019

Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN that the 36th Annual General Meeting of CENTURY PAPER & BOARD MILLS LIMITED will be held on Thursday, September 26, 2019 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' reports thereon.
2. To declare final dividend in cash @ 10% i.e. Re.1.00 per share of Rs.10.00 each held by the members as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider to pass the following resolution as special resolution:
 - a) "RESOLVED that the transactions carried out in normal course of business with associated companies / related parties during the year ended June 30, 2019 as disclosed in Note No.43 of the financial statement be and are hereby ratified and approved."
 - b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies / related parties during the ensuing year ending June 30, 2020 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under Section 134 of the Companies Act, 2017 in the above matter mentioned in item No.4 is annexed.

By Order of the Board

MANSOOR AHMED
Company Secretary

Karachi: August 26, 2019

NOTES:

1. The share transfer books of the Company will remain closed from September 20, 2019 to September 26, 2019 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi up to the close of business on September 19, 2019 will be treated in time for entitlement of the dividend and purpose of attending the Annual General Meeting.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
4. Form of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.
5. Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.
6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Shares Registrar of the Company M/s. FAMCO Associates (Private) Limited, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.

7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.centurypaper.com.pk. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.



8. (i) Pursuant to the provisions of the Finance Act, 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

1. For active tax payer 15%
2. For non active tax payer 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:

Company Name	Folio/ CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 38400000 and email address mansoor@lakson.com.pk and/or FAMCO Associates (Private) Ltd. at phone: 34380101-5 and email address: info.shares@famco.com.pk

- (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. Without the NTN company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.
9. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company 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 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.
- “I/We, _____ of _____, being a member of Century Paper & Board Mills Limited, holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____.”
- The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.
10. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.
11. Form of Proxy is enclosed.

Statement of Material Facts



Concerning Special Business pursuant to Section 134 of the Companies Act, 2017

This statement sets out the material facts concerning the Special Business, given in agenda item No.4 of the notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

- 1 - Agenda Item No.4(a) of the Notice – Transactions carried out with associated companies / related parties during the year ended June 30, 2019 to be passed as a Special Resolution.

The transactions carried out in normal course of business with associated companies / related parties were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions, the quorum of directors seemingly could not be formed for approval some of these transactions which have to be approved by the shareholders in the general meeting.

In view of the above, the transactions conducted during the financial year ended June 30, 2019 with associated companies / related parties shown in Note No.43 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

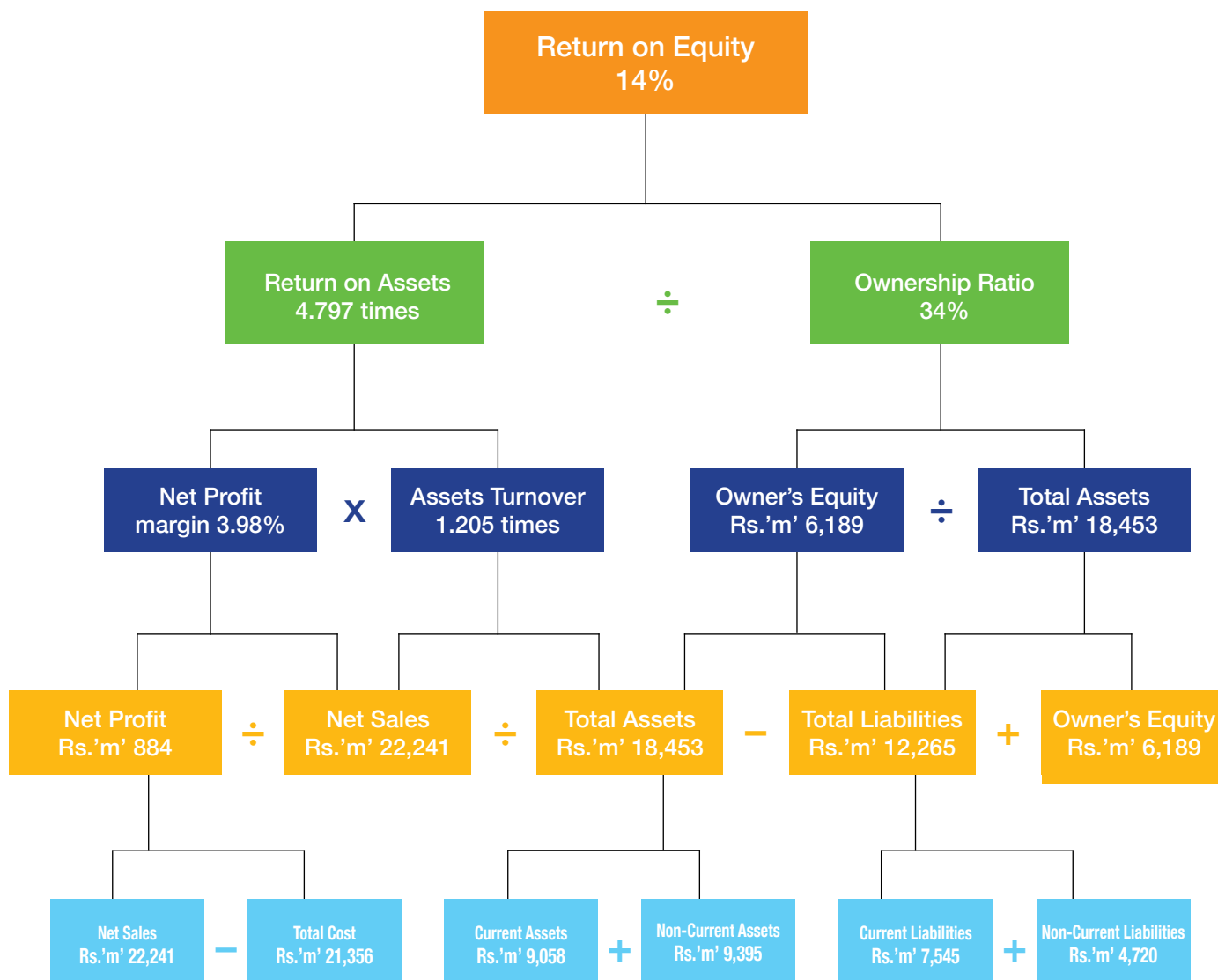
- 2 - Agenda Item No.4(b) of the Notice – Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2020 to be passed as a Special Resolution.

The Company would be conducting transactions with associated companies / related parties in the normal course of business. The majority of Directors are interested in these transactions, therefore, such transactions with associated companies / related parties have to be approved by the shareholders.

In order to comply with the provisions of Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies / related parties during the ensuing year ending June 30, 2020.

The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and the privileges attached thereto only.

DuPont Analysis

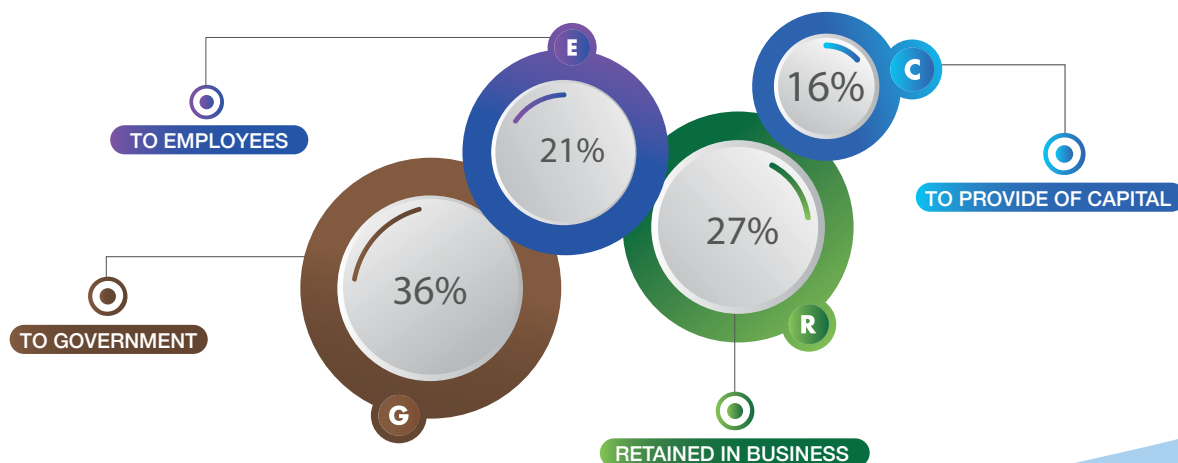


Statement of Value Added



	2019	%age	2018	%age
	----- Rupees in thousands -----			
Wealth Generated				
Gross Turnover	25,992,671		22,190,953	
Purchased material and services	(20,127,280)		(16,841,961)	
Value Added	5,865,391		5,348,992	
Other Income	92,434		75,438	
TOTAL	5,957,825		5,424,430	
Wealth Distributed				
To Employees				
Salaries, benefits and related costs	1,223,130	21	1,066,509	20
To Government				
Income Tax, Sales Tax, Import Duty and Workers' Welfare Fund	2,143,245	36	1,938,944	36
To providers of Capital				
Dividend to Shareholders (Note)	178,602	3	406,782	7
Finance cost on borrowed funds	762,165	13	460,354	8
Retained in Business				
Depreciation, amortisation and retained profit	1,650,683	27	1,551,841	29
TOTAL	5,957,825	100	5,424,430	100

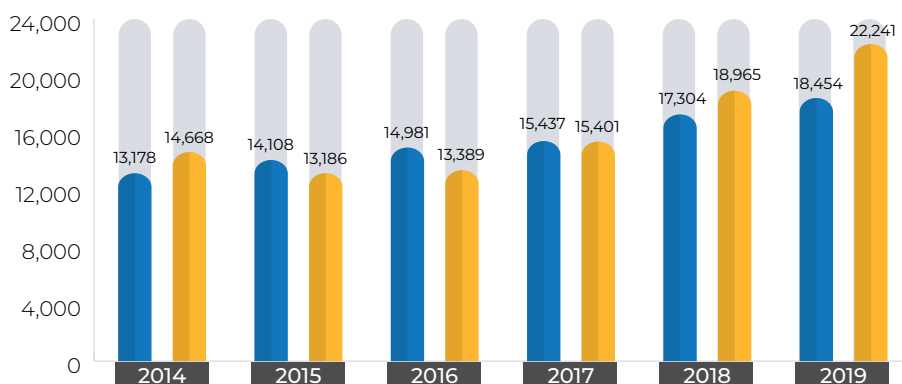
Note: It represents total dividend for the year including final dividend declared subsequent to year end.



Summarized Six Year Data

Rupees in million

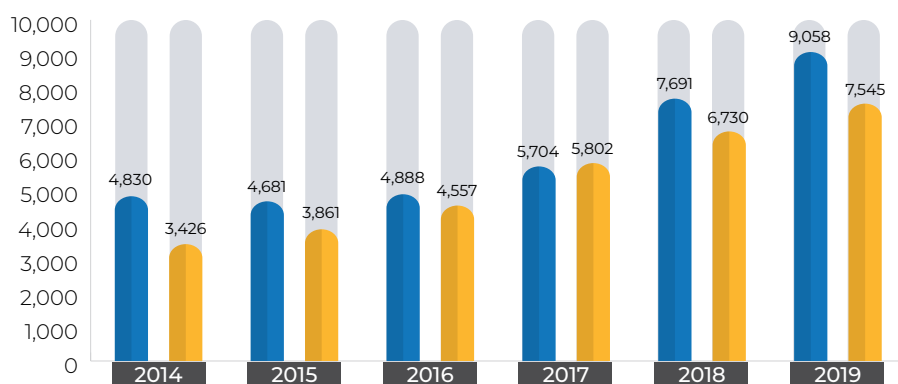
	2019	2018	2017	2016	2015	2014
Balance Sheet						
Share Capital						
Ordinary shares	1,470	1,470	1,470	1,470	1,470	1,470
Preference shares	-	901	901	901	901	901
Reserves	4,719	4,071	3,342	3,479	3,147	3,373
Shareholders' equity	6,189	6,442	5,713	5,850	5,519	5,745
Long-term financing (including current portion)	4,183	3,869	4,070	4,824	4,771	4,130
Deferred taxation – Liability	1,209	1,309	934	695	578	661
Capital employed	11,581	11,621	10,717	11,370	10,868	10,536
Property, plant and equipment	9,373	9,590	9,723	10,087	9,414	8,340
Other non-current assets	22	24	10	6	12	8
Net current assets / Working capital	1,514	961	(98)	331	821	1,405
Profit and Loss						
Sales – gross	25,993	22,191	18,021	15,603	15,391	17,132
Sales – net	22,241	18,965	15,401	13,389	13,186	14,668
Gross profit	2,662	2,506	1,792	1,267	878	2,021
Operating profit	2,001	1,892	1,311	792	400	1,529
Profit / (loss) before tax	1,239	1,431	904	436	(176)	914
Profit / (loss) after tax	884	992	602	322	(205)	630
EBITDA	2,985	2,880	2,223	1,669	1,307	2,441
Cash Flows						
Net cash flow from operating activities	862	727	1,302	1,536	961	1,034
Net cash flow from investing activities	(962)	(684)	(664)	(1,529)	(1,897)	(251)
Net cash flow from financing activities	(785)	(441)	(1,480)	54	641	(983)
Changes in cash and cash equivalents	(885)	(398)	(843)	60	(295)	(200)
Cash and cash equivalents – Year end	(3,896)	(3,011)	(2,614)	(1,771)	(1,831)	(1,536)
Others						
Number of Employees	1,652	1,646	1,548	1,521	1,543	1,519
Number of shares (million)						
Ordinary shares	147	147	147	147	147	147
Preference shares	-	90	90	90	90	90



Total Assets

(Rupees in million)

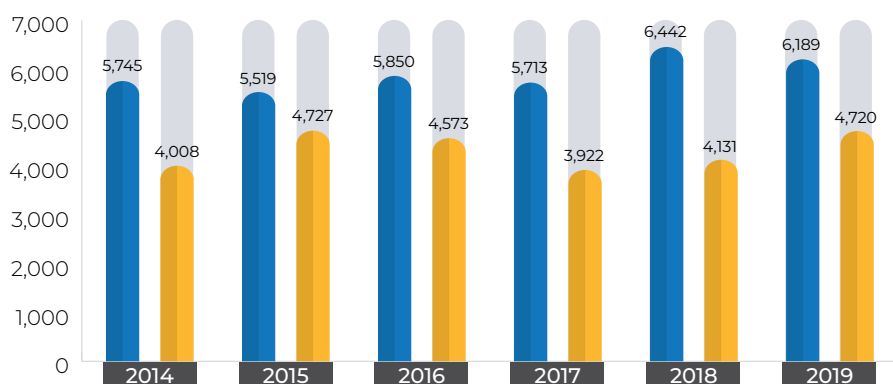
Net Sales



Current Assets

(Rupees in million)

Current Liabilities



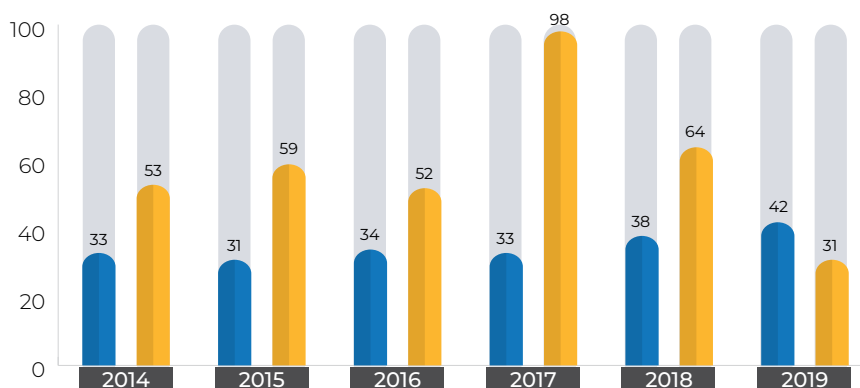
Equity

(Rupees in million)

Long Term Liabilities

Financial Performance

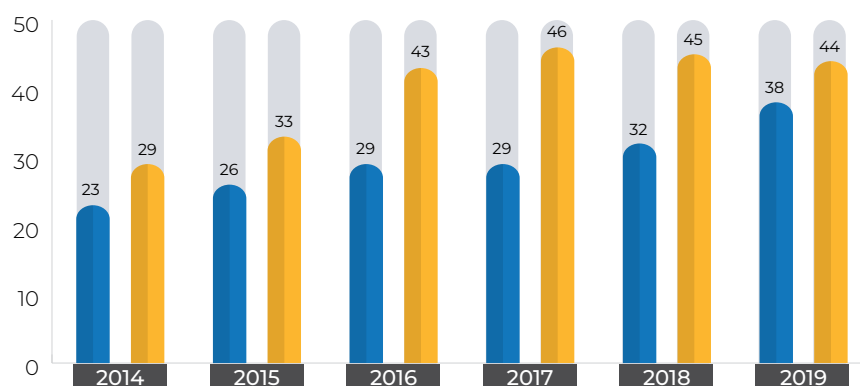
		2019	2018	2017	2016	2015	2014
Profitability							
Gross profit margin	%	12	13	12	9	7	14
EBITDA margin to sales	%	13	15	14	12	10	17
Profit / (loss) before tax margin	%	6	8	6	3	(1)	6
Net profit / (loss) margin	%	4	5	4	2	(2)	4
Return on equity	%	14	15	11	6	(4)	11
Return on capital employed	%	14	15	11	6	2	13
Operating Performance / Liquidity							
Total assets turnover (excl. CWIP)		1.22 : 1	1.13 : 1	1.02 : 1	0.90 : 1	1.07 : 1	1.13 : 1
Fixed assets turnover		2.44 : 1	2.08 : 1	1.58 : 1	1.37 : 1	1.68 : 1	1.73 : 1
Debtors turnover		9.6 : 1	11.23 : 1	12.64 : 1	12.79 : 1	14.12 : 1	15.63 : 1
Debtors days		38	32	29	29	26	23
Inventory turnover		6.14 : 1	6.77 : 1	7.37 : 1	6.53 : 1	5.42 : 1	5.52 : 1
Inventory days		59	54	50	56	67	66
Creditors turnover		8.25 : 1	8.11 : 1	7.95 : 1	8.58 : 1	11.10 : 1	12.64 : 1
Creditors days		44	45	46	43	33	29
Operating cycle days		53	41	33	42	60	60
Return on assets (excl. CWIP)	%	4.85	5.89	3.98	2.16	(1.67)	4.85
Current ratio		1.20 : 1	1.14 : 1	0.98 : 1	1.07 : 1	1.21 : 1	1.41 : 1
Quick / Acid test ratio		0.45 : 1	0.41 : 1	0.31 : 1	0.33 : 1	0.34 : 1	0.31 : 1
Capital Market / Capital Structure Analysis							
Market value per share	Rs	31.15	63.50	98.05	52.04	58.92	53.30
Breakup value / (Net assets/shares)	Rs	42.10	37.69	32.73	33.66	31.41	32.94
Earnings / (loss) per share (pre tax)	Rs	8.21	9.24	5.71	2.53	(1.69)	5.75
Earnings / (loss) per share (post tax)	Rs	5.80	6.25	3.66	1.76	(1.89)	3.46
Price earning ratio		5.37 : 1	10.15 : 1	26.80 : 1	29.57 : 1	(31.17) : 1	15.40 : 1
Market price to breakup value		0.74 : 1	1.68 : 1	3.00 : 1	1.55 : 1	1.88 : 1	1.62 : 1
Debt equity ratio		40 : 60	38 : 62	42 : 58	45 : 55	46 : 54	42 : 58
Weighted average cost of debt	%	9.59	6.67	6.14	7.20	10.03	10.35
Interest coverage ratio		2.63 : 1	4.11 : 1	3.22 : 1	2.23 : 1	0.69 : 1	2.49 : 1



Breakup Value

(Rupees)

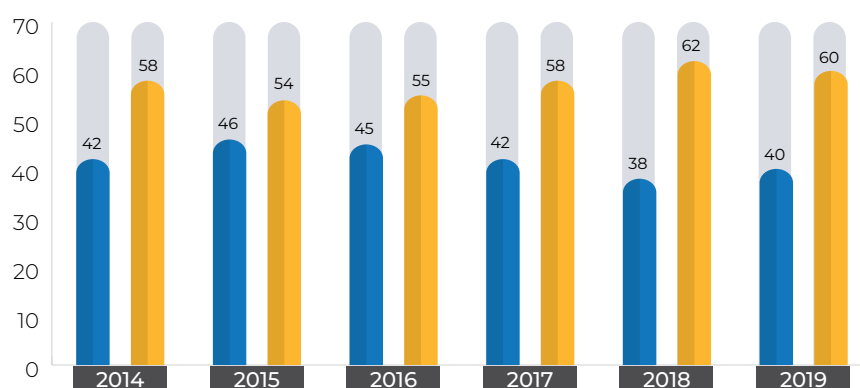
Market Value



Debtors

(Days)

Creditors



Debt

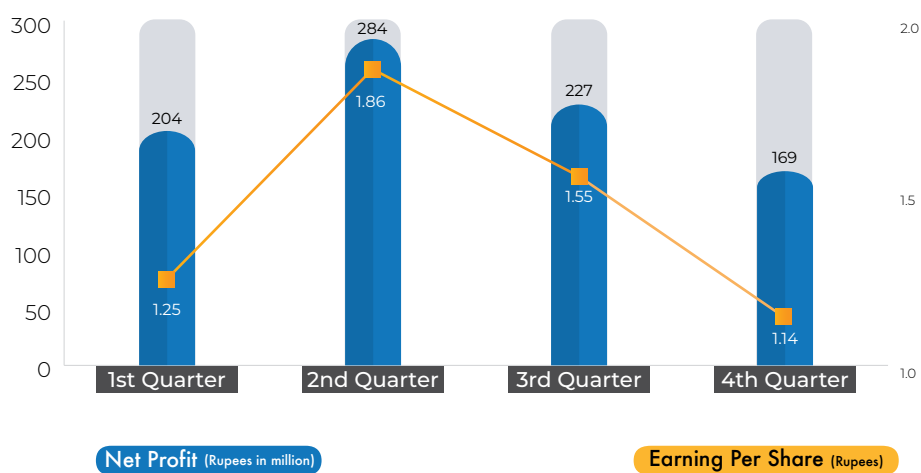
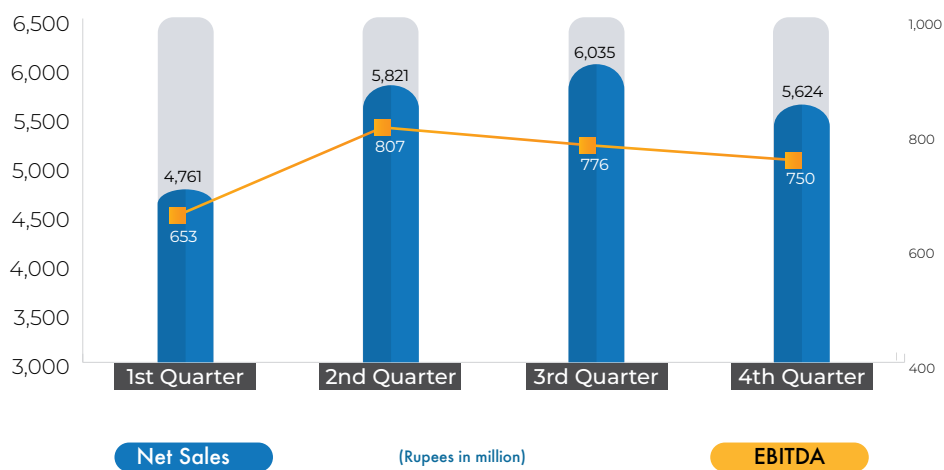
(Ratio)

Equity

Quarterly Analysis 2019

(Rupees in thousands)

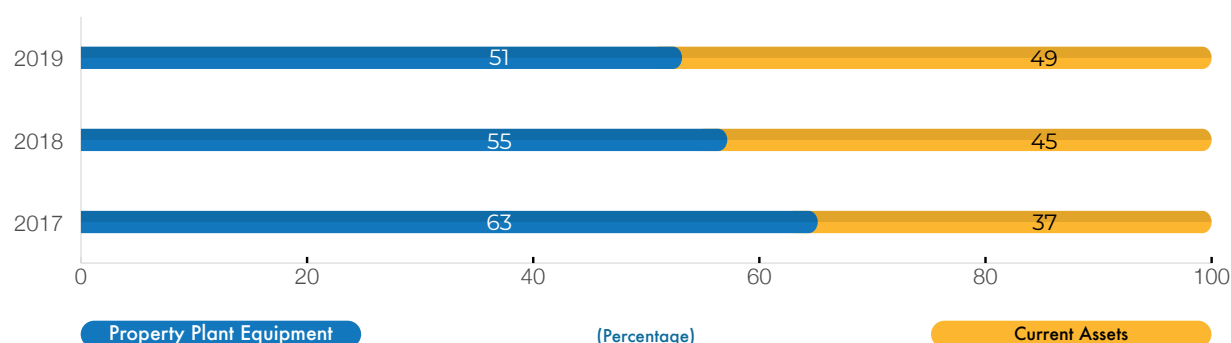
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Annual
Sales Volumes (Metric Tons)	48,371	57,165	58,098	53,138	216,772
Gross Sales	5,565,273	6,802,299	7,050,247	6,574,852	25,992,671
Sales tax	(804,690)	(980,843)	(1,015,535)	(950,979)	(3,752,047)
Net Sales	4,760,583	5,821,456	6,034,712	5,623,873	22,240,624
Cost of sales	(4,194,885)	(5,080,256)	(5,343,682)	(4,959,503)	(19,578,326)
Gross profit	565,698	741,200	691,030	664,370	2,662,298
General and administrative expenses	(116,128)	(124,348)	(111,961)	(121,965)	(474,402)
Selling and distribution expenses	(36,240)	(33,729)	(40,682)	(42,787)	(153,438)
Others operating expenses	(25,038)	(36,110)	(34,222)	(30,380)	(125,750)
Other income	22,714	19,864	25,991	23,865	92,434
Operating profit	411,006	566,877	530,156	493,103	2,001,142
Finance cost	(139,309)	(190,286)	(217,714)	(214,856)	(762,165)
Net profit before taxation	271,697	376,591	312,442	278,257	1,238,977
Taxation	(67,923)	(92,668)	(85,111)	(109,121)	(354,823)
Net profit for the year	203,774	283,923	227,331	169,126	884,154
Earning per share (Rupees)	1.25	1.86	1.55	1.14	5.80
EBITDA	652,567	806,862	776,002	749,793	2,985,224



Horizontal Analysis

Rupees in million

Balance Sheet	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16
	Amount	%		Amount		%
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment						
Operating fixed assets	9,131	100	9,122	97	9,421	94
Capital work in progress	242	52	467	155	302	616
Intangible assets	9	300	3	150	2	100
Long-term loans and advances	6	40	15	300	5	500
Long-term deposits	7	117	6	150	4	133
CURRENT ASSETS						
Stores and spares	1,459	113	1,290	95	1,365	120
Stock in trade	3,484	120	2,897	148	1,963	113
Trade debts	3,046	129	2,366	149	1,585	125
Loans and advances	96	139	69	986	7	47
Trade deposits and short-term prepayments	91	103	88	104	85	106
Other receivables	12	109	11	275	4	100
Tax refunds due from Government	257	98	262	115	227	176
Taxation-net	262	90	292	121	241	78
Cash and bank balances	352	85	416	184	226	104
TOTAL ASSETS	18,454		17,304		15,437	
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up capital						
Ordinary shares	1,470	100	1,470	100	1,470	100
Preference shares	-	-	901	100	901	100
Reserves	4,719	116	4,071	122	3,342	96
NON-CURRENT LIABILITIES						
Long-term financing	3,511	124	2,822	94	2,988	77
Deferred taxation	1,209	92	1,309	140	934	134
CURRENT LIABILITIES						
Trade and other payables	2,528	114	2,216	120	1,841	117
Interest and mark-up accrued	97	243	40	105	38	93
Short-term borrowings	4,247	124	3,427	121	2,840	143
Un-claimed dividend	1	130	1	-	1	-
Current portion of long-term financing	672	64	1,047	97	1,082	114
TOTAL EQUITY AND LIABILITIES	18,454		17,304		15,437	

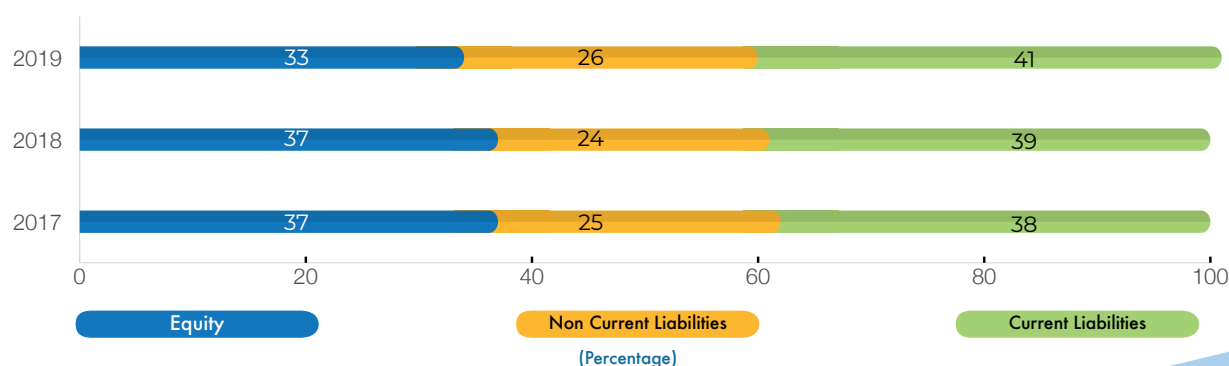


Vertical Analysis



Rupees in million

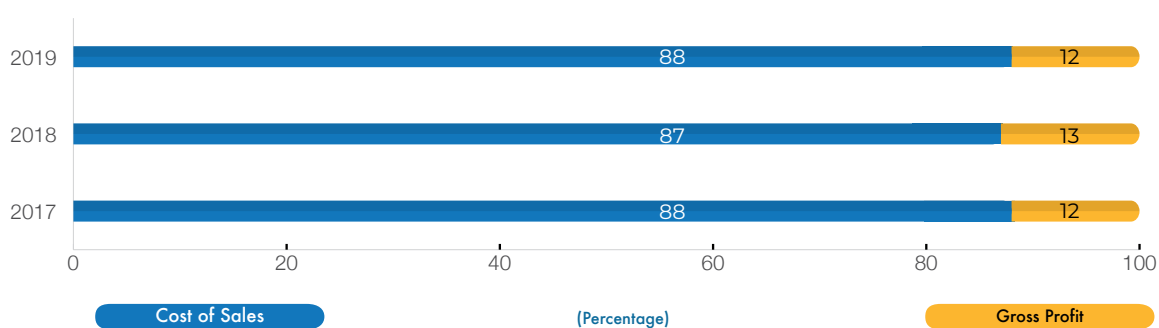
	2019	19 vs 18	2018	%	2017	%
	Amount	%	Amount		Amount	
Balance Sheet						
ASSETS						
NON CURRENT ASSETS						
Property plant and equipment	9,131	49.48	9,122	52.72	9,421	61.03
Operating fixed assets	242	1.31	467	2.70	302	1.96
Capital work in progress	9	0.05	3	0.02	2	0.01
Intangible assets	6	0.03	15	0.09	5	0.03
Long-term loans and advances	7	0.04	6	0.03	4	0.03
Long-term deposits						
CURRENT ASSETS						
Stores and spares	1,459	7.90	1,290	7.45	1,365	8.84
Stock in trade	3,484	18.88	2,897	16.74	1,963	12.72
Trade debts	3,046	16.51	2,366	13.67	1,585	10.27
Loans and advances	96	0.52	69	0.40	7	0.05
Trade deposits and short-term prepayments	91	0.49	88	0.51	85	0.55
Other receivables	12	0.07	11	0.06	4	0.03
Tax refunds due from Government	257	1.39	262	1.51	227	1.47
Taxation-net	262	1.42	292	1.69	241	1.56
Cash and bank balances	352	1.91	416	2.40	226	1.46
TOTAL ASSETS	18,454	100	17,304	100	15,437	100
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up capital	1,470	7.97	1,470	8.50	1,470	9.52
Ordinary shares	-	-	901	5.21	901	5.84
Preference shares	4,719	25.57	4,071	23.53	3,342	21.65
Reserves						
NON CURRENT LIABILITIES						
Long-term financing	3,511	19.03	2,822	16.31	2,988	19.36
Deferred taxation	1,209	6.55	1,309	7.56	934	6.05
CURRENT LIABILITIES						
Trade and other payables	2,528	13.70	2,216	12.81	1,841	11.93
Interest and mark-up accrued	97	0.53	40	0.23	38	0.25
Short-term borrowings	4,247	23.01	3,427	19.80	2,840	18.40
Un-claimed dividend	1	0.01	1	-	1	-
Current portion of long-term financing	672	3.64	1,047	6.05	1,082	7.01
TOTAL EQUITY AND LIABILITIES	18,454	100	17,304	100	15,437	100



Horizontal Analysis

Rupees in million

Profit And Loss Account	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16
	Amount	%	Amount	%	Amount	%
Sales – net	22,241	117	18,965	123	15,401	115
Cost of sales	(19,578)	119	(16,459)	121	(13,610)	112
Gross profit	2,663	106	2,506	140	1,792	141
General and administrative expenses	(474)	111	(426)	114	(375)	99
Selling and distribution expenses	(154)	119	(129)	112	(115)	101
Other operating income	92	123	75	66	114	178
Other operating charges	(126)	93	(135)	130	(104)	226
Operating profit	2,001	106	1,892	144	1,311	166
Finance cost	(762)	166	(460)	113	(407)	114
Net profit before taxation	1,239	87	1,431	158	904	207
Taxation	(355)	81	(439)	145	(302)	265
Net profit after taxation	884	89	992	165	602	187

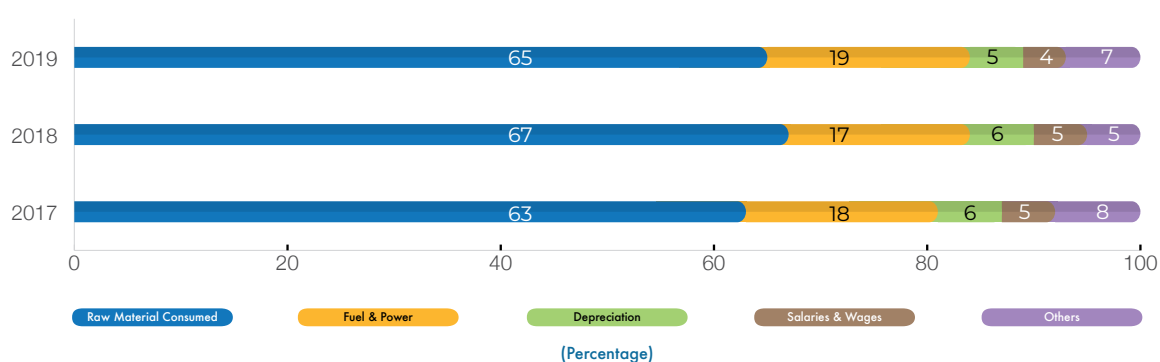


Vertical Analysis



Rupees in million

Profit And Loss Account	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16
	Amount	%	Amount	%	Amount	%
Sales – net	22,241	100.00	18,965	100.00	15,401	100.00
Cost of sales	(19,578)	88.03	(16,459)	86.79	(13,610)	88.37
Gross profit	2,663	11.97	2,506	13.21	1,792	11.64
General and administrative expenses	(474)	2.13	(426)	2.25	(375)	2.43
Selling and distribution expenses	(154)	0.69	(129)	0.68	(115)	0.75
Other operating income	92	0.41	75	0.40	114	0.74
Other operating charges	(126)	0.57	(135)	0.71	(104)	0.68
Operating profit	2,001	9.00	1,892	9.98	1,311	8.51
Finance cost	(762)	3.43	(460)	2.43	(407)	2.64
Net profit before taxation	1,239	5.57	1,431	7.55	904	5.87
Taxation	(355)	1.60	(439)	2.31	(302)	1.96
Net profit after taxation	884	3.97	992	5.23	602	3.91



Chairman's Message



National economy has witnessed difficulties throughout the year under review and is still passing through the challenging circumstances after witnessing a growth of above 5% in previous two years. Ballooning current account deficit and depleting foreign exchange reserves were two major issues faced by the incumbent Government since it took charge. To handle these imbalances, Government has resorted to certain measures including value re-adjustment of Pak Rupee coupled with fiscal and monetary measures. All these measures have resulted into contraction of current account deficit and have caused slowdown of the economy.

Despite economic slowdown and slight contraction of Paper & Paperboard demand during the year under review, your Company managed to maintain its market share and was able to surpass last year volume. Your Company's topline (Gross Sales Value) has also crossed the landmark of Rs. 25 billion and recorded an increase of 17% as compared to last year. However, significant increase in the financial cost took heavy toll on the bottom line (Profit after tax) which reduced to Rs. 884 million for the year as compared to Rs. 992 million recorded last year. Change in debt and equity profile after redemption of preference shares by substituting them with sponsors' loan also resulted into some increase in finance cost. However, this move impacted the EPS positively as now tax benefits on financial charges are available which were not available in case of Preference dividend. Therefore, decline in EPS is much less than that of after tax profits as compared to last year. This shows firm support of sponsor directors as they continued their financial support in one form or another.

Your Company is committed to ensure good return to all of its stakeholders generally and its ordinary shareholders especially. It is a matter of great satisfaction for me that Company has resumed dividend streams for its shareholders since last year. For the current year under review, the Board of Directors proposes 10% cash dividend (Rs. 1 per share) for ordinary shareholders. Moreover, Company has also paid Rs. 31.58 million dividend for the year on redemption of preference shares. Collectively both ordinary and preference dividend for the



year makes the payout ratio of 20% of profit after tax. Keeping in view the enhanced working capital requirement and foreseeing the challenges ahead, the Board of Directors adopted a conservative approach for distribution of profits to allow more of it to be available for further growth.

Last year Your Company had envisaged a mega expansion in coated board segment and EPC contract for new plant was also signed during that year. However, during the outgoing year economic indicators declined significantly impacting almost all underlying assumptions on which project feasibility was initially assessed. Moreover, certain restrictions imposed by the State Bank of Pakistan on financing of foreign components of the plants made it extremely difficult to find a viable financing plan for the project. However, rest assured, management of your Company is keenly observing the situation and different options are under consideration to make a break through. In the meantime, a number of small BMR projects were undertaken during the year to upgrade existing facilities to exploit their potential to the maximum extent.

I feel honored to report that your Company is continuously expanding its footprint in the area of Corporate Social Responsibility (CSR). Some of the glimpses of Company's CSR approach are "Smart School" initiative to provide education to the non-school going children, creating employment opportunities for female workers from surrounding areas of the Mills and "Water for Nation" drive to create awareness for the need of water conservation in its employees and surrounding communities. To keep up its commitment with its moto of "Clean Green Sustainable", your Company is further expanding its capacity of Solar Panels which will reach to 2 MW after completion of last leg of the projects envisaged last year. This is not the end but a new beginning to a cleaner environment.

We foresee challenging times ahead as weakening economic indicators may take some time to improve. Though, the Government has projected growth of a little more than 2% but owing to considerable escalation in cost of manufacturing, a decline is being witnessed in consumer demand which in turn started hampering industrial production. FMCG sector has also taken a hit by the phenomena that may ultimately affect paper & board sector market size. Management of your Company is well aware of all these challenges and will confront them with best possible strategy, which includes entering into exports business as well, to minimize any adverse impact on results of the Company. I expect continuous support and confidence from all the stakeholders to pass through these difficult times.

I am extremely thankful to valued customers, reliable bankers, esteemed shareholders and dedicated employees for their contribution towards the better fortune of the Company.

A handwritten signature in black ink, appearing to read 'Iqbal Ali Lakhani'.

Iqbal Ali Lakhani
Chairman

Dated: August 08, 2019

Directors' Report



On behalf of the Board of Directors (BOD), I am pleased to present the Annual Report of Century Paper & Board Mills Limited (CPBM) for the year ended June 30th 2019, along with the audited financial statements and Auditors' Report thereon.

BUSINESS PERFORMANCE REVIEW

The outgoing financial year started with the challenge of rising fiscal and current account deficits. To address these imbalances, incumbent Government has introduced certain economic and structural reform measures including Exchange rate adjustment, monetary tightening and imposition of regulatory duties on imported items. Resultantly, economic growth decelerated to 3.3% during the year from 5% witnessed in previous year. Decline in Industrial sector growth was even higher as it stood at 1.4% as compared to 5.02% for the last year.

The Paper & paperboard sector was not an exception and its market size contracted by more than 3%. However, local industry stood resilient and able to withstand the challenging economic conditions and maintained its market share. Reduction was mainly witnessed in influx of imported products which lost competitiveness because of significant depreciation of Pak Rupees and certain anti-import measures taken by the Government.

Nevertheless, Your Company was able to improve sales volume from 214,347 metric tons in last years to 216,771 metric tons during the year under review. Even though, production volumes stood at 227,602 metric tons as compared to last year volumes of 229,384 metric tons with resultant capacity utilization of 95% (L.Y. 96%).

In terms of value, the net sales of the Company registered growth of 17% which stood at Rs. 22.24 billion as compared to Rs. 18.96 billion of the last year.

The management of your Company made a concerted effort to achieve the best sales mix at selling prices necessary to maintain adequate margins, partially recovering the cost escalations occurred during the year as costs of raw material and fuel items have gone up by 15% and 30% respectively.

Directors' Report



FINANCIAL PERFORMANCE ANALYSIS

Summarized financial performance is as follows:

	Rupees in million		%
	2019	2018	
Sales	22,241	18,965	17
Cost of Sales	(19,578)	(16,459)	19
Gross profit	2,663	2,506	6
Admin, Selling and other Expenses	(754)	(690)	9
Other Income	92	75	22
Operating profit	2,001	1,891	6
Financial Charges	(762)	(460)	66
Net profit before tax	1,239	1,431	(13)
Taxation	(355)	(439)	(19)
Net profit after tax	884	992	(11)

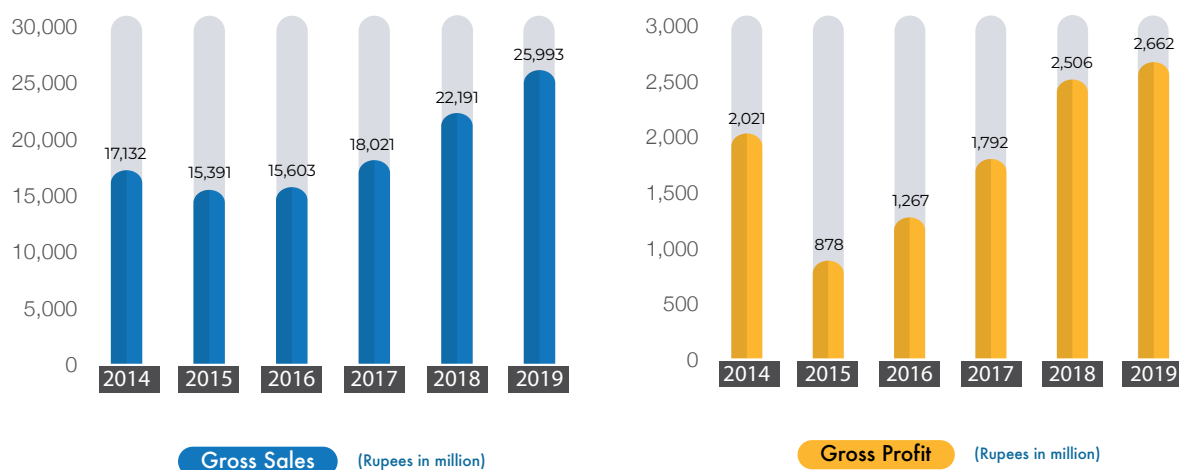
Gross Profit has registered an increase of 6% and stood at Rs. 2,663 million as compared to Gross Profit of Rs. 2,506 million during Last year.

Likewise operating profit (EBIT) also improved to Rs. 2,001 million in year under review as compared to last year figure of Rs. 1,891 million.

Your Company posted profit before tax (PBT) of Rs. 1,239 million while it was Rs. 1,431 million during last year. Profit after tax (PAT) stayed at Rs. 884 million as compared to Rs. 992 million during last year.

Tax expense for the year stood at Rs. 355 million as compared to Rs. 439 million for last year. Tax expense also included prior year tax adjustment of Rs. 73 million. Your Company has been providing for normal tax liability since previous financial year as all available tax depreciation allowances stand fully adjusted during that year.

Summarized six years financial information is given on page 36 of the annual report.



Directors' Report

APPROPRIATION

During the year, as approved by the Board of Directors, Company has fully redeemed outstanding preference share capital of Rs. 901.21 million along with proportionate dividend thereon of Rs. 31.58 million up to the date of redemption as per terms, conditions, rights and privileges of preference shares. The terms, conditions, rights and privileges of preference shares were earlier approved by the SECP.

Moreover, your Company has paid final dividend on Ordinary shares and cumulative dividend on Preference shares amounting to Rs. 110 million and Rs. 56.08 million respectively. The following appropriations have been made accordingly:

	Rupees in million
Total Comprehensive Income for the year	845.20
Unappropriated Profit brought forward	996.95
Available for appropriation	1,842.15
Appropriation of Reserves	
Transfer to general reserve	(686.77)
Transfer to unappropriated profit from general reserve	800.00
	113.23
Transactions with owners	
Redemption of preference shares	901.22
Final ordinary dividend paid on ordinary shares for FY 2018 @ Re 0.75 per share	110.26
Preference dividend for the FY 2018	56.08
Preference dividend on redemption of preference shares	31.58
	(1,099.14)
Total Appropriations	(985.91)
Balance carried forward	856.24

Board of Directors proposes a final dividend of 10% amounting to Rs. 147.02 million for its Ordinary Shareholders on top of preference shares dividend of Rs. 31.58 million paid for the year earlier, thus making a total dividend for the year of Rs. 178.6 million. Therefore, dividend payout for the year stood at 20% of profit after tax.

Directors also proposed to transfer Rs. 600 million from Unappropriated Profits to the General Reserve. After the proposed transfer, General Reserve Balance will stand increased to Rs. 800 million.

Directors' Report



FINANCE COST

During the year, State Bank of Pakistan vigorously followed the tightening of monetary policy to curb domestic demand in order to control inflation. Resultantly Policy rates almost doubled from 6.50% at last year to 13.25% by the close of year under review. Besides that additional long term financing have been arranged to finance capital expenditure and utilization of short term borrowing also remained higher during the year.

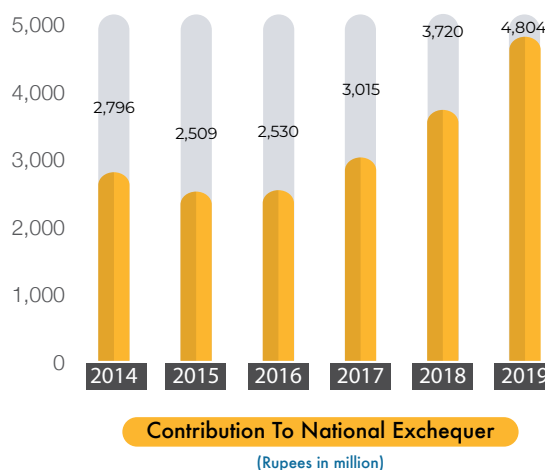
Resultantly, finance cost of the Company has increased to Rs. 762 million during the year under review from Rs. 460 million of last year. Your Company strived to utilize the optimal mix of different type of short term borrowings facilities to lessen the impact of rising interest rates. For this purpose Company has also taken recourse to short term hedged offshore loan with effective cost less than prevailing KIBOR.

EARNINGS PER SHARE

Profit attributable to the ordinary shareholders stood at Rs. 853 million (L.Y. Rs. 919 million). On this basis, the earnings per share for the year is worked out at Rs. 5.80 as compared to last year's earnings per share of Rs.6.25. The proportionate dividend attributable to the cumulative preference shares for the year under review decreased to Rs. 32 million (L.Y. Rs. 72 million) as preference shares were fully redeemed during 1st half of the year.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company's contribution to the National Exchequer for the year enlarged by 29% to Rs. 4,804 million as compared to Rs. 3,720 million of the last year. This total contribution includes Rs. 3,752 million (L.Y. Rs. 3,226 million) as Sales Tax, Rs. 623 million (L.Y. Rs. 394 million) as Customs Duty and Rs. 429 million (L.Y. Rs. 100 million) as Income Tax.



Capital Expenditure

During the year, Company has made capital expenditure of Rs. 972 million (L.Y. 692 million). Your Company stepped into renewable energy solutions during previous year by installing Solar Panels of 291KW. Company further enhanced its capacity by adding two more Solar Panels of aggregate capacity of 1.7 MW taking total capacity to 2 MW of which solar panel of 1 MW has been completed during the year.

Your Company was able to finance the cost of solar panels through SBP Long Term Financing Facility for Renewal Energy available at concessional rates.

Solar Power Plant





Company has also undertaken refurbishment of GTG engines and few small projects to upgrade different production facilities to achieve efficiency enhancement and quality improvements.

Gas Turbine Refurbishment



Wet Strength Pulverizer



Corrugator System Automation



Corrugator Drive Control



Waste Paper Dispenser



Additional Dryer (PM6)



Directors' Report

MARKET CAPITALIZATION

Uncertain economic and political conditions have seriously affected the investor confidence on the stock market. Resultantly KSE 100 Index plummeted to 33,902 points by the year end from 41,911 points at beginning of the year. This trend also impacted market price of your Company's shares which has been continuously declining for most of the year. Share price had touched the peak at Rs. 74.46 in early months of the year and nosedived to bottom of Rs. 30. Closing share price stood at Rs. 31.15 per share at the current year end from Rs. 63.5 at the last year ended June 30, 2018. Accordingly market capitalization at close of the year was almost halved to Rs. 4,580 million than that of last year ended June 30, 2018 market capitalization of Rs. 9,335 million.

RISK MITIGATION

The Board of Directors, Board's Audit Committee and Steering Committee comprising of senior management team led by the Chief Executive Officer of the Company are responsible for oversight of Company's operations and to evolve proactive strategy to mitigate any potential adverse impact of foreseen risks. The information about major risks and their mitigants is provided below:

STRATEGIC RISK

Strategic risk relates to the Company's future business plans and strategies, including the risks associated with the macro-environment in which it operates like demand for its products, competitive threats, technology and product innovation etc.

The Company regularly keeps track on the changing market trends and seek feedback from the regular and prospective customers of the Company. The Company ensures that its products best suit its customers' current and future needs at the competitive prices with the finest quality as a measure to counter the competition and to retain and improve its market share.

OPERATIONAL RISKS

Operational risk results in disruption of operations due to scarcity of material, energy outages and dearth of skilled human resource. To manage these risks, the Company has well diversified supplier base for domestic and imported material. Energy sufficiency is ensured through putting in place different power/steam generation facilities running on alternate fuels. Human Resource is developed through providing appropriate in-house and external training opportunities.

FINANCIAL RISK

Credit Risk

Credit risk relates to the risk that a Company may encounter as result of failure of the counter parties to satisfy their debts or obligation in accordance with the agreed terms of credit. All the Financial assets of the Company have credit risk other than "Cash in Hand". Company has effectively managed the Credit risk with a well devised credit policy in place, which is reviewed and approved by CEO / Board of Directors periodically with the internal guidelines and regulatory requirement.

Liquidity Risk

Liquidity risk arises when the Company has insufficient ready cash and encounters difficulty in meeting its financial obligation. Liquidity risk is managed by ensuring availability of sufficient funds to meet its financial obligations and commitments in any business condition.



Interest Rate Risk

Interest rate risk arises due to fluctuation in interest rate resulting in adverse future cash flows. Company's exposure to interest rate is associated with the long-term loans and short-term borrowings.

Company monitors interest rate fluctuation and counters interest rate risk by utilizing optimal mix of different types of borrowing arrangements.

Foreign Exchange Risk

Company is not significantly exposed to foreign exchange risk on its import of raw material and plant and machinery to be settled in short term. For long-term contracts, Company enters into appropriate Hedge arrangement, wherever possible, to counter foreign exchange risk.

CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence to safeguard its ability to continue as a going concern. The Company manages its capital structure and makes appropriate adjustments to move with the economic changes and the risk associated with the Company's asset. Company's management believes in maintaining appropriate debt equity ratio.

CUSTOMER FOCUSING

Company believes that its valued customers are the foundation of its business success. Company policies are fully customers focused. A continuous liaison with the market and customers has always enabled your Company to best understand customer needs to offer best suitable products and service level to the customers to make your Company the first choice.

PROVIDENT AND GRATUITY FUNDS

The Company provides terminal benefits to its employees in the shape of provident fund and gratuity. These funded benefits are maintained by two separate duly approved trusts. These trusts are managed by the trustees who get the funds audited each year.

The Trustees of the respective funds have informed to the Company that the values of the investments of the two funds were as follows as on June 30, 2019:

	Rupees in million	
	2019	2018
Provident Fund	591.52	535.27
Gratuity Fund	465.12	431.33

AUDITORS

The Auditors, BDO Ebrahim & Company is the retiring auditors of the Company and has offered their services for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. On the recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment by the shareholders at the ensuing Annual General Meeting, as auditors of the Company for the year ending June 30, 2020.

Directors' Report

CORPORATE INFORMATION

Composition of the Board

The board consists of seven male and one female directors as per the following composition:

Independent Directors	2
Non-executive Directors	5
Executive Director	1

Mr. Iqbal Ali Lakhani holds the position as Chairman of the Board. While, Mr. Aftab Ahmad is Chief Executive Officer of the Company.

Board Meetings

Six meetings of the Board of Directors were held during the year ended June 30, 2019. Attendance by each Director was as under:

Name of Director	Meetings Attended
Non-Executive Directors	
Mr. Iqbal Ali Lakhani (Chairman)	3
Mr. Amin Mohammed Lakhani	5
Ms. Anushka Lakhani	4
Mr. Tasleemuddin Ahmed Batlay	6
Mr. Shahid Ahmed Khan	6
Independent Directors	
Mr. Kemal Shoaib	6
Engr. M. Abdul Jabbar	5
Executive Directors	
Mr. Aftab Ahmad (CEO)	6

AUDIT COMMITTEE

An Audit Committee was set up by the Board since the enforcement of the Code of Corporate Governance. During the year, an independent Director was its Chairman and two Non-Executives Directors were members. Four meetings of the Committee were held during the year ended June 30, 2019. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Kemal Shoaib (Chairman)	4
Mr. Amin Mohammed Lakhani	3
Mr. Tasleemuddin Ahmed Batlay	4

The terms of reference of the Audit Committee have been duly prescribed by the Board including those as specified in the Code of Corporate Governance. In addition the Audit Committee is free to ask for any information and explanation in order to satisfy itself regarding the financial statements and internal controls. The committee met at least once in a quarter to review the financial statements and any major judgmental area with reference to Company's business. The Audit Committee gives its recommendation to the Board for the approval of financial statements which are duly endorsed by the CEO and CFO.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board in accordance with the Code of Corporate Governance has also constituted Human Resource and Remuneration Committee. It comprised of the following four Directors during the year:

Engr. M. Abdul Jabbar	Chairman
Mr. Amin Mohammed Lakhani	Member
Mr. Tasleemuddin Ahmed Batlay	Member
Mr. Aftab Ahmad	Member

Directors' Report



One meeting of the committee was held during the year which was attended by all members. The terms and reference of the committee includes but not limited to those as mentioned in the Code of Corporate Governance.

DIRECTOR REMUNERATION

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. Please refer note 42 of the Financial Statements for information on remuneration of Chief Executive Officer and Directors for the year ended June 30, 2019.

CORPORATE AND FINANCIAL REPORTING

Your Company is committed to good corporate governance. The Board acknowledges its responsibility in respect of Corporate and Financial Reporting Framework. These Financial Statements together with the notes thereto have been drawn up, in conformity with the Companies Act, 2017. International Financial Reporting Standards wherever applicable have been followed in their preparation. The Directors confirm that:

- Proper books of accounts have been maintained by the Company;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- There are no doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations of the stock exchange;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The financial statements, including the cash flow and the changes in equity, fairly present the state of affairs of the Company's business and of its operations;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements; and any departure thereof has been adequately disclosed and explained

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

MATERIAL CHANGES

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

PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30, 2019, along with the necessary information is annexed to this report. There were 1,987 shareholders on the record of the Company as at June 30, 2019. There was no purchase / sales of shares by Directors / Company Secretary / Chief Financial Officer / Executives and their minor children during the year except Chief Executive Officer who purchased 1,000 shares of the Company.

Safety, Health, Environment And Quality (SHEQ)

Your Company, with excellence striving mindset, believes in sustainable developments that satisfy the needs of the present without compromising the needs of future generations. The Company is not only certified for Integrated Management System (IMS) of OH&S18001:2007, EMS ISO14001:2015, and QMS ISO9001:2015 but also makes continual improvement in the triple bottom line of Economic, Social and Environment dimensions.

Resource conservation has remained corporate concern in recent years and for this, your Company has focused in areas of Energy and Water. Through regular monitoring and best practices we have been able to achieve overall improvements in utilization of energy and water; leading to both sustainability and cleaner production practices. Company has started reusing the treated effluent water by partially replacing it against fresh water thus saving underground water. The Company has also started utilizing reusable solar energy.

Being industry leader, your Company continues to excel as customer focused and ensure safer and environment-friendly operations, products and services.

Comprehensive risk assessment and related preventive measures are vigorously pursued to achieve zero accident and mitigate environmental impacts of the operations. Training sessions are regularly conducted for employees to enhance the Safety and Environmental Awareness.

SHEQ framework is reviewed by the Company at regular intervals, followed by concrete steps for its improvement which includes the continuous monitoring of product quality, resource & energy consumption, gaseous emission from boilers & power plants and waste water disposal.

Your Company was awarded, this year again, for Annual Environment Excellence Award (AEEA) 2019 by National Forum for Environment & Health (NFEH) in recognition of Company's performance on Environment for operating beyond legal obligations and contributions in environmental, and social sustainable development.

Emergency eye shower



Fire fighting training



Corporate Social Responsibility

Your Company is committed to social and environmental cause of the society and believes in building strong bonds with all segments of society. To cement these bonds, welfare activities are carried out to uplift the communities with special emphasis on child education and clean drinking water in the surrounding areas. The Company provides education aids to needy children and also contributes towards other charitable causes.

Your Company is a part of Lakson Group of Companies. The philanthropic activities on behalf of Company are done by charitable arms of the group under the name of Hasanali & Gulbanoo Lakhani Foundation and Lakson Medical Trust.

A well-defined value system is in place in your Company. It is designed to ensure and inculcate the spirit of ethical behavior, develop commitment to excellence and adopt a customers' focused and responsible sourcing approach. The Directors consider it as a long term investment in the collective development of your Company's human resource in particular, and the society as a whole. Moreover, festivities like employee's family fun fare, educational trips to historical places, summer camps for employee's children and interdepartmental sports activities have become a regular feature of the Company.

Child Education Initiatives

Your Company has initiated a Joint Venture (JV) with the Institute of Rural Management (IRM) established on the concept of one-room classroom in very poor communities. This initiative is focusing on such non-school going children who are involved in child labor by way of garbage collection etc. Parents are being provided Individual counseling about the importance and necessity of education. Encouraging results are being witnessed as participation and attendance of such children is very healthy indicating their desire to get education. Health checkups of students have also been performed.

A similar initiative was taken in the vicinity of Mill with the help of SMILE Foundation which also produced excellent results.



HUMAN RESOURCE

Your Company endeavors to make the best use of its Human Capital base. It has a broad and interactive approach towards its employees. Our core value system comprises of Humility & Compassion, Integrity, Change, Innovation, Continuous Improvement Mind set, Team Work, Sense of Urgency and Customer Centric approach. This helps in cultivating individual employees by shaping them in an organized infrastructure, and transforming their creativities into professional excellence.

Appropriate career paths and internal recognition programs are in place for technical and management staff. Scope emanates from on-job training to enhanced skill programs through subject specialists and culminates into participation in local and international seminars and trainings.

EMPLOYEE RELATIONS

The cordial relationship between the management and the employees, remain as good as they have been for the last many years.



Directors' Report

OUTLOOK FOR THE YEAR 2020

For next year, GDP growth is projected at 2.3% which is even lower than that of outgoing fiscal year. Government has just entered into IMF Program to stabilize the economy and to meet the preconditions, PKR devaluation, electricity & gas tariffs escalations and policy rate elevations have already been made. All the above factors are likely to have negative bearing on industrial growth.

In recent budget, custom duty on all major raw materials has been reduced but the increase in PKR/\$ parity as well as freight charges, pursuant to implementation of Axle Load by National Highway authority, has more than offset the positive impact of lower custom duty. Moreover, rationalized gas rate under the gas pricing formula with blend of System Gas and RLNG earlier available to the Industry has been discontinued since last winter. If that mechanism will not be restored, energy cost is likely to swell further in ensuing year.

Government was earlier considering to grant certain waivers to Industry on GIDC arrears for amicable resolution of this long pending matter under litigation. The practical steps in this regards are yet to be seen. Any favorable outcome on this matter will augur well for the Company.

Despite all the challenges cited above, management of your Company will remain focused on improving its market share with optimal product mix and bringing cost efficiencies through different ongoing quality improvement initiatives. Price adjustment are considered wherever necessary to mitigate adverse impact of cost escalations on product margins.

ACKNOWLEDGEMENT


The Directors are pleased to place on record the appreciation for all the financial institutions. They also wish to acknowledge the devotion to duty by the employees of all cadres and are appreciative of their support and dedication. They are also thankful to all the other stakeholders and fully acknowledge their contribution and commitment.

On Behalf of the Board of Directors



Aftab Ahmad
Chief Executive Officer

Karachi: August 08, 2019



Tasleemuddin Ahmed Batlay
Director

مذکورہ بالا تمام چیلنجوں کے باوجود، آپ کی کمپنی کی منجنت مصنوعات اعلیٰ ترین امتزاج کے ساتھ اس کے مارکیٹ شیئر کو بہتر بنانے اور معیار کی بہتری کے مختلف جاری اقدامات کے ذریعہ لاگت میں کفایت لانے پر توجہ مرکوز رکھے گی۔ مصنوعات کے منافع جات پر لاگت میں اضافے کے منفی اثر کو کم کرنے کے لئے جہاں بھی ضروری ہو مصنوعات کی قیمت میں ایڈجسٹمنٹ پر غور کیا جاتا ہے۔

اعتراف

ڈائریکٹرز تمام مالیاتی اداروں کے لیے اپنے پُر خلوص جذبات کا اظہار کرتے ہوئے بڑی خوشی محسوس کر رہے ہیں۔ وہ ہر شعبے کے ملازم کی اپنے کام سے لگن کو قابل ستائش سمجھتے ہیں اور ان کے تعاون اور ادارے کے ساتھ خلوص کو سراہتے ہیں۔ وہ کمپنی سے منسلک ہر فرد اور ادارے کے بھی شکرگزار ہیں اور مقاصد کے حصول کیلئے ان کی پُر خلوص شرکت و معاونت کا بھی اعتراف کرتے ہیں۔

بورڈ کی جانب سے

تسلیم الدین احمد بائگ
ڈائریکٹر

آفتاب احمد
ڈائریکٹر اور چیف ایگزیکٹو آفیسر

کراچی 08 اگست، 2019



افرادى قوت

آپ كى كمپنى اپنى افرادى قوت كا بهترين استعمال كرنے كے ليے كوشاں رهنى هے۔ اس نے اپنے ملازمين كے ليے ان كى ضرورتون اور رائے كو اهميت ديتے هونے ليك باهم روايتل پر مبنى طريقه كا اختيار كيا هوا هے۔ كمپنى كى بنيادى اقدار اكسارى، همدردى، ويانت، تبدلى، جدت، مسلسل بهترى كا رجحان ركهنے والے ذهن، ٹيم ورڪ، فوري ضرورت كى پيچان اور كسٹمر كو اولين نويت دینے پر مبنى هے۔ انہي اقدار كى بدولت هر ملازم كو ايڪ منظم ادارے ميں آگے بڑھنے اور اپنى حقيقي صلاحيتون كو پيشه ورانہ مهارتوں ميں ڈھالنے كا موقع ملتا هے۔

ٹيكنيكل اور مينجمنٹ اسٹاف كے ليے كيريئر كے موزون راستے اور حوصلہ افزائى كے پروگرامز هيں۔ ان پروگرامز ميں ملازمت كے دوران ٹريننگز، سبيكت اسپيشلسس كے ذريعه صلاحيتون كو نكھارنے والے پروگرامز سے لے كر مقامى اور بين الاقوامى سيمينرز اور ٹريننگز شامل هيں۔

ملازمين سے تعلقات

ملازمين اور مينجمنٹ كے درميان برس برس سے پُر خلوص تعلقات قائم هيں۔

سال 2020 كا منظر نامہ

آئندہ سال كے ليے جى ڈى پى كى نمبر 2.3 فى صدر بنے كى پيشن گوئى كى گئى هے جو موجوده مالى سال سے بهى كم هے۔ گورنمنٹ معيشت كو مستحکم كرنے اور پيشگى شرائط كو پورا كرنے كے ليے حال ہی ميں آئى ایم ايف پروگرام ميں شامل هونى هے۔ روپے كى قدر ميں كمى، بجلى اور گيس كے نرخون ميں اضافہ اور پاليسى شرح ميں اضافہ پہلے ہی هو چكا هے۔ مذکورہ بالا تمام عوامل كا صنعتى نمو پر منفى اثر پڑنے كا امكان هے۔

حاليہ بجٹ ميں، هر بڑے خام مال پر كسٹم ڈيوٲى كو كم كر ديا گيا هے ليكن بيشمل ہائى دے اتھارٲى كى طرف سے ايكسل لوڈ كے نفاذ كے نتيجے ميں فریٹ چارجز كے ساتھ پاكستانى روپے/امريكى ڈالر كى متوازنيت ميں اضافے نے كم كسٹم ڈيوٲى كے مثبت اثرات كو ختم كر ديا هے۔ مزيد یہ كہ سسٹم گيس اور آرائيل اين جى كى آميرش كے نظام كے ساتھ گيس كى قيمتوں كا تعين كرنے والے فارمولے كے تحت انڈسٹرى كو دى جانے والى رعايت كو گذشتہ موسم سرما سے ہی ختم كر ديا گيا هے۔ اگر اس طريقه كا ركو بحال نہ كيا گيا تو آنے والے سال ميں توانائى كى لاگت ميں مزيد اضافہ هوكا۔

حكومت طويل عرصے سے قانونى چاره جوئى كے تحت ذيرالتو معاملات كے دوستانہ حل كے ليے جى ڈى پى كى بقايا جات پر انڈسٹرى كو كچھ چھوٹ دینے پر غور كر رہى تھی۔ اس سلسلے ميں عملی اقدامات ابھی سامنے آنا باقى هيں۔ اس معاملے ميں كوئى سازگار نتيجہ كمپنى كے ليے قائمہ مند هوكا۔

ڈائریکٹرز رپورٹ

کاروباری سماجی ذمہ داری

مزید برآں آپ کی کمپنی سوسائٹی کے سماجی اور ماحولیاتی مقاصد کی تکمیل کے لیے بھی پر عزم ہے اور اس بات پر یقین رکھتی ہے کہ معاشرے کے تمام طبقات میں باہمی تعاون اور آپس میں مدد کے لیے مستحکم تعلقات استوار ہوں۔ ان رشتوں کو مضبوط کرنے کے لیے مختلف سماجی سرگرمیاں کی جاتی ہیں تاکہ اپنے اطراف کے علاقوں میں کمیونٹیز کے معیار زندگی کو بلند کیا جائے جس کے لیے بچوں کی تعلیم اور پینے کے صاف پانی کی فراہمی پر خاص طور پر توجہ دی جاتی ہے۔ کمپنی ضرورت مند بچوں کو تعلیم میں معاون ایشیا فراہم کرتی ہے اور دیگر فلاحی مقاصد کے لیے عطیات مہیا کرتی ہے۔

آپ کی کمپنی لیگن گرورپ آف کمپنیز کا حصہ ہے۔ کمپنی کی جانب سے کی جانے والی رفاہی سرگرمیاں، گرورپ کے خیراتی و فلاحی شعبے کے تحت کام کرنے والی حسن علی اینڈ گل بانو لاکھانی فاؤنڈیشن اور لیگن میڈیکل ٹرسٹ کے نام سے قائم ادارے سرانجام دیتے ہیں۔ کمپنی میں سماجی اور اچھے اخلاقی رویوں کے فروغ کے لیے اقدام کا ایک واضح نظام نافذ کیا گیا ہے، تاکہ بہتر اخلاقی برتاؤ کا جذبہ، مہارت میں اضافے اور استعمال کی لگن اور کسٹمر کی خدمت کے حوالے مثبت سوچ جیسے عوامل ہمیشہ ذہن نشین رہیں۔ اس اقدام کو ڈائریکٹرز خاص طور پر سٹیجی کے ہیومن ریسورس کی مجموعی اور پوری سوسائٹی کی ترقی کے لیے ایک طویل مدتی سرمایہ کاری سمجھتے ہیں۔ ساتھ ہی تفریحی سرگرمیاں جیسے ملازمین کی فہمیلیز کے لیے فن فیئر، تاریخی مقامات پر تعلیمی دورے، ملازمین کے بچوں کے لیے سرکیسپس اور ڈیپارٹمنٹس کے درمیان کھیلوں کی سرگرمیاں مستقل بنیادوں پر کمپنی کا خاصہ بن گئی ہیں۔

بچوں کی تعلیم سے متعلق اقدامات

ہم نے انسٹی ٹیوٹ آف رورل منیجمنٹ (IRM) کے ساتھ ایک جوائنٹ وینچر کا آغاز کیا ہے، جس کے تحت انتہائی غریب آبادیوں میں ایک کمرے والے کلاس روم کے نظریے پر پانچ اسکول قائم کیے جا چکے ہیں۔ اس اقدام کے ذریعے ایسے اسکول نہ جانے والے بچوں کو توجہ کا مرکز بنایا گیا ہے جو چائلڈ لیبر کا نشانہ بنے ہوئے ہیں۔ والدین کو تعلیم کی اہمیت اور ضرورت کے بارے انفرادی مشاورت فراہم کی جا رہی ہے۔ اب تک کے نتائج نہایت حوصلہ افزا ہیں ایسے بچوں کی شمولیت اور حاضری ان کی تعلیم حاصل کرنے کی خواہش کی بہت صحت مند نشاندہی کرتی ہے۔ طالب علموں کی صحت کا معائنہ بھی کیا جاتا ہے۔

گزشتہ سال مل کی حدود میں SMILE FOUNDATION کی مدد سے کیے گئے ایسے ہی ایک اقدام سے بھی شاندار نتائج برآمد ہوئے ہیں۔



سیفٹی، ہیلتھ، انوائزمنٹ اور کوالٹی (SHEQ)

آپ کی کمپنی، درجہ کمال کے لیے جدوجہد کی سوچ کے ساتھ، پائیدار پیش رفت پر یقین رکھتی ہے جو آئندہ نسلوں کی ضروریات پر سمجھوتہ کیے بغیر موجودہ ضروریات کو پورا کرتی ہے۔ کمپنی نہ صرف EMS ISO 14001:2015، OH&S 18001:2007 اور QMS ISO 9001:2015 کے ایٹیکر ایڈمنجمنٹ سسٹم (IMS) کے لیے سرٹیفائیڈ ہے، بلکہ معاشی، سماجی اور ماحولیاتی، تینوں جہتوں میں مسلسل بہتری لاری ہے۔

وسائل کا تحفظ حالیہ سالوں میں کاروباری تشویش کا باعث بنا رہا ہے اور اس کے لیے آپ کی کمپنی نے توانائی اور پانی کے شعبوں پر توجہ مرکوز رکھی ہے۔ مستقل نگرانی اور بہترین طریقہ کار کے ذریعے ہم توانائی اور پانی کے استعمال میں مجموعی طور پر بہتری لانے میں کامیاب رہے ہیں جو پائیدار اور صاف تر پیداواری طریقوں کا باعث بنے ہیں۔ کمپنی نے جزوی طور پر تازہ پانی کی جگہ صاف شدہ پانی کا دوبارہ استعمال شروع کر دیا ہے جس سے زیر زمین پانی کی بچت ہو رہی ہے۔ کمپنی نے دوبارہ قابل استعمال شمی توانائی کا استعمال بھی شروع کر دیا ہے۔

انڈسٹری لیڈر ہونے کے ناطے، آپ کی کمپنی صارفین پر توجہ کے ذریعے بہتر کارکردگی کا بدستور مظاہرہ کر رہی ہے اور محفوظ اور ماحول دوست سرگرمیاں، مصنوعات اور خدمات یعنی بناتی ہے۔

حادثات کو بالکل ختم کرنے کے لیے ممکنہ خطرات کا مستقل اور مکمل جائزہ اور ان کے تدارک کے لیے حفاظتی اقدامات پر سختی سے عمل کیا جاتا ہے۔ ملازمین میں سیفٹی کے حوالے سے آگاہی میں اضافے کے لیے ٹریننگ سیشنز مستقل بنیادوں پر منعقد کیے جاتے ہیں۔

کمپنی SHEQ فریم ورک کا بھی وقفے وقفے سے متواتر جائزہ لیتی رہتی ہے۔ جس کے نتیجے میں مصنوعات کے معیار، توانائی کی بچت، پاور پلانٹ اور بوائمر سے گیسوں کے اخراج اور استعمال شدہ پانی کے اخراج میں مزید بہتری کے لیے مخصوص اقدامات کیے جاتے ہیں۔

کمپنی کی اپنی قانونی ذمہ داریوں سے کہیں بڑھ کر ماحولیات دوست کارکردگی اور ماحولیاتی و سماجی فلاحی ترقی کے لیے خدمات کے اعتراف میں نیشنل فورم فار انوائزمنٹ اینڈ ہیلتھ (NFEH) کی طرف سے آپ کی کمپنی کو ایک ہارمور اینول انوائزمنٹ ایکٹیلیٹس ایوارڈ (AEEA) 2019 سے نوازا گیا ہے۔

ڈائریکٹرز رپورٹ

پیٹرن آف شیئر ہولڈنگ

30 جون 2019ء کے مطابق کمپنی کے شیئر ہولڈنگ پیٹرن اور بشمول اضافی معلومات کو ظاہر کرنے والا ایک گوشوارہ اس رپورٹ کے ساتھ منسلک ہے۔ 30 جون 2019ء کے مطابق 1,987 شیئر ہولڈرز کمپنی کے ریکارڈ پر موجود تھے۔ موجودہ سرمایہ میں ڈائریکٹرز/کمپنی ہیکریٹری / چیف فنانشل آفیسر / ایگزیکٹو ز اور ان کے بچوں (minor children) کی طرف سے شیئرز کی خرید و فروخت نہیں کی گئی سوائے چیف ایگزیکٹو آفیسر (CEO) کے جنہوں نے کمپنی کے 1,000 شیئرز خریدے۔

آڈیٹرز

BDO ابراہیم اینڈ کمپنی کے آڈیٹرز کمپنی سے ریٹائر ہو رہے ہیں اور دوبارہ تقرری کے لیے اپنی خدمات پیش کرتے ہیں۔ انہوں نے تصدیق کی ہے کہ انہیں انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش ریٹنگ سے نوازا جا چکا ہے اور فرم جسے ICAP کی طرف سے اختیار شدہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق کی ہدایات پر پوری طرح عمل پیرا ہے۔ بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی طرف سے ان آڈیٹرز کی 30 جون 2020ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز پیش کی ہے۔

پروویڈنٹ اور گریجویٹ فنڈز

کمپنی اپنے ملازمین کو پروویڈنٹ فنڈ اور گریجویٹ فنڈ کی شکل میں ٹریمنٹل پنشنس بھی فراہم کرتی ہے۔ یہ فنڈ ڈیپنٹس دو الگ الگ ہاضابطہ منظور شدہ ٹرسٹس میں رکھے جاتے ہیں۔ ان ٹرسٹس کا انتظام و انصرام ٹرسٹیز کے پاس ہوتا ہے جو ہر سال فنڈز کا آڈٹ کراتے ہیں۔ متعلقہ فنڈز کے ٹرسٹیز نے کمپنی کو مطلع کیا ہے کہ وہ فنڈز کی طرف سے کی جانے والی سرمایہ کاری کی مالیت 30 جون 2019ء کے مطابق درج ذیل ہے:

ملین روپے

2018	2019	
535.27	591.52	پروویڈنٹ فنڈ
431.33	465.12	گریجویٹ فنڈ



کارپوریٹ اور فائنانشل رپورٹنگ

آپ کی کمپنی کاروباری نظم و ضبط کے ضابطے کی تعمیل کے عہد پر کاربند ہے۔ بورڈ کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک کے حوالے سے اپنی ذمہ داری کا اقرار کرتا ہے۔ یہ مالیاتی گوشوارے مع مندرجہ نوٹس کمپنیز ایکٹ 2017 کے مطابق تیار کیے گئے ہیں۔ ان کی تیاری میں فائنانشل رپورٹنگ کے بین الاقوامی معیاروں کی، جہاں تک قابل اطلاق ہیں، پیروی کی گئی ہے۔ ڈائریکٹرز تصدیق کرتے ہیں کہ:

﴿ کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

﴿ کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

﴿ کمپنی کی کاروباروں دو ادا رکھنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

﴿ اسٹاک ایکسچینج کی اسٹنگ ریگولیشنز میں تفصیلاً درج کاروباری نظم و ضبط کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

﴿ انٹرنل کنٹرول کا نظام مستحکم ہے اور اس کی موثر انداز میں نفاذ اور نگرانی کی جاتی ہے۔

﴿ مالیاتی گوشوارے، بشمول کیش فلوز اور ایکویٹی میں تبدیلی، کمپنی کے معاملات کی کیفیت اور اس کی کاروباری سرگرمیوں کی منصفانہ عکاسی کرتے ہیں۔

﴿ ان مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کے بین الاقوامی معیاروں کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، اور کمپنیز ایکٹ 2017 کے تقاضوں کی پیروی کی گئی ہے اور ان سے کسی قسم کی پہلو تہی کا مناسب انکشاف اور تشریح کی گئی ہے۔

کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کی تعمیل

کاروباری نظم و ضبط کے ضابطے کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

قابل ذکر تبدیلیاں

30 جون 2019 سے اس رپورٹ کی تاریخ اشاعت تک کوئی قابل ذکر تبدیلی رونما نہیں ہوئی اور اس مدت کے دوران کمپنی کسی ایسے معاہدے کا حصہ نہیں بنی جس سے کمپنی کی مالیاتی حیثیت پر کوئی منفی اثرات مرتب ہوں۔

ڈائریکٹرز رپورٹ

آڈٹ کمیٹی کی ٹرمز آف ریفرنس وہی ہیں جو کاروباری نظم و ضبط کے ضابطے میں طے کی گئی ہیں۔ مزید برآں آڈٹ کمیٹی مالیاتی گوشواروں اور انٹرنل کنٹرولز کے حوالے سے مطمئن ہونے کے لیے کوئی بھی معلومات یا وضاحت طلب کرنے کے لیے آزاد ہے۔ کمیٹی مالیاتی گوشواروں اور کمپنی کے کاروبار کا جائزہ لینے کے لیے ہر سہ ماہی میں کم از کم ایک بار اجلاس منعقد کرتی ہے۔ آڈٹ کمیٹی، چیف ایگزیکٹو آفیسر اور چیف فنانسئل آفیسر سے باضابطہ توثیق شدہ مالیاتی گوشواروں کی منظوری کے لیے بورڈ کو اپنی سفارشات پیش کرتی ہے۔

افرادى وسائل و معاوضہ کمیٹی

بورڈ نے کاروباری نظم و ضبط کے ضابطے کے مطابق افرادی وسائل و مشاہرہ کمیٹی بھی تشکیل دی ہے جو سال کے دوران درج ذیل چار ڈائریکٹرز پر مشتمل ہے:

انجینئر ایم عبدالجبار	(چیئرمین)
جناب امین محمد لاکھانی	(ممبر)
جناب تسلیم الدین احمد ہائے	(ممبر)
جناب آفتاب احمد	(ممبر)

سال کے دوران کمیٹی کی ایک میٹنگ منعقد ہوئی جس میں تمام ڈائریکٹرز شریک ہوئے۔ کمیٹی کی ٹرمز آف ریفرنس کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کے مندرجات کے مطابق، تاہم صرف ان تک محدود نہیں ہیں۔

ڈائریکٹرز کا معاوضہ

بورڈ ممبران کے معاوضے کا تعین بورڈ کی طرف سے خود کیا جاتا ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے تعین کے عمل میں خود شریک نہ ہو۔ کمیٹی نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرتی، ماسوائے اجلاسوں میں شرکت کی فیس کے۔ 30 جون 2019 کو ختم ہونے والے سال کے لیے چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے معاوضے کے بارے میں معلومات کے لیے براہ کرم مالیاتی گوشواروں کے نوٹ 42 سے رجوع کریں۔



بورڈ اجلاس

30 جون 2019 کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل رہی:

ڈائریکٹر کا نام اجلاسوں میں شرکت کی تعداد

نان ایگزیکٹو ڈائریکٹر

3	جناب اقبال علی لاکھانی (چیئرمین)
5	جناب امین محمد لاکھانی
4	محترمہ انوفکا لاکھانی
6	جناب تسلیم الدین احمد باٹلے
6	جناب شاہد احمد خان
	خود مختار ڈائریکٹر
6	جناب کمال شعیب
5	انجینئر ایم عبدالجبار
	ایگزیکٹو ڈائریکٹر
6	جناب آفتاب احمد (CEO)

آڈٹ کمیٹی

بورڈ نے کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کے مطابق ایک آڈٹ کمیٹی تشکیل دی ہے۔ سال کے دوران ایک خود مختار ڈائریکٹر اس کمیٹی کا چیئرمین اور دو نان ایگزیکٹو ڈائریکٹر ممبران ہیں۔ 30 جون 2019 کو ختم ہونے والے سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل رہی:

ڈائریکٹر کا نام اجلاسوں میں شرکت کی تعداد

4	جناب کمال شعیب (چیئرمین)
3	جناب امین محمد لاکھانی
4	جناب تسلیم الدین احمد باٹلے

ڈائریکٹرز رپورٹ

غیر ملکی زرمبادلہ کے خطرات

کمپنی کو اپنے خام مال، پلانٹ اور مشینری کی درآمد پر، جن کی مختصر مدت میں ادائیگی کرنی ہو، کسی نمایاں فارن ایکسچینج رسک کا سامنا نہیں ہے۔ طویل مدتی معاہدوں کے لیے، کمپنی زرمبادلہ کے خطرات کا مقابلہ کرنے کے لیے، جہاں تک ممکن ہے، مناسب حفاظتی انتظامات کرتی ہے۔

سرمائے کا انتظام و انصرام

مستحکم بنیادی سرمایہ برقرار رکھنا کمپنی کی پالیسی ہے تاکہ سرمایہ کار، قرض دینے والے اور مارکیٹ کا اعتماد برقرار رکھا جاسکے اور بطور ادارہ رواں دواں رہنے کی اہلیت کا تحفظ کیا جاسکے۔ کمپنی اپنے مالیاتی ڈھانچے کا انتظام و انصرام کرتی ہے اور اقتصادی تبدیلیوں اور کمپنی کے اثاثے سے متعلق خطرے کے مطابق آگے بڑھنے کے لیے مناسب ایڈجسٹمنٹس کرتی ہے۔ کمپنی قرضوں اور سرمائے کا موزوں تناسب برقرار رکھنے پر یقین رکھتی ہے۔

کسٹمر پر توجہ

کمپنی یقین رکھتی ہے کہ اس کے قابل قدر کسٹمرز اس کی کاروباری کامیابی کی بنیاد ہیں۔ کمپنی کی پالیسیوں میں کسٹمرز پوری طرح توجہ کا مرکز ہیں۔ مارکیٹ اور کسٹمرز کے ساتھ مسلسل اشتراک نے آپ کی کمپنی کو ہمیشہ اپنے کسٹمرز کی ضروریات بہتر انداز میں سمجھنے اور موزوں ترین مصنوعات اور کسٹمرز کی سطح پر خدمات پیش کرنے کے قابل بنایا ہے تاکہ آپ کی کمپنی کو پہلی ترجیح بنایا جاسکے۔

کاروباری معلومات

بورڈ کی ساخت

کمپنی کے بورڈ میں سات مرد اور ایک خاتون ڈائریکٹر شامل ہیں:

2	خود مختار ڈائریکٹرز
5	نان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹر

جناب اقبال علی الاکھانی چیئرمین آف دی بورڈ کے عہدے پر فائز ہیں، جب کہ جناب آفتاب احمد کمپنی کے چیف ایگزیکٹو آفیسر ہیں۔



آپریشنل خطرات

آپریشنل خطرات میٹرل کی قلت، بجلی کی بندش اور ماہر انسانی وسائل کے فقدان کے نتیجے میں آپریشنز کے تعطل کا نتیجہ ہوتے ہیں۔ ان خطرات پر قابو پانے کے لیے کمپنی مقامی اور درآمداتی میٹرل کے لیے انتہائی متنوع سپلائرز کی حامل ہے۔ بجلی کی خود کفالت متبادل ایندھنوں پر چلنے والی مختلف پاور اسٹیم جنریشن فیسیلیٹیوں کی تنصیب کے ذریعے یقینی بنائی جاتی ہے۔ انسانی وسائل کی تیاری تربیت کے مناسب ان ہاؤس اور بیرونی مواقع کے ذریعے مستقل بنیادوں پر کی جاتی ہے۔

مالیاتی خطرات

کریڈٹ کے خطرات

کریڈٹ رسک کا تعلق ایسے خطرے سے ہے جو کمپنی کو مقابل فریقوں کی طرف سے کریڈٹ کی متفقہ شرائط کے مطابق اپنی قرضوں یا ذمہ داریوں کی تکمیل میں ناکامی کی صورت میں درپیش ہو سکتا ہے۔ ”زیر تحویل زر نقد“ کے سوا کمپنی کے تمام مالیاتی اثاثے کریڈٹ رسک کے حامل ہوتے ہیں۔ کمپنی نے داخلی ہدایات اور ریگولیٹری تقاضوں کے مطابق معروف مقابل فریقوں کے مطابق معاہدوں میں شمولیت کے ذریعے کریڈٹ رسک کا موثر انتظام کیا ہے جس کا سی۔ ای۔ او (CEO) بورڈ آف ڈائریکٹرز داخلی ہدایات اور ریگولیٹری تقاضوں کے مطابق وقتاً فوقتاً جائزہ لیتے ہیں اور منظوری دیتے ہیں۔

لیکویڈیٹی کے خطرات

لیکویڈیٹی رسک اس وقت پیدا ہوتا ہے جب کمپنی کے پاس دستیاب کیش ناکافی ہو اور اسے اپنی مالیاتی ذمہ داریوں کی تکمیل میں مشکل کا سامنا کرنا پڑے۔ کسی بھی کاروباری صورت حال میں اپنی مالیاتی ذمہ داریوں اور وعدوں کی تکمیل کے لیے کافی فنڈز کی دستیابی یقینی بنانے کے ذریعے لیکویڈیٹی رسک سے نمٹا جاتا ہے۔

شرح سود کے خطرات

انٹرسٹ ریٹ رسک شرح سود میں اتار چڑھاؤ کی وجہ سے پیدا ہوتا ہے اور اس کا نتیجہ مستقبل میں کیش کی روانی پر منفی اثرات کی صورت میں سامنے آتا ہے۔ کمپنی کو درپیش شرح سود کا خطرہ طویل مدتی قرضوں اور مختصر مدتی قرضوں سے منسلک ہے۔ کمپنی شرح سود میں اتار چڑھاؤ پر نظر رکھتی ہے اور قرض کے انتظامات کی مختلف اقسام کے زیادہ سے زیادہ بہتر احتیاج کے ذریعے سود کی شرح میں تبدیلیوں کے اثر کا مقابلہ کرتی ہے۔

ڈائریکٹرز رپورٹ

قومی خزانے میں حصہ

آپ کی کمپنی کے قومی خزانے میں جمع کردہ حصے کی مالیت گزشتہ سال کے 3,720 ملین روپے کے مقابلے میں 29 فی صد بڑھ کر 4,804 ملین روپے رہی۔ اس مجموعی حصے میں 3,752 ملین روپے بلوور سیکرٹیکس (گزشتہ سال 3,226 ملین روپے)، 623 ملین روپے بلوور کسٹم ڈیوٹی (گزشتہ سال 394 ملین روپے)، اور 429 ملین روپے بلوور انکم ٹیکس (گزشتہ سال 100 ملین روپے) شامل ہے۔

سرمایہ جاتی اخراجات

اس سال کے دوران کمپنی نے 972 ملین روپے سرمایہ خرچ کیا (گزشتہ سال 692 ملین روپے)۔ آپ کی کمپنی نے گزشتہ سال 291KW کے سولر پینل کی تنصیب کے ذریعے توانائی کے قابل تجدید ذرائع میں پیش قدمی کی۔ سال کے دوران کمپنی نے 1.7MW کی مجموعی گنجائش کے حامل دو سولر پینل کی تنصیب کے ذریعے اپنی گنجائش میں اضافہ کیا اور مجموعی گنجائش 2MW تک پہنچا دی۔ آپ کی کمپنی سولر پینل کی لاگت کے لیے رعایتی نرخوں پر دستیاب SBP لانگ ٹرم ٹرانسک فیسیلیٹی فار ریٹیل انرجی کے ذریعے ٹرانسک حاصل کرنے میں کامیاب رہی۔ اس کے علاوہ آپ کی کمپنی نے GTG انجن کی ریفر بشمنٹ، اور مختلف پلانٹس کی کارکردگی میں اضافے اور معیار میں بہتری کے لیے چند چھوٹے پروجیکٹس پر بھی اخراجات کیے ہیں۔

خطرات کی تخفیف

بورڈ آف ڈائریکٹرز، بورڈ کی آڈٹ کمیٹی اور کمپنی کے چیف ایگزیکٹو آفیسر کی سربراہی میں سینئر مینجمنٹ ٹیم پر مشتمل اسٹریٹجک کمیٹی کمپنی کے کاروباری امور کی نگرانی اور متوقع خطرات کے کسی ممکنہ منفی اثر کو کم کرنے کے لیے فعال حکمت عملی وضع کرنے کی ذمہ دار ہیں۔ بڑے خطرات اور انہیں کم کرنے کے اقدامات کے بارے میں معلومات ذیل میں پیش کی گئی ہیں۔

اسٹریٹجک خطرات

اسٹریٹجک خطرات کمپنی کے مستقبل کے کاروباری منصوبوں اور حکمت عملی سے متعلق ہوتے ہیں بشمول اس مجموعی ماحول سے متعلق خطرات جس میں یہ کام کرتی ہے، مثلاً اس کی مصنوعات کی طلب، مسابقتی خطرات، ٹیکنالوجی اور مصنوعات میں جدت وغیرہ۔ کمپنی مارکیٹ کے بدلنے ہوئے رجحانات پر باقاعدگی سے نظر رکھتی ہے اور کمپنی کے ریگولر اور ممکنہ کسٹمرز سے رائے طلب کرتی ہے۔ کمپنی مارکیٹ میں مقابلے کا سامنا کرنے کے ایک قدم کے طور پر اپنا مارکیٹ شیئر برقرار رکھنے اور بہتر بنانے کے لیے یقینی بناتی ہے کہ مصنوعات اعلیٰ ترین معیار کے ساتھ مناسب قیمتوں پر کسٹمرز کی موجودہ اور آئندہ ضروریات کو پورا کرتی ہوں۔



مالیاتی اخراجات

سال کے دوران اسٹیٹ بینک آف پاکستان افراط زر پر قابو پانے کے لیے مالیاتی پالیسی میں سختی پر بھرپور انداز میں عمل پیرا رہا۔ جس کے نتیجے میں پالیسی ریٹس گزشتہ سال کے 6.50 فی صد سے دگنے ہو کر زیر جائزہ سال کے آخر میں 13.25 فی صد ہو گئے۔ مزید برآں اس سال کمپنی کے طویل اور قلیل مدتی قرضوں میں اضافہ ہوا۔

اس کے نتیجے میں کمپنی کے مالیاتی اخراجات گزشتہ سال میں 460 ملین روپے سے بڑھ کر موجودہ سال میں 762 ملین روپے تک پہنچ گئے ہیں۔ آپ کی کمپنی نے سود کی بڑھتی ہوئی شرحوں کے اثرات کم کرنے کے لیے قرض کی مختصر مدتی سہولتوں کی مختلف اقسام کے بہترین استخراج سے استفادے کی کوشش کی۔ اس مقصد کے لیے کمپنی نے موجودہ KIBOR سے کم لاگت والے مختصر مدتی غیر ملکی قرضے سے بھی وسائل مہیا کیے ہیں۔

فی شیئر آمدنی

عمومی شیئر ہولڈرز کو قابل ادا تنگی منافع 853 ملین روپے رہا (گزشتہ سال 919 ملین روپے)۔ اس بنیاد پر گزشتہ سال کی 6.25 روپے فی شیئر آمدنی کے مقابلے میں سال کے لیے فی شیئر آمدنی 5.80 روپے شمار کی گئی ہے۔ زیر جائزہ سال کے لیے مجموعی ترجیحی شیئرز سے منسوب حسب تناسب ڈیویڈنڈ 32 ملین روپے تک کم ہو گیا (گزشتہ سال 72 ملین روپے) جیسا کہ سال کے پہلے نصف کے دوران تمام ترجیحی شیئرز کی ادائیگی (Redemption) کی گئی۔

مجموعی بازاری مالیت (Market Capitalization)

غیر یقینی معاشی اور سیاسی حالات نے اسٹاک مارکیٹ میں سرمایہ کار کے اعتماد پر سنگین اثرات مرتب کیے ہیں۔ جس کے نتیجے میں KSE 100 انڈیکس سال کے آغاز میں 41,911 پوائنٹس سے سال کے اختتام تک 33,902 پوائنٹس تک گر گیا۔ یہ رجحان آپ کی مارکیٹ کے شیئرز کی مارکیٹ پر اُس پر بھی اثر انداز ہوا جو سال کے زیادہ تر حصے میں مسلسل کم ہوتی رہی ہے۔ شیئرز کی قیمت نے سال کے ابتدائی مہینوں میں 74.46 روپے کی بلند ترین سطح کو چھوا اور پھر 30 روپے کی کم ترین سطح تک گر گئی۔ 30 جون 2018 کو 63.5 روپے پر سال کے اختتام سے موجودہ سال کے اختتام پر شیئرز کی قیمت 31.15 روپے فی شیئر پر بند ہوئی۔ اسی کے مطابق بازاری مالیت 30 جون 2018 کو گزشتہ سال کے اختتام پر 9,335 ملین روپے سے موجودہ سال کے اختتام تک 4,580 ملین روپے تک تقریباً آدھی رہ گئی۔

ڈائریکٹرز رپورٹ

تخصیص (Appropriation)

اس سال کے دوران کمپنی نے بورڈ آف ڈائریکٹرز کی منظوری کے مطابق 901.21 ملین روپے مالیت کے تمام واجب الادا ترجیحی شیئرز کی ادائیگی (Redemption) مع 31.58 ملین روپے کا ترجیحی شیئرز پر ڈیویڈنڈ SECP سے منظور شدہ ضوابط، شرائط، حقوق اور مراعات کے مطابق کر دی ہے۔ مزید برآں آپ کی کمپنی نے عام شیئرز اور ترجیحی شیئرز پر بالترتیب 110 ملین روپے کا حتمی ڈیویڈنڈ اور 56.08 ملین روپے مالیت کا مجموعی ڈیویڈنڈ ادا کیا ہے۔ اسی کے مطابق درج ذیل سرمایے کی تخصیص کی گئی ہے:

ملین روپے	سال کے لیے مجموعی جامع آمدنی
845.20	گزشتہ غیر مختص شدہ منافع
996.95	مختص کرنے کے لیے دستیاب رقم
1,842.15	ذخائر (Reserves) کے لیے تخصیص
(686.77)	عام ذخیرے کو منتقلی
800.00	غیر تخصیص شدہ منافع کو منتقلی
113.23	مالکان کے ساتھ لین دین
901.22	ترجیحی شیئرز کی ادائیگی (Redemption)
110.26	عام شیئرز پر ادا کردہ حتمی کیش ڈیویڈنڈ بحساب فی شیئر 0.75 روپے
56.08	ترجیحی شیئرز پر مالی سال 2018 کا ڈیویڈنڈ
31.58	ترجیحی شیئرز کی ادائیگی پر ترجیحی شیئرز کا تناسب ڈیویڈنڈ
(1,099.14)	
(985.91)	مجموعی تخصیص
856.24	موجودہ بیلنس

ڈائریکٹرز کا بورڈ اپنے شیئرز ہولڈرز کو اس سال کے لیے ادا کردہ 31.58 ملین روپے کے ترجیحی ڈیویڈنڈ کے اوپر 147.02 ملین روپے مالیت کا 10 فی صد حتمی ڈیویڈنڈ ادا کرنے کی سفارش کرتا ہے جس سے سال کے لیے مجموعی ڈیویڈنڈ 178.6 ملین روپے ہو جائے گا۔ لہذا سال کے لیے ڈیویڈنڈ کی مدد میں ادائیگی بعد از نیکس منافع جات کا 20 فی صد رہے گی۔

ڈائریکٹرز غیر مختص منافع جات سے 600 ملین روپے جنرل ریزرو کو منتقل کرنے کی بھی سفارش کرتے ہیں۔ مجوزہ منتقلی کے بعد عام ذخیرے کا بیلنس 800 ملین روپے تک بڑھ جائے گا۔



مالیاتی کارکردگی کا تجزیہ

مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

%	ملین روپے		
فرق	2018	2019	
17	18,965	22,241	سیلز
19	(16,459)	(19,578)	سیلز کی لاگت
6	2,506	2,663	کل منافع
9	(690)	(754)	انتظامی، فروخت اور دیگر مدوں میں اخراجات
22	75	92	دیگر آمدن
6	1,891	2,001	آپریٹنگ منافع
66	(460)	(762)	مالیاتی اخراجات
(13)	1,431	1,239	خالص قبل از ٹیکس منافع
(19)	(439)	(355)	ٹیکس
(11)	992	884	خالص بعد از ٹیکس منافع

مجموعی منافع نے 6 فی صد اضافہ درج کرایا اور گزشتہ سال کے دوران 2,506 ملین روپے کے مقابلے میں 2,663 ملین روپے رہا۔ اسی طرح زیر جائزہ سال میں آپریٹنگ منافع (EBIT) میں بھی بہتری آئی جو گزشتہ سال میں 1,891 ملین روپے کے مقابلے میں 2,001 ملین روپے رہا۔

آپ کی کمپنی نے 1,239 ملین روپے قبل از ٹیکس منافع (PBT) درج کرایا جب کہ یہ گزشتہ سال 1,431 ملین روپے تھا۔ بعد از ٹیکس منافع (PAT) گزشتہ سال 992 ملین روپے کے مقابلے میں 884 ملین روپے رہا۔

سال کے لیے ٹیکس اخراجات گزشتہ سال کے دوران 439 ملین روپے کے مقابلے میں 355 ملین روپے تک رہے۔ ٹیکس اخراجات میں گزشتہ سال کی 73 ملین روپے کی ٹیکس ایڈجسٹمنٹ شامل ہے۔ آپ کی کمپنی کی آمدنی پر گزشتہ سال سے عام شرح سے ٹیکس لاگو ہے۔

چھ سالہ مالیاتی معلومات کا خلاصہ سالانہ رپورٹ کے صفحہ 36 پر دیا گیا ہے۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز (BOD) کی طرف سے 30 جون 2019ء کو ختم ہونے والے سال کے لیے سینجری پیپر اینڈ بورڈ ملز لمیٹڈ (CPBM) کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرنا میرے لیے باعث مسرت ہے۔

کاروباری کارکردگی کا جائزہ

جانے والا سال بڑھتے ہوئے مالی اور کرنٹ اکاؤنٹ خساروں کے چیلنج کے ساتھ شروع ہوا۔ اس عدم توازن سے عہدہ برآ ہونے کے لیے موجودہ حکومت نے اقتصادی اور انتظامی اصلاح کے بعض اقدامات کیے ہیں جن میں زرمبادلہ کی شرح میں ایڈجسٹمنٹ، مالیاتی سختی اور درآمدی اشیاء پر ریگولیٹری ڈیوٹیز کا اطلاق شامل ہے۔ جس کے نتیجے میں معاشی نمو گزشتہ سال میں 5 فی صد کے مقابلے میں اس سال 3.3 فی صد تک کم ہوئی۔ صنعتی شعبے کی نمو میں اور بھی زیادہ گراؤ آئی جو گزشتہ سال کے لیے 5.02 فی صد کے مقابلے میں 1.4 فی صد رہی۔

پیپر اور پیپر بورڈ ایکٹرز بھی مستثنیٰ نہیں رہا اور اس کا مارکیٹ سائز 3 فی صد سے زائد سکڑ گیا۔ تاہم مقامی انڈسٹری نے مدافعت کا مظاہرہ کیا اور چیلنج سے بھرپور اقتصادی حالات کا سامنا کیا اور اپنا مارکیٹ شیئر برقرار رکھا۔ بنیادی طور پر درآمدی مصنوعات کے بہاؤ میں نمایاں کمی نظر آئی جس کی وجہ روپے کی قدر میں نمایاں کمی اور حکومت کی طرف سے کیے گئے مخصوص مائع درآمد اقدامات ہیں۔ آپ کی کمپنی فروخت کے حجم میں گزشتہ سال میں 214,347 میٹرک ٹن کے مقابلے میں اس سال کے دوران 216,771 میٹرک ٹن تک بہتری لانے میں کامیاب رہی۔ اس سال پیداوار کی شرح 95 فی صد رہی (گزشتہ سال 96 فی صد) اور پیداواری حجم گزشتہ سال کے حجم 229,384 میٹرک ٹن کے مقابلے میں 227,602 میٹرک ٹن رہا۔

مالیت کے اعتبار سے کمپنی نے 17 فی صد نمو دکھائی جو گزشتہ سال میں 18.96 ارب روپے مقابلے میں 22.24 ارب روپے رہی۔ آپ کی کمپنی کی انتظامیہ نے قیمت فروخت میں بہترین امتزاج حاصل کرنے کے لیے ٹھوس کوشش کی جو مناسب منافع جات برقرار رکھنے کے لیے ضروری تھی جس کے نتیجے میں سال کے دوران ہونے والی اضافی لاگت میں کا جزوی ازالہ ہوا، جیسا کہ خام مال اور ایندھن کی لاگتوں میں بالترتیب 15 فی صد اور 30 فی صد اضافہ ہو چکا ہے۔

Statement of Compliance

With Listed Companies (Code Of Corporate Governance) Regulations, 2017
For The Year Ended June 30, 2019

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

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

Male:	Seven (7)
Female:	One (1)

2. The composition of Board is as follows:

Independent Directors

Mr. Kemal Shoaib

Engr. M. Abdul Jabbar - Nominee Director (NIT)

Other Non-Executive Directors

Mr. Iqbal Ali Lakhani - Chairman

Mr. Amin Mohammed Lakhani

Ms. Anushka Lakhani

Mr. Tasleemuddin Ahmed Batlay

Mr. Shahid Ahmed Khan

Executive Director

Mr. Aftab Ahmad (Chief Executive Officer)

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. 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 decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has not arranged any Directors' training program during the year ended June 30, 2019. Five directors have already attended the Directors' training course in previous years.
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.

Statement of Compliance



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:

Audit Committee

Mr. Kemal Shoaib - Chairman
Mr. Amin Mohammed Lakhani - Member
Mr. Tasleemuddin Ahmed Batlay - Member

HR and Remuneration Committee

Engr. M. Abdul Jabbar - Chairman
Mr. Amin Mohammed Lakhani - Member
Mr. Tasleemuddin Ahmed Batlay - Member
Mr. Aftab Ahmad – Member

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

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

Audit Committee	Four Quarterly meetings
HR & Remuneration Committee	One meeting during the year

15. The Board has set up an effective internal audit function comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with 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 the 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.

A handwritten signature in black ink, appearing to read 'Iqbal Ali Lakhani'.

Iqbal Ali Lakhani
Chairman

A handwritten signature in black ink, appearing to read 'Aftab Ahmad'.

Aftab Ahmad
Chief Executive Officer

Karachi: August 08, 2019



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CENTURY PAPER & BOARD MILLS LIMITED 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 Century Paper & Board Mills Limited for the year ended June 30, 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 June 30, 2019.

KARACHI
DATED: August 08, 2019

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

FINANCIAL STATEMENTS



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTURY PAPER & BOARD MILLS LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of CENTURY PAPER & BOARD MILLS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2019, and profit and loss account, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	Capital expenditures The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2019. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria in the Company's accounting policy, in particular for assets constructed by the Company, and the useful economic lives assigned by management are appropriate. For these reasons we considered it to be a key audit matter.	Our audit work included assessing and testing the design and operation of its key controls over capital expenditure and testing the amounts capitalized to supporting evidence and evaluating whether assets capitalized including borrowing cost satisfied the required recognition criteria. We also assessed the useful economic lives assigned with reference to the Company's historical experience, including assessing the level of fully depreciated assets held by the Company.

Independent Auditor's Report to the Members

S. No	Key audit matters	How the matter was addressed in our audit
	<p>Refer to notes 7 and 8 to the financial statements.</p>	<p>We reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives.</p> <p>We visited the sites where significant capital projects are ongoing to understand the nature of the projects.</p> <p>The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.</p>
2.	<p>Contingencies</p> <p>As disclosed in note 17.2, 17.1 and 28.1 to the annexed financial statements. The Company has contingent liabilities and tax litigations in respect of income and sales tax matters, which are pending adjudication at different levels with the taxation authorities and other legal forums.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Furthermore, as disclosed in note 28.1 to the financial statements, the Company has not recorded late payment surcharge on GIDC payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015 as the matter is pending in Honorable High Court of Sindh and management is of the opinion, based on advice of legal advisor that the Company is not liable to pay late payment surcharges and expects that the decision is likely to be in the favor of the Company.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities and tax related litigations, a key audit matter.</p>	<p>We undertook number of procedures to verify the appropriateness of contingencies in the financial statements. This included, among others:</p> <ul style="list-style-type: none"> • We followed the progress of each case and the Company's estimate of the cost to be incurred; • We reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates; • We considered the impact on future case costs from changes arising in the regulatory environment; • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Checked orders by relevant authority on previous lawsuits / cases appearing in the financial statements; and • Obtained legal advice on the above cases with the legal advisors to ensure that the outflow is possible and not probable.

Independent Auditor's Report to the Members



S. No	Key audit matters	How the matter was addressed in our audit
3.	<p>Control environment relating to the financial reporting process and related IT systems</p> <p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.</p>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Independent Auditor's Report to the Members

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.

Independent Auditor's Report to the Members



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, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI
DATED: August 08, 2019

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

Statement of Financial Position

as at June 30, 2019

	Note	2019 (Rupees in thousands)	2018
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	7	9,131,201	9,122,170
Capital work in progress	8	241,653	467,547
		9,372,854	9,589,717
Intangible assets	9	9,033	2,575
Long-term loans and advances	10	6,264	15,243
Long-term deposits		7,169	5,869
		9,395,320	9,613,404
CURRENT ASSETS			
Stores and spares	11	1,458,482	1,290,040
Stock-in-trade	12	3,484,174	2,897,285
Trade debts	13	3,046,320	2,366,324
Loans and advances	14	95,874	68,566
Trade deposits and short term prepayments	15	91,398	88,357
Other receivables	16	12,062	10,793
Tax refunds due from Government	17	256,694	262,245
Taxation - net	18	261,718	291,673
Cash and bank balances	19	351,700	415,508
		9,058,422	7,690,791
TOTAL ASSETS		18,453,742	17,304,195
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (2018: 410,000,000) shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
Ordinary shares	20	1,470,184	1,470,184
Preference shares	21	-	901,214
		1,470,184	2,371,398
Reserves	22	4,718,750	4,071,475
		6,188,934	6,442,873
NON-CURRENT LIABILITIES			
Long-term financing	23	3,511,434	2,821,963
Deferred taxation	24	1,208,746	1,309,460
		4,720,180	4,131,423
CURRENT LIABILITIES			
Trade and other payables	25	2,528,063	2,215,766
Interest and mark-up accrued	26	96,526	39,849
Short-term borrowings	27	4,247,267	3,426,688
Un-claimed dividend		1,321	1,019
Current portion of long-term financing	23	671,451	1,046,577
		7,544,628	6,729,899
TOTAL EQUITY AND LIABILITIES		18,453,742	17,304,195
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 51 form an integral part of these financial statements.


Aftab Ahmad
Chief Executive Officer


Tasleemuddin Ahmed Batlay
Director


Muhammad Rashid Dastagir
Chief Financial Officer

Profit and Loss Account

for the year ended June 30, 2019



	Note	2019 (Rupees in thousands)	2018
Sales - net	29	22,240,624	18,964,573
Cost of sales	30	(19,578,326)	(16,458,803)
Gross profit		2,662,298	2,505,770
General and administrative expenses	31	(474,402)	(425,754)
Selling and distribution expenses	32	(153,438)	(129,204)
Other operating charges	33	(125,750)	(134,680)
Other income	34	92,434	75,438
Operating profit		2,001,142	1,891,570
Finance cost	35	(762,165)	(460,354)
Net profit before taxation		1,238,977	1,431,216
Taxation	36	(354,823)	(439,357)
Net profit for the year		884,154	991,859
Earnings per share - basic and diluted (Rupees)	37	5.80	6.25

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 51 form an integral part of these financial statements.


Aftab Ahmad
Chief Executive Officer


Tasleemuddin Ahmed Batlay
Director


Muhammad Rashid Dastagir
Chief Financial Officer

Statement of Comprehensive Income

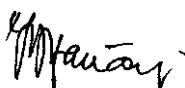
for the year ended June 30, 2019

	2019	2018
Note	(Rupees in thousands)	
Net profit for the year	884,154	991,859
Other comprehensive loss for the year		
Items that will not be reclassified to profit and loss account subsequently		
Loss on remeasurement of defined benefit liability	38.9 (54,860)	(30,818)
Tax impact	15,909	9,245
	(38,951)	(21,573)
Total comprehensive income for the year	845,203	970,286

The annexed notes from 1 to 51 form an integral part of these financial statements.



Aftab Ahmad
Chief Executive Officer



Tasleemuddin Ahmed Batlay
Director



Muhammad Rashid Dastagir
Chief Financial Officer

Statement of Cash Flows

for the year ended June 30, 2019



	Note	2019 (Rupees in thousands)	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	2,122,020	1,387,587
Finance cost paid		(716,387)	(458,858)
Taxes paid		(429,053)	(136,014)
Taxes refunded		-	36,481
Gratuity paid		(45,701)	(40,737)
Workers' Profit Participation Fund paid		(76,301)	(48,539)
Long-term loans and advances - net		8,979	(10,384)
Long-term deposits		(1,300)	(2,040)
Net cash generated from operating activities		862,257	727,496
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(972,277)	(692,649)
Proceeds from sale of operating fixed assets		10,431	8,566
Net cash used in investing activities		(961,846)	(684,083)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of preference shares		(901,214)	-
Proceeds from long-term financing from related parties / director		975,000	650,000
Proceeds from long-term financing from banking companies		466,277	231,040
Repayment of long-term financing from banking companies		(1,126,933)	(1,081,816)
Dividend paid on preference shares		(87,664)	(19,910)
Dividend paid on ordinary shares		(110,264)	(220,233)
Net cash used in financing activities		(784,798)	(440,919)
Net decrease in cash and cash equivalents		(884,387)	(397,506)
Cash and cash equivalents at the beginning of the year		(3,011,180)	(2,613,674)
Cash and cash equivalents at the end of the year		(3,895,567)	(3,011,180)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	351,700	415,508
Short-term borrowings	27	(4,247,267)	(3,426,688)
		(3,895,567)	(3,011,180)

The annexed notes from 1 to 51 form an integral part of these financial statements.


Aftab Ahmad
Chief Executive Officer


Tasleemuddin Ahmed Batlay
Director


Muhammad Rashid Dastagir
Chief Financial Officer

Statement of Changes In Equity

for the year ended June 30, 2019

	Issued, subscribed and paid-up capital		Capital reserves				Reserves			Sub total	Total
			Share premium	Merger reserve	Redemption reserve	Total	General reserve	Revenue reserves			
								Unappropriated profit	Total		
Balance as at July 01, 2017	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	267,100	580,326	3,341,627	5,713,025
Total comprehensive income for the year	-	-	-	-	-	-	-	991,859	991,859	991,859	991,859
Net profit for the year	-	-	-	-	-	-	-	(21,573)	(21,573)	(21,573)	(21,573)
Loss on remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	-	970,286	970,286	970,286	970,286
Transaction with owners	-	-	-	-	-	-	-	-	-	-	-
Interim dividend paid on ordinary shares @ Rs. 1.50 per share for the year ended 2018	-	-	-	-	-	-	-	(220,528)	(220,528)	(220,528)	(220,528)
Dividend paid on preference shares for the year ended 2018	-	-	-	-	-	-	-	(19,910)	(19,910)	(19,910)	(19,910)
	-	-	-	-	-	-	-	(240,438)	(240,438)	(240,438)	(240,438)
Balance as at June 30, 2018	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	996,948	1,310,174	4,071,475	6,442,873
Appropriation of reserves	-	-	-	-	-	-	-	686,774	(686,774)	-	-
Transfer to general reserve	-	-	-	-	-	-	-	800,000	(800,000)	-	-
Transfer to unappropriated profit	-	-	-	-	-	-	-	(113,226)	113,226	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	884,154	884,154	884,154	884,154
Net profit for the year	-	-	-	-	-	-	-	(38,951)	(38,951)	(38,951)	(38,951)
Loss on remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	-	845,203	845,203	845,203	845,203
Transaction with owners	-	-	-	-	-	-	-	-	-	-	-
Redemption of preference shares	-	(901,214)	-	-	901,214	901,214	-	(901,214)	(901,214)	-	(901,214)
Final dividend paid on ordinary shares @ Pe 0.75 per shares for the year ended 2018	-	-	-	-	-	-	-	(110,264)	(110,264)	(110,264)	(110,264)
Dividend paid on preference shares for the year ended 2018	-	-	-	-	-	-	-	(56,080)	(56,080)	(56,080)	(56,080)
Dividend paid on preference shares for the year ended 2019 on redemption of the shares	-	(901,214)	-	-	901,214	901,214	-	(31,584)	(31,584)	(31,584)	(31,584)
	-	-	-	-	-	-	-	(1,099,142)	(1,099,142)	(1,099,142)	(1,099,142)
Balance as at June 30, 2019	1,470,184	-	1,822,122	7,925	1,932,468	3,662,515	200,000	856,235	1,056,235	4,718,750	6,188,934

The annexed notes from 1 to 51 form an integral part of these financial statements.


Aftab Ahmad
Chief Executive Officer


Tasleemuddin Ahmed Batlay
Director


Muhammad Rashid Dastagir
Chief Financial Officer

Notes to the Financial Statements

for the year ended June 30, 2019



1 STATUS AND NATURE OF BUSINESS

Century Paper & Board Mills Limited (“the Company”) was incorporated in Pakistan as a public limited company on August 2, 1984 under the repealed Companies Ordinance, 1984 and its ordinary shares are listed on Pakistan Stock Exchange. The Company is engaged in manufacturing and marketing of paper, board and related products.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The mill (plant) of the Company is located at 62 KM, Lahore, Multan Highway, N-5, District Kasure, Pakistan, and a regional office of the Company is located at 14-Ali Block, New Garden Town, Lahore, Pakistan.

3 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

During the year, the Company has redeemed its outstanding preference shares in full amounting to Rs. 901.21 million along with cumulative dividend thereon up to the applicable date of the redemption notice.

Other significant transactions and events affecting the Company’s financial position and performance during the year have been adequately disclosed in the notes to these financial statements where required.

4 BASIS OF PREPARATION

4.1 Statement of compliance

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

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

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

4.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain staff retirement benefits at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

Notes to the Financial Statements

for the year ended June 30, 2019

The preparation of these financial statements in conformity with approved accounting standards requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 6.25.

4.3 Functional and presentation currency

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

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

5.1 Effective in current year and are relevant to the Company.

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

5.1.1 IFRS 9: Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

The revised provisions on the classification and measurement of financial assets (applicable mainly to trade receivables and other receivables) and financial liabilities (mainly trade creditors and interest-bearing debt) have not affected company's financial information. Consequently, the comparative figures have not been restated on the introduction of IFRS 9.

The following table and the accompanying notes below explain 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 July 1, 2018.

Notes to the Financial Statements

for the year ended June 30, 2019



		Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets	Note			(Rupees in thousands)	
Trade debts	(a)	Loans and receivables	Amortised cost	2,366,324	2,366,324
Loans and deposits	(a)	Loans and receivables	Amortised cost	8,070	8,070
Other receivables	(a)	Loans and receivables	Amortised cost	10,793	10,793
Cash and bank balances	(a)	Loans and receivables	Amortised cost	415,508	415,508

(a) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement basis:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly trade debts, deposits, advances, other receivables and bank balances.

The Company's trade receivables do not contain a significant financing component (as determined in terms of the requirements of IFRS 15 "Revenue from Contracts with Customers"), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognise a loss allowance based on lifetime ECLs at each reporting date.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

Notes to the Financial Statements

for the year ended June 30, 2019

iii. Transition

The Company has used the exemption not to restate comparative periods and any adjustments on adoption of IFRS 9 are to be recognized in statement of changes in equity as on July 1, 2018. However, the adoption of IFRS 9 did not have any impact on opening retained earnings as on July 1, 2018. Accordingly, the comparative information is presented as per the requirements of IAS 39.

5.1.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

The IFRS 15 establish a five-steps mode to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Company has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material.

There is no material impact of transition to IFRS 15 on the financial position of the Company and there is no effect on the accounting policies of the Company in respect of revenue from contracts with Customers.

5.2 Amendments to standards effective in current year and not relevant to the Company

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based payments	January 01, 2018
IFRS 4	Insurance contract	January 01, 2018
IAS 40	Investment property	January 01, 2018

5.3 Standards / Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

IFRS 3	Business Combinations - Amendment requiring an entity to remeasure its previously held interest at fair value when it obtains control of a business that is a joint operation.	January 01, 2019
IFRS 3	Business Combinations - The amendments narrowed and clarified the definition of a business, the 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.	January 01, 2020

Notes to the Financial Statements

for the year ended June 30, 2019



IFRS 9	Financial Instruments - Prepayment Features with Negative Compensation and modifications of financial liabilities. The amendment allow debt instruments with negative compensation prepayment features to be measured at amortised cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.	January 01, 2019
IFRS 11	Joint Arrangement - The proposed amendments is to eliminate diversity in practice in the accounting for previously held interests in the assets and liabilities of a joint operation in transactions in which an entity obtains control, or joint control, of a joint operation that meets the definition of a business.	January 01, 2019
IFRS 16	Leases - IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', 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.	January 01, 2019
IFRS 17	Insurance Contracts - address the principles for the recognition, measurement, presentation and disclosure of Insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	January 01, 2021
IAS 1	Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.	January 01, 2020

Notes to the Financial Statements

for the year ended June 30, 2019

IAS 12	Income tax - Recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised. 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.	January 01, 2019
IAS 19	Employee Benefits - The amendments require an entity: To use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after plan amendment, curtailment and settlement when entity measure its net defined benefit liability, and; To recognise in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of impact of the asset ceiling.	January 01, 2019
IAS 23	Borrowing Costs - to clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowings made specifically to obtain that qualifying asset as part of the funds that it has borrowed.	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures - Clarification that an entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture measuring an associate or joint venture at fair value. The amendment clarifies that an entity applies IFRS 9 'Financial Instruments' long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019

6 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented except as disclosed in note 6.13 and 6.18 to these financial statements.

6.1 Property, plant and equipment

a) Operating fixed assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the item including borrowing costs (refer note 6.9) and

Notes to the Financial Statements

for the year ended June 30, 2019



exchange differences recognized, for the acquisition of property, plant and equipment up to the commencement of commercial production. The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Subsequent costs are included in an 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. The cost of the day to day servicing of property, plant and equipment are recognized in profit and loss account during the financial year in which they are incurred.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The spare parts, stand-by equipments and servicing equipments are capitalized as an asset when they meet the definition of property, plant and equipment.

Depreciation on operating fixed assets other than land is provided on a straight line basis. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets. Rates of depreciation, which are disclosed in note 7, are determined to allocate the cost of an asset less estimated residual value, if not insignificant, over its useful life.

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

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the profit and loss account.

b) Capital work-in-progress

Capital work-in-progress are stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

6.2 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the Company. Intangible assets are measured 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.

Expenditure which enhances the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Amortization is provided on a straight line basis at the rates disclosed in note 9 to the financial statements. Amortization on addition to intangible assets is charged from the month of addition while no amortization is charged for the month of disposal or deletion of assets. Costs associated with maintaining computer softwares are recognized as an expense as and when incurred.

Notes to the Financial Statements

for the year ended June 30, 2019

6.3 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

6.4 Stores and spares

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the moving average method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

The Company reviews the carrying amount of stores and spares on a periodic basis and provision is made for slow moving and obsolescence on periodic basis.

6.5 Stock-in-trade

Stock-in-trade are valued at the lower of cost and net realizable value. Cost of raw material is determined by using the monthly weighted average method.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.

Work-in-process and finished goods consist of the direct materials costs, fuel and power cost and an appropriate proportion of manufacturing overheads including labour cost, depreciation and maintenance etc.

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

6.6 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold. When a trade debt is uncollectible, it is written off and charged to profit and loss account. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

Notes to the Financial Statements

for the year ended June 30, 2019



6.7 Taxation

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

a) Current

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date after taking into account tax credits and tax rebates. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits.

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

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the statement of financial position date and are expected to apply to the periods when the differences reverse.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

- c) The Company takes into account decisions taken by the taxation authorities. For instance where the Company's view differs from the income tax department at the assessment stage, the disputed amounts are shown as contingent liabilities.

6.8 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

6.9 Borrowings

Borrowings are recognised initially at fair value net of transaction cost incurred. Borrowing cost are subsequently carried at amortised cost. Any difference between the proceeds received (net of transaction cost) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Notes to the Financial Statements

for the year ended June 30, 2019

Finance cost are accounted for on accrual basis and are shown as interest and markup is accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Borrowing cost on long term finances and short term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to profit and loss account in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 "Borrowing cost".

6.10 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and subsequently measured at amortised cost. Exchange gains and losses arising on transaction in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

6.11 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of that obligation can be measured reliably. Provision are not recognised for future operating losses. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

6.12 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which 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 the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

6.13 Financial instruments

6.13.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Notes to the Financial Statements

for the year ended June 30, 2019



Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

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

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

6.13.2 Financial liabilities

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

6.13.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

6.13.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

Notes to the Financial Statements

for the year ended June 30, 2019

6.14 Offsetting of financial assets and financial liabilities

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

6.15 Derivative financial instruments

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to profit or loss account.

6.16 Foreign currency translation

Transactions in foreign currencies are converted into functional currency (PKR) at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the statement of financial position date. Exchange gains and losses are recognized in the profit and loss account.

6.17 Employees benefits

The Company's employees benefits comprise of provident fund, gratuity scheme, compensated absences and medical benefits for eligible employees.

6.17.1 Staff retirement benefits

a) Defined benefit plan (Gratuity Fund)

The Company has a gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The Gratuity Fund is maintained by a trust created and duly approved. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out at June 30, 2019 using the projected unit credit method (refer note 38). The remeasurement gains/losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the profit and loss account.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

b) Defined contribution plan (Provident Fund)

The Company contributes to an approved contributory provident fund scheme for all its permanent employees. Equal monthly contributions, both by the Company and the employees are made to the fund, at the rate of 10% of the basic salary plus cost of living allowance. All regular employees are eligible for provident fund upon their confirmation. Obligation for contributions to defined contribution plan by the Company is recognized as an expense in the profit and loss account.

Notes to the Financial Statements

for the year ended June 30, 2019



Prepaid contribution are recognized as an asset to the extent that cash refund or reduction in future payment is available.

6.17.2 Compensated absences

The Company accounts for compensated absences of its employees on the basis of unavailed earned leaves balance of each employee accumulated up to three years at the statement of financial position date. The related expected cost thereof has been charged to profit and loss account.

6.17.3 Medical benefits

The Company maintains a health insurance policy for its entitled employees and their respective spouses. The Company contributes premium to the policy annually. Such premium is recognised as an expense in the profit and loss account in the period to which it relates.

6.18 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

Revenue from contracts with customers

Sale of goods

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

Others

- Scrap sales are recognized on delivery to customers at realized amounts.
- Return on deposit is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.
- Commission on insurance premium is recognized on accrual basis.
- All other income is recognized on accrual basis.

Notes to the Financial Statements

for the year ended June 30, 2019

6.19 Cash and cash equivalents

Cash and cash equivalents comprise of cash, cheques in hand and balances with banks. Short-term borrowing facilities which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

6.20 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs net of tax and directly attributable to the issue of new shares are shown as a deduction in equity.

6.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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.

6.22 Dividend and appropriation to reserves

Dividend is recognized as a liability in the period in which it is declared by Board of Directors. Appropriations to reserves are recognized in the year in which these are approved by Board of Directors or the Company's shareholders at the Annual General Meeting wherever applicable.

6.23 Related party transactions

Transactions with related parties are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

6.24 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

6.25 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The management has exercised judgment in applying the Company's accounting policies for classification of Post Employment Benefits as Defined Benefits Plan and Defined Contribution Plan (refer note 6.17, note 38 and 39) that have the most significant effects on the amounts recognized in the financial statements.

Notes to the Financial Statements

for the year ended June 30, 2019



The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Income taxes

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 6.7 of these financial statements.

b) Defined benefits plan

Certain actuarial assumptions have been adopted as disclosed in note 38 to these financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

c) Property, plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

d) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

Notes to the Financial Statements

for the year ended June 30, 2019

7 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land (note 7.1)	Buildings on freehold land	Leasehold improvements	Plant and machinery (note 7.2 & 7.3)	Furniture and fixtures	Vehicles	Electrical and other equipments	Computers	Total
(Rupees in thousands)									
Year ended June 30, 2019									
Net carrying value basis									
Opening net book value (NBV)	281,529	1,915,086	11,524	6,785,392	5,020	98,651	12,965	12,003	9,122,170
Additions (at cost) (refer note 7.4)	-	11,651	-	907,127	99	54,927	10,100	14,087	997,991
Disposals (NBV)	-	-	-	-	-	(6,527)	-	-	(6,527)
Depreciation charge	-	(92,401)	(2,344)	(849,319)	(1,218)	(23,363)	(5,671)	(8,117)	(982,433)
Closing net book value (refer note 7.5)	281,529	1,834,336	9,180	6,843,200	3,901	123,688	17,394	17,973	9,131,201
Gross carrying value basis									
Cost	281,529	2,539,106	18,714	16,901,783	22,374	204,701	54,121	117,131	20,139,459
Accumulated depreciation / impairment	-	(704,770)	(9,534)	(10,058,583)	(18,473)	(81,013)	(36,727)	(99,158)	(11,008,258)
Net book value	281,529	1,834,336	9,180	6,843,200	3,901	123,688	17,394	17,973	9,131,201
Year ended June 30, 2018									
Net carrying value basis									
Opening net book value (NBV)	281,529	1,935,437	-	7,085,469	5,057	90,610	13,039	9,407	9,420,548
Additions (at cost) (refer note 7.4)	-	66,180	11,719	564,718	1,053	34,272	4,823	12,000	694,765
Disposals (NBV)	-	-	-	-	-	(5,904)	-	-	(5,904)
Depreciation charge	-	(86,531)	(195)	(864,795)	(1,090)	(20,327)	(4,897)	(9,404)	(987,239)
Closing net book value (refer note 7.5)	281,529	1,915,086	11,524	6,785,392	5,020	98,651	12,965	12,003	9,122,170
Gross carrying value basis									
Cost	281,529	2,527,455	18,714	16,001,799	22,275	172,094	44,859	103,044	19,171,769
Accumulated depreciation / impairment	-	(612,369)	(7,190)	(9,216,407)	(17,255)	(73,443)	(31,894)	(91,041)	(10,049,599)
Net book value	281,529	1,915,086	11,524	6,785,392	5,020	98,651	12,965	12,003	9,122,170
Depreciation rate % per annum	-	2.5 to 10	20	5 to 20	10 to 20	20	10 to 33	20 to 33	

7.1 This freehold land of 158.5 acre (2018: 158.5 acre) is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur.

7.2 Plant and machinery includes gas pipeline installations with a cost of Rs. 16.87 million (written down value: Nil) [2018: Rs. 16.87 million (written down value: Nil)] that installed outside the premises of the factory but which are under the possession and control of the Sui Northern Gas Pipelines Limited. However, the economic benefits associated with these assets are flowing to the Company.

7.3 Plant and machinery includes capital spares amounting to Rs. 286.43 million (written down value Rs. 119.59 million) [2018: Rs. 286.43 million (written down value Rs. 146.85 million)].

7.4 This includes transfer from capital work-in-progress amounting to Rs. 873.45 million (2018: Rs. 629.66 million).

7.5 The cost of fully depreciated assets which are still in use as at June 30, 2019 is Rs. 4,775 million and written down value is Rs. 6.65 million (2018: Rs. 3,432 million and written down value is Rs. 7.10 million).

Notes to the Financial Statements

for the year ended June 30, 2019



	Note	2019 (Rupees in thousands)	2018
7.6			
The depreciation charge for the year has been allocated as follows:			
Cost of sales	30	944,564	952,301
General and administrative expenses	31	34,785	32,590
Selling and distribution expenses	32	3,084	2,347
		982,433	987,238

7.7 The following operating fixed assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of buyers
(Rupees in thousands)						
Plant and machinery						
Items having book value upto Rs. five hundred thousand	7,899	7,899	-	570	Scrap (Note 7.6.1)	Various
Vehicle						
Honda Civic VTI - ORIEL	2,293	1,637	656	948	Maturity of Company Car Scheme (7.6.2)	Mr.Sabir Imtiaz
Honda Civic I-VTEC	2,146	1,482	664	776	Maturity of Company Car Scheme (7.6.2)	Mr.Sheikh Nadeem Ullah
Toyota Corolla ALTIS	2,088	1,464	624	808	Maturity of Company Car Scheme (7.6.2)	Mr.Khalid Hayat
Suzuki Cultus	1,039	524	515	655	Sale (Negotiation)	Mr. Rauf Rao
Items having book value upto Rs. five hundred thousand	14,755	10,685	4,070	6,654	Maturity of Company Car Scheme (7.6.2) / Sale (Negotiation)	Various
	22,321	15,792	6,529	9,841		
Electrical & Other Equipments						
Items having book value upto Rs. five hundred thousand	80	80	-	20	Sale (Negotiation)	Various
Total - 2019	30,300	23,771	6,529	10,431		
Total - 2018	126,426	120,523	5,904	8,566		

7.7.1 Certain assets were retired during the year and sold as bulk scrap. Consequently, it is not practicable to assign sale proceeds to these retired assets individually.

7.7.2 The vehicles were transferred to employees at maturity of the Company car scheme.

	Note	2019 (Rupees in thousands)	2018
8			
CAPITAL WORK-IN-PROGRESS			
This comprises of:			
Civil works		2,028	5,418
Plant and machinery		178,377	371,619
Advances to suppliers	8.2	61,248	90,510
		241,653	467,547

Notes to the Financial Statements

for the year ended June 30, 2019

8.1 Movement of carrying amount

		Building	Plant and machinery	Total
	Note	(Rupees in thousands)		
Year ended June 30, 2019				
Opening balance		5,417	462,130	467,547
Additions (at cost)	8.2 & 8.3	7,744	639,810	647,554
Transferred to operating fixed assets		(11,134)	(862,314)	(873,448)
Closing balance		2,027	239,626	241,653
Year ended June 30, 2018				
Opening balance		2,705	299,573	302,278
Additions (at cost)	8.3	80,819	714,113	794,932
Transferred to operating fixed assets		(78,107)	(551,556)	(629,663)
Closing balance		5,417	462,130	467,547

8.2 This include advance paid to vendor amounted to Rs. Nil (2018: Rs. 9.13 million) for import of plant and machinery.

8.3 This includes borrowing costs capitalized amounting to Rs. 10.89 million (2018: Rs. 1.23 million) at an average rate of 6.78% (2018: 5.85%) per annum.

9 INTANGIBLE ASSETS

	Note	2019 (Rupees in thousands)	2018
Intangible assets		9,033	2,575

9.1 Net carrying value basis

	Note	2019 (Rupees in thousands)	2018
Opening net book value		2,575	1,685
Additions (at cost)		8,107	1,990
Amortization charge	31	(1,649)	(1,100)
Closing net book value		9,033	2,575

Gross carrying value basis

	Note	2019 (Rupees in thousands)	2018
Cost		72,110	64,003
Accumulated amortization		(63,077)	(61,428)
Net book value		9,033	2,575

Amortization rate % per annum

20 – 33.33 20 – 33.33

10 LONG-TERM LOANS AND ADVANCES

	Note	2019 (Rupees in thousands)	2018
(Unsecured - considered good)			
Long-term loans to employees	10.1	-	6
Current portion shown under current assets		-	(6)
		-	-
Long-term advance to supplier	10.3	6,264	15,243
		6,264	15,243

Notes to the Financial Statements

for the year ended June 30, 2019



10.1 These loans are in the normal course of business which do not carry any mark-up or interest in accordance with their terms of employment.

10.2 Chief Executive Officer and Directors have not taken any loans and advances from the Company.

10.3 This represents advances to suppliers against purchase of vehicles in the normal course of business and does not carry any interest or mark-up.

	Note	2019 (Rupees in thousands)	2018
11 STORES AND SPARES			
Stores	11.1	903,256	883,914
Spares			
in hand		397,353	383,591
in transit	11.2	204,683	63,345
		602,036	446,936
		1,505,292	1,330,850
Provision for slow moving stores and spares	11.3	(46,810)	(40,810)
	11.4	1,458,482	1,290,040

11.1 This includes fuel for power and steam generation amounting to Rs. 139.37 million (2018: Rs. 286.49 million).

11.2 This includes coal in transit amounting to Rs. 114.79 million (2018: Rs. 27.02 million).

	Note	2019 (Rupees in thousands)	2018
11.3 Provision for slow moving stores and spares			
Balance at the beginning of the year		40,810	34,810
Provision recognized during the year	30	6,000	6,000
Balance at the end of the year		46,810	40,810

11.4 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

	Note	2019 (Rupees in thousands)	2018
12 STOCK-IN-TRADE			
Raw materials			
in hand		1,585,977	1,281,499
in transit		1,048,267	808,715
		2,634,244	2,090,214
Work-in-process		87,584	58,857
Finished goods		762,346	748,214
		3,484,174	2,897,285

13 TRADE DEBTS

(Unsecured - considered good)

Due from associated undertakings	13.1	606,879	333,182
Others		2,439,441	2,033,142
	13.4	3,046,320	2,366,324

Notes to the Financial Statements

for the year ended June 30, 2019

	Note	2019 (Rupees in thousands)	2018
13.1	This comprises of amounts receivable from:		
	Merit Packaging Limited	540,956	273,670
	Colgate-Palmolive (Pakistan) Limited	65,923	59,512
	13.2	<u>606,879</u>	<u>333,182</u>
13.2	The aging of related party balances at the statement of financial position date is as follows:		
	Not past due	531,460	333,182
	Past due 1-30 days	75,419	-
		<u>606,879</u>	<u>333,182</u>

13.3 The maximum amount due from related parties at the end of any month during the year was Rs. 675.52 million (2018: Rs. 333.18 million).

13.4 These are in the normal course of business and interest free.

	Note	2019 (Rupees in thousands)	2018
14	LOANS AND ADVANCES		
	(Unsecured - considered good)		
	Loans		
	Current portion of long-term loans	10.1	-
	Advances		
	to employees	14.1	4,736
	to suppliers	14.2	91,138
			<u>95,874</u>
	14.3	<u>95,874</u>	<u>68,566</u>

14.1 This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up.

14.2 This represents advances to suppliers in the normal course of business and does not carry any interest or mark-up.

14.3 Chief Executive Officer and Directors have not taken any loans and advances from the Company.

	Note	2019 (Rupees in thousands)	2018
15	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Deposits	15.1	360
	Prepayments	15.2	91,038
			<u>91,398</u>
			<u>88,357</u>

15.1 This represents short term deposits in the normal course of business and does not carry any interest or mark-up.

15.2 This includes prepaid insurance premium of Rs. 85.98 million (2018: Rs. 79.93 million) to M/s Century Insurance Company Limited, an associated undertaking.

Notes to the Financial Statements

for the year ended June 30, 2019



	Note	2019 (Rupees in thousands)	2018
16 OTHER RECEIVABLES			
(Unsecured - considered good)			
Due from associated undertakings			
Insurance agency commission		1,146	3,701
Others		2,674	6,142
	16.1	3,820	9,843
Others		8,242	950
	16.4	12,062	10,793
16.1 This comprises of amounts receivable from:			
Century Insurance Company Limited		1,146	3,801
SIZA (Private) Limited		-	1,106
Merit Packaging Limited		2,674	4,229
Cyber Internet Service (Private) Limited		-	707
		3,820	9,843
16.2 The aging of related party balances at the statement of financial position date is as follows:			
Not past due		3,820	9,843
16.3 The maximum amount due from related parties at the end of any month during the year was Rs. 9.18 million (2018: Rs. 9.84 million).			
16.4 These are in the normal course of business and interest free.			
17 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax	17.1	240,631	221,251
Sales tax	17.2	16,063	40,994
		256,694	262,245
17.1 The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated March 4, 2019 has determined the net tax payable of Rs. 67.74 million by disallowing the adjustment of minimum tax of Rs. 214.93 million for previous years and certain other expenses.			
The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order. The Company believes that the case will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.			
17.2 This includes Rs. 10.02 million paid against demand raised by Assistant Commissioner -IR (Audit) in respect of sales tax input not allowed as result of audit of sales tax returns for tax year 2015. The Company has filed an appeal against this order before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act, 1990.			
For the period July 2018 to September 2018, the demand of Rs. 6.04 million was raised by Assistant Commissioner -IR (Audit) by disallowing certain sales tax inputs on certain items. The Company filed an appeal against the demand before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act. The Commissioner Inland Revenue (Appeals - I) retained the decision of the Assistant Commissioner - IR (Audit). The Company filed an appeal before the Appellate Tribunal Inland Revenue against the order of Commissioner (Appeal) in respect of which decision is pending.			

Notes to the Financial Statements

for the year ended June 30, 2019

18 TAXATION - NET

18.1 The income tax assessments of the Company have been finalized upto Tax Year 2018 (accounting year ended June 30, 2018). Adequate provisions have been made in these financial statements for the year ended June 30, 2019 (Tax year 2019).

18.2 Income tax authorities have made certain disallowances for expenses for Tax Year 2009, 2011 to 2018 which resulted in reduction of tax losses available to the Company for respective years.

For the Tax Year 2009, 2011, 2012 Appellate Tribunal Inland Revenue has passed the orders confirming partial disallowances and granting certain reliefs by remanding back the issue. For Tax Year 2012, the Company has filed a reference application before High Court of Sindh against the order of Appellate Tribunal Inland Revenue which is pending hearing.

For Tax Year 2015, the tax department's appeal is pending before Appellate Tribunal Inland Revenue in respect of issues decided in favor of the Company by Commissioner Inland Revenue (Appeals) and for Tax Year 2016, the Company's appeal is pending before Commissioner Inland Revenue (Appeals).

For the tax year 2018, The Additional Commissioner of (Audit) Inland Revenue - LTU in his order dated March 4, 2019 has determined the net tax payable of Rs. 67.74 million as explained in note 17.1 to these financial statements.

	2019	2018
	(Rupees in thousands)	
19 CASH AND BANK BALANCES		
Cash at bank in current account		
Conventional mode	23,711	223,072
Cheques in hand	325,427	188,734
Cash in hand	2,562	3,702
	<u>351,700</u>	<u>415,508</u>

20 ORDINARY SHARES

Number of ordinary shares of Rs. 10/- each		2019	2018
		(Rupees in thousands)	
2019	2018		
77,678,857	77,678,857	776,790	776,790
	Fully paid in cash		
43,542,501	43,542,501	435,425	435,425
	Issued as fully paid bonus shares		
25,089,437	25,089,437	250,894	250,894
	Issued due to conversion of preference shares		
707,550	707,550	7,075	7,075
	Issued under scheme of amalgamation		
<u>147,018,345</u>	<u>147,018,345</u>	<u>1,470,184</u>	<u>1,470,184</u>
	Shares held by associated companies and related parties		
<u>100,229,863</u>	<u>100,228,863</u>	<u>1,002,298</u>	<u>1,002,288</u>

Notes to the Financial Statements

for the year ended June 30, 2019



21 PREFERENCE SHARES

Number of preference shares of Rs. 10/- each		2019	2018
2019	2018	(Rupees in thousands)	
300,404,561	300,404,561	3,004,046	3,004,046
(225,303,421)	(135,182,070)	(2,253,035)	(1,351,821)
(75,101,140)	(75,101,140)	(751,011)	(751,011)
-	90,121,351	-	901,214
-	90,121,351	-	901,214
Shares held by associated companies		-	901,214

21.1 During the year the Company has redeemed their outstanding preference shares in full amounting to Rs. 901.21 million along with proportionate cumulative dividend of Rs. 31.58 million. Dividend was payable at rate of six month KIBOR plus 1% per annum upto the applicable date of redemption notice on prorata basis. Redemption was made in compliance with the terms, conditions and rights and privileges of preference shares.

22 RESERVES

	Note	2019	2018
		(Rupees in thousands)	
Capital			
Share premium	22.1	1,822,122	1,822,122
Capital redemption reserve	22.2	1,832,468	931,254
Merger reserve	22.3	7,925	7,925
		3,662,515	2,761,301
Revenue			
General reserve		200,000	313,226
Un-appropriated profit		856,235	996,948
		1,056,235	1,310,174
		4,718,750	4,071,475

22.1 This reserve can be utilized by the Company only for the purposes specified in Section 81(3) of the Companies Act, 2017.

22.2 This represents reserve created for preference shares redeemed through cash to comply with Section 85(c) of the repealed Companies Ordinance, 1984.

22.3 This represents amount created under scheme of arrangement for amalgamation of former Century Power Generation Limited, a subsidiary, with the Company.

22.4 Movement of reserves have been reflected in the statement of changes in equity.

Notes to the Financial Statements

for the year ended June 30, 2019

23 LONG-TERM FINANCING	Note	2019 (Rupees in thousands)	2018
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Meezan Bank Limited - Musharaka - 1	23.1	-	300,000
Meezan Bank Limited - Musharaka - 2	23.2	337,500	487,500
		337,500	787,500
Conventional mode			
Syndicated - Consortium of Banks	23.3	675,000	975,000
Allied Bank Limited - Term loan - 1	23.4	-	225,000
Allied Bank Limited - Term loan - 2	23.5	207,279	150,000
Allied Bank Limited - Term loan - 3	23.6	128,106	81,040
Allied Bank Limited - Term loan - 4	23.7	210,000	-
		1,220,385	1,431,040
		1,557,885	2,218,540
From associated undertaking - unsecured			
SIZA Commodities (Private) Limited - 1	23.8	1,000,000	1,000,000
SIZA Commodities (Private) Limited - 2	23.9	100,000	-
SIZA (Private) Limited	23.9	625,000	-
SIZA Services (Private) Limited	23.9	250,000	-
		1,975,000	1,000,000
From Director - unsecured	23.10	650,000	650,000
		4,182,885	3,868,540
Current portion shown under current liabilities			
Islamic mode		(150,000)	(450,000)
Conventional mode		(521,451)	(596,577)
		(671,451)	(1,046,577)
		3,511,434	2,821,963

23.1 This term finance Musharaka facility has been fully repaid during the year on its maturity date, the effective markup rate was 8.76% (2018: 6.71%) per annum.

23.2 This represents Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of profit is equal to base rate plus 0.50% (2018: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year, the effective profit rate was 9.57% (2018: 6.73%) per annum.

23.3 This represents Syndicated Term Financing Arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

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The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark up is equal to base rate plus 0.50% (2018: 0.50%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year, the effective mark up rate was 9.57% (2018: 6.73%) per annum.

23.4 This term finance facility has been fully repaid during the year on its maturity date, the effective markup rate was 8.43% (2018: 6.71%) per annum.

23.5 This term finance facility has been obtained from Allied Bank Limited amounting to Rs. 350 million specifically for Gas Turbine Generators. The Company has made further drawdown amounting to Rs. 195 million during the year resulting in total drawdown amount of Rs. 345 million. The tenor of the loan is three years inclusive 6 months grace period and are repayable in 10 equal installments commencing from September 2018.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of markup is equal to base rate plus 0.20% (2018: 0.20%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective markup rate was 9.61% (2018: 6.52%) per annum.

23.6 The Company has approved term finance facility from Allied Bank Limited under Financing Scheme of the State Bank of Pakistan for Renewal Energy (Category II) amounting to Rs. 200 million specifically for Solar Grid Panels. The Company has made first drawdown of Rs. 81.04 million in June 2018 and second drawdown of Rs. 60.81 million has been made in January 2019. The tenor of the loan is seven years and are repayable in 28 equal monthly installments commencing from September 2018.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin. The rate of markup is fixed at 2.75%.

23.7 This term finance facility has been sanctioned by Allied Bank Limited amounting to Rs. 500 million specifically for Gas Turbine Generators. The Company has made a drawdown of Rs. 210 million. The tenor of the loan is three years inclusive of 6 months grace period and are repayable in 10 equal quarterly installments commencing from December 2019.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of markup is equal to base rate plus 0.20%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective markup rate was 11.19% (2018: Nil).

23.8 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company, amounting to Rs. 1,000 million. The loan is repayable in July 2021.

The rate of mark-up is 0.50% (2018: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the year, the effective mark-up rate was 9.68% (2018: 6.74%) per annum.

Notes to the Financial Statements

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23.9 These loans are repayable in July 2021. The rate of mark up on these loans is 0.50% over average of three months KIBOR of the last one day of preceding quarter. During the year, the effective markup rate on these loans was 10.81% per annum.

23.10 The loan has been obtained from Sponsor Director of the Company on September 21, 2017, Mr. Iqbal Ali Lakhani, amounting to Rs. 650 million. The loan is unsecured and the tenor of the loan is two years.

Subsequent to the year end, the Company has repaid the loan from director as per terms and condition of the agreement. During the year, the effective markup rate was 9.68% (2018: 6.77%) per annum.

During the year, the Company entered into an agreement to refinance the existing loan from director. The new finance facility has been arranged from SIZA (Private) Limited amounting to Rs. 650 million to be made available to the Company at the time of repayment of loan from director. The loan is unsecured and the tenor of the loan is three years carrying mark-up at the rate of 3 Months KIBOR plus 0.50%.

	Note	2019 (Rupees in thousands)	2018
24 DEFERRED TAXATION			
Deferred taxation	24.1	1,208,746	1,309,460
24.1 The net balance for deferred taxation is in respect of following temporary differences:			
Deferred tax liabilities			
Accelerated tax depreciation allowance		1,411,864	1,438,386
Deferred tax assets			
Turnover tax / Alternative Corporate tax		134,671	77,465
Provision for slow moving stores and spares		13,575	11,835
Provision for compensated absences		19,888	17,153
Others		34,984	22,473
		(203,118)	(128,926)
		1,208,746	1,309,460
24.2 The gross movement in the deferred tax liability during the year is as follow:			
Balance as at July 01		1,309,460	934,494
Charged to profit and loss account	36	(84,805)	384,211
Charge recognised in other comprehensive income	38.9	(15,909)	(9,245)
		1,208,746	1,309,460

Notes to the Financial Statements

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	Note	2019 (Rupees in thousands)	2018
25 TRADE AND OTHER PAYABLES			
Creditors	25.1	572,741	634,381
Foreign bills payable		686,757	468,687
Accrued liabilities	25.2	826,224	735,927
Sales tax payable - net		57,898	-
Customers' balances		53,712	101,332
Gratuity payable	38.4	120,637	77,494
Workers' Profit Participation Fund	25.3	66,627	76,301
Workers' Welfare Fund		45,381	36,956
Provident fund payable		7,614	6,771
Other liabilities		90,472	77,917
		2,528,063	2,215,766

25.1 The aggregate amount of the outstanding balance of associated undertakings as at June 30, 2019 is Rs. 95.25 million (2018: Rs. 88.97 million).

25.2 This includes an amount of Rs. 607.59 million (2018: Rs. 518.93 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Company has filed an appeal in Honorable High Court of Sindh. The High Court of Sindh declared the GIDC Act 2015 as null and void through its judgement dated October 26, 2016. Subsequently, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgement till the disposal of appeal. The matter is pending for hearing of appeal.

	Note	2019 (Rupees in thousands)	2018
25.3 Workers' Profit Participation Fund			
Balance at July 01		76,301	48,539
Interest on funds utilized in Company's business	35	899	987
Allocation for the year	33	66,627	76,301
		143,827	125,827
Amount paid during the year		(77,200)	(49,526)
Balance at June 30		66,627	76,301

26 INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing from Banks

Islamic mode

Conventional mode

Short-term borrowings from Banks

Islamic mode

Conventional mode

	Note	2019 (Rupees in thousands)	2018
		5,387	7,192
		12,302	9,419
		17,689	16,611
		1,576	3,128
		77,261	20,110
		78,837	23,238
		96,526	39,849

Notes to the Financial Statements

for the year ended June 30, 2019

	Note	2019 (Rupees in thousands)	2018
27	SHORT TERM BORROWINGS		
From banking companies - secured			
Running finances			
Islamic mode		11,285	226,378
Conventional mode		2,537,382	2,390,970
	27.1	2,548,667	2,617,348
Short term loan - Conventional mode	27.3	1,698,600	809,340
	27.4	4,247,267	3,426,688

27.1 The Company has available aggregate short term running finance facilities amounting to Rs. 6,575 million (2018: Rs. 4,485 million). Markup rates are linked with KIBOR from one to three months plus spreads ranging from 0.30% to 1.50% per annum (2018: from 0.30% to 1.25% per annum).

27.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs. 3,430 million (2018: Rs. 3,130 million). No utilization of FE loan has been made at year end.

27.3 During the year, loan has been obtained from Standard Chartered Bank - Dubai International Finance Center branch through Standard Chartered Bank (Pakistan) Limited amounting to USD 12.00 million equivalent to fixed amount of Rs. 1,699 million for meeting working capital requirements. The tenor of the loan is six months i.e. from April 11, 2019 to October 10, 2019. The price of loan is six months KIBOR minus 0.32%. As per the terms of agreement, Standard Chartered Bank (Pakistan) Limited has obtained forward cover on behalf of the Company to hedge foreign currency risk. The loan obtained in previous year has been repaid at maturity in November 2018.

27.4 These arrangements are secured by way of pari passu hypothecation charge created on stock-in-trade, stores and spares and trade debts of the Company.

27.5 Aggregate facilities for opening of letters of credit and guarantees amounting to Rs. 7,456 million (2018: Rs. 5,156 million) are available to the Company.

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 681 million (2018: Rs. 591 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 140 million (2018: Rs. 100 million) furnished to Excise and Taxation Department.

Notes to the Financial Statements

for the year ended June 30, 2019



b) Sales tax

- 1) The Additional Commissioner Enforcement-I, Punjab Revenue Authority issued a show cause notice bearing no. PRA/SC/WH/937 on June 07, 2018. The Deputy Commissioner Enforcement vide his order no. PRA/ST/WH/008 dated November 02, 2018 has determined the liability of Rs. 140 million on account of withholding sales tax under Punjab Sales Tax on Services Act 2012 for the period from July 01, 2015 to June 30, 2017.

The Company filed an appeal before the Commissioner (Appeals) Punjab Revenue Authority dated December 22, 2018 against the order passed by the Additional Commissioner Enforcement-I with the plea that this order was adversely decided against the Company without considering the explanation provided by the Company which is pending adjudication. The management is of the opinion, based on the advice of legal adviser that the decision is likely to be in the favor of the Company.

- 2) Five cases of inadmissible input sale tax amounting to Rs. 94.45 million were adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases were remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify the compliance of the Company with the relevant provisions of the Sales Tax Act, 1990. No provision has been made in these financial statements as the management is of the opinion, based on advice of tax advisor, that the decision is likely to be in the favor of the Company.

c) Gas Infrastructure Development Cess

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 376.68 million (2018: Rs. 254.29 million) on account of late payment surcharge on GIDC of Rs. 607.59 million (Note 25.2) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On the appeal filed by the Company, the Honorable High Court of Sindh by their judgement, suspended the levy and declared the GIDC Act, 2015 as null and void. Subsequent to the judgment, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh.

No provision has been made in these financial statements for late payment surcharge as the management is of the opinion, based on advice of legal advisor that the Company is not liable to pay late payment surcharges and expects that the decision is likely to be in the favor of the Company.

28.2 Commitments

28.2.1 The Company's commitments as at statement of financial position date are as follows:

- a) Letters of credit other than for capital expenditure at the end of the year amounted to Rs. 1,436.12 million (2018: Rs. 1,629.57 million).
- b) Capital expenditure including letters of credit amounting to Rs. 177.97 million (2018: Rs. 105.76 million).

Notes to the Financial Statements

for the year ended June 30, 2019

	Note	2019 (Rupees in thousands)	2018
29 SALES - NET			
Gross sales		25,992,671	22,190,953
Sales tax		(3,752,047)	(3,226,380)
		<u>22,240,624</u>	<u>18,964,573</u>
30 COST OF SALES			
Materials consumed		12,750,665	11,060,555
Fuel and power		3,684,990	2,828,127
Depreciation on property, plant and equipment	7.5	944,564	952,300
Salaries, wages and other benefits	30.1	878,425	773,803
Repairs, maintenance and stores consumption		785,904	700,932
Packing expenses		469,749	418,776
Insurance		85,201	79,817
Provision for slow moving stores and spares	11.3	6,000	6,000
Rent, rates and taxes		15,687	12,118
Manufacturing cost		<u>19,621,185</u>	16,832,428
Work-in-process			
Opening stock		58,857	96,961
Closing stock		(87,584)	(58,857)
		<u>(28,727)</u>	<u>38,104</u>
Cost of goods manufactured		<u>19,592,458</u>	16,870,532
Finished goods			
Opening stock		748,214	336,485
Closing stock		(762,346)	(748,214)
		<u>(14,132)</u>	<u>(411,729)</u>
		<u>19,578,326</u>	<u>16,458,803</u>

30.1 Salaries, wages and other benefits includes Rs. 55.81 million (2018: Rs. 49.01 million) in respect of staff retirement benefits.

	Note	2019 (Rupees in thousands)	2018
31 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other benefits	31.1	282,803	252,893
Depreciation on property, plant and equipment	7.5	34,785	32,590
Information technology charges		25,833	22,697
Rent, rates and taxes		10,484	10,654
Amortization on intangible assets	9.1	1,649	1,100
Security service charges		46,258	43,234
Repairs and maintenance		9,270	8,642
Travelling and conveyance		27,150	19,818
Electricity		9,586	10,274
Printing, stationery and periodicals		9,236	7,880
Business promotion expenses		3,796	5,866
Fee and subscription		5,682	3,787
Telephone and postage		3,591	3,128
Insurance		3,682	2,091
Advertisement		597	1,100
		<u>474,402</u>	<u>425,754</u>

Notes to the Financial Statements

for the year ended June 30, 2019



31.1 Salaries and other benefits include Rs. 18.01 million (2018: Rs. 15.99 million) in respect of staff retirement benefits.

	Note	2019 (Rupees in thousands)	2018
32 SELLING AND DISTRIBUTION EXPENSES			
Selling expenses			
Salaries and other benefits	32.1	53,005	46,958
Insurance		834	681
Electricity		132	-
Depreciation on property, plant and equipment	7.5	3,084	2,347
Travelling and conveyance		3,106	2,033
Rent, rate and taxes		1,810	1,778
Telephone and postage		168	218
		62,139	54,015
Distribution expenses			
Outward freight		91,299	75,189
		153,438	129,204

32.1 Salaries and other benefits include Rs. 4.16 million (2018: Rs 3.61 million) in respect of staff retirement benefits.

	Note	2019 (Rupees in thousands)	2018
33 OTHER OPERATING CHARGES			
Legal and professional charges		14,179	28,773
Auditors' remuneration			
Statutory audit		1,065	990
Half yearly review		215	200
Fee for other certification		181	110
Reimbursement of expenses		166	238
		1,627	1,538
Workers' Profit Participation Fund	25.3	66,627	76,301
Workers' Welfare Fund		26,936	18,512
Net exchange loss		7,941	1,678
Donation	33.1	3,056	3,792
Others		5,384	4,086
		125,750	134,680

33.1 The Company has paid donations to donees as mentioned below:

Name of Donee

Institute of Rural Management		1,476	675
Smile Foundation		519	963
The Layton Rahmatulla Benevolent Trust	33.1.1	500	1,000
Patients Aid Foundation		500	-
Family Educational Services Foundation		-	1,000
Others		61	154
		3,056	3,792

Notes to the Financial Statements

for the year ended June 30, 2019

33.1.1 Mr. Iqbal Ali Lakhani, the director, is a trustee of The Layton Rahmatulla Benevolent Trust.

	Note	2019 (Rupees in thousands)	2018
34 OTHER INCOME			
Income from non-financial assets			
Sale of scrap		67,787	60,042
Insurance agency commission		14,295	11,308
Gain on sale of operating fixed assets - net		3,905	2,662
Liabilities no longer payable written back		5,120	-
Others		1,327	1,426
		92,434	75,438
35 FINANCE COST			
Long term financing from banks			
Islamic mode		52,505	73,652
Conventional mode		112,498	103,035
		165,003	176,687
Long term loan from associated undertakings /Directors		230,518	99,538
Short term borrowings			
Islamic mode		24,041	11,486
Conventional mode		331,076	161,429
		355,117	172,915
Short term loan from associated undertakings / Director		4,862	-
Workers' Profit Participation Fund	25.3	899	987
		756,399	450,127
Net exchange loss on import credit finances		-	5,121
Bank charges and commission		5,766	5,106
		762,165	460,354
36 TAXATION			
For the year			
Current	36.1	366,372	50,234
Prior	36.2	73,256	4,912
Deferred		(84,805)	384,211
		354,823	439,357

36.1 The provision of current tax charge for the year represents normal tax of Rs. 339.15 million at the rate of 29% of the taxable income for the year. It also includes Super Tax, which has been provided in accordance with the provisions of Section 4B of the Income Tax Ordinance, 2001.

36.2 The prior year tax included the tax charge of Rs. 67.74 million relating to certain disallowances made by the Additional Commissioner of (Audit) Inland Revenue - LTU in his order for the tax year 2018 as more fully explained in note 17.1.

Notes to the Financial Statements

for the year ended June 30, 2019



36.3 Comparison of tax provision against tax assessments

Years	Note	Tax provision (Rupees in thousands)	Tax assessment
2017-18	17.1	50,234	327,374
2016-17		56,213	60,398
2015-16	36.4	-	-

36.4 Tax liability for tax year 2016 of Rs. 136 million was fully adjusted against the tax credits under Section 65B of Rs. 246 million.

36.5 The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. Accordingly, the Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the actual tax liability of the Company.

36.6 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2019 %age	2018 %age
Applicable tax rate	29.00	30.00
Effect of Super Tax	2.20	3.44
Others	(2.56)	(2.74)
	(0.36)	0.70
Average effective tax rate	28.64	30.70

37 EARNINGS PER SHARE - BASIC AND DILUTED

The earnings per share as required under IAS 33 "Earnings per share" is given below:

	2019 (Rupees in thousands)	2018
Profit for the year	884,154	991,859
Less: Dividend attributable to cumulative preference shares	(31,584)	(72,367)
Profit attributable to ordinary shareholders	852,570	919,492
Weighted average number of ordinary shares (in thousands)	147,018	147,018
Earnings per share attributable to ordinary shareholders (Rupees)	5.80	6.25

There is no dilutive effect on the basic earnings per share of the Company.

38 DEFINED BENEFIT PLAN

38.1 General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2019 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

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Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Asset volatility - Most assets are invested in risk free investments i.e. Government Bonds / Treasury bills. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the Actuary.

38.2 Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:

	2019 %age	2018 %age
Discount rate	14.25	9.00
Expected rate of return on plan assets	9.00	7.75
Expected rate of increase in salary	14.25	9.00

38.3 Reconciliation of balance due to defined benefit plan

Present value of defined benefit obligation	585,753	508,825
Fair value of plan assets	(465,116)	(431,331)
Closing net liability	<u>120,637</u>	<u>77,494</u>

38.4 Movement of the liability recognized in the statement of financial position

	2019 (Rupees in thousands)	2018
Opening net liability	77,494	58,479
Charge for the year	38.8 <u>33,984</u>	28,934
Remeasurement chargeable to other comprehensive income	38.9 <u>54,860</u>	30,818
Contribution made during the year	<u>(45,701)</u>	(40,737)
Closing net liability	25 <u>120,637</u>	<u>77,494</u>

Notes to the Financial Statements

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	2019	2018
	(Rupees in thousands)	
38.5 Fair value of plan assets at year end		
Government securities	67,364	41,000
Term Deposit Receipt (TDR)	241,110	266,167
Term Finance Certificates / Certificates of Investment	22,077	22,379
Mutual funds / Shares	123,528	100,901
Cash at banks	2,935	1,500
Others	8,102	(616)
	<u>465,116</u>	<u>431,331</u>
38.6 Movement in present value of defined benefit obligations		
Opening present value of defined benefit obligations	508,825	445,362
Current service cost for the year	29,132	26,004
Interest cost for the year	44,948	33,884
Benefits due but not paid during the year	(1,455)	(616)
Benefits paid during the year	(17,352)	(15,691)
Remeasurement loss on obligation	21,655	19,881
Closing present value of defined benefit obligations	<u>585,753</u>	<u>508,824</u>
38.7 Movement in fair value of plan assets		
Opening fair value of plan assets	431,331	386,883
Remeasurement loss on plan assets	(33,205)	(10,936)
Contributions during the year	45,701	40,738
Benefits paid during the year	(17,352)	(15,691)
Benefits due but not paid during the year	(1,455)	(616)
Expected return on plan assets	40,096	30,953
Closing fair value of plan assets	<u>465,116</u>	<u>431,331</u>
38.8 Charge for the year		
Current service cost	29,132	26,004
Interest cost	44,948	33,884
Expected return on plan assets	(40,096)	(30,954)
Charge for the year	<u>33,984</u>	<u>28,934</u>
38.9 Remeasurement chargeable to other comprehensive income		
Remeasurement loss on defined benefit obligation	21,655	19,882
Remeasurement loss on plan assets	33,205	10,936
	<u>54,860</u>	<u>30,818</u>
Tax impact	(15,909)	(9,245)
	<u>38,951</u>	<u>21,573</u>

Notes to the Financial Statements

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38.10 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumption	Decrease in assumption
Discount rate	(33,452)	37,786
Salary increase	38,138	(34,366)

38.11 Maturity Profile

Time in year		
1	122,735	80,595
2	57,506	59,882
3	57,664	50,539
4	56,886	47,594
5-10	594,004	358,825
Weighted average duration	6 years	7 years

38.12 The charge in respect of defined benefit plan for the year ending June 30, 2020 is estimated to be Rs. 48.26 million.

39 DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "Century Paper & Board Mills Limited - Employees Contributory Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

39.1 The Trustees have intimated that the size of the Fund at year end was Rs. 623.36 million (2018: Rs. 558.99 million).

39.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 599.87 million (2018: Rs. 524.36 million) which is equal to 96.23% of the total fund size. The fair value of the investments was Rs. 591.52 million (2018: Rs. 535.27 million) at that date. The category wise break up of investment as per Section 218 of the Companies Act, 2017 is given below:

	2019		2018	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
Government securities	120,020	20	53,000	10
Listed Securities (Mutual funds)	155,130	26	127,176	23
Term Finance Certificates	29,690	5	29,992	6
Bank Term Deposit	286,680	49	325,100	61
	591,520	100	535,268	100

Notes to the Financial Statements

for the year ended June 30, 2019



39.3 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules made there under.

	Note	2019 (Rupees in thousands)	2018
40 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,238,977	1,431,216
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		982,433	987,239
Amortization of intangible assets		1,649	1,100
Gain on sale of operating fixed assets		(3,905)	(2,662)
Provision for gratuity		33,984	28,934
Provision for slow moving / obsolete stores and spares		6,000	6,000
Workers' Profit Participation Fund		66,627	76,301
Finance cost	35	762,165	460,354
Working capital changes	40.1	(965,910)	(1,600,895)
		<u>2,122,020</u>	<u>1,387,587</u>
40.1 Changes in working capital			
Decrease / (increase) in current assets:			
Stores and spares		(174,442)	68,511
Stock-in-trade		(586,889)	(934,194)
Trade debts		(679,996)	(780,946)
Loans and advances		(27,308)	(61,331)
Trade deposits and short term prepayments		(3,041)	(3,210)
Other receivables		(1,269)	(6,928)
Tax refunds due from Government		24,931	(40,994)
		<u>(1,448,014)</u>	<u>(1,759,092)</u>
Increase in current liabilities:			
Trade and other payables		482,104	158,197
		<u>(965,910)</u>	<u>(1,600,895)</u>

41 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Description	Liabilities		Total
	Long term Financing	Equity reserves	
	(Rupees in thousands)		
Balance as at July 1, 2018	3,868,540	4,071,475	7,940,015
Borrowings from Banking Companies	466,278	-	466,278
Borrowings from Director	975,000	-	975,000
Repayment	(1,126,933)	-	(1,126,933)
Dividend paid on ordinary shares	-	(110,264)	(110,264)
Dividend paid on preference shares	-	(87,664)	(87,664)
Total equity related other changes	-	845,203	845,203
Balance as at June 30, 2019	<u>4,182,885</u>	<u>4,718,750</u>	<u>8,901,635</u>

Notes to the Financial Statements

for the year ended June 30, 2019

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

- a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2019				2018			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	10,676	9,060	91,607	111,343	9,708	9,060	82,817	101,585
House rent	4,804	-	38,001	42,805	4,369	-	34,687	39,056
Fixed bonuses	1,780	-	12,891	14,671	1,618	-	11,518	13,136
Staff retirement benefits	2,875	-	16,993	19,868	2,535	-	14,514	17,049
Medical	1,068	900	9,161	11,129	971	900	8,281	10,152
Utilities	-	4,067	-	4,067	-	4,415	347	4,762
Others	8	-	3,534	3,542	8	-	3,461	3,469
Total	21,211	14,027	172,187	207,425	19,209	14,375	155,625	189,209
Number of persons	1	1	45	47	1	1	42	44

- b) Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 440,000 (2018: Rs. 320,000) and Rs. 320,000 (2018: Rs. 330,000) respectively. The Directors fees for attending Board and Audit Committee meetings were paid as prescribed in Articles of Association.
- c) The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.
- d) The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.
- e) Remuneration to Non-Executive Director relates to amount paid for part time involvement in the Company.

43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties and associated undertakings comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Nature of transaction	Nature of Relation	Basis of Relation	2019	2018
			(Rupees in thousands)	
Sale of goods, services and reimbursement of expenses				
Merit Packaging Limited	Associated company	Common Director	1,695,705	1,374,771
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	652,349	593,302
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	541	3,414
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	3,675
Cyber Internet Services (Private) Limited	Associated company	Common Director	1,247	2,330
Sybird (Private) Limited	Associated company	Common Director	-	719

Notes to the Financial Statements

for the year ended June 30, 2019



Nature of transaction	Nature of Relation	Basis of Relation	2019	2018
			(Rupees in thousands)	
Purchase of goods, services and reimbursement of expenses				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	162,352	141,392
Merit Packaging Limited	Associated company	Common Director	30,355	29,272
Lakson Business Solutions Limited	Associated company	Common Director	4,967	4,273
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	2,897	2,941
Princeton Travels (Private) Limited	Associated company	Common Director	18,560	14,570
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	3,567	3,095
Cyber Internet Services (Private) Limited	Associated company	Common Director	2,814	1,823
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	1,360	850
SIZA Foods (Private) Limited	Associated company	Common Director	402	350
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	148	134
Express Publications (Private) Limited	Associated company	Common Management	6,085	3,333
Sybird (Private) Limited	Associated company	Common Director	3,034	1,024
Rent and other allied charges				
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	6,389	5,939
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	3,090	2,481
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	614	611
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	158	201
Insurance agency commission				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	14,294	11,308
Donation				
The Layton Rahmatullah Benevolent Trust	Donee	Trustee	500	1,000
Mark-up paid				
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	104,083	67,372
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	45,354	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	18,142	-
Mr. Iqbal Ali Lakhani	Director	Directorship	62,937	32,166
Long term loan obtained				
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	100,000	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	625,000	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	250,000	-
Mr. Iqbal Ali Lakhani	Director	Directorship	-	650,000

Notes to the Financial Statements

for the year ended June 30, 2019

Nature of transaction	Nature of Relation	Basis of Relation	Note	2019	2018
				(Rupees in thousands)	
Redemption Of Preference Shares					
Premier Fashions (Private) Limited	Associated company	Common Director and 8.43% shares held		76,268	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held		532,995	-
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held		91,198	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held		200,753	-
Dividend on ordinary shares					
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held		30,113	60,226
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held		24,461	48,922
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held		9,375	18,749
Premier Fashions (Private) Limited	Associated company	Common Director and 8.43% shares held		9,293	18,586
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held		1,390	-
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held		472	-
Dividend on Preference Shares					
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held		51,847	11,775
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held		19,528	4,435
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held		8,871	2,015
Premier Fashions (Private) Limited	Associated company	Common Director and 8.43% shares held		7,418	1,685
Others					
Contribution to Staff Retirement Benefit Plans	Employees Fund			88,853	80,414
Remuneration and other benefits	Key Management Personnel		43.2	207,425	189,209
43.1 Year end balances					
Receivable from related parties			13.1 & 16.1	610,699	343,025
Payable to related parties			25.1	95,247	88,972
Payable to Retirement Benefit Plan				128,251	84,265
Long-term financing from associated undertaking / Director				2,625,000	1,650,000

43.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 42)". There are no transactions with key management personnel other than under their terms of employment.

43.3 All transactions with related parties have been carried out on commercial terms and conditions.

Notes to the Financial Statements

for the year ended June 30, 2019



44 CAPACITY AND PRODUCTION - TONNES

	2019		2018	
	Annual capacity on three shifts	Actual production	Annual capacity on three shifts	Actual production
Paper and paper board produced	240,000	227,602	240,000	229,384
Paper and paper board conversion	30,000	27,043	30,000	25,370

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

45.1 Risk management policies

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

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

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

45.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures. Out of total financial assets of Rs. 3,417.61 million (2018: Rs. 2,800.69 million), the financial assets which are subject to credit risk amounted to Rs. 3,415.05 million (2018: Rs. 2,796.99 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

Notes to the Financial Statements

for the year ended June 30, 2019

	2019	2018
	(Rupees in thousands)	
Loans and deposits	7,529	8,070
Trade debts	3,046,320	2,366,324
Other receivables	12,062	10,793
Bank balances	349,138	411,806
	3,415,049	2,796,993
The aging of trade receivable at the reporting date is:		
Not past due	2,333,240	1,939,176
Past due 1-30 days	658,445	341,203
Past due 30-90 days	52,176	78,164
Past due 90 days	2,459	7,781
	3,046,320	2,366,324

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks ranges from A to AAA.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

45.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. 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 stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments, if any:

Notes to the Financial Statements

for the year ended June 30, 2019



Carrying amount	Contractual Cash Flows	Six months or less	Six to twelve months	One to two years	Two to five years	Over five years
(Rupees in thousands)						
2019						
Long-term financing	4,182,885	4,874,109	1,160,953	524,095	918,642	2,221,661
Trade and other payables	2,017,438	2,017,438	2,017,438	-	-	-
Interest and mark-up accrued	96,526	96,526	96,526	-	-	-
Short-term borrowings	4,247,267	4,341,236	4,341,236	-	-	-
	10,544,116	11,329,309	7,616,153	524,095	918,642	2,221,661
2018						
Long-term financing	3,868,540	4,218,013	673,721	593,827	2,265,830	648,347
Trade and other payables	1,763,874	1,763,874	1,763,874	-	-	-
Interest and mark-up accrued	39,849	39,849	39,849	-	-	-
Short-term borrowings	3,426,688	3,455,052	3,455,052	-	-	-
	9,098,951	9,476,788	5,932,496	593,827	2,265,830	648,347

45.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to price risk.

a) Currency risk

Foreign currency risk is the risk that the future cash flow of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company's exposure to foreign currency risk is as follows:

	2019	2018
	(Rupees in thousands)	
Foreign bills payable	686,757	468,687
Outstanding letter of credits	1,613,078	1,735,330
Net exposure	2,299,835	2,204,017

The following significant exchange rates have been applied.

	Average rate		Reporting date rate	
	2019	2018	2019	2018
	Rupees			
USD to PKR	135.91	110.09	160.00	121.68

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on net foreign currency exposure at reporting date.

Notes to the Financial Statements

for the year ended June 30, 2019

	Average rate		Reporting date rate	
	2019	2018	2019	2018
	(Rupees in thousands)			
Effect on profit	138,703	139,447	163,288	154,127

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post-tax profit.

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

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the Statement of Financial Position date the interest rate profile of the Company's interest -bearing financial instruments is as follows:

	2019	2018	2019	2018
	Effective rate (In percent)		Carrying amount (Rupees in thousands)	
Financial liabilities				
Variable rate instruments				
Long term loans	2.75 to 11.19	6.58 to 6.90	4,182,885	3,868,540
Short term borrowings	9.03 to 10.28	2.26 to 6.26	4,247,267	3,426,688

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increase / (decrease) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

	Profit and loss (post tax)	
	100 bps increase	100 bps decrease
	(Rupees in thousands)	
As at June 30, 2019		
Cash flow sensitivity - Variable rate financial liabilities	(59,854)	59,854
As at June 30, 2018		
Cash flow sensitivity - Variable rate financial liabilities	(51,067)	51,067

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

Notes to the Financial Statements

for the year ended June 30, 2019



	2019	2018
	(Rupees in thousands)	
45.5 Financial instruments by category		
Financial assets at amortised cost		
Loans and deposits	7,529	8,070
Trade debts	3,046,320	2,366,324
Other receivables	12,062	10,793
Cash and bank balances	351,700	415,508
	3,417,611	2,800,695
Financial liabilities at amortised cost		
Long term financing	4,182,885	3,868,540
Trade and other payables	2,017,438	1,763,874
Interest and mark-up accrued	96,526	39,849
Short-term borrowings	4,247,267	3,426,688
	10,544,116	9,098,951

46 FAIR VALUE MEASUREMENT 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:

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

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

As of the reporting date, none of the financial instruments of the company are carried at fair value.

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

Notes to the Financial Statements

for the year ended June 30, 2019

47 CAPITAL MANAGEMENT

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

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

The Company's management believes in maintaining appropriate mix of debt and equity capital and monitors capital on the basis of the net debt to equity ratio. The net debt is defined as long and short term borrowings offset by cash and bank balances. The equity includes ordinary share capital and all types of reserves that are managed as capital and subordinated loan.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 08, 2019 by the Board of Directors of the Company.

49 NON-ADJUSTING EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in their meeting held on August 8, 2019 has recommended the final cash dividend of 10% (i.e. Re. 1 per share) amounting to Rs. 147.02 million for its Ordinary Shareholders and proposed a transfer of Rs. 600 million from Un-appropriated profits to General Reserve subjects to approval of members at Annual General Meeting to be held on September 26, 2019.

Ordinary dividend of Rs. 147.02 million together with preference dividend paid for the year amounting to Rs. 31.58 aggregates to total dividend for the year of Rs. 178.6 million which constitute 20% of after tax profit.

50 NUMBER OF EMPLOYEES

- a) The number of employees as at year end was 1,652 (2018: 1,646) and average number of employees during the year was 1,652 (2018: 1,589).
- b) The number of factory employees as at year end was 1,409 (2018: 1,307) and average number of factory employees during the year was 1,400 (2018: 1,268).

51 GENERAL

51.1 Amounts have been rounded off to the nearest thousands of rupees.

51.2 Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.



Aftab Ahmad
Chief Executive Officer



Tasleemuddin Ahmed Batlay
Director



Muhammad Rashid Dastagir
Chief Financial Officer

Pattern of Shareholding

as at June 30, 2019



Incorporation Number K-54/8182 of 1984

CUIN Registration No. 0012021

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
528	1	100	9,215
349	101	500	124,376
221	501	1,000	197,169
466	1,001	5,000	1,230,954
142	5,001	10,000	1,106,933
62	10,001	15,000	790,709
42	15,001	20,000	746,098
20	20,001	25,000	481,375
14	25,001	30,000	381,173
11	30,001	35,000	361,852
15	35,001	40,000	572,175
6	40,001	45,000	255,753
10	45,001	50,000	490,593
6	50,001	55,000	318,375
3	55,001	60,000	174,711
7	60,001	65,000	438,839
4	65,001	70,000	276,862
3	70,001	75,000	219,500
3	75,001	80,000	234,500
3	85,000	90,000	260,750
2	90,001	95,000	185,115
7	95,001	100,000	690,871
4	110,000	115,000	445,913
2	115,001	120,000	239,500
2	120,001	125,000	242,000
1	125,001	130,000	126,000
1	130,001	135,000	130,500
1	135,001	140,000	138,000
2	140,001	145,000	282,500
2	145,001	150,000	295,400
2	155,001	160,000	315,500
1	165,001	170,000	167,000
1	170,001	175,000	172,530
1	175,001	180,000	177,355
1	190,001	195,000	190,500
2	195,001	200,000	397,700
2	210,000	215,000	420,410
3	245,001	250,000	748,000
1	255,001	260,000	258,000
1	260,001	265,000	262,000
1	290,001	295,000	294,000
1	300,000	305,000	300,000
1	305,001	310,000	306,200
2	325,001	330,000	651,600

Pattern of Shareholding

as at June 30, 2019

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
1	330,001	335,000	330,600
2	345,000	350,000	692,000
1	380,001	385,000	380,600
1	475,001	480,000	478,600
1	625,001	630,000	629,495
2	700,001	705,000	1,403,236
1	810,001	815,000	814,400
1	820,001	825,000	824,550
2	900,000	905,000	1,800,500
1	1,005,001	1,010,000	1,005,100
1	1,015,001	1,020,000	1,016,700
1	1,450,001	1,455,000	1,454,072
1	1,480,001	1,485,000	1,481,655
1	1,630,001	1,635,000	1,630,950
1	1,715,001	1,720,000	1,716,062
1	1,850,001	1,855,000	1,853,386
1	2,245,001	2,250,000	2,249,100
1	2,425,001	2,430,000	2,428,550
1	2,865,001	2,870,000	2,867,600
1	3,250,001	3,255,000	3,253,537
1	4,940,001	4,945,000	4,943,431
1	12,390,001	12,395,000	12,390,648
1	12,495,001	12,500,000	12,499,634
1	32,610,001	32,615,000	32,614,961
1	40,150,001	40,155,000	40,150,472
1,987			147,018,345

Categories of Shareholding

as at June 30, 2019



Shareholders' Category	Shares Held	Percentage
Directors, CEO, and their spouse and minor children.	64,938	0.04
Associated Companies, undertakings and related parties.	100,164,925	68.13
NIT and ICP	4,943,731	3.36
Banks, Development Financial Institutions, Non Banking Financial Institutions.	905,518	0.62
Modarabas and Mutual Funds	11,830,555	8.04
Insurance Companies	3,309,537	2.25
Shareholders holding 10% or more	72,765,433	49.49
General Public	16,415,127	11.16
Others	9,384,014	6.38

Note: Some of the Shareholders are reflected in more than one category.

Details of Pattern of Shareholders

as at June 30, 2019

Shareholders' Category	Number of Shares Held	
ASSOCIATED COMPANIES / UNDERTAKINGS AND RELATED PARTIES		
SIZA Services (Private) Limited	32,614,961	
SIZA (Private) Limited	40,150,472	
Premier Fashions (Private) Limited	12,390,648	
SIZA Commodities (Private) Limited	12,499,634	
Accuray Surgicals Limited	1,853,386	
Century Insurance Company Limited	629,495	
Sultan Ali Lakhani	1,767	
Shaista Sultan Ali Lakhani	303	
Babar Ali Lakhani	18,901	
Bilal Ali Lakhani	151	
Danish Ali Lakhani	2,850	
Anika Amin Lakhani	1,242	
Natasha Lakhani	1,115	
MUTUAL FUNDS		
CDC - Trustee ABL Stock Fund	900,500	
CDC - Trustee Al Ameen Islamic Dedicated Equity Fund	1,481,655	
CDC - Trustee Al Ameen Shariah Stock Fund	1,716,062	
CDC - Trustee Al Hamra Islamic Stock Fund	814,400	
CDC - Trustee JS Large Capital Fund	98,900	
CDC - Trustee JS Pension Savings Fund-Equity Account	28,500	
CDC - Trustee Nafa Stock Fund	2,867,600	
CDC - Trustee National Investment (Unit) Trust	4,943,431	
CDC - Trustee UBL Retirement Savings Fund-Equity Sub Fund	325,700	
CDC - Trustee UBL Stock Advantage Fund	1,454,072	
CDC - Trustee UBL Dedicated Equity Fund	56,211	
CDC - Trustee Al Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	380,600	
CDC - Trustee HBL-Stock Fund	190,500	
CDC - Trustee HBL-Equity Fund	25,000	
CDC - Trustee HBL Multi-Asset Fund	14,000	
CDC - Trustee HBL PF Equity Sub Fund	39,000	
CDC - Trustee NBP Balanced Fund	145,400	
CDC - Trustee NBP Sarmaya Izafa Fund	248,000	
CDC - Trustee PICIC Growth Fund	294,000	
CDC - Trustee PICIC Investment Fund	150,000	
M/s. First Capital Mutual	455	
MCBFSL - Trustee ABL Islamic Stock Fund	347,000	
MCBFSL - Trustee ABL Islamic Asset Allocation Fund	43,000	
MCBFSL - Trustee ABL Islamic Dedicated Stock Fund	210,000	
DIRECTORS,CEO,THEIR SPOUSES AND MINOR CHILDREN		
Iqbal Ali Lakhani	Chairman	2,167
Amin Mohammed Lakhani	Director	1,606
Anushka Lakhani	Director	2,341
Tasleemuddin A. Batlay	Director	3,417
Shahid Ahmed Khan	Director	1,724
Aftab Ahmad	Director & CEO	5,718
Kemal Shoab	Director	718
Engr. M. Abdul Jabbar	Nominee Director (NIT)	NIL
Ronak Iqbal Lakhani W/o Iqbal Ali Lakhani		189
Fatima Lakhani W/o Zulfiqar Ali Lakhani		189
Saira Amin Lakhani W/o Amin Mohammed Lakhani		189
Roohi Aftab W/o Aftab Ahmad		46,680
EXECUTIVE		20
PUBLIC SECTOR COMPANIES AND CORPORATIONS		3,253,537
BANKS,DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABA AND PENSION FUNDS		1,968,554
SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE COMPANY		
SIZA Services (Private) Limited		32,614,961
SIZA (Private) Limited		40,150,472
Premier Fashions (Private) Limited		12,390,648
SIZA Commodities (Private) Limited		12,499,634

Proxy

I/We _____
of _____
a member of **CENTURY PAPER & BOARD MILLS LIMITED**
hereby appoint _____
of _____
or failing him/her _____
of _____

to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the Shareholders of the Company to be held on the 26th day of September 2019 and at any adjournment thereof.

Signed this _____ day of _____ 2019.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held	Signature

Witness 1

Signature _____
Name _____
CNIC No. _____
Address _____

Witness 2

Signature _____
Name _____
CNIC No. _____
Address _____

- Notes:
1. The Proxy must be a member of the Company.
 2. The signature must tally with the specimen signature/s registered with the Company.
 3. If a proxy is granted by a member who has deposited his/her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
 4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi not less than 48 hours before the time of the meeting.

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AFFIX
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POSTAGE

TO,
THE COMPANY SECRETARY
CENTURY PAPER & BOARD MILLS LIMITED
LAKSON SQUARE, BUILDING NO. 2,
SARWAR SHAHEED ROAD,
KARACHI-74200.

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مختار نامہ (پراکسی فارم)

میں/ہم _____ ساکن
 بحیثیت رکن (ممبر) سپنچری پیپرا اینڈ بورڈ ملز لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسطی / مسماة _____ ساکن
 کو یا ان کی غیر حاضری میں مسطی / مسماة _____ ساکن
 کو جو خود بھی سپنچری پیپرا اینڈ بورڈ ملز لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) سپنچری پیپرا اینڈ بورڈ ملز لمیٹڈ کے سالانہ اجلاس عام جو ۲۶ ستمبر ۲۰۱۹ کو منعقد ہو رہا ہے ما اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ _____ ۲۰۱۹ کو میرے/ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۱ _____ دستخط
 نام _____
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
 پتہ _____

گواہ نمبر ۲ _____ دستخط
 نام _____
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
 پتہ _____

ہدایات:

- ۱- مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ۲- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- ۳- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔

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TO,
THE COMPANY SECRETARY
CENTURY PAPER & BOARD MILLS LIMITED
LAKSON SQUARE, BUILDING NO. 2,
SARWAR SHAHEED ROAD,
KARACHI-74200.

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CENTURY PAPER & BOARD MILLS LIMITED

Head Office, Registered Office,

Corporate/Shares Office & Regional Sales Office (South)

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

Phone: (021) 38400000 Fax: (021) 35681163, 35683410

Regional Sales Office (North)

14-Ali Block, New Garden Town, Lahore - 54600, Pakistan.

Phone: (042) 35886801-4 Fax: (042) 35830338

Mills

62 KM, Lahore-Multan Highway, N-5, District Kasur,
Pakistan. Phone: (049) 4511464-5, 4510061-2 Fax: (049)
4510063

Email: info@centurypaper.com.pk

Website: www.centurypaper.com.pk