



Century Paper & Board Mills Limited



Annual Report 2021

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.

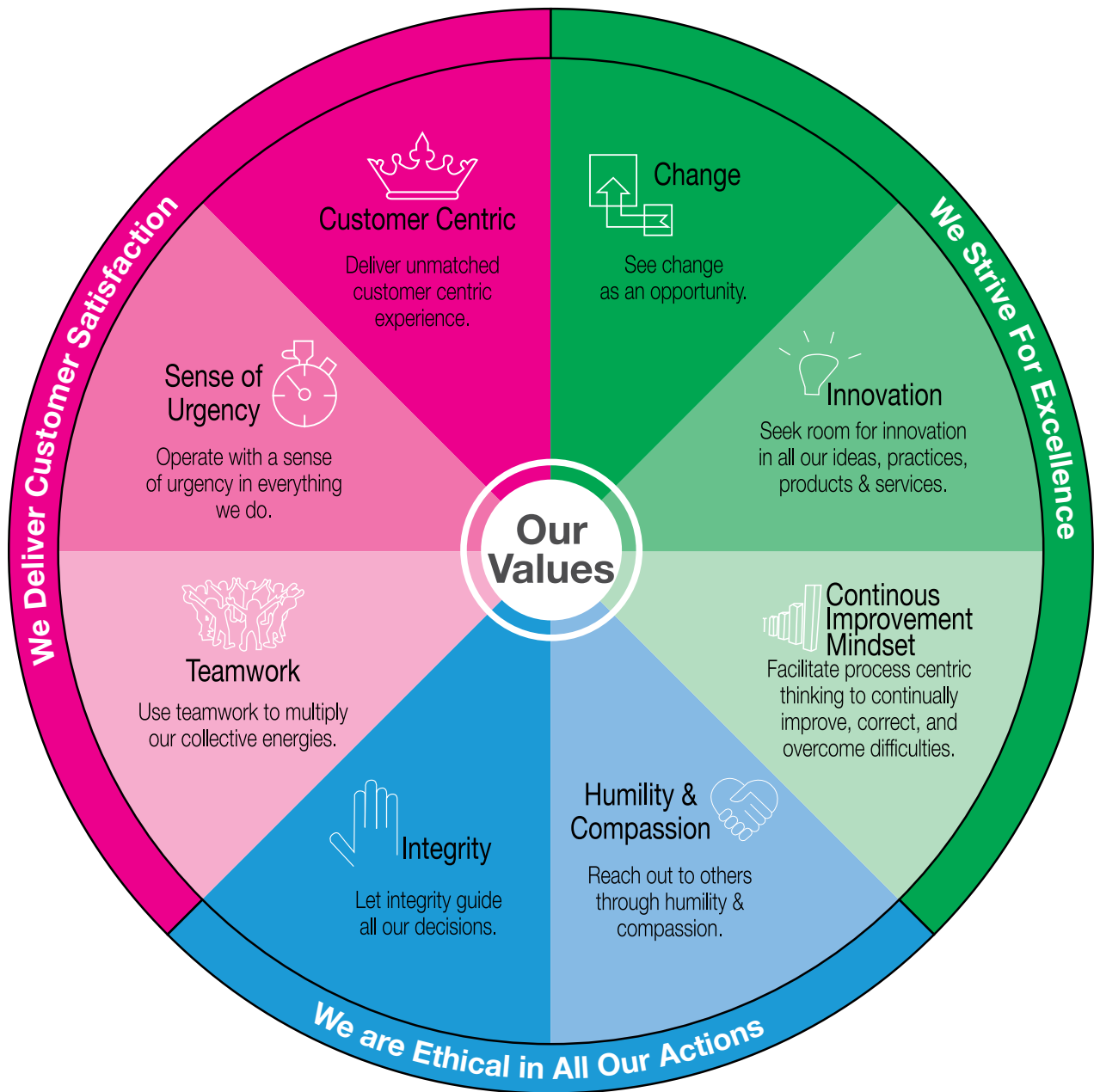
MISSION

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.

CONTENTS

04 Core Values	05 Code of Ethics	07 Organogram	08 Year at a Glance
09 Key Figures and Ratios	10 Milestones	13 Certifications & Awards	14 Review Report by the Chairman
15 Board of Directors	16 Corporate Information	20 Shareholders' Information	23 Notice of Annual General Meeting
28 DuPont Analysis	29 Statement of Value Added	30 Summarized Six Year Data	32 Financial Performance
34 Horizontal and Vertical Analysis	36 Sustainability Report	38 Chairman's Message	40 Directors' Report
76 ڈائریکٹرز رپورٹ	77 Statement of Compliance with the Code of Corporate Governance	79 Auditor's Review Report on Statement of Compliance	
80 Financial Statements	140 Pattern of Shareholding	Form of Proxy	

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

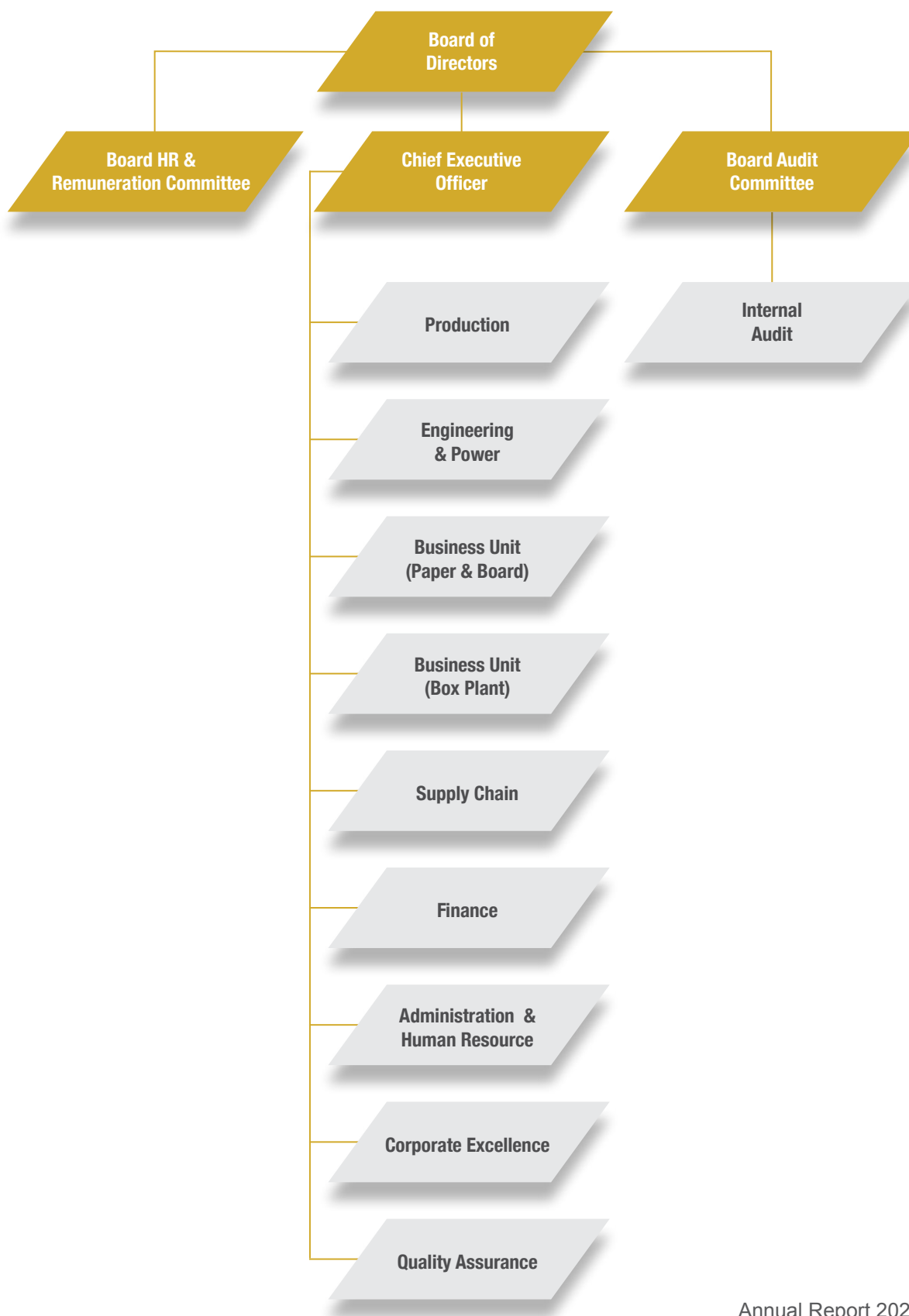
Mills
62 KM,
Lahore-Multan Highway,
N-5, District Kasur.

Lahore Office
14-Ali Block, New Garden
Town, Lahore.

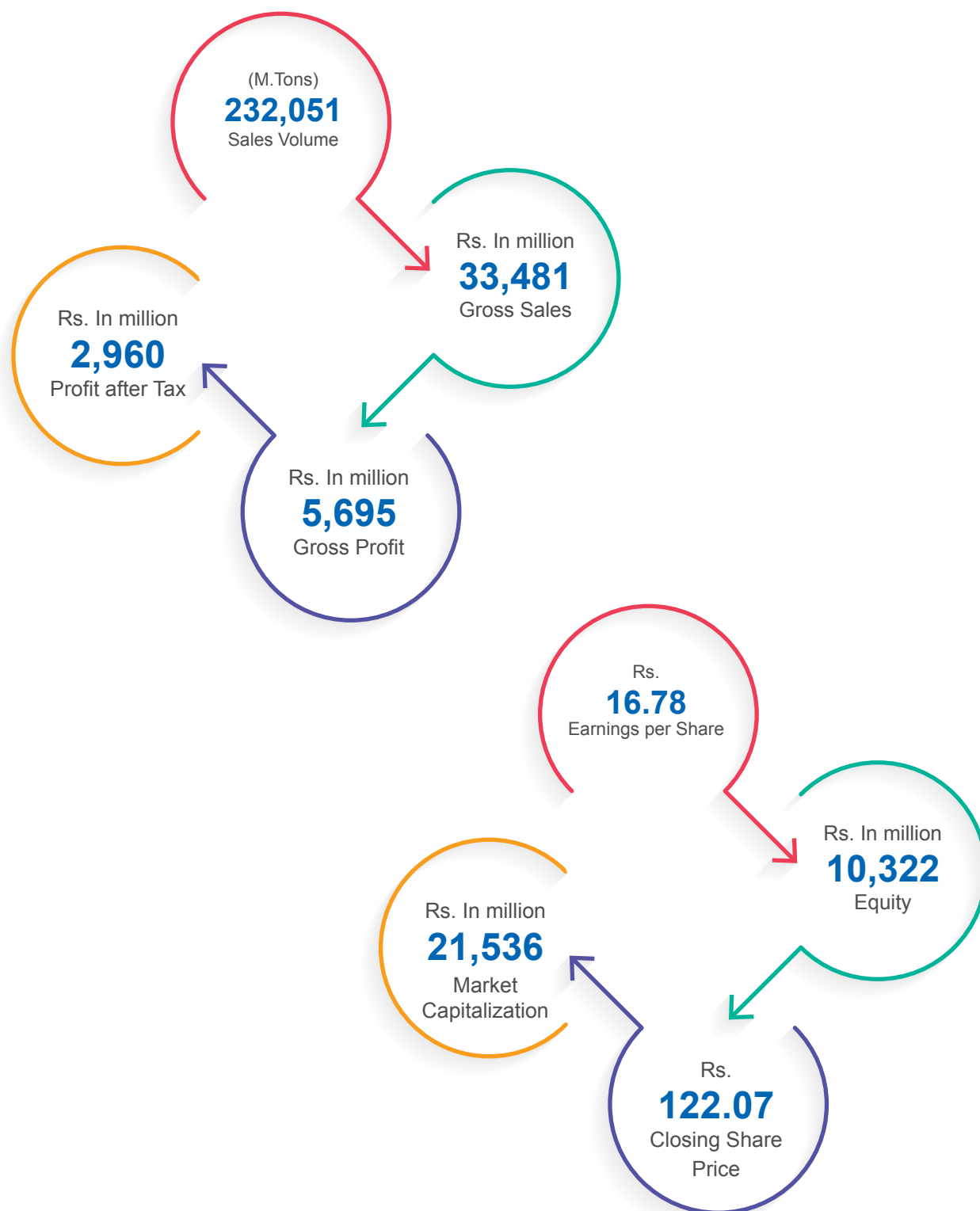


Head Office
Lakson Square,
Building No.2,
Sarwar Shaheed Road,
Karachi.

ORGANOGRAM



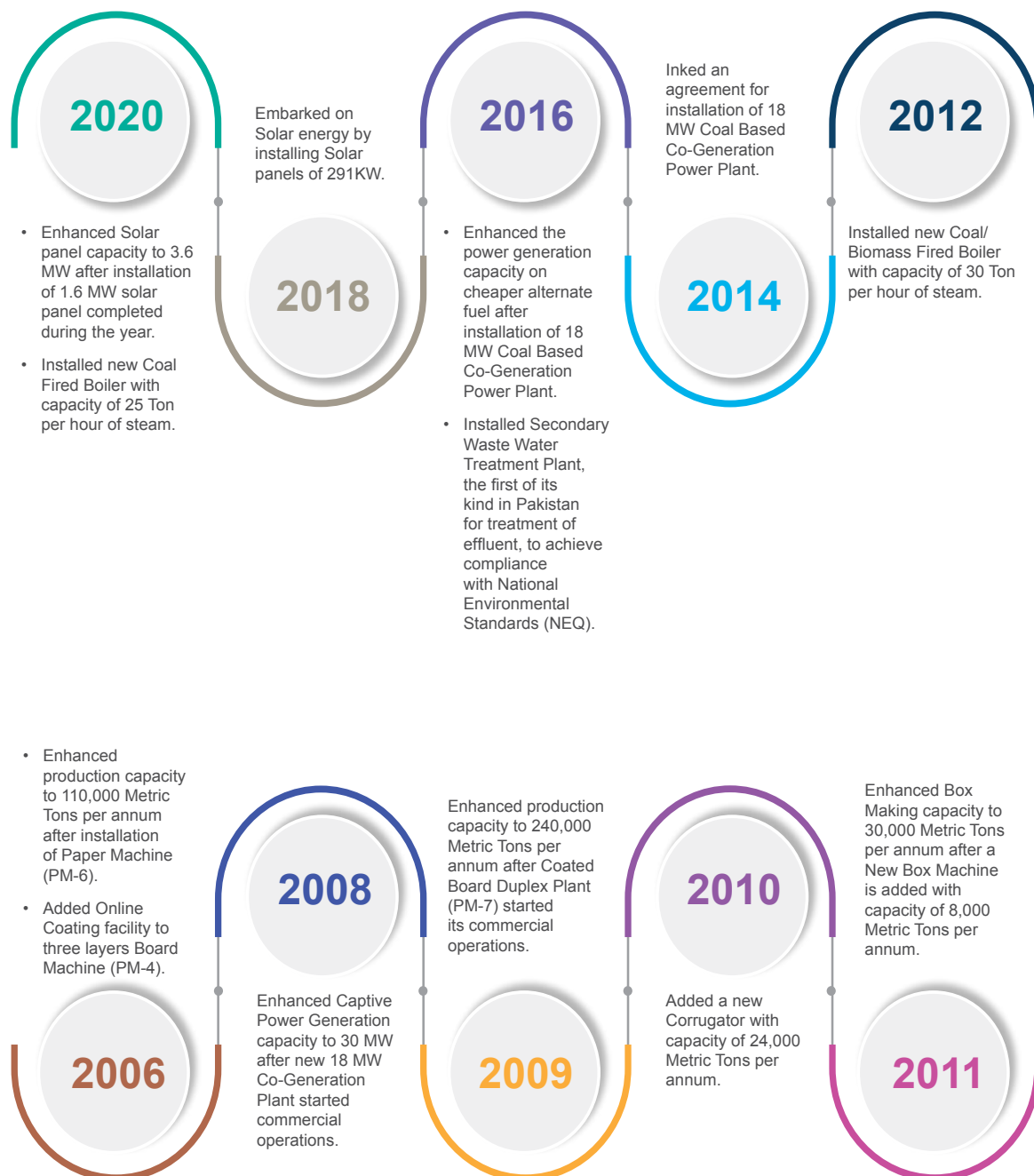
YEAR AT A GLANCE



KEY FIGURES & RATIOS

Key Figures	Rupees in million	
	2021	2020
Gross sales	33,481	28,440
Net sales	28,660	24,345
EBITDA	5,765	4,231
Profit pre tax	4,246	2,156
Profit post tax	2,960	1,522
Share capital	1,764	1,470
Shareholders' equity	10,322	7,582
Total assets	21,408	18,597
Capital expenditure	1,574	962
Capital employed	14,785	12,025
Long-term financing (including current portion)	3,254	2,901
Key Ratios		
	2021	2020
Earnings per share - Rupees	16.78	8.63
Breakup value per share - Rupees	58.51	51.57
Price earning ratio	7.28	6.91
Debt equity ratio (including current portion)	24 : 76	28 : 72
Leverage ratio	1.07 : 1	1.45 : 1
Current ratio	1.60 : 1	1.27 : 1
Quick ratio	0.52 : 1	0.43 : 1
Asset coverage ratio	1.80 : 1	2.40 : 1
Interest coverage ratio	11.46 : 1	3.18 : 1
Debt servicing coverage ratio	4.05 : 1	1.53 : 1
Debtors days	34	38
Inventory days	71	65
Operating Cycle	50	54

MILESTONES



ENTITY RATING

by JCR-VIS Credit Rating Company Limited as on June 2021

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.

GROSS SALES REVENUE



CERTIFICATIONS & AWARDS



REVIEW REPORT BY THE CHAIRMAN

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 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, 2021, 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: July 27, 2021

BOARD OF DIRECTORS



Iqbal Ali Lakhani
(Chairman)



**Amin Mohammed
Lakhani**



**Babar Ali
Lakhani**



**Anushka
Lakhani**



Asif Qadir



Ali Aamir



Aftab Ahmad
(Chief Executive Officer)

CORPORATE INFORMATION

Board's Committees

Audit Committee

Ali Aamir (Chairman)

Amin Mohammed Lakhani

Babar Ali Lakhani

Human Resource & Remuneration Committee

Asif Qadir (Chairman)

Amin Mohammed Lakhani

Anushka Lakhani

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
Bank Islami (Pakistan) 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 ("the Company") 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 of the Company 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, 2021 the Company has 2,554 shareholders.

Annual General Meeting

The annual shareholders meeting will be held on Thursday, September 23, 2021 at 03:00 p.m. at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi through video conference. 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 17, 2021 to September 23, 2021 (both days inclusive).

Dividend Announcement

The Board of Directors of the Company has proposed final cash dividend of Rs. 1.50 per share (15%) and by way of issue of fully paid bonus shares @ 15% in the proportion of three (3) shares for every twenty shares (20) of Rs.10.00 each for the year ended June 30, 2021.

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. Bonus shares will be credited / dispatched in to respective accounts/registered address.

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, 2020)	122.00	69.65	111.23	510,305
Second Quarter (Oct-Dec, 2020)	132.49	83.00	125.15	530,336
Third Quarter (Jan-Mar, 2021)	132.80	88.11	94.64	349,458
Fourth Quarter (Apr-Jun, 2021)	130.00	90.00	122.07	302,927
For the Year	132.80	69.65	122.07	426,265

Financial Results

The tentative timelines of the financial results for the year 2021-22 for approval in the Board of Directors meetings are as follows:

First Quarter ending on September 30, 2021	October 2021
Second Quarter ending on December 31, 2021	January 2022
Third Quarter ending on March 31, 2022	April 2022
For the year ending on June 30, 2022	July 2022

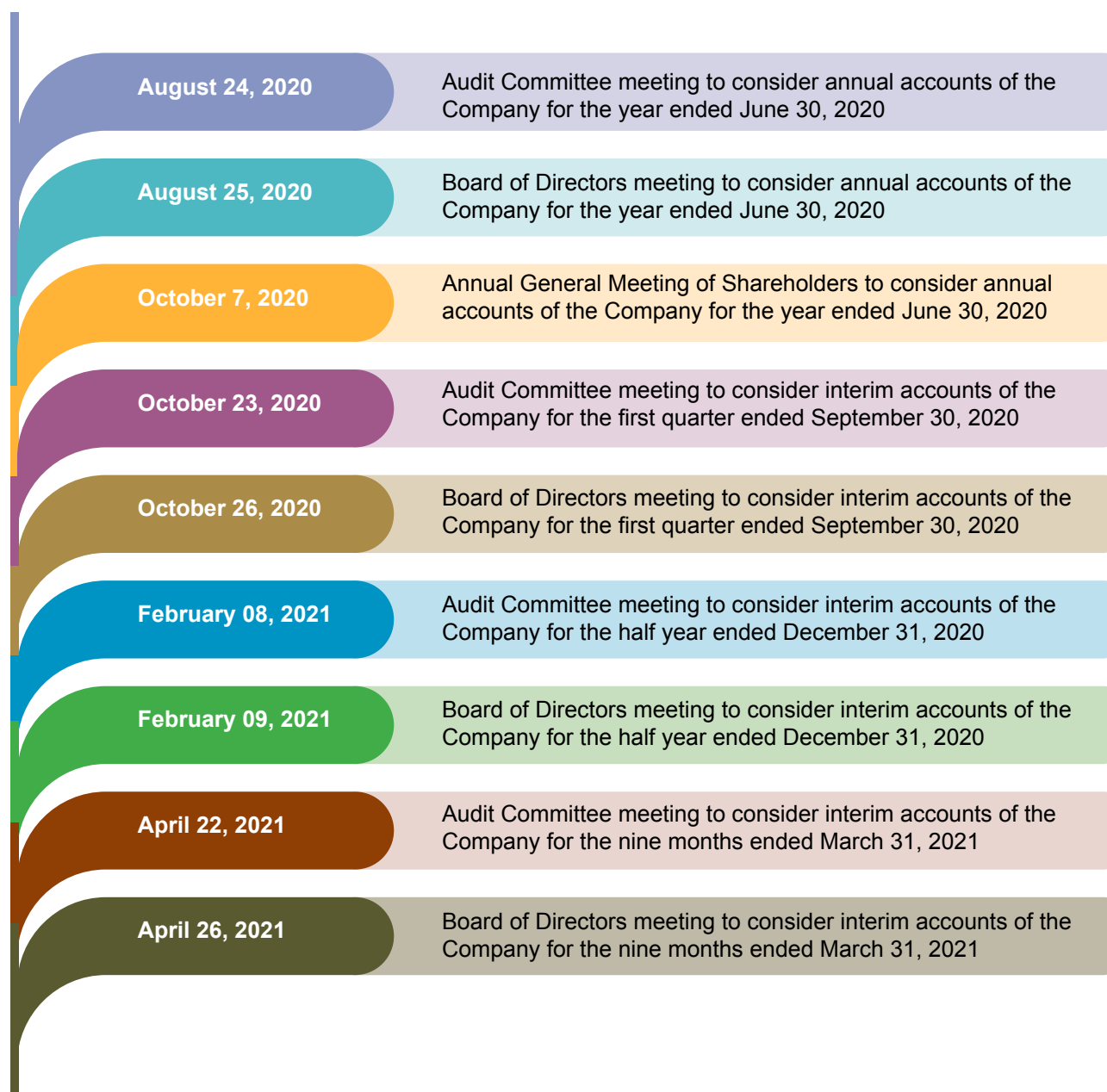
Web Presence

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 changes of address to: FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery Block-6, P.E.C.H.S. , Shahr-e-Faisal, Karachi.

CORPORATE CALENDAR



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 38th Annual General Meeting of CENTURY PAPER & BOARD MILLS LIMITED will be held on Thursday, September 23, 2021 at 03:00 p.m. at the Registered office of the Company at Lakson Square Building No.2, Sarwar Shaheed Road, Karachi through Video Conference 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, 2021 together with the Directors' and Auditors' reports thereon.
2. To declare final dividend in cash @ 15% i.e. Rs.1.50 per share of Rs.10.00 each and by way of issue of fully paid bonus shares @ 15% in the proportion of three shares for every twenty shares 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 resolutions as special resolution:
 - a) "RESOLVED that the transactions carried out in normal course of business with associated companies / related parties as disclosed in Note No.44 during the year ended June 30, 2021 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, 2022 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 23, 2021

NOTES:

1. The share transfer books of the Company will remain closed from September 17, 2021 to September 23, 2021 (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 upto the close of business on September 16, 2021 will be treated in time for entitlement of the dividend and bonus shares.
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. In view of the prevailing pandemic COVID-19 situation and in line with the directions issued to listed companies by the Securities & Exchange Commission of Pakistan, vide its Circular No.4 of 2021 dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 03, 2021, the Company has decided to hold Annual General Meeting (AGM) through electronic means.

Special arrangement for attending the AGM through electronic means will be as under:

- a. AGM will be held through Zoom application – a video link facility.
- b. Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by sending an e-mail with subject: "Registration for Century Paper AGM" at the earliest but not later than 5:00 pm Wednesday, September 22, 2021 on E-mail: mansoor-ahmed@centurypaper.com.pk alongwith a valid copy of both sides of CNIC.

Shareholders are advised to mention their Name, Folio/CDC Account Number, CNIC Number, Valid email address and cell number .

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices.

Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM on above email or Whatsapp: 0315-5008228.

4. 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, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. A proxy must be a member of the Company.
5. 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 excluding holidays.
6. 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.
7. 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.

8. 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.
9. (i) The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:
 1. Persons appearing in Active Tax Payers List (ATL) 15%
 2. Persons not appearing in Active Tax Payers List (ATL) 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 shareholders 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 #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	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: (021) 384 000 00 and email address mansoor-ahmed@centurypaper.com.pk and/or FAMCO Associates (Private) Limited at phone: (021) 343 801 01-5 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.

10. Section 72 of the Companies Act, 2017 requires every company to replace its physical shares with book-entry form within the period to be notified by the SECP.

The shareholders having physical shareholding are accordingly encourage to open their account with Investor Accounts Services of CDC or Sub Account with any of the brokers and convert their physical shares into scrip less form. This will facilitate the shareholders in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

11. An updated list for unclaimed dividend/shares of the Company is available on the Company's website www.centurypaper.com.pk. These are unclaimed dividend/shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable.

Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claims Forms must be submitted to the Company's Shares Registrar for receipt of dividend/shares.

12. 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.

13. Form of Proxy is enclosed.

STATEMENT OF MATERIAL FACTS

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

The 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, 2021 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, 2019.

During the Board meeting it was pointed out by the Directors that as some 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, 2021 with associated companies/related parties shown in Note No.44 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

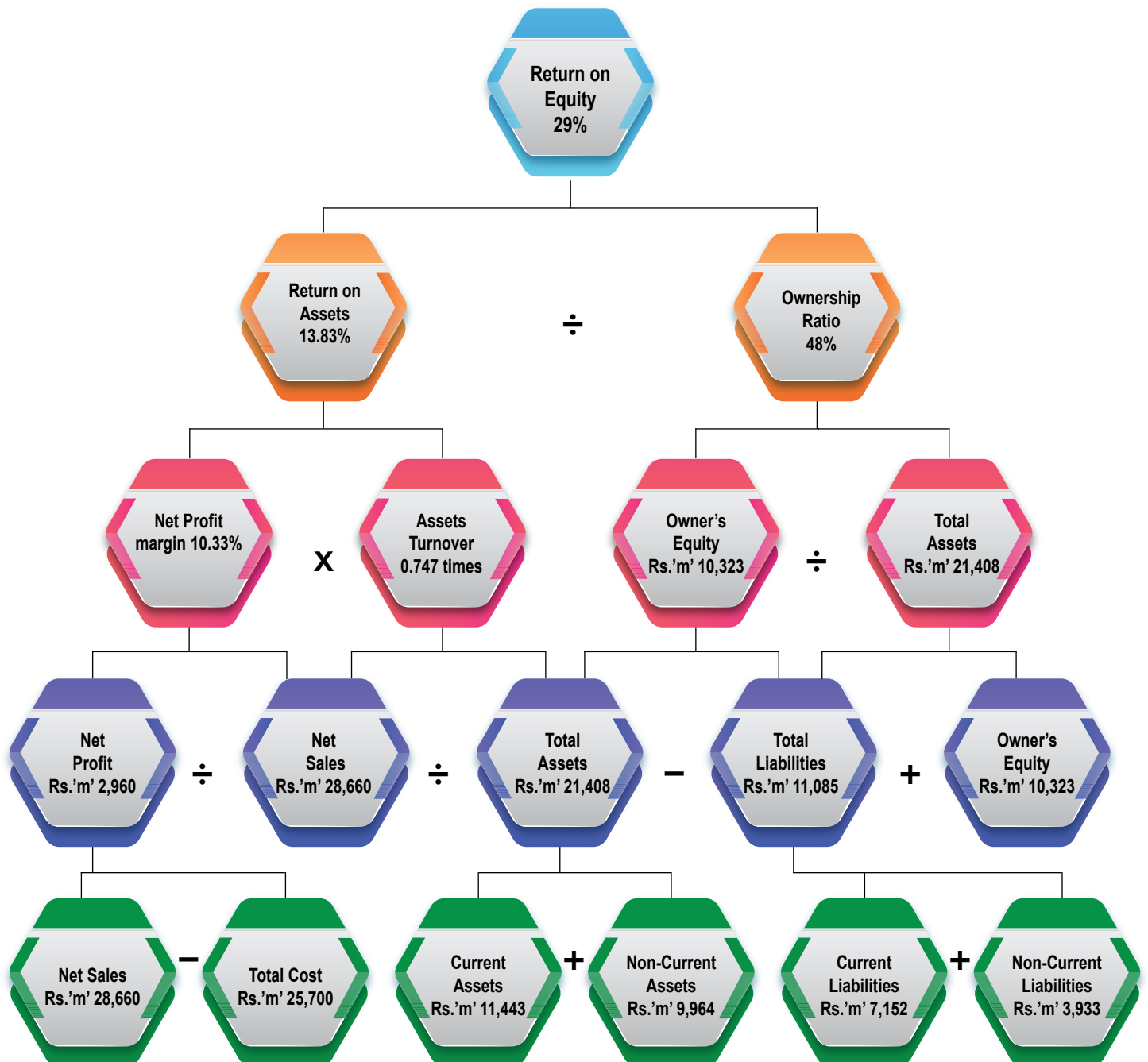
2. Agenda Item No. 4(b) of the Notice – Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies/related parties during the ensuing year ending June 30, 2022 to be passed as a Special Resolution.

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, 2019, 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, 2022.

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

	2021	%age	2020	%age
	----- Rupees in thousands -----			
<u>WEALTH GENERATED</u>				
Gross Turnover	33,480,973		28,439,685	
Purchased material and services	(24,316,171)		(21,132,692)	
Value Added	9,164,802		7,306,993	
Other Income	182,425		103,308	
TOTAL	9,347,227	100	7,410,301	100

WEALTH DISTRIBUTED

To Employees

Salaries, benefits and related costs	1,490,487	16	1,374,709	19
--------------------------------------	-----------	----	-----------	----

To Government

Income Tax, Sales Tax, Import Duty and Workers' Welfare Fund (Note 1)	3,378,341	36	2,419,578	33
---	-----------	----	-----------	----

To providers of Capital

Dividend to Shareholders (Note 2)	264,633	3	220,527	3
-----------------------------------	---------	---	---------	---

Finance cost on borrowed funds	405,983	4	987,037	13
--------------------------------	---------	---	---------	----

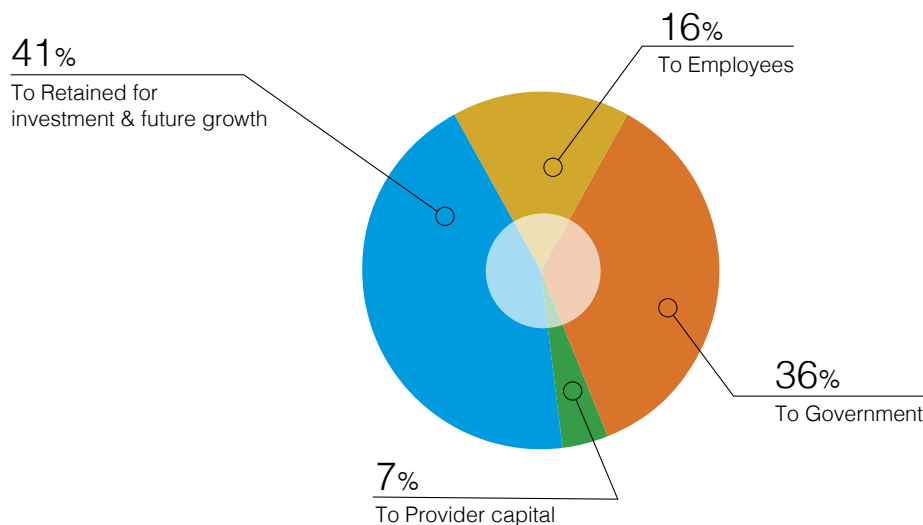
Retained in Business

Depreciation, amortization and retained profit	3,807,783	41	2,408,450	32
--	-----------	----	-----------	----

TOTAL	9,347,227	100	7,410,301	100
--------------	------------------	-----	-----------	-----

Note 1: Income tax includes current and deferred tax expense as per statement of profit or loss.

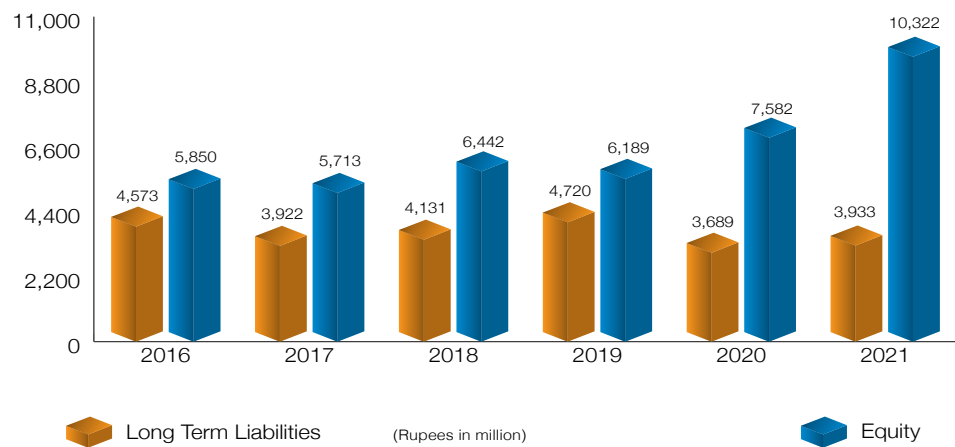
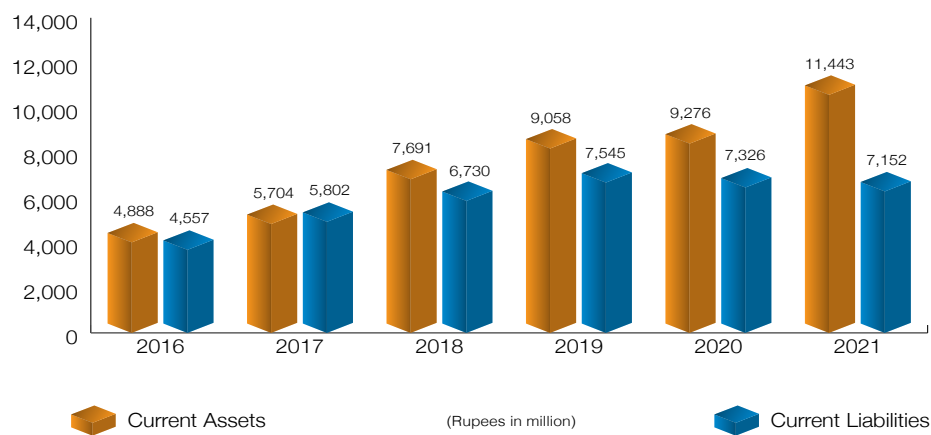
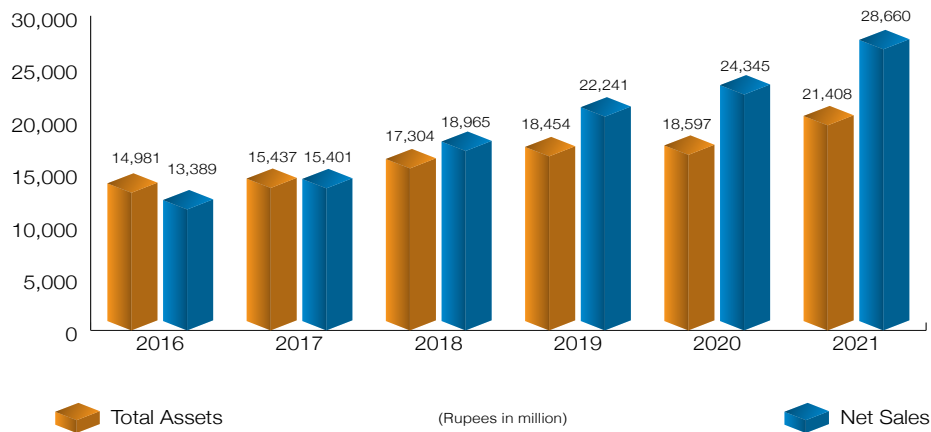
Note 2: It represents total dividend for the year including final dividend declared subsequent to year end. Current year figure does not include bonus shares as it will be appropriated from capital redemption reserve fund.



SUMMARIZED SIX YEAR DATA

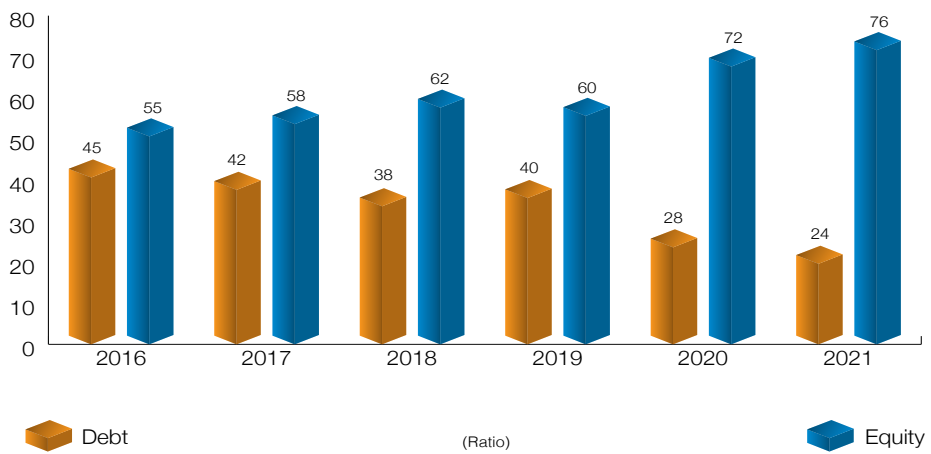
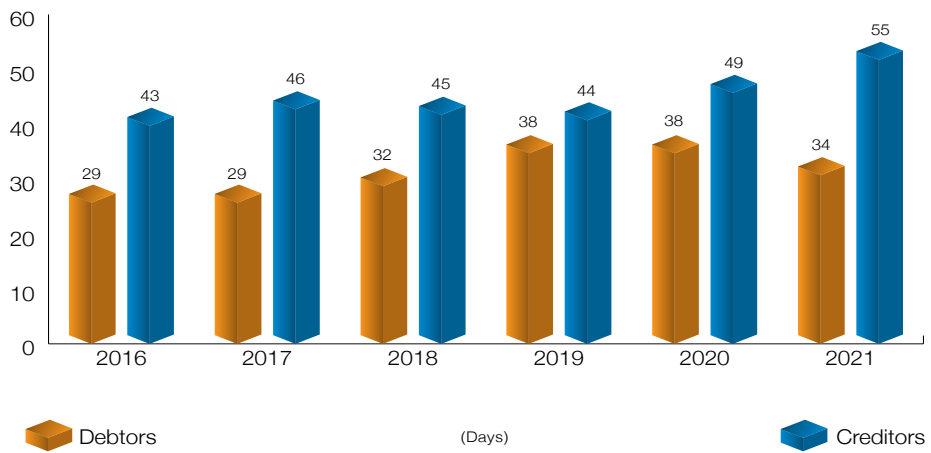
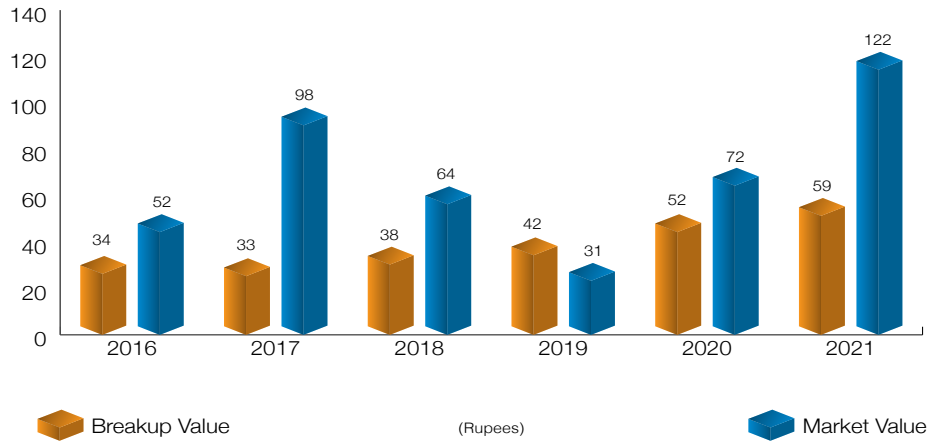
Rupees in million

	2021	2020	2019	2018	2017	2016
Balance Sheet						
Share Capital						
Ordinary shares	1,764	1,470	1,470	1,470	1,470	1,470
Preference shares	-	-	-	901	901	901
Reserves	8,558	6,112	4,719	4,071	3,342	3,479
Shareholders' equity	10,322	7,582	6,189	6,442	5,713	5,850
Long-term financing (including current portion)	3,254	2,901	4,183	3,869	4,070	4,824
Deferred taxation – Liability	1,095	1,189	1,209	1,309	934	695
Capital employed	14,785	12,025	11,581	11,621	10,717	11,370
Property, plant and equipment	9,946	9,290	9,373	9,590	9,723	10,087
Other non-current assets	18	30	22	24	10	6
Net current assets / Working capital	4,291	1,950	1,514	961	(98)	331
Profit or Loss						
Sales – gross	33,481	28,440	25,993	22,191	18,021	15,603
Sales – net	28,660	24,345	22,241	18,965	15,401	13,389
Gross profit	5,695	3,936	2,662	2,506	1,792	1,267
Operating profit	4,652	3,143	2,001	1,892	1,311	792
Profit before tax	4,246	2,156	1,239	1,431	904	436
Profit after tax	2,960	1,522	884	992	602	322
EBITDA	5,765	4,231	2,985	2,880	2,223	1,669
Cash Flows						
Net cash flow from operating activities	3,060	2,895	862	727	1,302	1,536
Net cash flow from investing activities	(1,511)	(949)	(962)	(684)	(664)	(1,529)
Net cash flow from financing activities	145	(1,431)	(785)	(441)	(1,480)	54
Changes in cash and cash equivalents	1,694	516	(885)	(398)	(843)	60
Cash and cash equivalents – Year end	(1,686)	(3,380)	(3,896)	(3,011)	(2,614)	(1,771)
Others						
Number of Employees	1,646	1,640	1,652	1,646	1,548	1,521
Number of shares (million)						
Ordinary shares	176	147	147	147	147	147
Preference shares	-	-	-	90	90	90



FINANCIAL PERFORMANCE

		2021	2020	2019	2018	2017	2016
Profitability							
Gross profit margin	%	20	16	12	13	12	9
EBITDA margin to sales	%	20	17	13	15	14	12
Profit before tax margin	%	15	9	6	8	6	3
Net profit margin	%	10	6	4	5	4	2
Return on equity	%	29	20	14	15	11	6
Return on capital employed	%	30	22	14	15	11	6
Operating Performance / Liquidity							
Total assets turnover (excl. CWIP)		1.42 : 1	1.32 : 1	1.22 : 1	1.13 : 1	1.02 : 1	0.90 : 1
Fixed assets turnover		3.29 : 1	2.66 : 1	2.44 : 1	2.08 : 1	1.58 : 1	1.37 : 1
Debtors turnover		10.86 : 1	9.55 : 1	9.60 : 1	11.23 : 1	12.64 : 1	12.79 : 1
Debtors days		34	38	38	32	29	29
Inventory turnover		5.15 : 1	5.66 : 1	6.14 : 1	6.77 : 1	7.37 : 1	6.53 : 1
Inventory days		71	65	59	54	50	56
Creditors turnover		6.64 : 1	7.53 : 1	8.25 : 1	8.11 : 1	7.95 : 1	8.58 : 1
Creditors days		55	49	44	45	46	43
Operating cycle days		50	54	53	41	33	42
Return on assets (excl. CWIP)	%	14.68	8.24	4.85	5.89	3.98	2.16
Current ratio		1.60 : 1	1.27 : 1	1.20 : 1	1.14 : 1	0.98 : 1	1.07 : 1
Quick / Acid test ratio		0.52 : 1	0.43 : 1	0.45 : 1	0.41 : 1	0.31 : 1	0.33 : 1
Capital Market / Capital Structure Analysis							
Market value per share	Rs	122.07	71.57	31.15	63.50	98.05	52.04
Breakup value / (Net assets/shares)	Rs	58.51	51.57	42.10	37.69	32.73	33.66
Earnings per share (pre tax)	Rs	24.07	12.22	7.02	8.11	5.12	2.47
Earnings per share (post tax)	Rs	16.78	8.63	5.01	5.62	3.41	1.83
Price earning ratio		7.28 : 1	8.30 : 1	6.22 : 1	11.29 : 1	28.73 : 1	28.51 : 1
Market price to breakup value		2.09 : 1	1.39 : 1	0.74 : 1	1.68 : 1	3.00 : 1	1.55 : 1
Debt equity ratio		24 : 76	28 : 72	40 : 60	38 : 62	42 : 58	45 : 55
Weighted average cost of debt	%	7.06	12.60	9.59	6.67	6.14	7.20
Interest coverage ratio		11.46 : 1	3.18 : 1	2.63 : 1	4.11 : 1	3.22 : 1	2.23 : 1



HORIZONTAL ANALYSIS

Rupees in million

BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

	2021 Amount	21 vs 20 %	2020 Amount	20 vs 19 %	2019 Amount	19 vs 18 %
Property, plant and equipment						
Operating fixed assets	8,702	95	9,162	100	9,131	100
Capital work in progress	1,244	972	128	53	242	52
Intangible assets	9	75	12	133	9	300
Long-term loans and advances	2	18	11	183	6	40
Long-term deposits	7	100	7	100	7	117

CURRENT ASSETS

Stores and spares	2,209	125	1,764	121	1,459	113
Stock in trade	5,189	139	3,728	107	3,484	120
Trade debts	3,259	112	2,908	95	3,046	129
Loans and advances	178	175	102	106	96	139
Trade deposits and short-term prepayments	14	15	92	101	91	103
Other receivables	6	18	34	283	12	109
Tax refunds due from Government	97	36	272	106	257	98
Taxation-net	-	-	140	53	262	90
Cash and bank balances	492	208	237	67	352	85

TOTAL ASSETS

21,408	18,597	18,454
--------	--------	--------

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Issued, subscribed and paid-up capital						
Ordinary shares	1,764	120	1,470	100	1,470	100
Reserves	8,558	140	6,112	130	4,719	116

NON-CURRENT LIABILITIES

Long-term financing	2,749	129	2,131	61	3,511	124
Lease liabilities	48	240	20	-	-	-
Deferred taxation	1,095	92	1,189	98	1,209	92
Deferred capital grant	3	16	8	-	-	-
GIDC payable	38	12	329	-	-	-

CURRENT LIABILITIES

Trade and other payables	4,023	139	2,894	114	2,528	114
Interest and mark-up accrued	33	55	60	62	97	243
Short-term borrowings	2,178	60	3,617	85	4,247	124
Taxation – net	387	-	-	-	-	-
Un-claimed dividend	2	200	1	76	1	130
Current portion of lease liabilities	9	291	3	-	-	-
Current portion of Government grant	16	145	11	-	-	-
Current portion of long-term financing	505	67	752	112	672	64

TOTAL EQUITY AND LIABILITIES

21,408	18,597	18,454
--------	--------	--------

STATEMENT OF PROFIT OR LOSS

Sales – net	28,660	118	24,345	109	22,241	117
Cost of sales	(22,965)	113	(20,409)	104	(19,578)	119
Gross profit	5,695	145	3,936	148	2,663	106
General and administrative expenses	(597)	111	(537)	113	(474)	111
Selling and distribution expenses	(210)	123	(171)	112	(154)	119
Other operating income	182	177	103	112	92	123
Other operating charges	(418)	222	(188)	149	(126)	93
Operating profit	4,652	148	3,143	157	2,001	106
Finance cost	(406)	41	(987)	130	(762)	166
Net profit before taxation	4,246	197	2,156	174	1,239	87
Taxation	(1,287)	203	(634)	179	(355)	81
Net profit after taxation	2,960	194	1,522	172	884	89

VERTICAL ANALYSIS

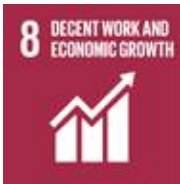


	2021		2020		Rupees in million 2019	
	Amount	%	Amount	%	Amount	%
BALANCE SHEET						
ASSETS						
NON CURRENT ASSETS						
Property, plant and equipment						
Operating fixed assets	8,702	40.65	9,162	49.27	9,131	49.48
Capital work in progress	1,244	5.81	128	0.69	242	1.31
Intangible assets	9	0.04	12	0.06	9	0.05
Long-term loans and advances	2	0.01	11	0.06	6	0.03
Long-term deposits	7	0.03	7	0.04	7	0.04
CURRENT ASSETS						
Stores and spares	2,209	10.32	1,764	9.48	1,459	7.90
Stock in trade	5,189	24.24	3,728	20.05	3,484	18.88
Trade debts	3,259	15.22	2,908	15.64	3,046	16.51
Loans and advances	178	0.83	102	0.55	96	0.52
Trade deposits and short-term prepayments	14	0.07	92	0.49	91	0.49
Other receivables	6	0.03	34	0.18	12	0.07
Tax refunds due from Government	97	0.45	272	1.46	257	1.39
Taxation-net	-	0.00	140	0.75	262	1.42
Cash and bank balances	493	2.30	237	1.27	352	1.91
TOTAL ASSETS	21,408	100	18,597	100	18,454	100
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up capital						
Ordinary shares	1,764	8.24	1,470	7.91	1,470	7.97
Reserves	8,558	39.98	6,112	32.87	4,719	25.57
NON CURRENT LIABILITIES						
Long-term financing	2,749	12.84	2,131	11.46	3,511	19.03
Lease liabilities	48	0.22	20	0.11	-	-
Deferred taxation	1,095	5.12	1,189	6.39	1,209	6.55
Deferred capital grant	3	0.01	8	0.10	-	-
GIDC payable	38	0.18	329	1.77	-	-
CURRENT LIABILITIES						
Trade and other payables	4,023	18.79	2,894	15.56	2,528	13.70
Interest and mark-up accrued	33	0.15	60	0.32	97	0.53
Short-term borrowings	2,178	10.17	3,617	19.45	4,247	23.01
Taxation – net	387	1.81	-	-	-	-
Un-claimed dividend	2	0.01	1	0.01	1	0.01
Current portion of lease liabilities	9	0.04	3	0.02	-	-
Current portion of Government grant	16	0.08	11	0.05	-	-
Current portion of long-term financing	505	2.36	752	4.04	672	3.64
TOTAL EQUITY AND LIABILITIES	21,408	100	18,597	100	18,454	100
STATEMENT OF PROFIT OR LOSS						
Sales – net	28,660	100.00	24,345	100.00	22,241	100.00
Cost of sales	(22,965)	80.13	(20,409)	83.83	(19,578)	88.03
Gross profit	5,695	19.87	3,936	16.17	2,663	11.97
General and administrative expenses	(597)	2.08	(537)	2.21	(474)	2.13
Selling and distribution expenses	(210)	0.73	(171)	0.70	(154)	0.69
Other operating income	182	0.64	103	0.42	92	0.41
Other operating charges	(418)	1.46	(188)	0.77	(126)	0.57
Operating profit	4,652	16.23	3,143	12.91	2,001	9.00
Finance cost	(406)	1.42	(987)	4.05	(762)	3.43
Net profit before taxation	4,246	14.82	2,156	8.86	1,239	5.57
Taxation	(1,287)	4.49	(634)	2.60	(355)	1.60
Net profit after taxation	2,960	10.33	1,522	6.25	884	3.97

SUSTAINABILITY REPORT



Sustainability relating to its all three dimensions i.e. Economy, Environment and Society, has become an important focus in your Company as it makes rigorous efforts to meet the present needs without compromising the needs of future generations. Your company not only supports but has practically started working on Sustainable Development Goals (SDGs) set by UN as adopted by the Government of Pakistan.

Company's contribution towards SDGs targets in all three dimensions is as follows:-



Economy

SDG Goal	Company Contribution
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Decent Work and Economic Growth</p> <p>Company has policies and procedures in place that prevent child labor, forced labor, modern slavery, work place harassment, corruption and bribery. Company protects labor rights and promotes safe and secure working environments for all workers. Code of Ethics is annexed on Page 5 of the Annual Report (SDG Target 8.7).</p> <p>Company is achieving ongoing higher levels of economic productivity through diversification, technological upgrading and innovation. Company is following the strategy of volume maximization and cost minimization to ensure sustainable financial performance. For the year under review gross revenue increased by 18 % and benefit of this growth is trickled down to all the stakeholders including employees, business partners, shareholders and surrounding communities of the Mills (SDG Target 8.1).</p> <p>Company is continuously improvising its processes by implying modern and artificial intelligence based technological solutions (SDG Target 8.2).</p> <p>Company ensures employment opportunities for persons with disabilities and has employed 37 differently abled persons as on June 30, 2021 (SDG Target 8.5)</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Industry, Innovation and Infrastructure:</p> <p>Since its inception in 1990 with Three Paper Machines and a capacity of 30,000 TPY, Company has expanded manifold and currently operates with seven machines having production capacity of 265,000 TPY (SDG Target 9.2).</p> <p>Century is gradually shifting to innovative production processes and equipment to support sustainable industrial growth. Aim is to increase resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes (SDG Target 9.4).</p> <ul style="list-style-type: none"> • Company is currently doing BMR of Rs. 3.9 billion to further upgrade its production facilities. • Technical collaboration with foreign vendors in order to take advantage of technological developments for quicker and more precise analysis to improve productivity of the machines.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Responsible Consumption and Production:</p> <p>Century meets almost 80% of its fiber need from waste/recovered paper and paper products. Company has recently achieved FSC chain of custody certification ensures that products come from responsibly managed forests that provide environmental, social and economic benefits</p> <p>Century always tries to find utilization of its process waste whether onsite or offsite for other industries under the modern concept of Circular Economy and Industrial Ecology (SDG Target 12.4).</p> <ul style="list-style-type: none"> • Wheat straw fines and bagasse pith are supplied to others for source of clean bio fuel. • Reject fiber is utilized by neighboring board mills for use as raw material in production of sun-dry paper boards. • Coal ash is supplied to a cement factory for use as raw material. • Organic rich wastewater is being supplied to a chemical factory for manufacture of organic fertilizer. <p>In line with responsible resource consumption Century is currently undertaking resource efficiency projects for efficient utilization of natural resources like water and fossil fuels with the collaboration of IFC, World Bank Group.</p>

Environment

SDG Goal	Company Contribution
	<p>Clean Water and Sanitation</p> <p>Century understands that clean water and sanitation is the basic need of every human and it ensures provision of clean water for drinking and sanitation not only to its employees but also provides drinking water infrastructure in local schools in the vicinity of the Mills. To ensure that quality of drinking water is safe to the level of human safety standards, ground water reservoir is covered and then water is treated by modern water treatment plant (SDG Target 6.1).</p> <p>Company has adopted multi-faceted approach to reduce the consumption of fresh water. These have helped Century to reduce fresh water consumption by about 35% in last three years (SDG Target 6.3). Various approaches adopted were as below,</p> <ul style="list-style-type: none"> • Maximum Recycling and Cascading of wastewater in production processes • Water efficient processes • Enhancement in the quality of treated wastewater • Water Awareness Programs for Employees • Use of treated wastewater in other than process activities like Gardening, Cleaning/Sanitation • Artificial groundwater recharge through rainwater harvesting
	<p>Affordable and Clean Energy:</p> <p>Company understands energy is life and at the same time sustainable use of energy is indispensable for the safety of planet and future generations. Company has successfully embarked on the journey of energy efficiency and energy from renewable resources (SDG Target 7.2 & 7.3).</p> <p>Century has recently undertook following activities;</p> <ul style="list-style-type: none"> • Installed 3.7 MW Solar Power Plant as renewable source of energy • Removed Unnecessary lights • Started Day Light Utilization • Installed energy efficient equipment • Installation of Intelligent Timers • Resizing of Electric Motor Loads • Mechanical System Modification • Process Automation

Society

SDG Goal	Company Contribution
	<p>Quality Education</p> <p>The Company has collaborated with local NGOs and established smart school on the concept of one-room classroom in very poor communities for non-school going children who are involved in child labor by way of garbage collection etc. (SDG Target 4.1).</p>
	<p>Gender Equality</p> <p>Company is an equal opportunity employer. Company has approved policies and procedures to address any workplace related issues and provided appropriate amenities and facilities in order to encourage and support working women.</p> <p>Century ensures that Women do not suffer from lack of access to decent work and do not face occupational segregation and gender wage gaps.</p> <p>Company started a project involving sorting of its raw material wastepaper with the only aim of empowering local household women and employed 45 women with all necessary facilities (SDG Target 5.A).</p> <p>One member of the Board of Director is female. Furthermore, Company ensures equal opportunities for women in executive search and selection process (SDG Target 5.5).</p>

The Company is determined to expand its footprint in all three dimensions for the prosperity and well-being of surrounding communities and to provide decent contribution towards the national targets of SDGs.

CHAIRMAN'S MESSAGE

I am delighted to share that growth spree in topline of your Company continued for another year that trickled down to a healthy bottom line as well. your Company's topline (Gross Sales Value) crossed the landmark of Rs. 33 billion showing double digit growth.

In view of improved financial results, Board of Directors of your Company declared 15% cash dividend (Rs. 1.5 per share) and 15% bonus issue (3 shares for every 20 shares). Total distribution to Ordinary shareholder for Financial Year 2021 will be Rs 529 million. While deciding for the dividend level, the Board of Directors gave due consideration to retention of profits for future business growth to ensure sustainability of dividend streams to Ordinary Shareholders.

The enhanced focus of the management remained on increasing productivity and efficiency of the existing production facilities through BMR Projects. That is evident from Company's increased production for the year under review. Going forward, your Company is undertaking more BMR Projects, and for this purpose, SBP TERF Facility at concessional rate was also availed. I believe with growth mindset of management of your Company, the production will further increase in ensuing year along with improved efficiency and cost reductions which will ensure sustainability of financial results.

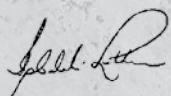
During the year, your Company has given utmost importance to the health and safety of the employees in ongoing pandemic. Implementation of SOPs is strictly monitored at all locations along with increased focus on vaccination of employees to ensure safe working environment. Additionally the Company is also providing assistance to the less privileged people in vicinity of the mills in the shape of food packages and personal care products besides extending support to health care facilities in the area in close coordination with local administration.

With immense satisfaction, I report that your Company is also expanding sphere of its initiatives for Corporate Social Responsibility and community services. During the year, scope of Smart School initiative was broadened in collaboration with NGOs operating in the vicinity of the Mills. This initiative yielded encouraging outcome as several non-school going children in the vicinity of Mills have been enrolled in smart schools. Another cornerstone of CSR activities is the creation of employment opportunities for female workers. With this objective in mind, females from surrounding areas of the mill were engaged in the waste paper sorting process. Your Company is an equal opportunity employer and is committed to make consistent progress towards gender balance. Another major initiative is "Water for Nation" drive which encompasses

manifold aspects of water conservation. Your Company is now integrating these CSR initiatives with relevant Sustainable Development Goals (SDGs) to contribute towards National Selected Targets.

The economic landscape of the country is undergoing gradual improvement creating hopes for better prospects for a broad base recovery. The betterment of economic growth accelerates Industrial activities and improves the living standards of masses. Moreover, owing to ongoing pandemic, Consumer preference towards packed hygienic products has been increased. Your Company acts as a reliable supply chain partner in catering changing needs of consumers by providing highly quality indigenous packaging board to its customers. In view of above, management is very keen to revive its mega expansion project aimed at increasing Packaging Board capacity. Management has already resumed the work on the technical and financial feasibility of the project and final decision will follow soon. At this juncture, we look forward for an extended support of our valued shareholders as well as all key stakeholders.

We are extremely thankful to our dedicated employees, valued customers, our bankers, esteemed shareholders and local administration for their valuable contribution extended to the Company during the period under report.



Iqbal Ali Lakhani

Chairman

Dated: July 27, 2021

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 2021, along with the audited Financial Statements and Auditors' Report thereon.

BUSINESS PERFORMANCE REVIEW

The economy of Pakistan rebounded in FY2021 after undergoing contraction in GDP last year due to various factors mainly on account of the Covid-19 outbreak during the 2nd half of that year. In FY2021, Pakistan also faced second and third waves of Covid-19. However, their impact on economic activities was curtailed by improved containment strategies including smart lockdowns and the mass vaccination drive. Moreover economic stimulus measures including State Bank of Pakistan's (SBP's) concessional financing schemes and accommodative monetary policies have actually helped businesses to show a V-shape recovery which resulted in Large Scale Manufacturing (LSM) expanding by 8% leading to overall growth of 3.9%.

The country's paper & paperboard market size reduced last year and during FY 2021, overall consumption of paper & paperboard products has improved but is still slightly less than that of the actual total consumption levels of FY 2018-19. Demand of packaging board and corrugated boxes has shown improvement as consumer preference tilted towards packaged products and online shopping due to Covid 19 related health concerns. However, there was considerable drop in consumption of writing/printing papers owing to recurring lockdowns.

Given these market dynamics and owing to continuous capital expenditure on BMR during last couple of years, your Company's machine capacity stood enhanced to 265,000 metric tons that enabled the Company to achieve production of 252,038 metric tons (2020: 226,505 metric tons) thereby achieving record capacity utilization of 95%.

Your Company managed to increase sales volume by 16,403 metric tons (8% over last year) and sold 232,051 metric tons during the year under review (2020: 215,648 metric tons). In terms of value, net sales of your Company registered a growth of 17% at Rs. 28.66 billion for the year (2020: Rs. 24.34 billion), including exports of Rs. 141.50 million (2020: Rs. 72.90 million).

FINANCIAL PERFORMANCE ANALYSIS

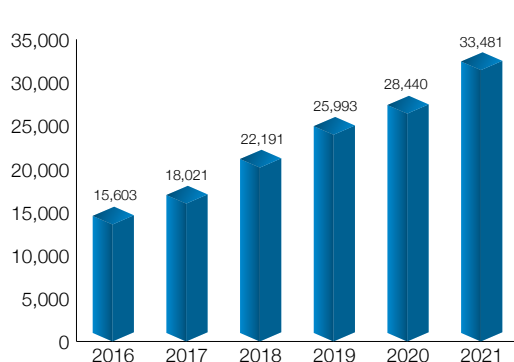
Summarized financial performance is as follows:

	Rupees in million		%
	2021	2020	Variance
Sales	28,660	24,345	17
Cost of Sales	(22,965)	(20,409)	(12)
Gross profit	5,695	3,936	45
Admin, Selling and other Expenses	(1,225)	(897)	(12)
Other Income	182	103	77
Operating profit	4,652	3,142	49
Financial Charges	(406)	(987)	59
Net profit before tax	4,246	2,156	98
Taxation	(1,287)	(634)	(105)
Net profit after tax	2,959	1,522	96

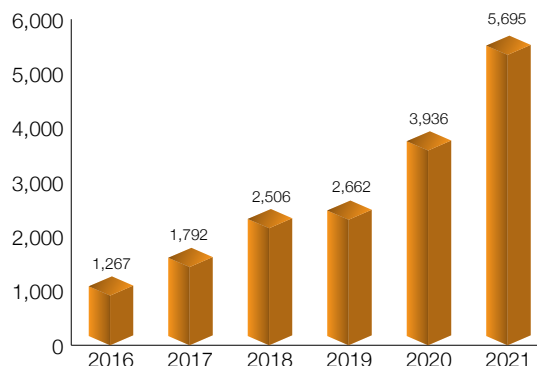
Gross profit as a percentage of sales improved by 3.7% mainly due to operational efficiencies, savings accrued through optimal sourcing of raw materials and lower fuel cost. As a result, your Company was able to maintain selling prices of its products at the same level as last year during the first half of the year. However, there was a rapid increase in prices of wood pulp and waste paper along with escalation in energy costs in the wake of higher coal and RLNG rates in the second half of the year. Accordingly, your Company had to respond to escalating costs by making adjustments to selling prices of its products to minimize the adverse impact on margins.

Operating profit (EBIT) as a percentage of sales also improved by 3.3% to Rs. 4,652 million (2020: Rs. 3,142 million).

The Directors are delighted to report that your Company has posted profit before tax (PBT) of Rs. 4,246 million (2020: Rs. 2,156 million) and profit after tax (PAT) of Rs. 2,959 million (2020: Rs. 1,522 million) for the year under review.



Gross Sales (Rupees in million)



Gross Profit (Rupees in million)

DIRECTORS' REPORT

APPROPRIATION

The following is the summary of appropriations made during the year:

	Rupees in million
Total Comprehensive Income for the year	2,960.17
Unappropriated Profit brought forward	1,649.58
Available for appropriation	4,609.75
Appropriation of Reserves	
Transfer to general reserve	(1,000)
Transaction with Owners	
Final Cash dividend for FY 2020 @ Rs1.50 per share	(220.53)
Total Appropriations	(1,220.53)
Balance carried forward	3,389.22

For the Financial year 2020-2021 Directors propose cash dividend of 15% (L.Y. 15%) amounting to Rs. 264.63 million (L.Y. Rs. 220.53 million) for its Ordinary Shareholders. Moreover, Directors also propose issue of bonus shares in the proportion of three (3) share for every twenty (20) shares held (i.e. 15%) amounting to Rs. 264.63 million by appropriating from Capital Redemption Reserve Fund. Collectively, dividend payout for the year stands at 18% (L.Y. 34%) of after tax profits.

Director also propose a transfer of Rs. 3,000 million (L.Y. Rs. 1,000 million) from Unappropriated Profits to General Reserve. After the proposed transfer, General Reserve balance will increase to Rs. 4,800 million.

LIQUIDITY PROFILE AND FINANCE COST

Your Company was able to generate Rs. 3,060 million (2020: Rs. 2,895 million) from operating activities during the year. Net cash generation after cash flow to / from Investing and financing activities stood at Rs. 1,693 million (2020: Rs. 516 million) reducing utilization of short term borrowings (net of positive cash balances) to Rs. 1,690 million. Resultantly, total borrowing decreased to Rs. 4,940 million (2020: Rs. 6,262 million). During the year, your Company applied an optimal mix of short term money market loans and running finance facilities to minimize the finance cost on short term borrowings. Moreover, State Bank of Pakistan's (SBP's) concessional long term financing schemes with effective cost ranging from 2.7% to 5%, further helped your Company in significantly reducing its finance cost to Rs. 406 million (2020: Rs. 987 million).

State Bank of Pakistan's has continued with an accommodative monetary policy by maintaining the policy rate at 7% throughout the year. Moreover, your Company has also availed concessional financing under State Bank of Pakistan's (SBP's) Temporary Economic Refinance Facility (TERF) aggregating Rs. 2,850 million for Balancing, Modernization and Replacement (BMR) of its existing production facilities. The overall effective cost for the year under review stood at 7.06% as compared to 12.44% for the last year.

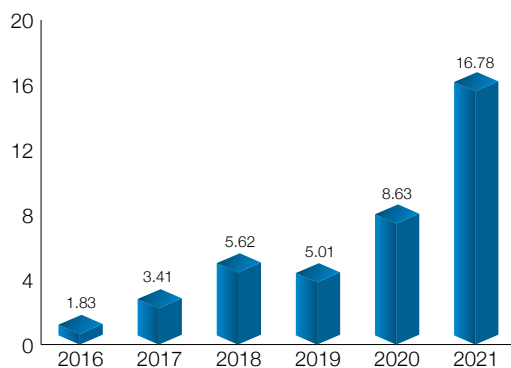
EARNINGS PER SHARE (EPS)

The basic EPS for the year is reported at Rs. 16.78 (2020: Rs. 8.63). There is no dilution effect on EPS for the period under review and the corresponding period of last year.

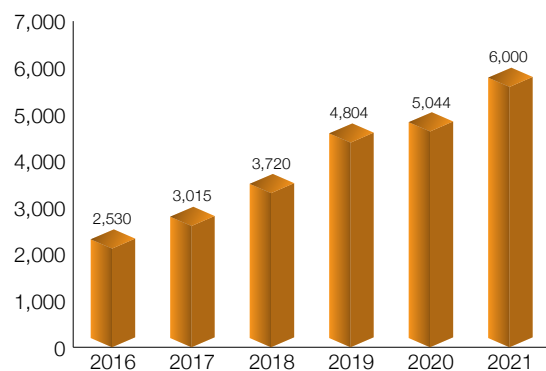
During the year, 29,403,669 bonus shares were issued representing the 20% bonus issue approved by the Board of Directors for the year ended June 30, 2020, thus increasing fully paid up number of ordinary shares to 176,422,014. Weighted average number of shares for the current and corresponding year included the impact of bonus shares for calculation of EPS as per the requirement of International Financial Reporting Standards.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company's contribution to the National Exchequer for the year increased to Rs. 6,000 million as compared to Rs. 5,044 million for last year.



 Earnings per share (Rupees)



 Contribution To National Exchequer (Rupees in million)

BALANCING, MODERNIZATION & REPLACEMENT (BMR) AND DIGITIZATION

In line with management policy to bring continuous improvement in operations, your Company has incurred capital expenditure of Rs. 1,609 million during the year (2020: Rs. 962 million).

Major portion of the above expenditure pertains to different BMR Projects to be financed through State Bank of Pakistan's Temporary Economic Refinance Facility (TERF) availed during the year. Total capital outlay for these BMR Projects is estimated at Rs. 3,900 million comprised of capacity enhancement of paper & board machines (65%), power & utilities (27%) and upgradation/replacement (8%). Management aims to achieve completion of all BMR projects during the ensuing year which will increase production capacity by an additional 10% to 15%.

In order to take advantage of technological developments for quicker and more precise analysis, there has been increased focus on digitization through end-to-end integration of different processes with your Company's ERP system.



Bead Mill



New Online
Coating



Installation of New Sheeter

DIRECTORS' REPORT

MARKET CAPITALIZATION

The KSE 100 Index improved gradually during the year and closed 38% higher at 47,356 points as at June 30, 2021. Accordingly, the share price of your Company also improved and touched a high of Rs. 131.22 during the year, closing at Rs. 122.07 as at June 30, 2021 (2020: Rs. 71.57). Accordingly, market capitalization at close of the year doubled to Rs. 21,536 million as compared to last year's value of Rs. 10,522 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 are responsible for oversight of your Company's operations and to evolve proactive strategies to mitigate any potential adverse impact of major risks. The information about these risks and their mitigants is provided below:

STRATEGIC RISK

Strategic risk relates to your 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.

Your Company regularly keeps track of the changing market trends and seeks feedback from its regular and prospective customers. Your Company also ensures that its products are best suited for its customers' current and future needs at 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 can emanate from disruption of operations due to scarcity of raw and other materials, energy outages and dearth of skilled human resources. To manage these risks, your Company has a well diversified supplier base for domestic and imported materials. 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 RISKS

Credit Risk

Credit risk can arise from a failure of counter parties to satisfy their debts or obligations in accordance with agreed terms of credit. All the financial assets of your Company, other than cash in hand, are exposed to credit risk. Your Company has managed credit risk effectively with a well devised credit

policy which is reviewed and approved by the CEO / Board of Directors periodically in line with internal guidelines and regulatory requirements.

Liquidity Risk

Liquidity risk arises when the Company has insufficient ready cash and encounters difficulty in meeting its financial obligations. 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 rates resulting in adverse future cash flows. Your Company's exposure to interest rate risk is associated with long-term loans and short-term borrowings.

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

Foreign Exchange Risk

Your Company is not significantly exposed to foreign exchange risk as its imports of raw material and plant and machinery are settled within a short period of time. For long-term contracts, your Company enters into appropriate hedging arrangements, wherever possible, to counter foreign exchange risk.

CAPITAL MANAGEMENT

Your 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. Your Company manages its capital structure and makes appropriate adjustments to move with economic changes and the risks associated safeguarding its asset base. Your Company's management believes in maintaining appropriate debt equity ratio.

PROVIDENT AND GRATUITY FUNDS

Your 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 trustees who get the funds audited each year.

The trustees of the respective funds have informed the Company that the values of the investments of the two funds as at the year-end were as follows:

	Rupees in million	
	2021	2020
Provident Fund	722.39	645.82
Gratuity Fund	684.57	578.79

DIRECTORS' REPORT

AUDITORS

The present auditors, BDO Ebrahim & Company, Chartered Accountants are the retiring auditors of the Company and have 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 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, 2022 at a fee to be mutually agreed.

CORPORATE INFORMATION

Board of Directors

Following were the members of the Board of Director during the year.

Mr. Iqbal Ali Lakhani
Mr. Amin Mohammed Lakhani
Ms. Anushka Lakhani
Mr. Tasleemuddin Ahmed Batlay
Mr. Shahid Ahmad Khan
Mr. Aftab Ahmad
Mr. Kemal Shoaib - Late (Upto November 26, 2020)
Engr. M. Abdul Jabbar (Upto November 26, 2020)
Mr. Ali Aamir (From November 26, 2020)
Mr. Asif Qadir (From February 15, 2021)

The Board of Directors expresses its deep regret and sorrow at the passing away of Mr Kemal Shoaib on November 26, 2020 and wishes to place on record its appreciation for his invaluable contributions as an active member of the Board.

During the year, Engr. M. Abdul Jabbar resigned and Mr. Ali Aamir was appointed in his place on November 26, 2020. Mr. Kemal Shoaib passed away on November 26, 2020 and Mr. Asif Qadir was appointed in his place on February 15, 2021.

An Extra-Ordinary General Meeting (EOGM) of your Company was held on July 16, 2021 to elect the directors for a term of three (3) years commencing from July 17, 2021 and following seven directors were elected:-

Mr. Iqbal Ali Lakhani (Chairman – Non Executive Director)
Mr. Amin Mohammed Lakhani (Non-Executive Director)
Mr. Babar Ali Lakhani (Non-Executive Director)
Ms. Anushka Lakhani (Non-Executive Director)
Mr. Aftab Ahmad (Chief Executive Officer)
Mr. Ali Aamir (Independent Director)
Mr. Asif Qadir (Independent Director)

The Directors wish to place on record their appreciation of the invaluable services rendered by Mr. Kemal Shoaib (Late), Engr. M. Abdul Jabbar, Mr. Tasleemuddin Ahmed Batlay and Mr. Shahid Ahmed Khan during their tenures as directors and welcome Mr. Babar Ali Lakhani, Mr. Ali Aamir, Mr. Asif Qadir on the Board of your Company.

Subsequent to election of directors, Mr. Iqbal Ali Lakhani was elected as Chairman of the Board and Mr. Aftab Ahmad was appointed as Chief Executive Officer of the Company for the term of 3 years.

Composition of the Board

During the year, the Board consisted of eight members. The number of directors was fixed at seven (7) for elections held on July 17, 2021. The composition of the Board during the year and after election of Directors is given below:-

	During the year	After election of Directors
Male	7	6
Female	1	1
Independent Directors	2	2
Non-Executive Directors	5	4
Executive Director	1	1

Mr. Iqbal Ali Lakhani held the position of Chairman of the Board and Mr. Aftab Ahmad is Chief Executive Officer of the Company.

Board Meetings

Five meetings of the Board of Directors were held during the year ended June 30, 2021. Attendance by each Director was as under:

Name of Directors	Meetings Attended
Non-Executive Directors	
Mr. Iqbal Ali Lakhani (Chairman)	3
Mr. Amin Mohammed Lakhani	5
Ms. Anushka Lakhani	5
Mr. Tasleemuddin Ahmed Batlay	5
Mr. Shahid Ahmed Khan	5
Independent Directors	
Mr. Kemal Shoaib - Late	2
Engr. M. Abdul Jabbar	3
Mr. Ali Aamir	2
Mr. Asif Qadir	1
Executive Director	
Mr. Aftab Ahmad (CEO)	5

DIRECTORS' REPORT

Audit Committee

An Audit Committee was set up by the Board since the enforcement of the Code of Corporate Governance. An independent Director was its Chairman and two Non-Executive Directors were members during the year. Four meetings of the Committee were held during the year ended June 30, 2021. Attendance of each Director is as under:

Name of Directors	Meetings Attended
Mr. Kemal Shoaib (Chairman) - Upto November 26, 2020	1
Mr. Ali Aamir (Chairman) – From November 26, 2020	2
Mr. Amin Mohammed Lakhani	4
Mr. Tasleemuddin Ahmed Batlay	4

The Audit Committee was reconstituted after election of Directors on July 16, 2021 and following were designated as its members:

Mr. Ali Aamir (Chairman)
 Mr. Amin Mohammed Lakhani (Member)
 Mr. Babar Ali Lakhani

The terms of reference of the Audit Committee have been duly prescribed by the Board including those 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 areas with reference to your Company's business. The Audit Committee gives its recommendations 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 a Human Resource and Remuneration Committee. It comprised of the following members during the year:

Engr. M. Abdul Jabbar - Upto November 26, 2020	Chairman
Mr. Asif Qadir – From February 15, 2021	Chairman
Mr. Amin Mohammed Lakhani	Member
Mr. Tasleemuddin Ahmed Batlay	Member
Mr. Aftab Ahmad	Member

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

The Committee was reconstituted after election of Directors on July 16, 2021 and following were designated as its members:

Mr. Asif Qadir	Chairman
Mr. Amin Mohammed Lakhani	Member
Ms. Anushka Lakhani	Member
Mr. Aftab Ahmad	Member

Directors' 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 to note 43 of the Financial Statements for information on remuneration of the Chief Executive Officer and Directors for the year ended June 30, 2021.

Directors' Training Program

All the Directors on the Board are fully aware of their duties and responsibilities as Directors of your Company. Majority of the Directors of your Company have completed or are exempted from the requirement of Directors' Training Program.

Directors' Evaluation

The Board of Directors has put in place an effective mechanism to review its performance on self-assessment basis. The Board duly provides valuable guidance and ensures effective corporate governance.

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. The Directors confirm that:

- The Financial Statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- 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;
- 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;
- Summary of key operational and financial data for last six years is annexed in the annual report.
- Information about taxes and levies is given in the notes to and forming part of financial statements.

DIRECTORS' REPORT

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Your Company, with an excellence mindset, strives for continual improvement in all operations. The Company is not only certified for Integrated Management System (IMS) comprising of OHSM ISO 45001:2018, EMS ISO 14001:2015, and QMS ISO 9001:2015 but also makes efforts to improve the triple bottom line relating to Economic, Social and Environmental dimensions.

Sustainability has become an important focus in your Company as it makes rigorous efforts to meet the present needs without compromising the needs of future generations. The 17 Sustainable Development Goals (SDGs) set by UN, and adopted by the Government of Pakistan are practiced to improve health, education and environment. Moving forward from this level, Company has achieved FSC COC certification this year as a commitment towards forest preservation.

Resource conservation has remained corporate concern in recent years and for this, your Company has focused in areas of Energy and Water efficiency. 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 renewable solar energy.

To advance further in resource conservation, your Company has started implementing energy and water efficiency recommendations of International Finance Corporation (IFC), a complementary organization of The World Bank Group.

Being industry leader, your Company continues to excel as customer focused and ensures safer and environment-friendly operations, products and services. Qualifying in SEDEX audits against its 4 Pillar SEMETA standard is an evidence that your Company is an acceptable business partner for everyone.

Comprehensive risk assessment and related preventive measures are vigorously pursued to achieve zero accident and mitigate environmental impacts of the operations. Unfortunate accidents are thoroughly investigated with an aim of eliminating the root causes and avoidance of recurrence. Training sessions are regularly conducted for both employees and contractors 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.

Following awards are proof that your Company's efforts are well recognized.

- Awarded with Sustainability Initiative Award 2021 by National Forum for Environment & Health (NFEH)
- Awarded for Annual Environment Excellence Award (AEEA) 2020 by National Forum for Environment & Health (NFEH).
- Awarded for Annual Fire Safety Award 2019 by Fire Protection Association of Pakistan (FPAP) and National Forum for Environment & Health (NFEH).

CHILD EDUCATION INITIATIVE

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 where Out of School Children were encouraged in joining Schools. This effort is also producing excellent results. It is being progressed further with the admissions of more Out of School Children.

CUSTOMER FOCUS

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

RELATED PARTY TRANSACTIONS

In accordance with the relevant regulations, your Company has a Related Party Transactions Policy approved by the Board of Directors which governs the manner in which arm's length and non-arm's length transactions are dealt with. All related party transactions carried out during the year are disclosed in note 44 of the Financial Statements.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

MATERIAL CHANGES

No material changes and commitments effecting the financial position of your Company have occurred between the end of the financial year and date of this report.

PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30, 2021, along with the necessary information is annexed to this report. There were 2,554 shareholders on the record of the Company as at June 30, 2021. There was no purchase / sales of shares by Directors / Chief Executive Officer / Company Secretary / Chief Financial Officer / Executives and their minor children during the year.

The Board has determined a threshold in respect of trading of your Company's shares by executives and employees belonging to the manager and above categories irrespective of their salaries.

EMPLOYEE RELATIONS

The cordial relationship between the management and the employees, remain as good as they have been for the last many years. The pleasant relationship is also reflected in our employee turnover rate, which is very low, whether compared to our sector or across other sectors.

DIRECTORS' REPORT

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 with special emphasis on the education of Out of School Children.

As for Covid-19; a comprehensive strategy by adhering to Industrial SOP is implemented. In this hour of need our commitment of supporting the communities is unwavering. An organized effort was launched in the distribution of Food Hampers by reaching out the needy segment and also distribution of the Medical Kits to Health Workers in vicinity of the Mills in coordination with local authorities. Your Company is determined to ensure safety of its employees and extend help to surrounding communities during this pandemic and specifically earmarked an amount for Covid-19 related measures.

Your Company was also awarded Annual Corporate Social Responsibility Award 2020, in the appreciation of services and overall performance in "Community Affairs" in 9th Int'l Annual CSR Summit by Professional Network and Ethical Business Update.

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 customer's 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.

HUMAN RESOURCE

Human Resource are the most vital asset of your Company to maintain its sustainability as they are the source of Knowledge, Skills and Competence. The vision of human resources has been determined on the basis of the core value defined by the Company's Management.

Your Company believes that effective utilization of competitive human resources are the most important to survive in ever-changing business environment and to achieve sustainable growth. Company ensures that each of its employees, the most important assets will exercise their full potential in line with the business requirements of their respective business units and based on the Company's Management Strategy.

Systems are in place for all Human Resource functions, including recruitment, talent management, performance management, compensation and benefits, training and development and employee engagement. We are now working on digitalizing HR end-to-end, according to global standards. Smooth systems clubbed with competitive compensation and benefits attract the best talent and keep them engaged.

Your Company gives utmost importance to the ongoing development of its human resource for smooth operations. Company uses a combination of on-job training and enhanced skill programs through subject specialists to promote effective development of human resources.

During the Covid-19 pandemic, the major challenge, Your Company faced like many businesses was to engage the Human Resources. The pandemic has changed the experience of work for the vast majority of our employees as your Company immediately resorted to categorize the jobs those can be performed through work from home and those need in-person attendance which effectively helped in ensuring compliance with SOPs during commutation and at workplace.



DIRECTORS' REPORT

OUTLOOK FOR THE YEAR 2022

After achieving economic growth of 3.9% last year, the Government has projected an even higher growth of 4.8% for 2021-22. Along with other sectors, large scale manufacturing is also expected to post reasonable growth after showing a V-Shape recovery during the financial year 2020-21. Paper and paperboard sector will not be an exception as packaging board and shipping cartons will continue to drive growth owing to higher demand for packaged goods and online shopping, though there is less likelihood of rebound in demand of writing printing papers. Your Company is well poised to meet improved demand of packaging board successfully with the available range of well-developed and established products and capacity enhancement recently achieved through BMR projects.

The vaccination drive against Covid 19 around the globe is going on at a fast pace which is paving the way for re-opening of economies. Though this phenomenon is encouraging for health and safety of the masses, it is posing challenges for businesses owing to severe supply side shocks coupled with considerable shipment delays affecting adversely the raw material and fuel costs. Waste paper prices, both imported as well as local, have seen substantial increase in the last few months. Coal and RLNG prices are also on the rise and prevailing levels are significantly higher than last year while there is no immediate respite in sight. However, wood pulp prices, after showing an upward trend in the last few months are now stabilizing and expected to come down soon.

Management foresees pressure on margins and has plans in place to mitigate its impact with volume maximization and cost minimization. Selling price adjustments will only be considered as per market conditions, whenever necessary. The hallmark of management strategy in recent years has been to undertake different BMR projects to achieve incremental volumes with cost efficient operations to ensure sustainability of financial results of the Company.

ACKNOWLEDGEMENT

The Directors wish to acknowledge the devotion of the employees of all cadres and are appreciative of their dedication and commitment. They also extend heartfelt appreciation to Company's suppliers, customers and bankers for their continued confidence and support.

On Behalf of the Board of Directors



Iqbal Ali Lakhani

Chairman



Aftab Ahmad

Chief Executive Officer

Karachi: July 27, 2021


دنیا بھر میں Covid-19 کے خلاف ویکسینیشن مہم تیزی سے جاری ہے جو معیشتوں کو دوبارہ کھولنے کی راہ ہموار کر رہی ہے۔ اگرچہ یہ رجحان عوام کی صحت اور حفاظت کے لیے حوصلہ افزاء ہے، یہ سپلائی کے رخ پر شدید جھٹکوں کے ساتھ خام مال اور ایندھن کے اخراجات کو منفی طور پر متاثر کرنے والی کھیپ کی تاخیر کے ساتھ کاروباری اداروں کے لیے چیلنج کھڑے کر رہا ہے۔ ویسٹ پیپر کی قیمتوں، درآمد شدہ اور مقامی دونوں، میں پچھلے چند مہینوں میں کافی اضافہ دیکھنے میں آیا ہے۔ کونکے اور آر لیل این جی کی قیمتیں بھی بڑھ رہی ہیں اور موجودہ سطح پچھلے سال کے مقابلے میں نمایاں طور پر زیادہ ہے جبکہ فوری طور پر کوئی راحت نظر نہیں آرہی ہے۔ تاہم، لکڑی کے گودے (Wood Pulp) کی قیمتیں، پچھلے کچھ مہینوں میں اوپر کی طرف رجحان ظاہر کرنے کے بعد اب مستحکم ہو رہی ہیں اور جلد ہی نیچے آنے کی توقع ہے۔

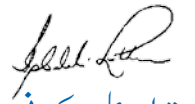
انتظامیہ منافع جات پر دباؤ کی پیش گوئی کرتی ہے اور حجم زیادہ سے زیادہ اور لاگت کو کم کرنے کے ساتھ اس کے اثرات کو کم کرنے کے منصوبے رکھتی ہے۔ قیمتوں میں ایڈجسٹمنٹ پر حسبِ ضرورت صرف مارکیٹ کے حالات کے مطابق غور کیا جائے گا۔ حالیہ برسوں میں انتظامیہ کی حکمت عملی کا خاصہ یہ رہا ہے کہ کمپنی کے مالی نتائج کی پائیداری کو یقینی بنانے کے لیے بی ایم آر (BMR) کے مختلف منصوبوں کو بروئے کار لایا جائے تاکہ کفایتی لاگت سے آپریشنز کے ساتھ اضافی حجم حاصل کیا جاسکے۔

اعتراف

ڈائریکٹرز ہر شعبے کے ملازمین کی اپنے کام سے لگن کا اعتراف کرتے ہیں اور ان کے تعاون اور ادارے کے ساتھ خلوص کو سراہتے ہیں۔ وہ کمپنی کے سپلائرز، صارفین اور بینکرز کو ان کے مسلسل اعتماد اور تعاون پر تہہ دل سے خراج تحسین پیش کرتے ہیں۔

بورڈ کی جانب سے


آفتاب احمد
چیف ایگزیکٹو آفیسر


اقبال علی لاکھانی
چیئر مین

کراچی: ۲۷ جولائی ۲۰۲۱ء

کمپنی انسانی وسائل کی موثر ترقی کو فروغ دینے کے لیے موضوع کے ماہرین کے ذریعے آن جاب ٹریننگ اور ہنرمہارت کے بہترین پروگراموں کا مجموعہ استعمال کرتی ہے۔

Covid-19 وباء کے دوران آپ کی کمپنی کو بہت سے کاروباری اداروں کی طرح سب سے بڑا درپیش چیلنج انسانی وسائل کو شامل کرنا تھا۔ وباء نے ہمارے ملازمین کی اکثریت کے لیے کام کے تجربے کو بدل کر رکھ دیا ہے کیونکہ آپ کی کمپنی نے فوری طور پر ان کاموں کی درجہ بندی کرنے کا سہارا لیا ہے جو گھر سے کام کے ذریعے انجام دی جاسکتی ہیں اور جنہیں کام کی جگہ پر ذاتی طور پر حاضری کی ضرورت ہوتی ہے، ان کے لیے سفر کے دوران ایس او پیز کی تعمیل کو یقینی بنانے میں موثر طریقے سے مدد کی۔

صارفین پر توجہ

آپ کی کمپنی یقین رکھتی ہے کہ اس کے قابل قدر گاہک اس کی کاروباری کامیابی کی بنیاد ہیں۔ کمپنی کی پالیسیاں مکمل طور پر صارفین پر مرکوز ہیں۔ مارکیٹ اور صارفین کے ساتھ رابطے نے ہمیشہ آپ کی کمپنی کو پہلا انتخاب بنانے کے لیے بہترین مناسب مصنوعات اور اعلیٰ خدمات پیش کرنے کے لیے کسٹمر کی ضروریات کو بہتر طور پر سمجھنے کے قابل بنایا ہے۔

ملازمین سے تعلقات

ملازمین اور مینجمنٹ کے درمیان برس ہا برس سے پُرخلوص تعلقات قائم ہیں۔ یہ خوشگوار تعلقات ہمارے ملازمین کی تبدیلی ملازمت کی شرح میں بھی جھلکتے ہیں جو بہت کم ہے، خواہ ہمارے شعبے کے ساتھ تقابل ہو یا دوسرے شعبوں کے ساتھ۔

سال 2022 کا منظر نامہ

پچھلے سال 3.9% کی معاشی نمو حاصل کرنے کے بعد، حکومت نے 2021-22ء کے لیے 4.8% نمو کا تخمینہ لگایا ہے۔ دیگر شعبوں کے ساتھ ساتھ، مالی سال 2021-22ء کے دوران V شکل (V-Shape) بحالی ظاہر کرنے کے بعد لارج اسکیل مینوفیکچرنگ (LSM) میں بھی مناسب ترقی کی توقع ہے۔ پیپر اور پیپر بورڈ سیکٹر کو بھی کوئی استثناء نہیں ہوگا کیونکہ پیننگ بورڈ اور شپنگ کارٹن پیکیجڈ اشیاء کی زیادہ مانگ اور آن لائن شاپنگ کی وجہ سے ترقی کا سلسلہ جاری رکھیں گے، تاہم رائٹنگ / پرنٹنگ پیپر کی مانگ میں بحالی کے امکانات کم ہیں۔ آپ کی کمپنی پیکیجنگ بورڈ کی بہتر طلب کو اچھی طرح سے پورا کرنے اور عہدگی سے تیار شدہ اور مستحکم مصنوعات کی دستیاب رتنج اور حال ہی میں بی ایم آر (BMR) پروجیکٹس کے ذریعے حاصل کی گئی صلاحیت کو بڑھانے کے لیے تیار ہے۔

ذریعے ایسے اسکول نہ جانے والے بچوں کو توجہ کا مرکز بنایا گیا ہے جو کچرا جمع کرنے وغیرہ کے ذریعے چائلڈ لیبر کا نشانہ بنے ہوئے ہیں۔ والدین کو تعلیم کی اہمیت اور ضرورت کے بارے انفرادی مشاورت فراہم کی جارہی ہے۔ یہ مشاورتی نشستیں تعلیم کی جانب ان کا جھکاؤ بڑھانے میں کارآمد ثابت ہو رہی ہیں۔ اب تک کے نتائج نہایت حوصلہ افزا ہیں ایسے بچوں کی شمولیت اور حاضری ان کی تعلیم حاصل کرنے کی خواہش کی بہت صحت مندانہ نشاندہی کرتی ہے۔ طلباء کا ہیلتھ چیک اپ بھی کرایا گیا ہے۔ اسی طرح کا ایک اقدام پچھلے سال سائل فاؤنڈیشن (SMILE) کے تعاون سے مل کی حدود میں اٹھایا گیا تھا جہاں اسکول نہ جانے والے بچوں کو بھی اسکولوں میں داخلے کی ترغیب دی گئی تھی۔ اس کوشش کے بھی بہترین نتائج برآمد ہو رہے ہیں۔ اسکول نہ جانے والے بچوں کے داخلوں کے ساتھ اسے مزید ترقی دی جارہی ہے۔

افراد قوت

افراد قوت آپ کی کمپنی کا سب سے اہم اثاثہ ہے تاکہ اس کی پائیداری کو برقرار رکھا جاسکے جیسا کہ وہ علم، مہارت اور قابلیت کا ذریعہ ہیں۔ انسانی وسائل کے نصب العین کا تعین کمپنی کی انتظامیہ کی طرف سے طے کردہ بنیادی اقدار کی بنیاد پر کیا گیا ہے۔

آپ کی کمپنی یقین رکھتی ہے کہ مسابقتی انسانی وسائل کا موثر استعمال ہمیشہ بدلتے ہوئے کاروباری ماحول میں زندہ رہنے اور پائیدار ترقی حاصل کرنے کے لیے سب سے اہم ہے۔ کمپنی اس بات کو یقینی بناتی ہے کہ اس کا ہر ملازم، جو اس کا انتہائی اہم اثاثہ ہے، اپنی متعلقہ کاروباری اکائیوں کی کاروباری ضروریات کے مطابق اور کمپنی کی انتظامی حکمت عملی کی بنیاد پر اپنی پوری صلاحیت استعمال کرے گا۔

آپ کی کمپنی اپنی افراد قوت کا بہترین استعمال کرنے کے لیے کوشاں رہتی ہے۔ اس نے اپنے ملازمین کے لیے ان کی ضرورتوں اور رائے کو اہمیت دیتے ہوئے ایک وسیع اور مربوط طریقہ کار اختیار کیا ہوا ہے۔ کمپنی کی بنیادی اقدار انکساری، ہمدردی، دیانت، تبدیلی، جدت، مسلسل بہتری کا رجحان رکھنے والے ذہن، ٹیم ورک، فوری ضرورت کی پہچان اور کسٹمر کو اولین فوقیت دینے پر مبنی ہے۔ انہی اقدار کی بدولت ہر ملازم کو ایک منظم ادارے میں آگے بڑھنے اور اپنی تخلیقی صلاحیتوں کو پیشہ ورانہ مہارتوں میں ڈھالنے کا موقع ملتا ہے۔ انسانی وسائل کے تمام امور کے لئے نظام موجود ہیں، جن میں بھرتی، ٹیلنٹ مینجمنٹ، پرفارمنس مینجمنٹ، معاوضہ اور فوائد، تربیت اور ترقی، اور ملازمین کی شمولیت شامل ہیں۔ اب ہم ایچ آر کی عالمی معیارات کے مطابق اینڈ ٹو اینڈ ڈیجیٹلائزنگ پر کام کر رہے ہیں۔ مسابقتی معاوضے اور فوائد کے ساتھ منسلک ہموار نظام ہمارے ملازمین کو راغب کرتے ہیں اور ان کو مشغول رکھتے ہیں۔

آپ کی کمپنی کاروباری امور کی ہموار انجام دہی کے لیے اپنے انسانی وسائل کی لگاتار ترقی کو انتہائی اہمیت دیتی ہے۔

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 اسکول سے باہر بچوں کی تعلیم پر خصوصی زور دینے کے ساتھ ضرورت مند بچوں کو تعلیم میں معاون اشیاء فراہم کرتی ہے۔

جہاں تک Covid-19 کا تعلق ہے، صنعتی ایس او پی کی پاسداری کر کے ایک جامع حکمت عملی کا اطلاق کیا گیا ہے۔ ضرورت کی اس گھڑی میں ہمارا کمیونٹیز کی معاونت کرنے کا عزم مستحکم ہے۔ ضرورت مند طبقے تک پہنچ کر فوڈ ہیمریز کی تقسیم کے ذریعے ایک مستحکم کوشش کا آغاز کیا گیا تاکہ ضرورت مند طبقے تک رسائی حاصل کی جاسکے اور مقامی حکام کے ساتھ مل کر ملز کے آس پاس کے ہیلتھ ورکرز کو میڈیکل کٹس بھی تقسیم کی جائیں۔ آپ کی کمپنی اپنے ملازمین کی حفاظت کو یقینی بنانے اور اس وباء کے دوران آس پاس کی آبادیوں کی مدد کرنے کے لیے پرعزم ہے اور خاص طور پر Covid-19 سے متعلق اقدامات کے لیے رقم مختص کی گئی ہے۔

آپ کی کمپنی کو پروفیشنل نیٹ ورک اینڈ ایٹھیکل بزنس اپ ڈیٹ کی طرف سے 9 ویں انٹرنیشنل سالانہ سی ایس آر (CSR) سمٹ میں خدمات کی تعریف اور ”کمیونٹی افیئرز“ میں مجموعی کارکردگی کی بدولت سالانہ کارپوریٹ سوشل رسپانسیبیلیٹی ایوارڈ 2020ء سے بھی نوازا گیا۔

آپ کی کمپنی لیکن گروپ آف کمپنیز کا حصہ ہے۔ کمپنی کی جانب سے کی جانے والی رفاہی سرگرمیاں، گروپ کے خیراتی و فلاحی شعبے کے تحت کام کرنے والی حسن علی اینڈ گل بانو لاکھانی فاؤنڈیشن اور لیکن میڈیکل ٹرسٹ کے نام سے قائم ادارے سرانجام دیتے ہیں۔

کمپنی میں سماجی اور اچھے اخلاقی رویوں کے فروغ کے لیے اقدار 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 سینچری پیپرز 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 فیملیز کے لیے فن فیئر، تاریخی مقامات پر تعلیمی دورے، ملازمین کے بچوں کے لیے سرکیمپس 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 رول 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 اسکول قائم کئے جارہے ہیں۔ اس اقدام کے

وسائل کے تحفظ میں مزید پیشرفت کے لئے آپ کی کمپنی نے ورلڈ بینک گروپ کی ایک معاون تنظیم، انٹرنیشنل فائننس کارپوریشن (IFC) کی مشاورتی خدمات کا استعمال شروع کر دیا ہے۔

انڈسٹری لیڈر ہونے کے ناطے، آپ کی کمپنی صارفین پر توجہ مرکوز رکھنے والے ادارے کی حیثیت سے بدستور بہترین کارکردگی کا مظاہرہ کر رہی ہے اور محفوظ، ماحول دوست کاروباری سرگرمیوں، مصنوعات اور خدمات کو یقینی بناتی ہے۔ اس کے 4 ستونوں والے SEMETA معیار کے مقابل SEDEX آڈٹ میں کوالیفائی کرنا اس بات کا ثبوت ہے کہ آپ کی کمپنی ہر ایک کے لئے قابل قبول بزنس پارٹنر ہے۔

زیرو ایکسیڈنٹ کے حصول اور کاروباری سرگرمیوں کے ماحولیاتی اثرات کو کم کرنے کے لئے رسک کے جامع جائزہ اور متعلقہ حفاظتی تدابیر کی سرگرمی سے پیروی کی جارہی ہے۔ ناگہانی حادثات کی اصل وجوہات کو ختم کرنے اور ان کے دوبارہ رونما ہونے سے بچنے کے مقصد کے ساتھ ان کی پوری طرح سے تفتیش کی جاتی ہے۔ سلامتی اور ماحولیاتی آگاہی کو بڑھانے کے لئے ملازمین اور ٹھیکیداروں، دونوں کے لئے باقاعدگی سے ٹریننگ سیشن منعقد کئے جاتے ہیں۔

کمپنی SHEQ فریم ورک کا بھی وقفہ وقفہ سے متواتر جائزہ لیتی رہتی ہے۔ جس کے نتیجے میں مزید بہتری کے لیے ٹھوس اقدامات کیے جاتے ہیں، جس میں پروڈکٹ کوالٹی، توانائی کے استعمال کا مستقل جائزہ اور پڑتال، بوائلر سے گیسوں کا اخراج، پاور پلانٹ اور خارج شدہ گندے پانی کو ضائع کرنا شامل ہے۔

درج ذیل ایوارڈز اس بات کا ثبوت ہیں کہ آپ کی کمپنی کی کاوشوں کا بخوبی اعتراف کیا جا رہا ہے:

- نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) کی طرف سے سالانہ سسٹین ایبلٹی انیشیٹیو (Sustaina-bility Initiative) ایوارڈ 2021 سے نوازا گیا۔
- نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) کی طرف سے سالانہ انوائرنمنٹ ایکسلینس ایوارڈ (AEEA) 2020ء نوازا گیا۔
- فائر پروٹیکشن ایسوسی ایشن آف پاکستان (FPAP) اور نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) کی طرف سے سالانہ فائر سیفٹی ایوارڈ 2019ء سے نوازا گیا۔

کاروباری سماجی ذمہ داری

آپ کی کمپنی سوسائٹی کے سماجی اور ماحولیاتی مقاصد کی تکمیل کے لیے بھی پرعزم 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

پیٹرن آف شیئر ہولڈنگ

30 جون 2021ء 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 2021ء کے مطابق 2,554 شیئر ہولڈرز کمپنی کے ریکارڈ پر موجود تھے۔ ڈائریکٹرز / چیف ایگزیکٹو آفیسر / کمپنی سیکرٹری / چیف فنانشل آفیسر / ایگزیکٹوز اور ان کے چھوٹے بچوں کی طرف سے سال کے دوران میں شیئرز کی کوئی خرید / فروخت نہیں کی گئی۔

بورڈ نے ایگزیکٹوز اور منیجر اور اس سے زائد کمیٹیز سے تعلق رکھنے والے ملازمین کی طرف سے، ان کی تنخواہوں سے قطع نظر، آپ کے کمپنی کے شیئرز کی لین دین کے حوالے سے ایک حد طے کر رکھی ہے۔

سیفٹی، ہیلتھ، انوائرمٹ اور کوالٹی (SHEQ)

آپ کی کمپنی درجہ کمال پانے کی سوچ کے ساتھ تمام کاروباری امور میں بہتری کے لئے کوشاں ہے۔ آپ کی کمپنی نہ صرف OHSM ISO 45001:2018، EMS ISO 14001:2015 اور QMS ISO 9001:2015 پر مشتمل انٹیگریٹڈ مینجمنٹ سسٹم (IMS) کے معیارات سے سرٹیفائیڈ ہے، بلکہ معاشی، سماجی اور ماحولیاتی، تینوں جہتوں میں بہتری لانے کے لیے بھی کوششیں کر رہی ہے۔

پائیدار سماجی بہبود آپ کی کمپنی میں اہم توجہ کا مرکز بن گئی ہے جیسا کہ وہ آئندہ نسلوں کی ضروریات پر سمجھوتا کئے بغیر موجودہ ضروریات کو پورا کرنے کے لئے سخت کوششیں کرتی ہے۔ صحت، تعلیم اور ماحولیات کو بہتر بنانے کے لئے اقوام متحدہ کی طرف سے قائم کردہ 17 پائیدار ترقیاتی اہداف (SDGs) پر عمل کیا جاتا ہے، جو حکومت پاکستان کی طرف سے اپنائے گئے ہیں۔ اس سطح سے آگے بڑھتے ہوئے، جنگلات کے تحفظ کے عزم کے طور پر آنے والے سال میں FSC COC سرٹیفیکیشن حاصل کرنا کمپنی کا مقصد ہے۔

وسائل کا تحفظ حالیہ برسوں میں کاروباری شعبے کے لئے بدستور باعث تشویش بنا ہوا ہے اور اس کے لئے، آپ کی کمپنی نے توانائی اور پانی کی کفایت کے طریقوں پر توجہ دی 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 پائیداری اور زیادہ صفائی والے پیداواری طریقوں کا باعث بنا ہے۔ کمپنی نے جزوی طور پر تازہ پانی کی جگہ صاف شدہ آلودہ پانی کا دوبارہ استعمال کرنا شروع کیا ہے اور اس طرح زیر زمین پانی کی بچت کی جارہی ہے۔ کمپنی نے قابل تجدید شمسی توانائی کا استعمال بھی شروع کر دیا ہے۔

- 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 کاروباررواں دواں رکھنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز میں تفصیلاً درج کاروباری نظم و ضبط کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔
- انٹرئل کنٹرول کا نظام مستحکم ہے اور اس کا موثر انداز میں نفاذ اور نگرانی کی جاتی ہے۔
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جو پاکستان میں قابلِ اطلاق ہیں اور کمپنیز ایکٹ 2017 کے تقاضوں کی پیروی کی گئی ہے اور ان سے کسی بھی انحراف کا مناسب انداز میں انکشاف اور وضاحت کی گئی ہے۔
- گزشتہ چھ سالوں کے اہم آپریشنل اور فنانشل ڈیٹا کا خلاصہ سالانہ رپورٹ کے ساتھ منسلک ہے۔
- ٹیکسوں اور محصولات کے بارے میں معلومات نوٹس میں دی گئی ہیں اور مالیاتی گوشواروں کا حصہ ہیں۔

متعلقہ پارٹی سے لین دین

متعلقہ قواعد و ضوابط کے مطابق، آپ کی کمپنی کی متعلقہ پارٹی سے لین دین کی پالیسی ہے جو بورڈ آف ڈائریکٹرز کی طرف سے منظور کی گئی ہے جو کہ براہ راست اور بالواسطہ لین دین کے طریقہ کار کو کنٹرول کرتی ہے۔ سال کے دوران متعلقہ پارٹی سے کیے گئے تمام لین دین مالیاتی گوشواروں کے نوٹ 44 میں ظاہر کیے گئے ہیں۔

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۔

نمایاں تبدیلیاں

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان ایسی کوئی نمایاں تبدیلیاں یا معاہدے نہیں ہوئے جو آپ کی کمپنی کی مالیاتی پوزیشن پر اثر انداز ہو سکیں۔

چیئر مین

ممبر

ممبر

ممبر

جناب آصف قادر

جناب امین محمد لاکھانی

محترمہ انوشکا لاکھانی

جناب آفتاب احمد

ڈائریکٹرز کا مشاہرہ

بورڈ ممبران کے مشاہرے کی منظوری خود بورڈ کی طرف سے کی جاتی ہے۔ تاہم کاروباری نظم و ضبط کے ضابطے کے مطابق یہ یقینی بنایا جاتا ہے کہ کوئی ڈائریکٹر خود اپنے مشاہرے کا فیصلہ کرنے میں شریک نہ ہو۔ کمپنی اجلاسوں میں شرکت کے لئے فیس کے علاوہ نان ایگزیکٹو ڈائریکٹرز کو مشاہرے کی ادائیگی نہیں کرتی۔ 30 جون 2021 کو ختم ہونے والے سال کے لئے چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے مشاہرے سے متعلق معلومات کے لئے براہ کرم مالیاتی گوشواروں کا نوٹ 43 ملاحظہ کریں۔

ڈائریکٹرز ٹریننگ پروگرام

بورڈ کے تمام ڈائریکٹرز آپ کی کمپنی کے ڈائریکٹر کی حیثیت سے اپنے فرائض اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔ آپ کی کمپنی کے زیادہ تر ڈائریکٹرز ٹریننگ مکمل کر چکے ہیں یا ڈائریکٹرز کے ٹریننگ پروگرام کی ضرورت سے مستثنیٰ ہیں۔

ڈائریکٹرز کی تشخیص

بورڈ آف ڈائریکٹرز نے سیلف اسیسمنٹ کی بنیاد پر اپنی کارکردگی کا جائزہ لینے کے لیے ایک موثر طریقہ کار قائم کیا ہے۔ بورڈ مناسب طریقے سے قیمتی رہنمائی فراہم کرتا ہے اور کارپوریٹ گورننس کو یقینی بناتا ہے۔

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۔ ڈائریکٹرز تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات کی کیفیت بشمول اور اس کی کاروباری سرگرمیوں، کیش فلو اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

16 جولائی 2021 کو ڈائریکٹرز کے انتخابات کے بعد آڈٹ کمیٹی دوبارہ تشکیل دی گئی اور درج ذیل افراد کا اس کے ارکان کے طور پر تقرر کیا گیا:

جناب علی عامر (چیئر مین)

جناب امین محمد لاکھانی (ممبر)

جناب بابر علی لاکھانی

آڈٹ کمیٹی کے قواعد و ضوابط وہی ہیں جو کاروباری نظم و ضبط کے ضابطے میں طے کیے گئے ہیں۔ مزید برآں آڈٹ کمیٹی مالیاتی گوشواروں اور انٹر نل 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 کے حوالے سے کوئی بڑا فیصلہ صادر کرنے کے لیے ہر سہ ماہی میں کم از کم ایک بار اجلاس منعقد کرتی ہے۔ آڈٹ کمیٹی مالیاتی گوشواروں کی منظوری کے لیے بورڈ کو اپنی سفارشات پیش کرتی ہے جن کی چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر باضابطہ توثیق کرتے ہیں۔

افراد و وسائل و مشاہرہ کمیٹی

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

انجنیئر ایم عبدالجبار - 26 نومبر 2020 تک

جناب آصف قادر - 15 فروری 2021 سے

جناب امین محمد لاکھانی

جناب تسلیم الدین احمد باٹل

جناب آفتاب احمد

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

16 جولائی 2021ء کو ڈائریکٹرز کے انتخابات کے بعد کمیٹی دوبارہ تشکیل دی گئی اور درج ذیل افراد کا اس کے ارکان کے طور پر تقرر کیا گیا:

ڈائریکٹرز کے نام اجلاسوں میں شرکت کی تعداد

نان ایگزیکٹو ڈائریکٹرز

3	جناب اقبال علی لاکھانی (چیئر مین)
5	جناب امین محمد لاکھانی
5	محترمہ انوشکا لاکھانی
5	جناب تسلیم الدین احمد باٹلے
5	جناب شاہد احمد خان

خود مختار ڈائریکٹرز

2	جناب کمال شعیب (مرحوم)
3	انجنیر ایم عبدالجبار
2	جناب علی عامر
1	جناب آصف قادر

ایگزیکٹو ڈائریکٹر

5	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 تھی۔ سال کے دوران ایک خود مختار ڈائریکٹر اس کا چیئر مین اور دو نان ایگزیکٹو ڈائریکٹر ممبران تھے۔ 30 جون 2021 کو ختم ہونے والے سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل رہی :

ڈائریکٹرز کے نام اجلاسوں میں شرکت کی تعداد

1	جناب کمال شعیب۔ مرحوم (چیئر مین)۔ 26 نومبر 2020 تک
2	جناب علی عامر (چیئر مین)۔ 26 نومبر 2020 سے
4	جناب امین محمد لاکھانی
4	جناب تسلیم الدین احمد باٹلے

ڈائریکٹرز جناب کمال شعیب (مرحوم)، انجینئر ایم عبدالجبار، جناب تسلیم الدین احمد باٹلے اور جناب شاہد احمد خان کو ان کی بطور ڈائریکٹر بیش بہا خدمات پر خراج تحسین پیش کرتے ہیں اور جناب بابر علی لاکھانی، جناب علی عامر، جناب آصف قادر کو آپ کی کمپنی کے بورڈ میں خوش آمدید کہتے ہیں۔

ڈائریکٹرز کے انتخاب کے بعد، جناب اقبال علی لاکھانی کو 3 سال کی مدت کے لیے بورڈ کا چیئر مین اور جناب آفتاب احمد کو کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا گیا۔

بورڈ کی ساخت

سال کے دوران بورڈ آف (8) ارکان پر مشتمل تھا۔ 17 جولائی 2021ء کو منعقدہ انتخابات کے لیے ڈائریکٹرز کی تعداد سات (7) طے کی گئی۔ سال کے دوران اور ڈائریکٹرز کے انتخابات کے بعد بورڈ کی ساخت درج ذیل ہے:

سال کے دوران انتخابات کے بعد

مرد	7	6
خاتون	1	1
خود مختار ڈائریکٹرز	2	2
نان ایگزیکٹو ڈائریکٹرز	5	4
ایگزیکٹو ڈائریکٹر	1	1

جناب اقبال علی لاکھانی بورڈ کے چیئر مین کے عہدے پر فائز ہیں جب کہ جناب آفتاب احمد کمپنی کے چیف ایگزیکٹو آفیسر ہیں۔

بورڈ کے اجلاس

30 جون 2021ء کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل رہی:

جناب تسلیم الدین احمد باٹلے

جناب شاہد احمد خان

جناب آفتاب احمد

جناب کمال شعیب - مرحوم (26 نومبر 2020 تک)

انجینئر ایم عبدالجبار (26 نومبر 2020 تک)

جناب علی عامر (26 نومبر 2020 سے)

جناب آصف قادر (15 فروری 2021 سے)

بورڈ آف ڈائریکٹرز کی طرف سے 26 نومبر 2020ء کو جناب کمال شعیب کے انتقال پر گہرے دکھ اور افسوس کا اظہار کیا جاتا ہے اور ہم بورڈ کے ایک فعال رکن کی حیثیت سے ان کی انمول خدمات کے لیے ان کو خراج تحسین کو ریکارڈ پر رکھنا چاہتے ہیں۔

سال کے دوران، انجینئر ایم عبدالجبار نے استعفیٰ دے دیا اور 26 نومبر 2020ء کو ان کی جگہ جناب علی عامر کا تقرر کیا گیا۔ مسٹر کمال شعیب 26 نومبر 2020ء کو انتقال کر گئے اور جناب آصف قادر ان کی جگہ 15 فروری 2021ء کو مقرر ہوئے۔

17 جولائی 2021ء کو شروع ہونے والی تین (3) سال کی مدت کے لیے ڈائریکٹرز کے انتخاب کے لیے آپ کی کمپنی کا ایک غیر معمولی اجلاس عام (EOGM) 16 جولائی 2021ء کو منعقد کیا گیا جس میں سات (7) ڈائریکٹرز منتخب کیے گئے:-

جناب اقبال علی لاکھانی (چیئر مین - نان ایگزیکٹو ڈائریکٹر)

جناب امین محمد لاکھانی (نان ایگزیکٹو ڈائریکٹر)

جناب بابر علی لاکھانی (نان ایگزیکٹو ڈائریکٹر)

محترمہ انوشکا لاکھانی (نان ایگزیکٹو ڈائریکٹر)

جناب آفتاب احمد (چیف ایگزیکٹو آفیسر (CEO))

جناب علی عامر (خود مختار ڈائریکٹر)

جناب آصف قادر (خود مختار ڈائریکٹر)

کمپنی اپنے ملازمین کو پروویڈنٹ فنڈ اور گریجویٹ فنڈ کی شکل میں ٹریمنٹل سینیفٹس فراہم کرتی ہے۔ یہ فنڈز سینیفٹس دوالگ الگ باضابطہ 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 دو فنڈز کی طرف سے کی جانے والی سرمایہ کاری کی مالیت 30 جون 2021ء کے مطابق درج ذیل ہے :

ملین روپے		
2020	2021	
645.82	722.39	پروویڈنٹ فنڈ
578.79	684.57	گریجویٹ فنڈ

آڈیٹرز

میسرز BDO ابراہیم اینڈ کمپنی، کمپنی کے آڈیٹرز کی حیثیت سے ریٹائر ہو رہے ہیں اور انہوں نے دوبارہ تقرری کے لیے اپنی خدمات پیش کی 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 ضابطہ اخلاق پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ہدایات کی پوری طرح تعمیل کرتی ہے، جسے ICAP کی طرف سے اختیار کیا گیا 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 2021ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز پیش کی ہے۔

کارپوریٹ انفارمیشن

بورڈ آف ڈائریکٹرز

سال کے دوران بورڈ آف ڈائریکٹرز کے ارکان درج ذیل تھے:

جناب اقبال علی لاکھانی (چیئرمین)

جناب امین محمد لاکھانی

محترمہ انوشکا لاکھانی

کمپنی نے عہدگی سے ترتیب دی گئی ایک کریڈٹ پالیسی کے ساتھ کریڈٹ کے خطرات کا موثر انتظام کیا ہے جس کا CEO / بورڈ آف ڈائریکٹرز کی طرف سے داخلی ہدایات اور ریگولیٹری تقاضوں کے مطابق وقتاً فوقتاً جائزہ لیا جاتا ہے اور منظوری دی جاتی ہے۔

• لیکویڈیٹی کے خطرات

لیکویڈیٹی کا خطرہ اس وقت پیدا ہوتا ہے جب کمپنی کے پاس ناکافی فوری کیش 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 ضروری فنڈز کی دستیابی یقینی بنانے کے ذریعے لیکویڈیٹی کے خطرات سے نمٹا جاتا ہے۔

• شرح سود کے خطرات

شرح سود کے خطرات شرح سود میں اتار چڑھاؤ کی وجہ سے پیدا ہوتے ہیں 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 امتزاج کے ذریعے شرح سود میں تبدیلیوں کے اثر کا مقابلہ کرتی ہے۔

• غیر ملکی زرمبادلہ کے خطرات

کمپنی کو اپنے خام مال، پلانٹ اور مشینری کی درآمد پر، جن کی مختصر مدت میں ادائیگی کرنی ہو، زرمبادلہ کے کسی نمایاں خطرات 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 میں شامل ہوتی 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 بنیادی اثاثے سے متعلق خطرات کو کم کرنے کے لیے مناسب رد و بدل کرتی ہے۔ کمپنی قرضوں اور سرمائے کا موزوں تناسب برقرار رکھنے پر یقین رکھتی ہے۔

پروویڈنٹ اور گریجویٹ فنڈز

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

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 بدلتے 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 لیے 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۔

آپریشنل خطرات

آپریشنل خطرات، خام مال کی قلت، بجلی کی بندش اور ماہر انسانی وسائل کے فقدان کے نتیجے میں آپریشنز کے تعطل کا نتیجہ ہو سکتے ہیں۔ ان خطرات پر قابو پانے کے لیے کمپنی مقامی اور درآمداتی میٹیریل کے لیے انتہائی متنوع سپلائر بیس کی حامل ہے۔ بجلی کی خود کفالت متبادل ایندھنوں پر چلنے والی مختلف پاور / اسٹیم جرنیشن فیسیلیٹیز کی تنصیب کے ذریعے یقینی بنائی جاتی ہے۔ انسانی وسائل کی تیاری تربیت کے مناسب اندرونی اور بیرونی مواقع کے ذریعے کی جاتی ہے۔

مالیاتی خطرات:

• کریڈٹ کے خطرات

کریڈٹ کے خطرات کا تعلق ایسے خطرے سے ہے جو کمپنی کو مقابل فریقوں کی طرف سے کریڈٹ کی متفقہ شرائط کے مطابق اپنے 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 کے خطرات کے حامل ہوتے ہیں۔

قومی خزانے میں حصہ

آپ کی کمپنی کے قومی خزانے میں جمع کردہ حصے کی مالیت میں گزشتہ سال کے 5,044 ملین روپے کے مقابلے میں 6,000 ملین روپے تک اضافہ ہوا۔

متوازن / جدت / تبدیلی (BMR) Balancing, Modernization & Replacement اور ڈیجیٹائزیشن

آپریشن میں مسلسل بہتری لانے کے لیے مینجمنٹ پالیسی کے مطابق، آپ کی کمپنی نے سال کے دوران 1,609 ملین روپے کا سرمایہ خرچ کیا ہے (2020ء: 962 ملین روپے)۔

مذکورہ بالا اخراجات کا بڑا حصہ مختلف بی ایم آر (BMR) پروجیکٹس سے متعلق ہے جنہیں مالی سال کے دوران اسٹیٹ بینک آف پاکستان (SBP) کی عارضی معاشی قرض کی سہولیات (TERF) کے ذریعے حاصل کیا جائے گا۔ ان BMR پروجیکٹس کے لیے کل سرمایے کی لاگت کا تخمینہ 3,900 ملین روپے لگایا گیا ہے جو پیپر اینڈ بورڈ مشینز کی صلاحیت میں اضافہ (65%)، بجلی اور یوٹیلیٹیز (27%) اور اپ گریڈیشن / رپلیسمنٹ (8%) پر مشتمل ہے۔ انتظامیہ آئندہ سال کے دوران تمام BMR پروجیکٹس کی تکمیل کا ہدف رکھتی ہے جس سے پیداواری صلاحیت میں 10% سے 15% مزید اضافہ ہوگا۔

تیز اور زیادہ درست تجزیہ کے لیے تکنیکی ترقی سے فائدہ اٹھانے کے لیے، مختلف طریقہ کار کو آپ کی کمپنی کے ERP سسٹم کے ساتھ ایک سے دوسرے تک مربوط کرنے کے لیے ڈیجیٹائزیشن پر توجہ بڑھائی گئی ہے۔

مجموعی بازاری مالیت (Market Capitalization)

KSE100 انڈیکس میں سال کے دوران بتدریج بہتری آئی اور 30 جون 2021ء تک 38% اضافے کے ساتھ 47,356 پوائنٹس پر بند ہوا۔ اسی کے مطابق آپ کی کمپنی کے شیئر کی قیمت بھی بہتر ہوئی اور اس نے سال کے دوران 131.22 روپے کی بلند سطح چھولی اور 30 جون 2021ء کو 122.07 روپے پر بند ہوا (2020ء: 71.57 روپے)۔ اسی کے مطابق سال کے اختتام پر مجموعی بازاری مالیت 30 جون 2020ء کو ختم ہونے والے گزشتہ سال کے 10,522 ملین روپے کے مقابلے میں لگ بھگ دگنی یعنی 21,536 ملین روپے رہی۔

خطرات کی تخفیف

لیکویڈیٹی پروفائل اور مالیاتی لاگت

آپ کی کمپنی سال کے دوران آپریٹنگ سرگرمیوں سے 3,060 ملین روپے (2020ء: 2,895 ملین روپے) بنانے میں کامیاب رہی۔ سرمایہ کاری اور فنانشنگ کی سرگرمیوں میں / سے کیش فلو کے بعد کیش کی خالص پیداوار 1,693 ملین روپے (2020ء: 516 ملین روپے) رہی جس سے قلیل مدتی قرضوں کے استعمال (مثبت کیش بیلنس کا خالص) میں 1,690 ملین روپے تک کمی آئی، جس کے نتیجے کے طور پر، کل قرضہ کم ہو کر 4,940 ملین روپے پر آگیا (2020ء: 6,262 ملین روپے)۔ سال کے دوران، آپ کی کمپنی نے منی مارکیٹ کے قلیل مدتی قرضوں اور رنگ فنانس سہولیات کا ایک بہترین مرکب استعمال کیا تاکہ قلیل مدتی قرضوں پر فنانس کی لاگت کو کم کیا جاسکے۔ مزید یہ کہ، اسٹیٹ بینک آف پاکستان (SBP) کی طویل مدتی رعایتی فنانسنگ اسکیموں نے، جن کی موثر لاگت 2.7% سے 5% تک ہے، آپ کی کمپنی کی مالیاتی لاگت کو 406 ملین روپے (2020ء: 987 ملین روپے) تک نمایاں طور پر کم کرنے میں مدد کی۔

اسٹیٹ بینک آف پاکستان (SBP) نے سال بھر میں پالیسی کی شرح کو 7% پر برقرار رکھتے ہوئے ایک مناسب مالیاتی پالیسی جاری رکھی ہے۔ مزید یہ کہ، آپ کی کمپنی نے اپنی موجودہ پیداواری سہولیات کو متوازن، جدید بنانے اور تبدیلی کے لیے اسٹیٹ بینک آف پاکستان (SBP) کی عارضی معاشی قرض کی سہولت (TERF) کے تحت مجموعی طور پر 2,850 ملین روپے کی رعایتی فنانسنگ حاصل کی ہے۔ گزشتہ سال 12.44% کے مقابلے میں زیر جائزہ سال کے لیے مجموعی طور پر موثر لاگت 7.06% رہی۔

فی شیئر آمدنی

سال کے لیے بنیادی فی شیئر آمدنی 16.78 روپے رہی (2020ء: 8.63 روپے)۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کے لیے فی شیئر آمدنی پر کوئی تحقیقی اثر نہیں ہوا۔

سال کے دوران میں 29,403,669 بونس شیئرز جاری کیے گئے جو 30 جون 2020ء کو ختم ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز کی منظوری سے 20% بونس اجراء کی نمائندگی کرتے ہیں، اس طرح مکمل ادا شدہ عام شیئرز کی تعداد 176,422,014 تک بڑھ گئی۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے تقاضوں کے مطابق فی شیئر آمدنی کے حساب کے لیے بونس شیئرز کا اثر موجودہ اور گزشتہ سال کے لیے شیئرز کی تخمینہ شدہ اوسط تعداد میں شامل کیا گیا ہے۔

ڈائریکٹرز یہ بتاتے ہوئے خوشی محسوس کرتے ہیں کہ آپ کی کمپنی نے زیر جائزہ سال کے لیے 4,246 ملین روپے (2020ء: 2,156 ملین روپے) قبل از ٹیکس منافع (PBT) اور 2,959 ملین روپے (2020ء: 1,522 ملین روپے) کا بعد از ٹیکس منافع (PAT) درج کروایا ہے۔

تخصیص (Appropriation)

سال کے دوران کی گئی تخصیصات کا خلاصہ درج ذیل ہے :

ملین روپے	سال کے لیے مجموعی جامع آمدنی
2,960.17	گزشتہ غیر مختص شدہ منافع
1,649.58	تخصیص کے لیے دستیاب رقم
<u>4,609.75</u>	

ذخائر (Reserves) کے لیے تخصیص

عام ذخیرے کو منتقلی	مالکان کے ساتھ لین دین
(1,000)	مالی سال 2020 کے لیے حتمی کیش ڈیویڈنڈ بحساب فی شیئر 1.50 روپے
(220.53)	مجموعی تخصیص
<u>(1,220.53)</u>	موجودہ بیلنس
<u>3,389.22</u>	

ڈائریکٹرز اپنے عمومی شیئر ہولڈرز کے لیے مالی سال 2020-21 کے لیے 15% (گزشتہ سال: 15%) کا حتمی کیش ڈیویڈنڈ تجویز کرتے ہیں جس کی مالیت 264.63 ملین روپے بنتی ہے (گزشتہ سال: 220.53 ملین روپے)۔ مزید یہ کہ ڈائریکٹرز کیپیٹل ریڈیمپشن ریزرو فنڈ سے 264.63 ملین روپے مختص کر کے ہر بیس (20) شیئرز کے لیے تین (3) شیئرز کے تناسب سے (یعنی 15%) بونس شیئر جاری کرنے کی تجویز دیتے ہیں۔ مجموعی طور پر، سال کے لیے بعد از ٹیکس منافع کی ادائیگی 18% ہے (گزشتہ سال 34%)۔

ڈائریکٹرز نے غیر مختص منافع سے جنرل ریزرو کو 3,000 ملین روپے کی منتقلی کی بھی تجویز دی ہے (گزشتہ سال 1,000 ملین روپے)۔ مجوزہ منتقلی کے بعد جنرل ریزرو بیلنس 4,800 ملین روپے تک بڑھ جائے گا۔

کے لحاظ سے ، آپ کی کمپنی نے سال کے لیے 28.66 ارب روپے (2020ء: 24.34 ارب روپے) ، بشمول 141.50 ملین روپے (2020ء: 72.90 ملین روپے) کی برآمدات ، خالص فروخت میں % 17 کا اضافہ درج کروایا۔

مالیاتی کارکردگی کا تجزیہ

مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

% فرق	ملین روپے 2020	2021	
17	24,345	28,660	سیلز
(12)	(20,409)	(22,965)	سیلز کی لاگت
45	3,936	5,695	کل منافع
(12)	(690)	(1,225)	انتظامی ، فروخت اور دیگر مدوں میں اخراجات
77	103	182	دیگر آمدن
49	3,142	4,652	آپریٹنگ منافع
59	(987)	(406)	مالیاتی اخراجات
98	2,156	4,246	خالص قبل از ٹیکس منافع
(105)	(634)	(1,287)	ٹیکس
96	1,522	2,959	خالص بعد از ٹیکس منافع

فروخت کی شرح فیصد کے طور پر مجموعی منافع میں % 3.7 اضافہ ہوا جس کی بنیادی وجہ آپریشنل استعداد کار ، خام مال کی بہترین سورشنگ اور ایندھن کی کم لاگت کی وجہ سے ہونے والی بچت ہے۔ اس کے نتیجے میں ، آپ کی کمپنی سال کی پہلی ششماہی کے دوران گزشتہ سال کی طرح اپنی مصنوعات کی قیمت فروخت برقرار رکھنے میں کامیاب رہی۔ تاہم ، سال کے دوسرے نصف حصے میں کونکے اور آر لیل این جی کے زیادہ نرخوں کے تناظر میں لکڑی کے گودے (Wood Pulp) اور ویسٹ پیپر کی قیمتوں میں تیزی کے ساتھ توانائی کے اخراجات میں اضافہ ہوا۔ اسی کے مطابق آپ کی کمپنی کو مارجن پر منفی اثرات کو کم کرنے کے لیے اپنی مصنوعات کی قیمت فروخت میں ایڈجسٹمنٹ کرنا پڑیں۔

فروخت کی شرح فیصد کے طور پر آپریٹنگ منافع (EBIT) بھی % 3.3 بڑھ کر 4,652 ملین روپے ہو گیا (2020ء: 3,142 ملین روپے)۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز (BOD) کی طرف سے 30 جون 2021ء کو ختم ہونے والے سال کے لیے سینچری 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

پاکستان کی معیشت پچھلے سال مختلف عوامل، خصوصاً دوسری ششماہی کے دوران Covid-19 کے پھیلنے کی وجہ سے جی ڈی پی (GDP) میں تخفیف سے گزرنے کے بعد مالی سال 2021ء میں بحال ہوئی۔ مالی سال 2021ء میں پاکستان کو Covid-19 کی دوسری اور تیسری لہروں کا بھی سامنا کرنا پڑا۔ تاہم، سمارٹ لاک ڈاؤن اور بڑے پیمانے پر ویکسینیشن مہم سمیت بیماری کو محدود رکھنے کی بہتر حکمت عملیوں کے ذریعے معاشی سرگرمیوں پر ان کے اثرات کو کم کیا گیا۔ اس کے علاوہ معاشی محرک اقدامات بشمول اسٹیٹ بینک آف پاکستان (SBP) کی رعایتی فنانسنگ اسکیموں اور مناسب مالیاتی پالیسیوں نے کاروباری اداروں کو V شکل (V Shape) کی بحالی دکھانے میں مدد فراہم کی ہے جس کے نتیجے میں لارج اسکیل مینوفیکچرنگ (LSM) 8% تک بڑھ گئی ہے جس سے مجموعی نمو 3.9% تک بڑھ گئی ہے۔

ملک کی پیپر اور پیپر بورڈ مارکیٹ کا سائز پچھلے سال کے دوران کم ہوا۔ تاہم مالی سال 2021 میں پیپر اور پیپر بورڈ کی مصنوعات کی مجموعی کھپت میں بہتری آئی ہے لیکن یہ مالی سال 2018-19 کی اصل کھپت کی سطح سے قدرے کم ہے۔ پیکجنگ بورڈ اور کورویگٹڈ باکسز کی مانگ نے Covid-19 سے متعلقہ صحت کے خدشات کی وجہ سے پیکجڈ مصنوعات اور آن لائن خریداری کی طرف صارفین کی ترجیح کی بدولت بہتری دکھائی ہے۔ تاہم بار بار لاک ڈاؤن کی وجہ سے لکھنے / پرٹنگ والے کاغذات کی کھپت میں کافی کمی آئی ہے۔

مارکیٹ کی اس صورتحال کو دیکھتے ہوئے اور گزشتہ دو سالوں کے دوران بی ایم آر (BMR) پر مسلسل سرمائے کے اخراجات کی وجہ سے، آپ کی کمپنی کی مشینوں کی گنجائش 265,000 میٹرک ٹن تک بڑھ گئی جس نے کمپنی کو 252,038 میٹرک ٹن (2020ء: 226,505 میٹرک ٹن) کی پیداوار حاصل کرنے کے قابل بنایا اور اس طرح 95% استعمال کی ریکارڈ صلاحیت حاصل کی۔

آپ کی کمپنی فروخت کے حجم کو 16,403 میٹرک ٹن (گزشتہ سال کے مقابلے میں 8% زائد) بڑھانے میں کامیاب رہی اور زیر نظر سال کے دوران 232,051 میٹرک ٹن فروخت ہوئی (2020ء: 215,648 میٹرک ٹن)۔ مالیت

STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019
For the Year Ended June 30, 2021

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

1. During the year, the total number of directors were eight including one female director.

Subsequent to the year end, Seven Directors were elected with effect from 17 July 2021 as Number of Directors revised and fixed at 7 by the Board. Composition of newly elected Board is as follows:-

Male: Six (6)
Female: One (1)

2. The following Directors were elected in an Extraordinary General Meeting held on 16 July 2021.

Independent Directors	Mr. Ali Aamir Mr. Asif Qadir
Other Non-Executive Directors	Mr. Iqbal Ali Lakhani – Chairman Mr. Amin Mohammed Lakhani Mr. Babar Ali Lakhani Ms. Anushka Lakhani
Executive Director	Mr. Aftab Ahmad
Female Directors	Ms. Anushka Lakhani

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year under review, five Directors out of eight directors already completed the Director Training Program and three are exempted from the requirement of Directors' Training program. Director Training requirement for newly elected Board from 17th July 2021 will be complied with as per the requirement of the Code.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Ali Aamir – Chairman Mr. Amin Mohammed Lakhani – Member Mr. Babar Ali Lakhani
HR and Remuneration Committee	Mr. Asif Qadir - Chairman Mr. Amin Mohammed Lakhani – Member Ms. Anushka Lakhani Mr. Aftab Ahmad – Member

The Audit Committee and HR & Remuneration Committee have been reconstituted after election of Directors with effect from 17th July 2021.

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 committees were as per following:
 - a. Audit Committee 4 quarterly meetings
 - b. HR and Remuneration Committee 1 annual meeting
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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. We confirm that the Company has complied with respect to all other material requirements of the Regulation.


Iqbal Ali Lakhani
Chairman


Aftab Ahmad
Chief Executive Officer

Karachi: July 27, 2021



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C,
Lakson Square
Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

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, 2019

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

KARACHI
DATED: July 27, 2021

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

Engagement Partner: Qasim E. Causer

FINANCIAL STATEMENTS

CONTENTS

Independent Auditor's Report to the Members	81
Statement of Financial Position	86
Statement of Profit or Loss	87
Statement of Comprehensive Income	88
Statement of Cash Flows	89
Statement of Changes in Equity	90
Notes to the Financial Statements	91



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C,
Lakson Square
Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

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

Report on the Audit of the 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, 2021, and statement of profit or loss, 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, statement of profit or loss, 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, 2021 and of the profit and other comprehensive income, 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	
	<p>The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2021. 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.</p> <p>Refer to notes 6 and 7 to the financial statements.</p>	<p>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.</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.	Contingencies	
	<p>As disclosed in note 16.1, 16.2 and 29.1 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>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant</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

S. No	Key audit matters	How the matter was addressed in our audit
	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>previous cases and any new case filed during the year;</p> <ul style="list-style-type: none"> • 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.
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 statement of profit or loss 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

KARACHI
DATED: July 27, 2021



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Qasim E. Causer

STATEMENT OF FINANCIAL POSITION

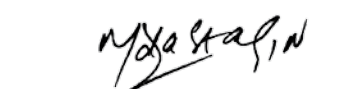
As at June 30, 2021

	Note	2021 (Rupees in thousands)	2020
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	8,702,205	9,161,796
Capital work in progress	7	1,244,059	128,397
		<u>9,946,264</u>	<u>9,290,193</u>
Intangible assets	8	9,046	11,829
Long-term advances	9	1,841	11,363
Long-term deposits		7,291	7,169
		<u>9,964,442</u>	<u>9,320,554</u>
CURRENT ASSETS			
Stores and spares	10	2,208,603	1,762,671
Stock-in-trade	11	5,188,539	3,727,784
Trade debts	12	3,259,021	2,907,929
Advances	13	177,642	102,192
Trade deposits and short term prepayments	14	14,150	92,086
Other receivables	15	5,664	33,953
Tax refunds due from Government	16	96,991	272,368
Taxation - net	17	-	140,292
Cash and bank balances	18	492,503	237,166
		<u>11,443,113</u>	<u>9,276,441</u>
TOTAL ASSETS		<u>21,407,555</u>	<u>18,596,995</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (2020: 410,000,000) ordinary shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital	19	1,764,221	1,470,184
Reserves	20	8,557,694	6,112,090
		<u>10,321,915</u>	<u>7,582,274</u>
NON-CURRENT LIABILITIES			
Long-term financing	21	2,749,025	2,130,730
Lease liabilities	22	48,251	20,390
Deferred taxation	23	1,094,964	1,189,331
Deferred capital grant	24	2,651	7,895
GIDC payable	25	38,494	329,110
		<u>3,933,385</u>	<u>3,677,456</u>
CURRENT LIABILITIES			
Trade and other payables	26	4,022,723	2,893,270
Interest and mark-up accrued	27	33,221	60,125
Short-term borrowings	28	2,178,244	3,616,772
Taxation - net	17	386,732	-
Un-claimed dividend		1,607	1,361
Current portion of long-term lease liabilities	22	8,723	2,954
Current portion of deferred government grant		16,057	11,094
Current portion of long-term financing	21	504,948	751,689
		<u>7,152,255</u>	<u>7,337,265</u>
TOTAL EQUITY AND LIABILITIES		<u>21,407,555</u>	<u>18,596,995</u>
CONTINGENCIES AND COMMITMENTS			
	29		

The annexed notes from 1 to 53 form an integral part of these financial statements.


Iqbal Ali Lakhani
Director


Aftab Ahmad
Chief Executive Officer


Muhammad Rashid Dastagir
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021


	Note	2021 (Rupees in thousands)	2020
Sales - net	30	28,659,905	24,344,956
Cost of sales	31	(22,964,541)	(20,408,583)
Gross profit		5,695,364	3,936,373
General and administrative expenses	32	(596,674)	(537,474)
Selling and distribution expenses	33	(210,447)	(171,216)
Other operating charges	34	(418,396)	(188,217)
Other income	35	182,425	103,308
Operating profit		4,652,272	3,142,774
Finance cost	36	(405,983)	(987,037)
Net profit before taxation		4,246,289	2,155,737
Taxation	37	(1,286,628)	(633,965)
Net profit for the year		2,959,661	1,521,772
Earnings per share - basic and diluted (Rupees)	38	16.78	8.63

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

The annexed notes from 1 to 53 form an integral part of these financial statements.


Iqbal Ali Lakhani
Director


Aftab Ahmad
Chief Executive Officer


Muhammad Rashid Dastagir
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
Net profit for the year		2,959,661	1,521,772

Other comprehensive income for the year

Items that will not be reclassified to statement of profit or loss subsequently

Gain on remeasurement of defined benefit liability	39.9	715	26,178
Tax impact		(207)	(7,592)
		508	18,586
Total comprehensive income for the year		2,960,169	1,540,358

The annexed notes from 1 to 53 form an integral part of these financial statements.


Iqbal Ali Lakhani
Director


Aftab Ahmad
Chief Executive Officer


Muhammad Rashid Dastagir
Chief Financial Officer

STATEMENT OF CASH FLOWS


For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	4,634,301	4,259,562
Finance cost paid		(432,887)	(1,023,438)
Taxes paid		(716,577)	(539,550)
Gratuity paid		(52,132)	(58,805)
Workers' Profit Participation Fund paid		(115,775)	(66,627)
GIDC Payable		(266,104)	329,110
Long-term loans and advances - net		9,522	(5,099)
Long-term deposits		(122)	-
Net cash generated from operating activities		3,060,226	2,895,153
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,573,569)	(961,855)
Proceeds from sale of operating fixed assets		30,947	13,181
Proceeds from insurance claim of operating assets		31,720	-
Net cash used in investing activities		(1,510,902)	(948,674)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing from related parties / director		-	650,000
Repayment of long-term financing from associated companies		(200,000)	(1,100,000)
Repayment of long-term financing from Director		-	(650,000)
Proceeds from long-term financing from banking companies		1,388,149	490,368
Repayment of long-term financing from banking companies		(816,872)	(671,845)
Principal paid on lease liabilities		(6,208)	(2,063)
Dividend paid on ordinary shares		(220,528)	(146,978)
Net cash generated / (used in) financing activities		144,541	(1,430,518)
Net increase in cash and cash equivalents		1,693,865	515,961
Cash and cash equivalents at the beginning of the year		(3,379,606)	(3,895,567)
Cash and cash equivalents at the end of the year		(1,685,741)	(3,379,606)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	492,503	237,166
Short-term borrowings	28	(2,178,244)	(3,616,772)
		(1,685,741)	(3,379,606)

The annexed notes from 1 to 53 form an integral part of these financial statements.


Iqbal Ali Lakhani
Director


Aftab Ahmad
Chief Executive Officer


Muhammad Rashid Dastagir
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Issued, subscribed and paid-up capital	Reserves							Total	
		Capital reserves			Revenue reserves			Sub total		
		Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit			Total
(Rupees in thousands)										
Balance as at July 01, 2019	1,470,184	1,822,122	7,925	1,832,468	3,662,515	200,000	856,235	1,056,235	4,718,750	6,188,934
Appropriation of reserves										
Transfer to general reserve	-	-	-	-	-	600,000	(600,000)	-	-	-
Transfer to unappropriated profit	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	-	1,521,772	1,521,772	1,521,772	1,521,772
Gain on remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	18,586	18,586	18,586	18,586
Transaction with owners										
Final dividend paid on ordinary shares @ Rs. 1 per share	-	-	-	-	-	-	1,540,358	1,540,358	1,540,358	1,540,358
Balance as at June 30, 2020										
Appropriation of reserves										
Transfer to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Transfer to unappropriated profit	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	-	2,959,661	2,959,661	2,959,661	2,959,661
Gain on remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	508	508	508	508
Transaction with owners										
29,403,669 bonus shares issued in the proportion of one (1) for every five (5) shares held	294,037	-	-	(294,037)	(294,037)	-	-	-	(294,037)	-
Final cash dividend paid on ordinary shares @ Rs. 1.50 per share	-	-	-	-	-	-	(220,528)	(220,528)	(220,528)	(220,528)
Balance as at June 30, 2021	1,764,221	1,822,122	7,925	1,538,431	3,368,478	1,800,000	3,389,216	5,189,216	8,557,694	10,321,915

The annexed notes from 1 to 53 form an integral part of these financial statements.



Iqbal Ali Lakhani
Director



Aftab Ahmad
Chief Executive Officer



Muhammad Rashid Dastagir
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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 (now Companies Act 2017) 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 mills (plant) of the Company is located at 62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan, and a regional office of the Company is located at 14-Ali Block, New Garden Town, Lahore, Pakistan.

3 BASIS OF PREPARATION

3.1 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.

3.2 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.

3.3 Use of estimates and judgements:

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 5.27.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

3.4 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.

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

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

4.1 Effective in current year and not relevant to the Company

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

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

IFRS 16	COVID-19 - Related Rent Concessions
	The International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- c) there is no substantive change to the other terms and conditions of the lease.

The standard is not likely to have any effect on Company's financial statements.

January 01, 2021

IFRS 3 Business Combinations - amendments updating a reference to the Conceptual Framework

January 01, 2022

IFRS 4 Insurance Contracts - Amendments regarding the expiry date of the deferral approach

January 01, 2023

IFRS 9 Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

January 01, 2022

IAS 1 Presentation of Financial Statements - Amendments regarding the classification of current and non-current liabilities.

January 01, 2023

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendment regarding the definition of accounting estimates, the standard defines the concept of a "change in accounting estimates".

January 01, 2023

IAS 12 Income taxes - Amendment regarding to clarify how companies account for deferred tax on leases and decommissioning obligations

January 01, 2023

IAS 16 Property, plant and equipment - The amendments clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

January 01, 2022

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - The amendments specify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

January 01, 2022

- The IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after January 01, 2021. The standard is not likely to have any effect on Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- The following new standards and interpretations have been issued by the IASB, which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First time adoption of International Financial Reporting Standard

IFRS 17 Insurance Contracts

5 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.

5.1 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 5.11) and 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 statement of profit or loss 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 6, are determined to allocate the cost of an asset less estimated residual value, if not insignificant, over its useful life.

The assets' residual values, depreciation method and useful lives of each part of property, plant and equipment 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 statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

b) Capital work-in-progress

Capital work-in-progress and stores held for capital expenditures 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.

5.2 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 8 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.

5.3 Impairment of non-financial assets

Carrying values of non-financial assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, assets or cash or cash-generating units are tested for impairment.

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 statement of profit or loss. 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.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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 statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

5.4 Leases

a) Right-of-use assets

The right-of-use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

b) Lease liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

5.5 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.

5.6 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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.

5.7 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

5.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of profit or loss, 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. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax asset is reviewed at each statement of financial position 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 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.

5.9 Deferred Capital Grant

The Company recognises benefit of a government loan at a below-market rate of interest as a government grant provided there is a reasonable assurance that the grant will be received and Company will comply with all attached conditions. The benefit of loan at below market rate of interest is measured as the difference between the initial carrying value of the loan in accordance with IFRS 9 and the proceeds received. The benefit is generally accounted for and presented as deferred grant as a separate line item in statement of financial position. Subsequently, the grant is recognized in the statement of profit or loss as other income, on a systematic basis over the periods in which the related finance cost for which the grant is intended to compensate is incurred.

5.10 Cash and bank balances

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

5.11 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 statement of profit or loss over the period of the borrowings using the effective interest method.

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 statement of profit or loss 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".

5.12 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 amortized 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

5.13 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. Provisions are not recognised for future operating losses. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

5.14 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.

5.15 Financial instruments

5.15.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through statement of 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.

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 statement of profit or loss:

- (i) it is held with in 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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.

5.15.2 Financial liabilities

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

5.15.3 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.

5.15.4 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.

5.16 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.

5.17 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 statement of profit or loss.

5.18 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 statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

5.19 Employees benefits

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

5.19.1 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, 2021 using the projected unit credit method (refer note 39). 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 statement of profit or loss.

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

5.19.2 Compensated absences

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

5.19.3 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 statement of profit or loss in the period to which it relates.

5.20 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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.
- All other income is recognized on accrual basis.

5.21 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.

5.22 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.

5.23 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.

5.24 Dividend and appropriation to reserves

Dividend is recognised as a liability in the period in which it is declared and approved by the Company's shareholders at the Annual General Meeting. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

5.25 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.

5.26 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.

5.27 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 5.19, note 39 and 40) that have the most significant effects on the amounts recognized in the financial statements.

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 5.8 of these financial statements.

b) Defined benefits plan

Certain actuarial assumptions have been adopted as disclosed in note 39 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 statement of profit or loss as provision / reversal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

6 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land (note 6.1)	Buildings on freehold land	Leasehold improvements	Plant and machinery (note 6.2 & 6.3)	Furniture and fixtures	Vehicles	Electrical and other equipments	Computers	Right-of-use asset	Total
-------------	--------------------------	----------------------------	------------------------	--------------------------------------	------------------------	----------	---------------------------------	-----------	--------------------	-------

(Rupees in thousands)

Year ended June 30, 2021

Net carrying value basis

Opening net book value (NBV)	281,529	1,756,982	6,836	6,921,078	2,817	137,457	18,966	15,343	20,787	9,161,795
Additions (at cost) (refer note 6.4)	1,040	32,882	-	489,260	6,057	79,332	14,136	14,181	39,838	676,728
Disposals (NBV)	-	(9,536)	-	-	-	(17,897)	-	-	-	(27,433)
Depreciation charge	-	(94,505)	(2,344)	(955,569)	(1,649)	(26,126)	(7,719)	(10,821)	(10,153)	(1,108,885)
Closing net book value (refer note 6.5)	282,570	1,685,823	4,492	6,454,769	7,226	172,766	25,383	18,703	50,472	8,702,205

Gross carrying value basis

Cost	282,570	2,565,509	18,714	17,757,747	28,431	255,535	75,852	134,139	65,246	21,183,743
Accumulated depreciation / impairment	-	(879,685)	(14,222)	(11,302,978)	(21,205)	(82,769)	(50,469)	(115,436)	(14,774)	(12,481,537)
Net book value	282,570	1,685,823	4,492	6,454,769	7,226	172,766	25,383	18,703	50,472	8,702,205

Year ended June 30, 2020

Net carrying value basis

Opening net book value (NBV)	281,529	1,834,336	9,180	6,843,375	3,902	123,688	17,217	17,974	-	9,131,201
Additions (at cost) (refer note 6.4)	-	16,587	-	1,019,743	-	45,246	8,144	7,820	25,407	1,122,947
Disposals (NBV)	-	-	-	(130)	-	(6,896)	-	-	-	(7,026)
Depreciation charge	-	(93,941)	(2,344)	(941,910)	(1,085)	(24,579)	(6,396)	(10,451)	(4,620)	(1,085,326)
Closing net book value (refer note 6.5)	281,529	1,756,982	6,836	6,921,078	2,817	137,459	18,965	15,343	20,787	9,161,796

Gross carrying value basis

Cost	281,529	2,555,694	18,714	17,295,776	22,374	225,982	61,770	124,866	25,407	20,612,112
Accumulated depreciation / impairment	-	(798,712)	(11,878)	(10,374,698)	(19,557)	(88,523)	(42,805)	(109,523)	(4,620)	(11,450,316)
Net book value	281,529	1,756,982	6,836	6,921,078	2,817	137,459	18,965	15,343	20,787	9,161,796

Depreciation rate % per annum

-	2.5 to 10	20	5 to 20	10 to 20	20	10 to 33	20 to 33	-	-
---	-----------	----	---------	----------	----	----------	----------	---	---

6.1 This freehold land of 158.5 acre (2020: 158.5 acre) is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur.

6.2 Plant and machinery includes gas pipeline installations with a cost of Rs. 16.87 million (written down value: Nil) [2020: 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.

6.3 Plant and machinery includes capital spares amounting to Rs. 286.16 million (written down value Rs. 66.03 million) [2020: Rs. 286.16 million (written down value Rs. 92.34 million)].

6.4 This includes transfer from capital work-in-progress amounting to Rs. 494.97 million (2020: Rs. 1,021.13 million).

6.5 The cost of fully depreciated assets which are still in use as at June 30, 2021 is Rs. 5,491 million and written down value is Rs. 6.92 million (2020: Rs. 4,468 million and written down value is Rs. 6.74 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
6.6	The depreciation charge for the year has been allocated as follows:		
Cost of sales	31	1,063,202	1,044,503
General and administrative expenses	32	41,838	36,834
Selling and distribution expenses	33	3,845	3,989
		<u>1,108,885</u>	<u>1,085,326</u>

6.7 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)						
Building						
Civil Work For 15 Ton Coal Fired Boiler	13,999	8,166	5,833	7,399	Damage - Insurance Claim (Note 6.7.1)	
Civil Work For Bio Mass Fired Boiler	9,068	5,365	3,703	4,697	Damage - Insurance Claim (Note 6.7.1)	
	<u>23,067</u>	<u>13,531</u>	<u>9,536</u>	<u>12,095</u>		
Plant and machinery						
Bio Mass Fired Boiler (7 Tons)	26,343	26,343	-	19,624	Damage - Insurance Claim (Note 6.7.1)	
Items having book value upto Rs. five hundred thousand	943	943	-	1,071	Scrap (Note 6.7.2)	Various
	<u>27,287</u>	<u>27,287</u>	<u>-</u>	<u>20,695</u>		
Vehicle						
Honda City Prosmetic 1.5 - Aspire (BPE-735)	2,154	601	1,553	2,319	Sale (Negotiation)	Mr. Abdul Qadir
Honda Civic Vti-Oriel (LEH-14-4119)	2,327	1,662	664	814	Maturity of Company Car Scheme (6.7.3)	Mr. Mansoor Ahmad
Honda Civic Vti-Oriel (BEM-028)	2,458	1,647	811	979	Maturity of Company Car Scheme (6.7.3)	Mr. Tanveer Ahmed Khalid
Toyota Corolla Altis (LEB-16-6067)	1,973	1,322	651	797	Maturity of Company Car Scheme (6.7.3)	Mr. Irfan Rasheed Farooqi
Toyota Corolla Gli (LE-15-A-2963)	1,753	1,174	578	777	Maturity of Company Car Scheme (6.7.3)	Mr. Nadeem Daniel
Toyota Corolla Gli (BEU-331)	1,828	1,224	603	604	Maturity of Company Car Scheme (6.7.3)	Mr. Rashid Dastagir
Toyota Corolla Gli (BEV-231)	1,753	1,174	578	1,019	Maturity of Company Car Scheme (6.7.3)	Mr. Asif Ayub
Toyota Corolla Altis (LEE-19-6526)	2,579	461	2,118	2,322	Sale (Negotiation)	Family of Mr. Arshad Mehmood (Late)
Items having book value upto Rs. five Hindered thousand	32,955	22,614	10,340	20,089	Various	Various
	<u>49,777</u>	<u>31,879</u>	<u>17,897</u>	<u>29,720</u>		
Electrical & Other Equipments						
Items having book value upto Rs. five hundred thousand	56	56	-	-	Damage - Insurance Claim (Note 6.7.1)	
Computers Equipments						
Items having book value upto Rs. five hundred thousand	4,908	4,908	-	156	Scrap (Note 6.7.2) and Sale (Negotiation)	
Total - 2021	<u>105,094</u>	<u>77,661</u>	<u>27,433</u>	<u>62,667</u>		
Total - 2020	<u>650,295</u>	<u>643,269</u>	<u>7,026</u>	<u>13,181</u>		

6.7.1 This includes Steam Boiler (Biomass) and other assets, which were damaged and therefore, disposed off after settlement of insurance claim during the year. (refer note 35.1).

6.7.2 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

		2021	2020	
	Note	(Rupees in thousands)		
7 CAPITAL WORK-IN-PROGRESS				
This comprises of:				
Building		13,695	-	
Plant and machinery	7.3	1,230,364	128,397	
		<u>1,244,059</u>	<u>128,397</u>	
7.1 Movement of carrying amount				
	Note	Building	Plant and machinery	Total
		(Rupees in thousands)		
Year ended June 30, 2021				
Opening balance		-	128,397	128,397
Additions (at cost)	7.2	46,577	1,564,061	1,610,638
Transferred to operating fixed assets		(32,882)	(462,094)	(494,976)
Closing balance		<u>13,695</u>	<u>1,230,364</u>	<u>1,244,059</u>
Year ended June 30, 2020				
Opening balance		2,027	239,626	241,653
Additions (at cost)	7.2	14,560	893,317	907,877
Transferred to operating fixed assets		(16,587)	(1,004,546)	(1,021,133)
Closing balance		<u>-</u>	<u>128,397</u>	<u>128,397</u>
7.2 This includes borrowing costs capitalized amounting to Rs. 8.25 million (2020: Rs. 15.42 million) at an average rate of 5.67% (2020: 10.08%) per annum.				
7.3 This includes advances to supplier amounting to Rs. 22.43 million (2020: Rs. 2.93 million).				
8 INTANGIBLE ASSETS				
Intangible assets	8.1	<u>9,046</u>	<u>11,829</u>	
8.1 Net carrying value basis				
Opening net book value		11,829	9,033	
Additions (at cost)		580	6,090	
Amortization charge	32	(3,363)	(3,294)	
Closing net book value		<u>9,046</u>	<u>11,829</u>	
Gross carrying value basis				
Cost		78,781	78,200	
Accumulated amortization		(69,735)	(66,371)	
Net book value		<u>9,046</u>	<u>11,829</u>	
Amortization rate % per annum				
		20 – 33.33	20 – 33.33	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
9 LONG-TERM ADVANCES			
(Unsecured - considered good)			
Long-term advance to supplier	9.1	<u>1,841</u>	<u>11,363</u>
9.1	This represents advances to suppliers against purchase of vehicles in the normal course of business and does not carry any interest or mark-up.		
9.2	Chief Executive Officer and Directors have not taken any loans and advances from the Company.		

	Note	2021 (Rupees in thousands)	2020
10 STORES AND SPARES			
Stores In hand			
Stores		919,893	769,296
Spares		555,525	433,529
Fuel		<u>239,461</u>	<u>329,011</u>
		<u>1,714,879</u>	<u>1,531,836</u>
In transit			
Spares		58,669	85,723
Coal		<u>493,865</u>	<u>197,922</u>
		<u>552,534</u>	<u>283,645</u>
Provision for slow moving stores and spares	10.1	<u>(58,810)</u>	<u>(52,810)</u>
	10.2	<u>2,208,603</u>	<u>1,762,671</u>

10.1 Provision for slow moving stores and spares

Balance at the beginning of the year		52,810	46,810
Provision recognized during the year	31	<u>6,000</u>	<u>6,000</u>
Balance at the end of the year		<u>58,810</u>	<u>52,810</u>

10.2 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.

		2021 (Rupees in thousands)	2020
11 STOCK-IN-TRADE			
Raw materials			
in hand		2,653,483	2,270,077
in transit		<u>1,484,035</u>	<u>891,012</u>
		<u>4,137,518</u>	<u>3,161,089</u>
Work-in-process		127,238	103,498
Finished goods		<u>923,783</u>	<u>463,197</u>
		<u>5,188,539</u>	<u>3,727,784</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
12 TRADE DEBTS			
(Unsecured - considered good)			
Due from associated undertakings	12.1	505,086	489,769
Others		<u>2,789,034</u>	<u>2,418,160</u>
		3,294,120	2,907,929
Provision for expected credit losses	12.4	(35,099)	-
	12.5	<u>3,259,021</u>	<u>2,907,929</u>

12.1 This comprises of amounts receivable from:

Merit Packaging Limited		491,024	445,093
Colgate-Palmolive (Pakistan) Limited		<u>14,062</u>	<u>44,676</u>
	12.2	<u>505,086</u>	<u>489,769</u>

12.2 The aging of related party balances at the statement of financial position date is as follows:

Not past due		446,443	463,737
Past due 1-30 days		<u>58,643</u>	<u>26,032</u>
		<u>505,086</u>	<u>489,769</u>

12.3 The maximum amount due from related parties at the end of any month during the year was Rs. 605.67 million (2020: Rs. 1,046.88 million).

12.4 This credit losses have been provided in accordance with the ECL model as per IFRS 9.

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

	Note	2021 (Rupees in thousands)	2020
13 ADVANCES			
Advances			
to employees	13.1	1,205	710
to suppliers	13.2	<u>176,437</u>	<u>101,482</u>
	13.3	<u>177,642</u>	<u>102,192</u>

13.1 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits	14.1	3,271	2,380
Prepayments	14.2	10,879	89,706
		<u>14,150</u>	<u>92,086</u>

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

14.2 This includes prepaid insurance premium of Rs. 10 million (2020: Rs. 84.30 million) to M/s Century Insurance Company Limited, an associated undertaking.

	Note	2021 (Rupees in thousands)	2020
15 OTHER RECEIVABLES			
(Unsecured - considered good)			
Due from associated undertakings		-	8,280
Insurance agency commission		5,664	2,674
Others	15.1 & 15.2	5,664	10,954
Insurance claim		-	19,010
Others		-	3,989
		<u>5,664</u>	<u>33,953</u>

15.1 This comprises of amounts receivable from:

Century Insurance Company Limited	-	6,926
Merit Packaging Limited	5,534	3,898
Colgate-Palmolive (Pakistan) Limited	130	130
	<u>5,664</u>	<u>10,954</u>

15.2 The aging of related party balances at the statement of financial position date is as follows:

Not past due	<u>5,664</u>	<u>10,954</u>
--------------	--------------	---------------

15.3 The maximum amount due from related parties at the end of any month during the year was Rs. 16.26 million (2020: Rs. 20.59 million).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
16 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax	16.1 & 16.2	80,928	254,410
Sales tax	16.3	16,063	17,958
		96,991	272,368

16.1 The above figure includes tax refund for tax years 2018 of Rs. 215.40 million and leftover refunds for the tax year 2009 to 2017 of Rs. 25.35 million respectively. Moreover tax payable for the Tax Year 2019 and 2020 as per assessment orders aggregating to Rs. 159.83 million respectively is netted of with above tax refund. Year wise status of assessment is as follows:-

(a) For the tax year 2018, a refund of Rs. 215.40 million was claimed in the Income Tax return filed by the Company. In his order dated March 4, 2019 The Additional Commissioner of (Audit) Inland Revenue - LTU 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 paid the tax demand of Rs. 67.74 million. As a matter of prudence, Company accounted for prior year tax of Rs. 63.26 million in the financial statements.

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.

(b) For the tax year 2019, a refund of Rs. 364.92 million was claimed in the Income Tax return filed by the Company. In his order dated February 19, 2020, the Additional Commissioner of (Audit) Inland Revenue - LTU determined the net tax payable of Rs. 13.78 million by disallowing the adjustment of previous years' minimum tax of Rs. 293.11 million and added-back GIDC charges of prior years' amounting to Rs. 207 million and certain other expenses. The Company has paid the tax demand of Rs. 13.78 million.

The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order and the Commissioner Inland Revenue (Appeals) in the order upheld the disallowances of minimum tax and add back of GIDC charge made by the Additional Commissioner. The Company has filed an appeal before ATIR against the order of Commissioner Appeals. However, as a matter of prudence, Company accounted for prior year tax of Rs. 34.74 million in the financial statements. Resultantly, net tax payable of Rs. 0.28 million is appearing as at balance sheet date in the financial statements.

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.

(c) For the tax year 2020, a refund of Rs. 16.31 million was claimed in the Income Tax return filed by the Company. In his order dated March 31, 2021, Additional Commissioner of (Audit) Inland Revenue - LTU determined the net tax payable of Rs. 233.96 million by disallowing the adjustment of previous years' minimum tax /Alternative Corporate Tax of Rs. 137.82 million and added-back GIDC charges of prior years' of Rs. 191 million along with certain other expenses.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order and has paid Rs. 23.40 million along with appeal as required under the law. However, as a matter of prudence, Company accounted for prior year tax of Rs. 71.03 million in the financial statements. Resultantly, net tax payable of Rs.159.56 million is appearing as at balance sheet date in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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.

- (d) Moreover, Income tax authorities have made certain disallowances for expenses for Tax Year 2009, 2011 to 2017 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).

- 16.2** Company has aggregate adjustable prior year turnover tax/ACT of Rs. 645.86 million for the years 2013 to 2017. Company has adjusted the prior year taxes in income tax returns of the Company for the year 2018, 2019 and 2020 amounting to Rs. 214.93 million, Rs. 293.11 million and Rs. 137.82 million respectively. However, as above mentioned, adjustment of these turnover taxes was disallowed by the tax department in the assessments made for respective year based on an anomaly in the tax laws; the matter was under litigation at Supreme Court. Vide Finance Act 2021, the anomaly was removed by inserting an explanation in Section 113. In view of the above, management of the Company is of strong view that adjustment for all prior year taxes earlier disallowed will be allowed to the Company in the tax assessment of respective tax years which will create refund for Tax Year 2018 and Tax year 2019 and will reduce the tax demand for tax year 2020.

- 16.3** 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 (Appeals) in respect of which decision is pending.

The Company believes that the above cases will be decided in favor of the Company and the legal adviser of the Company has also concurred with the management view.

17 TAXATION - NET

- 17.1** The income tax assessments proceedings of the Company are in process for Tax Year 2011, 2012, 2015, 2016, 2018, 2019 and 2020. The company has made adequate provisions in these financial statements for the year ended June 30, 2021 (Tax year 2021).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

		2021	2020
		(Rupees in thousands)	
18 CASH AND BANK BALANCES			
Cash at bank in current account			
Conventional mode		195,739	168,751
Cheques in hand		293,252	64,641
Cash in hand		3,512	3,774
		<u>492,503</u>	<u>237,166</u>

			2021	2020
			(Rupees in thousands)	
19 ORDINARY SHARES				
	Number of ordinary shares of Rs. 10/- each			
	2021	2020		
	77,678,857	77,678,857	Fully paid in cash	776,790
	72,946,170	43,542,501	Issued as fully paid bonus shares	435,425
	25,089,437	25,089,437	Issued due to conversion of preference shares	250,894
	707,550	707,550	Issued under scheme of amalgamation	7,075
	<u>176,422,014</u>	<u>147,018,345</u>		<u>1,764,221</u>
				<u>1,470,184</u>
			Shares held by associated companies and related parties	
	<u>121,277,430</u>	<u>101,064,863</u>		<u>1,212,774</u>
				<u>1,010,648</u>

19.1 Percentage of shares held by Directors, Chief Executive Officer and their spouses as at June 30, 2021 is 0.072 (2020: 0.069).

19.2 The Shareholders' rights and privileges are governed through Company's Memorandum and Articles of Association and there is no specific shareholder's agreement executed for voting rights, board selection, right of first refusal and block voting.

	Note	2021	2020
		(Rupees in thousands)	
20 RESERVES			
Capital			
Share premium	20.1	1,822,122	1,822,122
Capital redemption reserve	20.2	1,538,431	1,832,468
Merger reserve	20.3	7,925	7,925
		<u>3,368,478</u>	<u>3,662,515</u>
Revenue			
General reserve		1,800,000	800,000
Un-appropriated profit		3,389,216	1,649,575
		<u>5,189,216</u>	<u>2,449,575</u>
		<u>8,557,694</u>	<u>6,112,090</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 20.2** This represents reserve created for preference shares redeemed through cash to comply with section 85(c) of the repealed Companies Ordinance, 1984.
- 20.3** This represents amount created under scheme of arrangement for amalgamation of former Century Power Generation Limited, a subsidiary, with the Company.
- 20.4** Movement of reserves have been reflected in the statement of changes in equity.

21 LONG-TERM FINANCING

From banking companies - secured
Utilized under mark-up arrangements financed by:

Islamic mode

Meezan Bank Limited - Musharaka - 1	21.1	37,500	187,500
Faysal Bank Limited - Musharaka - 2	21.2	185,794	-
Bank Islami Pakistan Limited	21.3	88,457	-
		<u>311,751</u>	<u>187,500</u>

Conventional mode

Syndicated - Consortium of Banks - 1	21.4	75,000	375,000
Syndicated - Consortium of Banks - 2	21.5	778,792	-
Allied Bank Limited - Term loan - 1	21.6	-	69,093
Allied Bank Limited - Term loan - 2	21.7	194,773	163,315
Allied Bank Limited - Term loan - 3	21.8	227,150	381,500
Allied Bank Limited - Term loan - 4	21.9	295,430	181,011
Habib Metropolitan Bank Ltd.	21.10	46,077	-
		<u>1,617,222</u>	<u>1,169,919</u>
		<u>1,928,973</u>	<u>1,357,419</u>

From associated undertaking - unsecured

SIZA Commodities (Private) Limited - 1	21.12	550,000	550,000
SIZA Commodities (Private) Limited - 2	21.13	100,000	100,000
SIZA (Private) Limited	21.13	425,000	625,000
SIZA Services (Private) Limited	21.13	250,000	250,000
		<u>1,325,000</u>	<u>1,525,000</u>
		<u>3,253,973</u>	<u>2,882,419</u>

Current portion shown under current liabilities

Islamic mode	(37,500)	(150,000)
Conventional mode	(467,448)	(601,689)
	<u>(504,948)</u>	<u>(751,689)</u>
	<u>2,749,025</u>	<u>2,130,730</u>

- 21.1** 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 markup is equal to base rate plus 0.50% (2020: 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 markup rate was 7.98% (2020: 13.32%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 21.2** This represents Diminishing Musharaka Arrangement of Rs. 500 million under the Islamic Temporary Economic Refinance (ITERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine, Co-Generation plants and auxiliaries relating thereto.

The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from January 2023.

The finance facility is initially secured by ranking charge to be upgraded to First Pari Passu Hypothecation Charge over the Fixed Assets (excluding Land and Building) of the Company along with 25% Margin. The rate of markup is fixed at 2.20% per annum.

- 21.3** This represents Syndicated Term Financing Arrangement amounting to Rs. 250 million under the Islamic Temporary Economic Refinance (ITERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine.

The tenor of the facility is ten years with two years grace period. This finance facility is repayable in thirty two equal quarterly installments.

The finance facility is initially secured by way of ranking charge to be upgraded to First Pari Passu Hypothecation Charge over the Fixed Assets (excluding Land and Building) of the Company along with 25% Margin. The rate of markup is fixed at 3.05% per annum.

- 21.4** 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.

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 markup is equal to base rate plus 0.50% (2020: 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 markup rate was 7.98% (2020: 13.32%) per annum.

- 21.5** This represents Syndicated Term Financing Arrangement amounting to Rs. 1,500 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine, Co-Generation plants and auxiliaries relating thereto.

The tenor of the facility is ten years with two years grace period. This finance facility is repayable in twenty equal quarterly installments.

The finance facility is initially secured by way of mortgage of immovable properties and ranking charge to be upgraded to First Pari Passu Hypothecation Charge over the Fixed Assets (excluding Land and Building) of the Company along with 25% Margin. The rate of markup is fixed at 2.20% per annum.

- 21.6** This term finance facility has been fully repaid during the period at its maturity date, the effective markup rate was 7.43% (2020: 13.32%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 21.7** The Company has term finance facility from Allied Bank Limited under Financing Scheme of the State Bank of Pakistan for Renewal Energy (Category II) amounting to Rs. 400 million specifically for Solar Grid Panels. The Company has utilized Rs. 267.9 million out of sanctioned limit of the facility.

The third drawdown of Rs. 55.87 million have been made in two tranches, the draw down of first portion of Rs. 11.17 million was made in January 2020 and The draw down of second portion of Rs. 44.69 million was made in May 2020. The tenor of the loan is seven years and are repayable in 28 equal quarterly installments commencing from September 2018.

This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin. The rate of markup ranges from 2.75% to 4.5% for different drawdowns.

- 21.8** This term finance facility has been sanctioned by Allied Bank Limited amounting to Rs. 500 million specifically for Gas Turbine Generators. The Company has utilized Rs. 444.5 million against sanctioned limit of the facility. 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 and October 2020.

This term loan is secured by way of first 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 year, the effective markup rate was 7.58% (2020: 13.11%).

- 21.9** The Company has approved term finance facility from Allied Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 435 million specifically for paying salaries and wages to Company's employees. The Company has utilized Rs. 419 million out of sanctioned limit of the facility.

The rate of markup is fixed 1.50% and 0.75% for the financing of Rs. 200 million and Rs. 235 million respectively. The tenor of the financing is two and half year inclusive 6-Months grace period and are repayable in 8 equal quarterly installments commencing from January 2021.

This term loan is secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin.

- 21.10** This represents Syndicated Term Financing Arrangement amounting to Rs. 200 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine.

The tenor of the facility is ten years with two years grace period. This finance facility is repayable in thirty two equal quarterly installments.

The finance facility is initially secured by way of ranking charge to be upgraded to First Pari Passu Hypothecation Charge over the Fixed Assets (excluding Land and Building) of the Company along with 25% Margin. The rate of markup is fixed at 4.50% per annum.

- 21.11** The Company enter into agreement with JS Bank Limited amounting to Rs. 400 million under the Temporary Economic Refinance (TERF) schemes of the State Bank of Pakistan for Balancing, Modernization and Replacement (BMR) of paper & board machine.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

The tenor of the facility is ten years with two years grace period. This finance facility is repayable in thirty two equal quarterly installments.

The finance facility is initially secured by way of mortgage of immovable properties and ranking charge to be upgraded to First Pari Passu Hypothecation Charge over the Fixed Assets (excluding Land and Building) of the Company along with 25% Margin. The rate of markup is fixed at 5.00% per annum. No drawdown has been made during the year.

21.12 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company, amounting to Rs. 1,000 million. The repayment was made of Rs. 450 million against this loan during last year 2020. The remaining loan is repayable in July 2023.

The rate of mark-up is 0.50% (2020: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the year, the effective markup rate was 7.85% (2020: 13.41%) per annum.

21.13 These loans are repayable in July 2023. The rate of markup 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 7.85% per annum (2020: 13.52%) per annum.

	2021	2020
	(Rupees in thousands)	
22 LEASE LIABILITIES		
Lease liabilities	56,974	23,344
Current portion	(8,723)	(2,954)
	<u>48,251</u>	<u>20,390</u>
Maturity analysis-contractual cash flow		
Less than one year	8,723	2,954
One to five year	48,251	20,390
Net present value	<u>56,974</u>	<u>23,344</u>

22.1 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 9% (2020: 14%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
23 DEFERRED TAXATION			
Deferred taxation	23.1	<u>1,094,964</u>	<u>1,189,331</u>
23.1 The net balance for deferred taxation is in respect of following temporary differences:			
Deferred tax liabilities			
Accelerated tax depreciation allowance		1,304,752	1,385,633
Deferred tax assets			
Turnover tax / Alternative Corporate tax		(134,671)	(134,671)
Provision for slow moving stores and spares		(17,054)	(15,315)
Provision for compensated absences		(25,504)	(22,266)
Others		(32,559)	(24,050)
		<u>(209,789)</u>	<u>(196,302)</u>
		<u>1,094,964</u>	<u>1,189,331</u>
23.2 The gross movement in the deferred tax liability during the year is as follow:			
	Note	2021 (Rupees in thousands)	2020
Balance as at July 01		1,189,331	1,208,746
Charged to statement of profit or loss	37	(94,574)	(27,007)
Charge recognized in other comprehensive income	39.9	207	7,592
		<u>1,094,964</u>	<u>1,189,331</u>
24 DEFERRED CAPITAL GRANT			
Capital Grant		18,708	18,989
Current portion shown under current liability		<u>(16,057)</u>	<u>(11,094)</u>
		<u>2,651</u>	<u>7,895</u>
24.1 Following is the movement in government grant during the year:			
Opening balance		18,989	18,989
Addition during the year		16,828	-
Amortized during the year		(17,109)	-
Closing balance		<u>18,708</u>	<u>18,989</u>

This represents government grant recognized on long term financing facility obtained under SBP Refinance Scheme for payment of wages and salaries to workers and employees as disclosed in note 21.8 to the financial statements. The grant is being amortized on a systematic basis over the term of loan.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
25 GIDC PAYABLE			
GIDC payable	26.2	<u>38,494</u>	<u>329,110</u>
26 TRADE AND OTHER PAYABLES			
Creditors	26.1	831,810	885,549
Foreign bills payable		1,316,108	552,067
Accrued liabilities	26.2	1,093,862	816,166
Sales tax payable - net		64,003	67,227
Customers' balances		57,159	108,871
Gratuity payable	39.4	70,676	82,930
Workers' Profit Participation Fund	26.3	229,057	115,775
Workers' Welfare Fund		159,275	89,376
Provident fund payable		9,157	8,329
Other liabilities		<u>191,616</u>	<u>166,980</u>
		<u>4,022,723</u>	<u>2,893,270</u>

26.1 The aggregate amount of the outstanding balance of associated undertakings as at June 30, 2021 is Rs. 6.21 million (2020: Rs. 77.60 million).

26.2 This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. Accordingly, the Company is paying GIDC installments as per monthly billing by Sui Northern Gas Pipeline Limited (SNGPL). The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

	Note	2021 (Rupees in thousands)	2020
26.3 Workers' Profit Participation Fund			
Balance at July 01		115,775	66,627
Interest on funds utilized in Company's business	36	1,922	1,750
Allocation for the year	34	<u>229,057</u>	<u>115,775</u>
		<u>346,754</u>	<u>184,152</u>
Amount paid during the year		<u>(117,697)</u>	<u>(68,377)</u>
Balance at June 30		<u>229,057</u>	<u>115,775</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
27 INTEREST AND MARK-UP ACCRUED			
Interest and mark-up accrued on:			
Long-term financing from Banks			
Islamic mode		1,581	5,387
Conventional mode		14,284	9,534
		<u>15,865</u>	<u>14,921</u>
Short-term borrowings from Banks			
Islamic mode		3,199	7,806
Conventional mode		14,157	37,398
		<u>17,356</u>	<u>45,204</u>
		<u>33,221</u>	<u>60,125</u>
28 SHORT TERM BORROWINGS			
From banking companies - secured			
Running finances			
Islamic mode	28.1	255,652	324,971
Conventional mode	28.3	1,922,592	3,291,801
		<u>2,178,244</u>	<u>3,616,772</u>
28.1	The Company has available aggregate short term running finance facilities amounting to Rs. 8,200 million (2020: Rs. 7,825 million). Markup rates are linked with KIBOR from one to three months plus spreads ranging from 0.05% to 1.50% per annum (2020: from 0.20% to 1.50% per annum).		
28.2	The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs. 7,130 million (2020: Rs. 6,770 million). No utilization of FE loan has been made during the year.		
28.3	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.		
28.4	Aggregate facilities for opening of letters of credit and guarantees amounting to Rs. 10,156 million (2020: Rs. 9,906 million) are available to the Company.		
29 CONTINGENCIES AND COMMITMENTS			
29.1 Contingencies			
a) Guarantees			
Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 841 million (2020: Rs. 741 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 300 million (2020: Rs. 200 million) furnished to Excise and Taxation Department.			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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.

The Company received order no PRA 328/2018 dated November 06, 2019 from the Commissioner (Appeal), Punjab Revenue Authority in which determined liability has been reduced to Rs. 30.021 million. However, the Company has filed an appeal before the Appellate Tribunal, Punjab Revenue Authority against the order passed by Commissioner (Appeal) with the plea that this order was passed adversely without comprehensive concluding the evidence and explanation provided by the Company. 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.

29.2 Commitments

29.2.1 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. 2,965.22 million (2020: Rs. 1,638.98 million).
- b) Capital expenditure including letters of credit amounting to Rs. 1,503.77 million (2020: Rs. 22.37 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
30 SALES - NET			
Gross sales			
Local sales		33,339,472	28,366,788
Export sales	30.1	141,501	72,897
		<u>33,480,973</u>	<u>28,439,685</u>
Sales tax		(4,821,068)	(4,094,729)
		<u>28,659,905</u>	<u>24,344,956</u>
30.1 Information by geographical area			
Afghanistan		141,501	67,764
United Arab Emirates		-	5,133
		<u>141,501</u>	<u>72,897</u>
31 COST OF SALES			
Materials consumed		15,462,407	12,577,876
Fuel and power		3,978,831	3,889,516
Depreciation on property, plant and equipment	6.6	1,063,202	1,044,503
Salaries, wages and other benefits	31.1	1,077,138	1,019,691
Stores and spares consumption		967,181	837,866
Repairs and maintenance		142,973	117,466
Packing expenses		659,328	528,941
Insurance		86,092	92,620
Provision for slow moving stores and spares	10.1	6,000	6,000
Rent, rates and taxes		5,715	10,869
Manufacturing cost		<u>23,448,867</u>	<u>20,125,348</u>
Work-in-process			
Opening stock		103,498	87,584
Closing stock		(127,238)	(103,498)
		<u>(23,740)</u>	<u>(15,914)</u>
Cost of goods manufactured		<u>23,425,127</u>	<u>20,109,434</u>
Finished goods			
Opening stock		463,197	762,346
Closing stock		(923,783)	(463,197)
		<u>(460,586)</u>	<u>299,149</u>
		<u>22,964,541</u>	<u>20,408,583</u>

31.1 Salaries, wages and other benefits includes Rs. 67.26 million (2020: Rs. 68.18 million) in respect of staff retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
32 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other benefits	32.1	392,700	341,404
Depreciation on property, plant and equipment	6.6	41,838	36,834
Information technology charges		39,486	31,426
Rent, rates and taxes		11,541	12,679
Amortization on intangible assets	8.1	3,363	3,294
Security service charges		47,015	47,715
Repairs and maintenance		12,947	7,536
Travelling and conveyance		2,945	15,605
Electricity		12,769	11,588
Printing, stationery and periodicals		11,401	9,202
Business promotion expenses		1,652	5,704
Fee and subscription		9,898	6,976
Telephone and postage		3,499	3,583
Insurance		4,604	3,603
Advertisement		1,016	325
		<u>596,674</u>	<u>537,474</u>

32.1 Salaries and other benefits include Rs. 21.31 million (2020: Rs. 22.57 million) in respect of staff retirement benefits.

	Note	2021 (Rupees in thousands)	2020
33 SELLING AND DISTRIBUTION EXPENSES			
Selling expenses			
Salaries and other benefits	33.1	69,033	62,692
Insurance		1,101	869
Electricity		229	128
Depreciation on property, plant and equipment	6.6	3,845	3,989
Export related expenses		616	719
Travelling and conveyance		362	1,461
Rent, rate and taxes		2,020	1,910
Telephone and postage		149	136
		<u>77,355</u>	<u>71,904</u>
Distribution expenses			
Outward freight		133,092	99,312
		<u>210,447</u>	<u>171,216</u>

33.1 Salaries and other benefits include Rs. 4.75 million (2020: Rs 4.93 million) in respect of staff retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
34 OTHER OPERATING CHARGES			
Legal and professional charges		6,341	13,795
Auditors' remuneration			
Statutory audit		1,250	1,150
Half yearly review		250	220
Fee for other certification		165	181
Reimbursement of expenses		170	170
		1,835	1,721
Workers' Profit Participation Fund	26.3	229,057	115,775
Workers' Welfare Fund - Current Year		89,905	43,995
Workers' Welfare Fund - Prior Year		15,875	-
Net exchange loss		937	-
Donation	34.1	24,945	7,043
Provision for expected credit losses	12	35,099	-
Others		14,402	5,888
		418,396	188,217

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

Name of Donee

Patrons of Expo2020 Pakistan		10,000	-
Hassanali and Gulbanoo Foundation	34.1.1	4,000	-
District Public School Kasur		3,500	-
Smile Foundation		1,794	-
Institute Of Rural Management		1,468	1,194
Assistant Commissioner Pattoki		-	1,068
Kashmir Orphan Relief Trust (Kort)		-	1,000
Pakistan Special Olympics		-	1,000
Family Educational Services Foundation		-	1,000
The Layton Rahmatulla Benevolent Trust	34.1.1	500	500
Others		3,683	1,281
		24,945	7,043

34.1.1 Mr. Iqbal Ali Lakhani and Mr. Amin Mohammed Lakhani the directors, are the trustees of the Hassanali and Gulbanoo Foundation and Mr. Iqbal Ali Lakhani the director, is the trustee of The Layton Rahmatulla Benevolent Trust.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
35 OTHER INCOME			
Income from non-financial assets			
Sale of scrap		102,597	81,649
Insurance agency commission from associated company		-	13,892
Gain on sale of operating fixed assets - net		13,050	6,151
Gain on Insurance claim of operating fixed assets	35.1	22,184	-
Government grants		19,807	-
Gain on extinguishment of Original GIDC Liability		24,512	-
Others		275	1,616
		<u>182,425</u>	<u>103,308</u>
35.1	This represents gain on insurance claim for the damaged Steam Boilers and other assets caused by breakdown incident which occurred on February 29, 2020 (refer note 6.7.1).		
36 FINANCE COST			
Long term financing from banks			
Islamic mode		8,893	34,909
Conventional mode		75,391	119,191
		<u>84,284</u>	<u>154,100</u>
Long term loan from associated undertakings / Directors		115,507	308,704
Short term borrowings			
Islamic mode		30,772	30,772
Conventional mode		147,023	468,050
		<u>177,795</u>	<u>498,822</u>
Workers' Profit Participation Fund	26.3	1,922	1,750
		<u>379,508</u>	<u>963,376</u>
Net exchange loss on import credit finances		-	12,162
Bank charges and commission		8,782	8,062
Finance charges on leases		6,288	3,437
Finance charges on GIDC		11,405	-
		<u>405,983</u>	<u>987,037</u>
37 TAXATION			
For the year			
Current	37.1	1,277,555	651,467
Prior	37.2	103,648	9,505
Deferred		(94,575)	(27,007)
		<u>1,286,628</u>	<u>633,965</u>

37.1 The provision of current tax charge for the year contains normal tax at 29% of the taxable income for the year and final tax regime at 1% of export proceeds.

37.2 Prior year tax includes Rs. 34.73 and Rs. 71.03 being additional tax assessed for Tax year 2019 and 2020, respectively, as per assessment order as more fully explained in note 16.1.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021 %age	2020 %age
Applicable tax rate	29.00	29.00
Effect of Super Tax	2.44	-
Others	(1.14)	0.41
	1.30	0.41
Average effective tax rate	30.30	29.41

38 EARNINGS PER SHARE - BASIC AND DILUTED

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

	2021 (Rupees in thousands)	2020
Profit for the year	2,959,661	1,521,772
Weighted average number of ordinary shares (in thousands)	176,422	176,422
Earnings per share attributable to ordinary shareholders (Rupees)	16.78	8.63

There is no dilutive effect on the basic earnings per share of the Company. The corresponding year figures are also restated to include the impact of 29,403,669 bonus shares issued during the year as per requirements of International Accounting Standard.

39 DEFINED BENEFIT PLAN

39.1 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, 2021 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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.

39.2 Principal actuarial assumptions

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

	2021 %age	2020 %age
Discount rate	10.00	8.50
Expected rate of return on plan assets	8.50	14.25
Expected rate of increase in salary	10.00	8.50

Note (Rupees in thousands)

39.3 Reconciliation of balance due to defined benefit plan

Present value of defined benefit obligation	755,244	661,721
Fair value of plan assets	(684,568)	(578,791)
Closing net liability	<u>70,676</u>	<u>82,930</u>

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

Opening net liability	82,930	120,637
Charge for the year	39.8 40,593	47,276
Remeasurement chargeable to other comprehensive income	39.9 (715)	(26,179)
Contribution made during the year	(52,132)	(58,804)
Closing net liability	26 <u>70,676</u>	<u>82,930</u>

39.5 Fair value of plan assets at year end

Government securities	28,120	43,691
Term Deposit Receipt (TDR)	351,445	329,118
Term Finance Certificates / Certificates of Investment	1,885	19,074
Mutual funds / Shares	299,816	146,341
Cash at banks	6,920	40,626
Others	(3,618)	(58)
	<u>684,568</u>	<u>578,792</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

2021 2020
(Rupees in thousands)

39.6 Movement in present value of defined benefit obligations

Opening present value of defined benefit obligations	661,721	585,753
Current service cost for the year	35,914	34,323
Interest cost for the year	55,116	81,970
Benefits due but not paid during the year	(3,643)	(681)
Benefits paid during the year	(22,954)	(20,372)
Remeasurement loss / (gain) on obligation	29,089	(19,271)
Closing present value of defined benefit obligations	<u>755,244</u>	<u>661,722</u>

39.7 Movement in fair value of plan assets

Opening fair value of plan assets	578,791	465,116
Remeasurement on plan assets	29,804	6,907
Contributions during the year	52,132	58,804
Benefits paid during the year	(22,954)	(20,372)
Benefits due but not paid during the year	(3,643)	(681)
Expected return on plan assets	50,437	69,017
Closing fair value of plan assets	<u>684,568</u>	<u>578,791</u>

39.8 Charge for the year

Current service cost	35,914	34,323
Interest cost	55,116	81,970
Expected return on plan assets	(50,437)	(69,017)
Charge for the year	<u>40,593</u>	<u>47,276</u>

39.9 Remeasurement chargeable to other comprehensive income

Remeasurement loss / (gain) on defined benefit obligation	29,089	(19,271)
Remeasurement gain on plan assets	(29,804)	(6,907)
	(715)	(26,178)
Tax impact	207	7,592
	<u>(508)</u>	<u>(18,586)</u>

39.10 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	(42,188)	47,894
Salary increase	48,318	(43,352)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

39.11 Maturity Profile

Time in year	
1	192,660
2	55,423
3	51,460
4	54,311
5-10	610,941
Weighted average duration	6 years

39.12 The charge in respect of defined benefit plan for the year ending June 30, 2022 is estimated to be Rs. 45.37 million.

40 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.

40.1 The Trustees have intimated that the size of the Fund at year end was Rs. 748.90 million (2020: Rs. 680.45 million).

40.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 698.81 million (2020: Rs. 632.67 million) which is equal to 93.31% of the total fund size. The fair value of the investments was Rs. 722.39 million (2020: Rs. 645.82 million) at that date. The category wise break up of investment as per Section 218 of the Companies Act, 2017 is given below:

	2021		2020	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
Government Securities	378,925	52	418,321	65
Listed Securities (Mutual funds)	329,216	46	177,750	27
Term Finance Certificates	1,500	-	25,708	4
Bank Term Deposit	12,753	2	24,041	4
	722,394	100	645,820	100

40.3 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees in thousands)	2020
41 CASH GENERATED FROM OPERATIONS			
Profit before taxation		4,246,289	2,155,737
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		1,108,885	1,085,326
Amortization of intangible assets		3,363	3,294
Gain on sale of operating fixed assets		(13,050)	(6,151)
Gain on insurance claim of operating fixed assets		(22,184)	-
Provision for gratuity		40,593	47,276
Provision for slow moving / obsolete stores and spares		6,000	6,000
Provision for credit losses - ECL Model (IFRS-9)		35,099	-
Workers' Profit Participation Fund		229,057	115,775
Finance cost	36	405,983	987,037
Gain on extinguishment of Original GIDC Liability		(24,512)	-
Working capital changes	41.1	(1,381,222)	(134,732)
		<u>4,634,301</u>	<u>4,259,562</u>

41.1 Changes in working capital

(Increase) / decrease in current assets:

Stores and spares	(451,932)	(310,189)
Stock-in-trade	(1,460,755)	(243,610)
Trade debts	(386,191)	138,391
Loans and advances	(75,450)	(6,318)
Trade deposits and short term prepayments	77,936	(688)
Other receivables	28,289	(21,891)
Tax refunds due from Government	37,775	(15,674)
	<u>(2,230,328)</u>	<u>(459,979)</u>

Increase in current liabilities:

Trade and other payables	849,106	325,247
	<u>(1,381,222)</u>	<u>(134,732)</u>

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

Description	Long term Financing	Lease Liabilities	Government Grant	Equity reserves	Total
(Rupees in thousands)					
Balance as at July 1, 2020	2,882,419	23,344	18,989	6,112,090	9,036,842
Borrowings from Banking Companies	1,388,149	-	-	-	1,388,149
Repayment to Banking Companies	(816,596)	-	-	-	(816,596)
Repayment to Directors and Associated Companies	(200,000)	-	-	-	(200,000)
Deferred capital grant received	-	-	16,828	-	16,828
Amortized Capital grant	-	-	(17,109)	-	(17,109)
New lease addition	-	39,838	-	-	39,838
Repayment of lease	-	(6,208)	-	-	(6,208)
Dividend paid on ordinary shares	-	-	-	(220,528)	(220,528)
Bonus shares issued	-	-	-	(294,037)	(294,037)
Total comprehensive income for the year	-	-	-	2,960,169	2,960,169
Balance as at June 30, 2021	<u>3,253,973</u>	<u>56,974</u>	<u>18,708</u>	<u>8,557,694</u>	<u>11,887,349</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

43 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:

	2021				2020			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	13,037	17,032	120,553	150,622	11,837	13,046	109,281	134,164
House rent	5,867	7,665	49,489	63,021	5,327	3,832	45,188	54,347
Fixed bonuses	3,060	-	26,676	29,736	1,973	-	15,187	17,160
Staff retirement benefits	3,466	-	23,173	26,639	3,721	-	22,778	26,499
Medical	1,304	1,703	12,056	15,063	1,184	1,302	10,928	13,414
Utilities	-	4,538	-	4,538	-	4,180	-	4,180
Others	8	-	5,634	5,642	8	-	4,356	4,364
Total	26,742	30,938	237,581	295,261	24,050	22,360	207,718	254,128
Number of persons	1	1	56	58	1	1	51	53

- b) Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 320,000 (2020: Rs. 460,000) and Rs. 300,000 (2020: Rs. 320,000) respectively. The Directors fees for attending Board, HR&R Committee and Audit Committee meetings were paid as prescribed in Articles of Association.
- c) The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.
- d) Remuneration to Non-Executive Director relates to amount paid for part time involvement in the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

44 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	2021 (Rupees in thousands)	2020
Sale of goods, services and reimbursement of expenses				
Merit Packaging Limited	Associated company	Common Director	1,662,635	1,561,813
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	901,562	668,082
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	45,690	9,884
Cyber Internet Services (Private) Limited	Associated company	Common Director	1,533	1,670
Purchase of goods, services and reimbursement of expenses				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	81,429	156,030
Merit Packaging Limited	Associated company	Common Director	60,225	46,087
Lakson Business Solutions Limited	Associated company	Common Director	5,344	5,506
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	2,994	2,753
Princeton Travels (Private) Limited	Associated company	Common Director	912	9,077
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	3,031	3,727
Cyber Internet Services (Private) Limited	Associated company	Common Director	9,394	5,599
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	357	175
SIZA Foods (Private) Limited	Associated company	Common Director	-	386
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	31	258
Express Publications (Private) Limited	Associated company	Common Management	1,384	1,891
Sybrid (Private) Limited	Associated company	Common Director	5,399	5,812
Rent and other allied charges				
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	7,712	7,020
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	3,926	3,482
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	714	653
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	180	171
Insurance agency commission				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	-	13,892
Donation				
The Layton Rahmatulla Benevolent Trust	Donee	Trustee	500	500
Pakistan Special Olympics	Related Party	Relative of Director Trustee	-	1,056
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	4,000	1,338
Mark-up paid				
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	51,006	147,085
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	44,883	124,429
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	19,618	33,593
Mr. Iqbal Ali Lakhani	Director	Directorship	-	3,598
Long term loan obtained				
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	650,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Nature of transaction	Nature of Relation	Basis of Relation	Note	2021 (Rupees in thousands)	2020
Long term loan paid					
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held		-	450,000
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held		200,000	650,000
Mr. Iqbal Ali Lakhani	Director	Directorship		-	650,000
Cash dividend					
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held		60,226	40,150
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held		48,922	32,615
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held		18,749	12,500
Premier Fashions (Private) Limited	Associated company	Common Director and 8.97% shares held		19,783	13,189
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held		2,780	1,853
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held		944	629
Directors , CEO & their Spouses				190	127
Stock dividend					
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held		80,301	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held		65,230	-
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held		24,999	-
Premier Fashions (Private) Limited	Associated company	Common Director and 8.97% shares held		26,377	-
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held		3,707	-
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held		1,259	-
Directors , CEO & their Spouses				257	-
Others					
Contribution to Staff Retirement Benefit Plans	Employees Fund			104,028	132,666
Remuneration and other benefits	Key Management Personnel		44.2	295,261	254,128
44.1 Year end balances					
Receivable from related parties			12.1 & 15.1	510,750	500,723
Payable to related parties			26.1	6,206	77,601
Payable to Retirement Benefit Plan				79,833	91,259
Long-term financing from associated undertaking / Director				1,325,000	1,525,000

44.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executives (note 43)". There are no transactions with key management personnel other than under their terms of employment.

44.3 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, 2021

45 CAPACITY AND PRODUCTION - TONNES

	2021		2020	
	Annual capacity on three shifts	Actual production	Annual capacity on three shifts	Actual production
Paper and paper board produced	265,000	252,038	240,000	226,505
Paper and paper board conversion	35,000	35,035	30,000	28,896

The Company has achieved full capacity utilization of its Packaging Board machines. However, the Company could not achieve installed capacity of its Paper and Uncoated Board Machines due to market conditions.

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

46.1 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.

46.2 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. 3,809.77 million (2020: Rs. 3,188.60 million), the financial assets which are subject to credit risk amounted to Rs. 3,799.34 million (2020: Rs. 3,184.83 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, 2021

	2021	2020
	(Rupees in thousands)	
Loans and deposits	10,562	9,549
Trade debts	3,294,120	2,907,929
Other receivables	5,664	33,953
Bank balances	488,991	233,392
	<u>3,799,337</u>	<u>3,184,823</u>

The aging of trade receivable at the reporting date is:

Not past due	3,026,855	2,321,260
Past due 1-30 days	184,781	380,699
Past due 30-90 days	39,752	153,579
Past due 90 days	42,732	52,391
	<u>3,294,120</u>	<u>2,907,929</u>

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.

46.3 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:

	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)						
2021							
Long-term financing	3,274,278	3,535,770	399,524	264,064	1,700,581	545,462	626,139
Trade and other payables	2,909,191	2,909,191	2,909,191	-	-	-	-
Interest and mark-up accrued	33,221	33,221	33,221	-	-	-	-
Short-term borrowings	2,178,244	2,184,002	2,184,002	-	-	-	-
	<u>8,394,934</u>	<u>8,662,184</u>	<u>5,525,938</u>	<u>264,064</u>	<u>1,700,581</u>	<u>545,462</u>	<u>626,139</u>
2020							
Long-term financing	2,901,406	3,374,294	522,303	497,499	2,141,213	160,969	52,310
Trade and other payables	1,753,890	1,753,890	1,753,890	-	-	-	-
Interest and mark-up accrued	60,125	60,125	60,125	-	-	-	-
Short-term borrowings	3,616,772	3,620,283	3,620,283	-	-	-	-
	<u>8,332,193</u>	<u>8,808,592</u>	<u>5,956,601</u>	<u>497,499</u>	<u>2,141,213</u>	<u>160,969</u>	<u>52,310</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

46.4 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:

	2021 (Rupees in thousands)	2020
Foreign bills payable	1,316,108	552,067
Outstanding letter of credits	4,468,990	1,661,350
Net exposure	<u>5,785,098</u>	<u>2,213,417</u>

The following significant exchange rates have been applied.

	Average rate 2021	2020	Reporting date rate 2021	2020
				Rupees
USD to PKR	160.13	158.56	157.65	168.20

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.

	(Rupees in thousands)
Effect on profit	416,506
	148,648
	410,055
	157,685

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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

2021	2020	2021	2020
Effective rate		Carrying amount	
(In percent)		(Rupees in thousands)	

Financial liabilities

Variable rate instruments

Long term loans

Short term borrowings

0.75 to 7.93	1.50 to 13.91	3,253,973	2,882,419
7.41 to 7.71	6.83 to 12.94	2,178,244	3,616,772

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 or loss (post tax)	
100 bps	100 bps
increase	decrease
(Rupees in thousands)	

As at June 30, 2021

Cash flow sensitivity - Variable rate financial liabilities

(38,569)	38,569
----------	--------

As at June 30, 2020

Cash flow sensitivity - Variable rate financial liabilities

(46,144)	46,144
----------	--------

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

2021	2020
(Rupees in thousands)	

46.5 Financial instruments by category

Financial assets at amortized cost

Loans and deposits

Trade debts

Other receivables

Cash and bank balances

10,562	9,549
3,294,120	2,907,929
5,664	33,953
492,503	237,166
3,802,849	3,188,597

Financial liabilities at amortized cost

Long term financing

Lease liabilities

Trade and other payables

Interest and mark-up accrued

Short-term borrowings

3,253,973	2,882,419
56,974	23,344
2,909,191	2,057,682
33,221	60,125
2,178,244	3,616,772
8,431,603	8,640,342

47 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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.

48 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

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

The management at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase profitability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021	2020
	(Rupees in thousands)	
The proportion of debt to equity at the year end was:		
Total Borrowings (notes 28 & 21)	5,432,217	6,499,191
Balances with banks (note 18)	(195,739)	(168,751)
Net debt	5,236,478	6,330,440
Total equity	10,321,915	7,582,274
Total capital	15,558,393	13,912,714
Gearing ratio	0.34	0.46

49 IMPACT OF COVID-19

In the light of ongoing COVID-19 pandemic, the Company has reviewed its exposure to business risks and has not identified any risks that could materially impact the financial performance or position of the Company. Consequently, there was no significant impact of COVID-19 pandemic on the Company's operations, decline in revenue or recognition and measurement of assets and liabilities during the year ended June 30, 2021.

50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on July 27, 2021 by the Board of Directors of the Company.

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

The Board of Directors in their meeting held on July 27, 2021 has recommended the final Cash dividend of 15% (i.e. Rs. 1.50 per share) amounting to Rs. 264.63 million. Board also proposed issue of Bonus shares 15% in the proportion of 3 shares for every 20 shares held for its Ordinary Shareholders by appropriation from Capital Redemption Reserve and further proposed a transfer of Rs. 3,000 million from Un-appropriated profits to General Reserve. All above proposals are subject to approval of members at Annual General Meeting to be held on September 23, 2021.

52 NUMBER OF EMPLOYEES

The number of employees as at year end was 1,646 (2020: 1,640) and average number of employees during the year was 1,647 (2020: 1,646).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

53 GENERAL

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

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

53.3 Long term financing and deferred capital grant amounting to Rs. 11.094 million, previously classified under non-current liabilities, has now been classified as current portion in current liability under respective heads (refer note 26.2) for the purpose of better presentation.

53.4 Stores and spares consumed amounting to Rs. 837.87 million, previously classified under head of “Repairs, maintenance and stores consumption”, has now been classified under the separate head “Stores and spares consumption” (refer note 31) for the purpose of better presentation.



Iqbal Ali Lakhani
Director



Aftab Ahmad
Chief Executive Officer



Muhammad Rashid Dastagir
Chief Financial Officer

PATTERN OF SHAREHOLDING

As at June 30, 2021

Incorporation Number K-54/8182 of 1984
CUIN Registration No. 0012021

Number. of Shareholders	Shareholding		Total Shares Held
	From	To	
559	1	100	17,596
470	101	500	153,868
327	501	1,000	275,680
662	1,001	5,000	1,639,179
176	5,001	10,000	1,331,437
83	10,001	15,000	1,057,590
39	15,001	20,000	724,196
36	20,001	25,000	817,681
25	25,001	30,000	711,417
11	30,001	35,000	363,889
15	35,001	40,000	576,580
10	40,001	45,000	431,740
17	45,001	50,000	834,368
6	50,001	55,000	313,897
8	55,001	60,000	468,217
4	60,001	65,000	254,800
4	65,001	70,000	266,750
8	70,001	75,000	588,300
4	75,001	80,000	306,889
1	80,001	85,000	80,400
2	85,001	90,000	180,000
1	90,001	95,000	92,020
4	95,001	100,000	400,000
3	100,001	105,000	308,200
4	105,001	110,000	436,100
4	110,001	115,000	447,538
3	120,001	125,000	370,255
3	135,001	140,000	415,495
1	140,001	145,000	144,300
3	145,001	150,000	441,500
1	150,001	155,000	150,900
1	160,001	165,000	161,306
1	165,001	170,000	170,000
1	170,001	175,000	170,437
1	175,001	180,000	180,000
3	185,001	190,000	562,400
4	195,001	200,000	797,600
1	205,001	210,000	207,600
1	240,001	245,000	243,860
1	245,001	250,000	247,300

Number. of Shareholders	Sharesholding		Total Shares Held
	From	To	
1	250,001	255,000	252,492
1	260,001	265,000	263,000
1	265,001	270,000	269,160
2	270,001	275,000	545,300
1	280,001	285,000	280,300
1	285,001	290,000	290,000
2	295,001	300,000	600,000
1	300,001	305,000	304,100
1	310,001	315,000	313,000
1	330,001	335,000	332,300
1	335,001	340,000	337,400
1	350,001	355,000	350,400
1	355,001	360,000	356,800
1	360,001	365,000	361,900
1	380,001	385,000	381,900
1	390,001	395,000	391,200
2	395,001	400,000	797,100
1	405,001	410,000	410,000
1	410,001	415,000	414,000
1	575,001	580,000	577,100
1	645,001	650,000	647,900
1	665,001	670,000	669,200
1	730,001	735,000	733,000
1	750,001	755,000	755,000
1	755,001	760,000	755,394
1	820,001	825,000	825,000
2	840,001	845,000	1,683,883
1	985,001	990,000	990,000
1	1,205,001	1,210,000	1,207,200
1	1,400,001	1,405,000	1,403,500
1	1,815,001	1,820,000	1,817,720
1	1,935,001	1,940,000	1,939,000
1	1,955,001	1,960,000	1,957,140
1	2,220,001	2,225,000	2,224,063
1	2,910,001	2,915,000	2,914,260
1	3,900,001	3,905,000	3,904,244
1	3,970,001	3,975,000	3,972,600
1	4,705,001	4,710,000	4,709,717
1	14,995,001	15,000,000	14,999,560
1	15,825,001	15,830,000	15,826,377
1	39,135,001	39,140,000	39,137,953
1	48,180,001	48,185,000	48,180,566
2,554			176,422,014

CATEGORIES OF SHAREHOLDING

As at June 30, 2021

Shareholders' Category	Shares Held	Percentage
Directors, CEO, and their spouse and minor children	121,698	0.07
Associated Companies, undertakings and related parties	121,155,732	68.67
NIT and ICP	4,710,077	2.67
Banks, Development Financial Institutions, Non Banking Financial Institutions.	3,497,590	1.98
Modarabas and Mutual Funds	10,260,163	5.81
Insurance Companies	4,795,244	2.72
Share holders holding 10% or more	87,318,519	49.49
General Public	23,388,319	13.27
Others	8,493,191	4.81

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

DEATILS OF PATTERN OF SHAREHOLDING

As at June 30, 2021

Shareholders' Category	Number of Shares Held
ASSOCIATED COMPANIES / UNDERTAKINGS AND RELATED PARTIES	
SIZA Services (Private) Limited	39,137,953
SIZA (Private) Limited	48,180,566
Premier Fashions (Private) Limited	15,826,377
SIZA Commodities (Private) Limited	14,999,560
Accuray Surgicals Limited	2,224,063
Century Insurance Company Limited	755,394
Sultan Ali Lakhani	2,120
Shaista Sultan Ali Lakhani	363
Fatima Lakhani	226
Bilal Ali Lakhani	181
Danish Ali Lakhani	3,420
Anika Amin Lakhani	1,490
Natasha Lakhani	1,338
MUTUAL FUNDS	
CDC-Trustee AKD Index Tracker Fund	14,700
CDC-Trustee Al-Meezan Mutual Fund	733,000
CDC-Trustee Al-Ameen Shariah Stock Fund	443
CDC-Trustee Alfalah GHP Alpha Fund	51,400
CDC-Trustee Alfalah GHP Islamic Stock Fund	54,500
CDC-Trustee Alfalah GHP Stock Fund	145,200
CDC-Trustee Faysal Asset Allocation Fund	60,000
CDC-Trustee Faysal Islamic Dedicated Equity Fund	669,200
CDC-Trustee Faysal Islamic Stock Fund	109,000
CDC-Trustee Faysal Stock Fund	332,300
CDC-Trustee JS Islamic Dedicated Equity Fund	13,274
CDC-Trustee JS Islamic Fund	400
CDC-Trustee JS Islamic Pension Savings Fund-Equity Account	37,100
CDC-Trustee JS Large CAP. Fund	37,200
CDC-Trustee JS Pension Savings Fund-Equity Account	19,100
CDC-Trustee Meezan Asset Allocation Fund	304,100
CDC-Trustee Meezan Balanced Fund	270,300
CDC-Trustee Meezan Islamic Fund	3,972,600
CDC-Trustee Meezan Tahaffuzz Pension Fund-Equity Sub Fund	647,900
CDC-Trustee National Investment (Unit) Trust	4,709,717
CDC-Trustee NBP Balanced Fund	75,980
CDC-Trustee NBP Sarmaya Izafa Fund	103,900
CDC-Trustee NBP Stock Fund	1,817,720
CDC-Trustee Unit Trust of Pakistan	146,300
CDC-Trustee Meezan Dedicated Equity Fund	110,000
CDC-Trustee First Habib Islamic Stock Fund	38,000
M/S. First Capital Mutual Fund Limited	546
MCFSL-Trustee JS Growth Fund	381,900
MCBFSL-Trustee JS Value Fund	114,100

DEATILS OF PATTERN OF SHAREHOLDING

As at June 30, 2021

Shareholders' Category	Number of Shares Held
DIRECTORS,CEO,THEIR SPOUSES AND MINOR CHILDREN	
Iqbal Ali Lakhani	Chairman 2,599
Amin Mohammed Lakhani	Director 1,927
Babar Ali Lakhani (from July 17, 2021)	Director 22,681
Anushka Lakhani	Director 2,809
Tasleemuddin A. Batlay (upto July 17, 2021)	Director 4,100
Shahid Ahmed Khan (upto July 17, 2021)	Director 1,034
Aftab Ahmad	Director & CEO 51,261
Ali Aamir	Director 500
Asif Qadir	Director 1,000
Ronak Iqbal Lakhani W/o Iqbal Ali Lakhani	226
Saira Amin Lakhani W/o Amin Mohammed Lakhani	226
Roohi Aftab W/o Aftab Ahmad	56,016
EXECUTIVE	24
PUBLIC SECTOR COMPANIES AND CORPORATIONS	3,904,244
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABA AND PENSION FUNDS	5,303,333
SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS	
SIZA Services (Private) Limited	39,137,953
SIZA (Private) Limited	48,180,566
Premier Fashions (Private) Limited	15,826,377
SIZA Commodities (Private) Limited	14,999,560

FORM OF 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 September 23, 2021 and at any adjournment thereof.

Signed this _____ day of _____ 2021.

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.

Fold Here

AFFIX
CORRECT
POSTAGE

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

Fold Here

Fold Here

Fold Here

Fold Here

Fold Here

مختار نامہ (پراکسی فارم)

میں/ہم _____ ساکن _____
 بحیثیت رکن (ممبر) سینجری پیپرا اینڈ بورڈ ملز لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسلمی / مسماة _____ ساکن _____
 کو یا ان کی غیر حاضری میں مسلمی / مسماة _____ ساکن _____
 کو جو خود بھی سینجری پیپرا اینڈ بورڈ ملز لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) سینجری پیپرا اینڈ بورڈ ملز لمیٹڈ کے سالانہ اجلاس عام جو ۲۳ ستمبر ۲۰۲۱ کو منعقد ہو رہا ہے اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ _____ ۲۰۲۱ 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 کرنا ضروری ہے۔

Fold Here

AFFIX
CORRECT
POSTAGE

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

Fold Here

Fold Here

Fold Here

Fold Here

Fold Here



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