



# Annual Report 2018-2019

**LEINER PAK GELATINE LTD.**

**DON'T ONLY ASK FOR GELATINE !**

**INSIST ON "HALAL"**

**GELATINE AND ITS PRODUCTS**

**Major Fields of Application for Gelatine**

Edible/ food grade gelatine is used in the Manufacturing of:

- \* Confectionery items
- \* Ice Cream
- \* Fruit Juice
- \* Yougurt , Cheese and Butter
- \* Sour milks drinks
- \* Instant desserts
- \* Jam, Jelly and other bread spreads
- \* Sweets, Toffees and chewing Gum
- \* Meat Products

Pharmaceutical gelatine is used in production of:

- \* Hard shell capsules
- \* Soft shell capsules
- \* Blood plasma
- \* Tablets
- \* Coated tablets
- \* Gelatine sponge
- \* Hair care items
- \* Skin care items
- \* Beauty items



*Pioneers in Gelatine  
Technology in Pakistan*



**LEINER PAK GELATINE LTD.**

17-G, Gulberg-2, G/Postmall Box-3529, Lahore-54660

Phones #: 92-42-35756953-54 Fax #: 92-42-35710604

Works: 19-Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku,  
District Sheikhpura.

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**COMPANY INFORMATION  
BOARD OF DIRECTORS**

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

**AUDIT COMMITTEE**

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

**HUMAN RESOURCE AND REMUNERATION COMMITTEE**

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

**COMPANY SECRETARY**

Ibrar Ahmed Khwaja

**CHIEF FINANCIAL OFFICER**

Mr. Muhammad Javaid

**AUDITORS**

M. Almas & Co.  
Chartered Accountants  
207-Sadiq Plaza, 2<sup>nd</sup> Floor, 69-The Mall, Lahore.

**LEGAL ADVISOR**

Khwaja Muhammad Akram  
Advocate  
1-Begum Road, Mozang Adda, Lahore.

**REGISTRAR**

CORPLINK (PVT) LTD.,  
Wings Arcade, 1-K Commercial,  
Model Town, Lahore.

**REGISTERED OFFICE**

17-G, Gulberg-2, G/Postmall No. 3529, Lahore-54660  
Ph. #: 0092-42-35756953-54, Fax #: 0092-42-35710604

**PLANT**

19<sup>th</sup> Kilometer,  
Shahrah-e-Pakistan, Kala Shah Kaku,  
District Sheikhpura.  
Ph. #: 0092-42-37950018 – 37980179

**BANKERS**

Bank Al Habib Limited  
Summit Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Bank Islami Pakistan Limited  
MCB Bank Limited-Islamic Banking  
Bank Alfalah Limited-Islamic Banking

# LEINER PAK GELATINE LIMITED.



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

## NOTICE OF 36<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 36<sup>th</sup> Annual General Meeting of LEINER PAK GELATINE LTD., will be held on Monday, the 28<sup>th</sup> October, 2019 at 10.00 A.M. at the Registered office of the Company, 17/G, Gulberg-2, Lahore-54660 to transact the following business :

1. Recitation from the Holy Quran.
2. To confirm the minutes of the Extra Ordinary General Meeting held on Friday, 18<sup>th</sup> January, 2019.
3. To receive and adopt the Annual Accounts of the Company for the Year ended 30<sup>th</sup> June, 2019 together with Directors' and Auditors' Report thereon.
4. To appoint the Auditors of the Company for the year ending 30<sup>th</sup> June, 2020 and to fix their remuneration.

### Ordinary Business

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

**BY ORDER OF THE BOARD,**

**(IBRAR AHMED KHWAJA)  
COMPANY SECRETARY**

LAHORE:

DATED: 07<sup>th</sup> October, 2019.

### **NOTES:**

1. The Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> October, 2019 to 28<sup>th</sup> October, 2019 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s CORPLINK (PVT) LTD., Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone Nos: 042-35839182, 305887262, 35916719 Fax No: 042-35869037.
2. The Shareholders are advised to notify the Registrar of any change in their address.
3. A member entitled to attend and vote at this meeting may appoint another member as proxy to attend and vote instead of him. The Proxy Form duly signed and stamped must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. Any individual beneficial owner of the share in the Central Depository Company (CDC) entitled to vote at this meeting with him/her to prove him/her identity together with his/her Account number in CDC and in case of proxy, must enclose

an attested copy of his/her CNIC. Representative of Corporate Members should bring the usual documents required for such purpose.

5. Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatory required on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Shares Registrar. In case of non-receipt of the copy of a valid CNIC, the company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders.
6. Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s Corplink (Pvt) Limited. to collect / enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.leinerpakgelatine.com](http://www.leinerpakgelatine.com).
8. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company received consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

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

## **VISION STATEMENT**

To continue to lead the domestic industry in Gelatine manufacturing with technology and quality of the product along with persistent recognition in international market.

## **MISSION**

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

- › Adoption of advanced technologies in Gelatine manufacturing.
- › Investment in human resources to create and strengthen professional environment.
- › Exploring new international markets with the satisfaction of existing customers.
- › Continuous improvement of quality system, Environmental management system from ISO-9001:2000, ISO 14000 (already obtained) to other achievements of quality management.
- › Fetching and delivering healthy returns to all stakeholders.
- › Contribution towards economic and social up lift of employees and community in general.

## **CORPORATE STRATEGY**

### **OBJECTIVES**

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

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

### **STRATEGIC PLANNING**

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



## CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I am pleased to present the Company's 36<sup>th</sup> Annual Report.

It is very encouraging that the Company is back in to profits. This year the Company registered highest ever turnover at Rs. 779.659 million as compared to the last year turnover of Rs. 752.297 million. Macroeconomic environment of the country remained challenging during the year and Pak rupee was also excessively devalued in this financial year. This devaluation caused unprecedented escalation in cost of production for local manufacturing industry including Gelatine sector. Our raw material (crushed bone) prices are badly affected due to current devaluation of Pak Rupee being an exportable item. Presently raw bone is being exported to China, Japan and other neighboring countries. Besides all these challenges, company's operations are closed in profitability and after tax profit is posted at Rs. 2.537 million. The emphatic devaluation of Pak Rupee shall enhance export activities of the country and we see propelling growth in exports of Gelatine also.

Company's management is taking stringent measures to control the cost of production in high inflationary environment and non efficient machines are being replaced by energy efficient equipments. Environment friendly policies are implemented throughout the company and it continues to be compliant with accreditation of environment management system.

The Board and its committees (Audit Committee and Human Resources and Remuneration Committee) are meeting every quarter. The Board is having two independent and one female Directors in total of seven Directors. Board met six times during the year. Evaluation of overall performance of the Board is made on yearly basis. The performance of the Board members and members of its committees are found good and effective.

Company continues to support the communities and provides donation to the institutions working for under privileged segment of the society.

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

LAHORE  
Dated: October 07, 2019.

AHMED ALI RIAZ  
Chairman

## چیرمین کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے میں کمپنی کی ۳۶ ویں سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتا ہوں۔ یہ بہت حوصلہ افزا بات ہے کہ کمپنی دوبارہ منافع بخش ہو گئی ہے۔ اس سال کمپنی نے پچھلے سال کی فروخت مبلغ ۷۵۲.۲۹ ملین روپے کے مقابلے میں اب تک کی سب سے زیادہ فروخت مبلغ ۷۹۶.۶۵۹ ملین روپے کا ہدف حاصل کیا ہے۔ دوران سال ملک کے میکرو اکنامک ماحول کو مشکلات کا سامنا رہا ہے اور پاکستانی روپے کی قدر میں بھی اس مالی سال میں بہت زیادہ کمی واقع ہوئی ہے۔ روپے کی قدر میں غیر مثالی کمی کی وجہ سے مقامی پیداواری صنعت بشمول جیلاٹین کے شعبہ پیداواری لاگت میں اضافہ ہوا ہے۔ ہمارے خام مال (کرش بون) کی قیمتیں پاکستانی روپے کی قدر میں حالیہ کمی کی وجہ سے بری طرح متاثر ہوئیں ہیں کیونکہ یہ ایک برآمد کی چیز ہے۔ اس وقت خام ہڈی چین، جاپان اور دوسرے ہمسایہ ممالک کو برآمد کی جا رہی ہے۔ ان تمام مشکلات کے باوجود کمپنی کا کاروبار منافع پر اختتام پزیر ہوا ہے اور بعد از ٹیکس منافع مبلغ ۲.۵۳ ملین روپے رہا ہے۔

پاکستانی روپے کی قدر میں بے تحاشا کمی ملک میں برآمدات کے عمل کو بڑھائے گی اور ہم بھی جیلاٹین کی ایکسپورٹ کو آگے بڑھتے ہوئے دیکھ رہے ہیں۔

کمپنی کی انتظامیہ مہنگائی کے ماحول میں پیداواری لاگت کو کنٹرول کرنے کے لیے سخت اقدامات کر رہی ہے اور غیر موثر مشینری کو موثر آلات سے تبدیل کیا جا رہا ہے۔ ماحول دوست پالیسی کو پوری کمپنی میں لاگو کیا گیا ہے اور ماحول مینجمنٹ سسٹم کے معیار پر عمل درآمد جاری ہے۔

بورڈ اور اس کی کمیٹیاں (آڈٹ کمیٹی اینڈ ہیومن ریسورسز اینڈ ریمونیشن کمیٹی) ہر سہ ماہی اپنی میٹنگ منعقد کرتی ہیں۔ بورڈ کے سات ڈائریکٹران دو انڈیپنڈنٹ ڈائریکٹر اور ایک خاتون ڈائریکٹر پر مشتمل ہیں۔ بورڈ کی دوران سال چھ عدد میٹنگز منعقد ہوئی ہیں۔ ڈائریکٹران کی مجموعی کارکردگی کی سالانہ جانچ کی جاتی ہے۔ بورڈ کے ارکان اور کمیٹی ممبران کی کارکردگی بہتر اور موثر رہی ہے۔ کمپنی اپنے معاشرے کی مدد کو جاری رکھے ہوئے ہے اور ایسے ادارے جو کہ غیر مرعات یافتہ طبقے کے لیے کام کرتے ہیں کو عطیات کی فراہمی کرتی ہے۔

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

احمد علی ریاض

لاہور

چیرمین

۷ اکتوبر ۲۰۱۹ء

## **DIRECTORS' REPORT**

The Directors are pleased to present the 36<sup>th</sup> Annual Report along with company's financial statements for the year ended 30<sup>th</sup> June, 2019 together with Auditors' Report thereon.

### **PRINCIPAL ACTIVITY**

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

### **OPERATIONS**

In the current financial year company registered its turnover at Rs. 779.659 million and surpassed the last year turnover (Rs. 752.297 million) by Rs. 27.362 million (3.637%). This ever highest turnover is achieved due to some change in sales mix ratio. This year export sales kept revenue on positive trajectory and contributed Rs. 155.970 million in total revenue.

The gross profit margin during the year clocked in at 12.15% as compared to the last corresponding period margin recorded at 9.874%. Although there is some increase in gross profit margin but it is still lower than expected growth. Macroeconomic environment remained challenging during the year and Pak Rupee devaluation further aggravated the situation for manufacturing concerns. In ramification of Pak Rupee devaluation, prices of the basic raw materials and cost of other manufacturing inputs witnessed extreme volatility. Our basic raw material (crushed bone) is being exported to China, Japan and other neighboring countries. Any devaluation in Pak Rupee directly effects its prices in local market being an exportable item. Highly upsurge manufacturing cost mostly fizzled out the positive impact of increase in prices (freshly negotiated prices) of our products (Gelatine and Di-calcium phosphate) and company's operations are translated in to profit after tax at Rs. 2.537 million as compared to the loss after tax (Rs. 3.956 million) in last corresponding year.

It is expected that recent blatant devaluation of Pak Rupee can scale up exports of the country. We are making a major shift to increase our exports. Increase in exports can mitigate present inflationary challenges and sustainable growth and profitability can be achieved.

Besides the profitability of the current year operations, company is bearing negative cash flow from operating activities during the year ended June 30, 2019 and, as of that date accumulated loss is arrived at Rs. 5.200 million and current liabilities exceeded its current assets by Rs. 80.509 million. These conditions indicate that a material uncertainty exists that may cast significant doubts on the company's ability to continue as a going concern as the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

This year company is back in to profits and financial health of the company is improved. Keeping in view the following factors, the management foresees that the company will continue as going concern:

- There is continued demand for the products of the Company. Demand of “Halal” Gelatine exists in foreign and local markets as “Halal” Gelatine is equally consumed in Muslim and Non-Muslim countries. After devaluation of Pakistan Rupee against US \$, the export sales will further increase in future.
- There is continued financial support of the Company’s sponsors. The sponsors’ of the Company have inducted up to June 30, 2019 Rupees 47.858 million (June 30, 2018: Rupees 35.302 million) interest free loans. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.
- Major financing arrangements with bank as at June 30, 2019 are valid for future periods as well. The Summit Bank running finance account is fully operational and banking transactions are being made therein regularly up to the sanctioned limit. The management of the Company is engaged with the said bank for renewal of the facility as well as working on arranging alternate financing arrangements; if required.

Apart from the aforementioned factors there are also positive indicators as per these financial statements as mentioned below:

- a) The existence of new sales orders along with advance payments received there against; and
- b) Profit after taxation during the current year and continuous existence of profits before taxation since past five years to date.

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

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

### **CORPORATE AND FINANCIAL REPORTING FRAME WORK**

Company is fully compliant with the Code of Corporate Governance and listing regulations. Board is pleased to place following statement on the record:

1. The financial statements prepared by the management of the Company present fairly its state of the affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements. The accounting estimates wherever required, are based on reasonable and prudent judgement.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. The management has explained their review in detail regarding going concern ability of the Company in note 2 to the annexed financial statements.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in listing regulations.
8. Outstanding taxes, duties and charges have been disclosed in the financial statements.

#### **KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS**

Years ending on June:	2018	2017	2016	2015	2014	2013
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
	(000s)	(000s)	(000s)	(000s)	(000s)	(000s)
Turnover	752,297	692,372	727,664	691,778	488,374	705,290
Profit/(Loss) after Taxation	(3,956)	(3,009)	2,748	(14,402)	(52,956)	2,718
Total Assets	715,769	661,874	652,850	519,059	482,257	558,767
Dividend	-	-	-	-	-	-
Non-current Liabilities	1,043	504	856	-	-	9,355

#### **ADEQUACY OF INTERNAL CONTROL**

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

#### **STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION**

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

#### **DIRECTORS' REMUNERATION**

Remuneration of the Board of Directors is approved by the Board. The Company does not pay remuneration to non-executive Directors.

**DIRECTORS OF THE COMPANY**

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

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

Rashid Minhas is elected as independent Director in place of out going Director Umer Riaz Khwaja on Jan 18, 2019 in accordance with provisions of Code of Corporate Governance.

**APPROPRIATIONS**

In view of the accumulated loss, it has been decided to omit the dividend for the current year.

**EARNING RATIO:**

The earning/ (loss) per share after tax works out to Rs.0.34 {last year Rs. (0.53)}.

**PROVIDENT FUND**

The Company operates an approved contributory provident fund covering all permanent employees. The value of the fund at the year end 30<sup>th</sup> June, 2019 is Rs.144.499 million. The investment values of the respective fund is as follows:

**Provident Fund****Latest audited statements****June 30, 2019**Investments at fair value **Rs. (000)****91,462**

These funds are invested as given below:

**Rs.(000)**

Unit Trust Schemes

35,968

Mutual Funds

1,103

Savings Schemes of Banks

2,497

Bank Deposits

17,993

Listed Securities

33,901

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**91,462**


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**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Company has placed in a policy to sanction certain amount to donate charitable institutions' working for the education, healthcare and uplift of under privileged segment of the society.

This year Company has provided donation to Hijaz hospital and Shaukat Khanum Hospital.

**OUTSTANDING STATUTORY PAYMENTS**

All outstanding payments are of routine nature.

**CODE OF CONDUCT**

Company has developed Code of Conduct as provided by the Code of Corporate Governance. This code of conduct is fully disseminated to all levels throughout the entity.

Company's Code of Conduct sets out standards expected of the entire team. This ensures that the Company maintains good reputation by dealing and being seen to deal with all our business contacts in a professional and acceptable way.

**BOARD COMMITTEES****AUDIT COMMITTEE**

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

**Name of Directors**

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

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

Audit Committee's other responsibilities in the light of Code of Corporate Governance also include the following:

- a) determination of appropriate measures to safeguard the Company's assets;
- b) review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:



- (i) major judgemental areas;
  - (ii) significant adjustments resulting from the audit;
  - (iii) going concern assumption;
  - (iv) any changes in accounting policies and practices;
  - (v) compliance with applicable accounting standards;
  - (vi) compliance with these regulations and other statutory and regulatory requirements; and
  - (vii) all related party transactions.
- c) review of preliminary announcements of results prior to external communication and publication;
  - d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
  - e) review of management letter issued by external auditors and management's response thereto;
  - f) ensuring coordination between the internal and external auditors of the Company;
  - g) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
  - h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
  - i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sale, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
  - j) review of the listed company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
  - k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
  - l) determination of compliance with relevant statutory requirements;
  - m) monitoring compliance with the these regulations and identification of significant violations thereof;
  - n) review of arrangement for staff and management to report the audit committee in confidence, concerns if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

- o) recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) consideration of any other issue or matter as may be assigned by the Board of Directors.

### **HUMAN RESOURCES AND REMUNERATION COMMITTEE**

Company has constituted human resource and remuneration (HR & R) committee as required by Code of Corporate Governance. Company has succeeded in attracting the quality human resource through implementation of policies of the committee.

Human resource and remuneration committee ( HR & R ) include the following Directors:

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

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

- i. recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
- ii. undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- iii. recommending human resource management policies to the board;
- iv. recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- v. consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- vi. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the Company.

**RISK AND UNCERTAINTIES**

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

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

Raw material prices (crushed bone).

Foreign currency exchange rate.

Energy (availability and prices of gas & electricity)

Bovine animal bones are pre requisite to produce high quality Gelatine. Raw material of the company (crushed bone) is being exported to China, Japan and other neighboring countries from Pakistan. Crushed bone is being exported without making it available to value addition industry Gelatine manufacturing and other allied industries. Devaluation of Pak Rupee can further aggravate the situation and procurement of animal bone at feasible prices may become more difficult.

Spree of continuous devaluation of Pak Rupee had badly affected the prices of raw materials and other industrial inputs. Any further devaluation of Pak Rupee can aggravate the situation and cost of production can be raised further.

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

**IMPACT ON ENVIRONMENT**

It is prime responsibility of the Company to operate in safe and healthy working environment. Company's production facility is equipped with state of the art machinery which is mostly European origin. To ensure environment friendly practices, company has attained ISO-14000 certification from SGS Pakistan. Manufacturing process of Gelatine adopted at factory premises

is strictly in accordance with international practices and no any hazardous impact on environment is traced so far.

### **FUTURE PROSPECTS**

Management is fully committed to procure raw material direct from the source to avoid middle man role . In this way raw material availability at some feasible rates can be ensured.

Efficient usage of energy and fuel is ensured by replacing inefficient machinery with fuel efficient equipments. Company has also successfully converted its boilers on dual fuel system and in this way cheaper alternate fuel could be used in place of high priced gas fuel.

Company is focusing to increase its exports in the wake of excessive devaluation of the Pak Rupee to get better pricing for its products. Negotiation with new foreign buyers are in process to increase the ratio of exports. Management is also considering to revise the prices of Gelatine for local buyers to mitigate up surged manufacturing cost.

### **TRAINING PROGRAMME OF DIRECTORS**

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

Our three directors out of seven are exempt from training as provided by the Code of Corporate Governance. Two directors including one independent Director have completed their Directors Training Programme (DTP) with recognized institutions from Pakistan Institute of Corporate Governance. One female Director and newly elected independent Director will also complete Directors Training Programme in due course of time.

### **TRADE IN SHARES OF THE COMPANY**

During the year following movement has been seen in the share holding of one of the Director:

#### **Shares Purchased**

Rashid Minhas	1000
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There is no any sale/purchase/transfer of the company shares by other Directors, Executives, their spouse and minor children except above share transactions.

### **AUDITORS**

The present auditors, M/s M. Almas & Co. Chartered Accountants, Lahore, has completed their assignment for the year ended June 30, 2019 and shall retire on the conclusion of 36<sup>th</sup> Annual General Meeting. The retiring auditors M/s M. Almas & Co. Chartered Accountants are eligible for re-appointment.

In accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2017, the audit committee considered and recommended the re-appointment of M/s M. Almas & Co. Chartered Accountants as statutory auditors for the year 2019-20.

**PATTERN OF SHAREHOLDING**

It appears on page no:-----74-----

**ACKNOWLEDGEMENT**

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

KH. IMTIAZ AHMED

Chief Executive & Managing Director

Lahore

Dated: October 07, 2019.

IBRAR AHMED KHAWAJA

Director

## ڈائریکٹرز رپورٹ

ڈائریکٹرز کو ۳۶ ویں سالانہ رپورٹ جو کہ ۳۰ جون ۲۰۱۹ء کو ختم ہونے والے سال کے لیے کمپنی نے مالیاتی نتائج اور آڈیٹران کی رپورٹ پر مشتمل ہے۔ پیش کرنے پر خوشی محسوس ہو رہی ہے۔

بنیادی کاروبار:-

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

### کاروباری عمل:- (Operations)

اس سال کمپنی کی فروخت مبلغ ۷۷۹.۶۵۹ ملین روپے رہی اور یہ فروخت پچھلے سال کی فروخت مبلغ (۷۵۲.۲۹۷ ملین روپے) سے مبلغ ۲۷.۳۶۲ (۳.۶۳۷%) ملین روپے زیادہ رہی۔ یہ سب سے زیادہ فروخت کا ہدف فروخت کی شرح میں تبدیلی کرنے سے حاصل کیا گیا ہے۔ اس سال برآمدات نے آمدن کی مثبت رفتار کو برقرار رکھا اور کل آمدن میں اس کا حصہ مبلغ ۱۵۵.۹۷۰ ملین روپے رہا۔ اس سال مجموعی منافع کی شرح پچھلے سال کے مجموعی منافع کی شرح %۹.۸۷۴ کے مقابلے میں %۱۲.۱۵ رہی ہے۔ اگرچہ مجموعی منافع کی مد کی شرح میں کچھ اضافہ ہوا ہے لیکن یہ اضافہ متوقع بڑھوتری سے پھر بھی کم رہا ہے۔ اس سال میکرو اکنامک ماحول مشکلات سے دوچار رہا ہے اور پاکستانی روپے کی قدر میں کمی نے مینوفیکچرنگ اداروں کیلئے صورتحال کو مزید خراب کر دیا ہے۔ پاکستانی روپے کی قدر میں کمی کی وجہ سے بنیادی خام مال اور تیاری کی مد میں استعمال ہونے والی دوسری اشیاء کی قیمتوں میں بہت زیادہ ردوبدل دیکھی گئی ہے۔ ہمارا بنیادی خام مال (کرش بون) چین، جاپان اور دوسرے ہمسایہ ممالک کو براآمد کیا جا رہا ہے۔ پاکستانی روپے کی قدر میں کمی کسی قسم کی کمی مقامی منڈی میں خام مال کی قیمتوں پر براہ راست اثر انداز ہوتی ہے کیونکہ یہ ایک برآمدی چیز ہے۔ تیاری کی لاگت میں بہت زیادہ اضافہ ہونے کی وجہ سے ہماری مصنوعات (جیلاٹین اور ڈائی کیلشیم فاسفیٹ) کی قیمتوں میں حالیہ اضافے کے مثبت اثرات کو زیادہ تر زائل کر دیا ہے اور کمپنی کا کاروباری عمل بعد از ٹیکس منافع پچھلے سال کے بعد از ٹیکس نقصان (مبلغ ۳.۹۵۶ ملین روپے) کے مقابلے

میں مبلغ ۲.۵۳ ملین روپے کی شکل میں ظاہر ہوا ہے۔

اس بات کی بھی توقع کی جا رہی ہے کہ پاکستانی روپے کی قدر میں حالیہ بے تحاشا کمی ملک کی برآمدات کو بڑھا سکتی ہے۔ ہم اپنی برآمدات میں اضافے کیلئے بڑی تبدیلی کر رہے ہیں۔ برآمدات میں اضافہ مہنگائی کی مشکلات پر قابو پاسکتی ہے اور مستحکم بڑھوتری اور منافع کو بھی حاصل کیا جاسکتا ہے۔

موجودہ سال کے کاروباری عمل میں منافع کے باوجود کمپنی کے ۳۰ جون ۲۰۱۹ء کو ختم ہونے والے سال کے کاروباری عمل سے نقد بہاؤ منفی رہا ہے اور اس تاریخ تک مجموعی نقصان مبلغ ۵.۱۰۸ ملین روپے رہا ہے اور موجودہ واجبات اس کے موجودہ اثاثہ جات سے مبلغ ۸۰.۴۱۴ ملین روپے سے بڑھ گئے ہیں۔ یہ حالات زیادہ غیر یقینی صورتحال کی طرف اشارہ کرتے ہیں اور ان کی وجہ سے کمپنی کاروبار کے مسلسل چلنے کی صلاحیت پر شکوک و شبہات پیدا ہو سکتے ہیں اور کمپنی شاید معمول کے کاروباری عمل کے نتیجے میں اپنے اثاثہ جات کی فروخت اور واجبات کی ادائیگی نہ کر سکے گی۔

اس سال کمپنی دوبارہ منافع بخش ہو گئی ہے اور کمپنی کی مالی حالت میں بہتری ہوئی ہے۔ درج ذیل عوامل کو مدنظر رکھتے ہوئے انتظامیہ کا خیال ہے کہ کمپنی اپنے کاروباری عمل کو مسلسل جاری رکھے گی:

- ہماری کمپنی کی مصنوعات کی مانگ مسلسل موجود ہے، ”حلال“ جیلائین کی مانگ بیرون ملک اور اندرون ملک موجود ہے کیونکہ ”حلال“ جیلائین مسلم اور غیر مسلم ملکوں میں برابر کی سطح پر استعمال ہو رہی ہے۔ پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں کمی کی وجہ سے مستقبل میں برآمدات کی مد میں مزید اضافہ ہوگا۔

- کمپنی کے مالکان کی طرف سے مالی امداد کی مسلسل فراہمی ہے۔ کمپنی کے مالکان نے اس سال ۳۰ جون ۲۰۱۹ء تک بلا سود مبلغ ۸۵۸.۸۵۸ ملین روپے قرضہ جات کی مد میں کمپنی کو فراہم کیے ہیں (۳۰ جون ۲۰۱۸ء: مبلغ ۳۵۰.۳۰۲ ملین روپے)۔ وہ اس بات کا عزم بھی رکھتے ہیں کہ اگر مستقبل میں (Liquidity) کا مسئلہ درپیش ہوا تو بغیر رکاوٹ کے کاروباری عمل کو بڑھاتے ہوئے مزید مالی معاونت بھی کریں گے۔

- بینکوں کے ساتھ ۳۰ جون ۲۰۱۹ء تک مالی معاملات زیادہ تر مستقبل کیلئے بھی صحیح اور درست ہیں۔ سمٹ بینک میں منظور شدہ حد تک رنگ فنانس اکاؤنٹ مکمل طور پر قابل عمل ہے اور بینک میں لین دین کے معاملات بھی

- باقاعدہ طور پر جاری ہیں۔ کمپنی کی انتظامیہ کا مالی سہولت کی تجدید کیلئے اس بینک کے ساتھ رابطہ ہے اور اس کے علاوہ متبادل مالی انتظامات پر بھی کام کر رہی ہے، اگر اسکی ضرورت محسوس ہوئی۔
- مندرجہ بالا عوامل کے علاوہ ان مالیاتی دستاویزات میں درج ذیل مثبت اشارے موجود ہیں:-
- ۱- فروخت کے نئے معاہدوں کا وجود اور ان کے عوض پیشگی ادائیگی کا حصول۔
  - ۲- موجودہ سال میں بعد از ٹیکس منافع اور پچھلے پانچ سالوں سے مسلسل قبل از ٹیکس منافع کا ہونا۔
- یہ مالیاتی دستاویزات کمپنی کے مسلسل چلنے کی اکاؤنٹنگ بنیاد پر تیار کی گئی ہیں، اور ان مالیاتی نتائج میں کسی قسم کی (Adjustment) (اگر کمپنی کاروبار جاری رکھنے کی اہلیت نہ رکھتی ہو) جس کا تعلق اثاثہ جات کی قیمت اور واجبات کی مالیت سے ہو، موجود نہ ہے۔
- آڈیٹران کی رپورٹ میں ”کمپنی کے کاروبار کے چلنے کے معاملات کی طرف توجہ دلانے کے لیے“ ایک پیراگراف میں کمپنی کے کاروبار کے چلنے کے متعلق اہم غیر یقینی صورت حال کا ذکر کیا گیا ہے۔ اس کے جواب میں انتظامیہ کا نقطہ نظر مالیاتی نتائج کے نوٹ نمبر ۲ میں شامل کیا گیا ہے۔
- کارپوریٹ اور مالیاتی دستاویز کا ضابطہ:-
- کمپنی کوڈ آف کارپوریٹ گورننس اور لسٹنگ کے قواعد پر پوری طرح عمل درآمد کر رہی ہے۔ بورڈ درج ذیل بیانات قلمبند کرنے میں خوشی محسوس کرتے ہیں۔
- ۱- مالی دستاویز، جو کہ کمپنی انتظامیہ کی جانب سے تیار کی گئی ہے جو منصفانہ امور کی نشاندہی، اپنے آپریشنز، نقدی کا بہاؤ اور ایکویٹی میں تبدیلی کا نتیجہ ہے۔
  - ۲- کمپنی کے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا گیا ہے۔
  - ۳- مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ مالی اکاؤنٹ کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ اندازے معقول اور دانش مندانہ فیصلے پر مبنی ہیں۔
  - ۴- انٹرنیشنل اکاؤنٹنگ کے معیار جو کہ پاکستان میں قابل عمل ہیں کی مالی بیانات کی تیاری میں پیروی کی گئی ہے۔
  - ۵- اندرونی کنٹرول کے نظام کا ڈیزائن صحیح ہے اور اس پر موثر طریقے سے عملدرآمد اور اس کی نگرانی کی گئی ہے۔
  - ۶- کمپنی کی انتظامیہ نے کمپنی کو جاری رکھنے کی صلاحیت کے بارے میں مالیاتی نتائج کے نوٹ نمبر ۲ میں تفصیل سے ذکر کیا گیا ہے۔



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

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

گزشتہ چھ سالوں میں کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ

۲۰۱۳ء	۲۰۱۴ء	۲۰۱۵ء	۲۰۱۶ء	۲۰۱۷ء	۲۰۱۸ء	ماہ جون پر ختم ہونے والے سال
روپے (000)	روپے (000)	روپے (000)	روپے (000)	روپے (000)	روپے (000)	
۷۰۵،۲۹۰	۴۸۸،۳۷۴	۶۹۱،۷۷۸	۷۷۷،۶۶۴	۶۹۴،۳۷۲	۷۵۲،۲۹۷	فروخت (Turnover)
۲،۷۱۸	(۵۲،۹۵۶)	(۱۴،۴۰۲)	۲،۷۲۸	(۳،۰۰۹)	(۳،۹۵۶)	بعد از ٹیکس خالص منافع (نقصان)
۵۵۸،۷۶۷	۴۸۲،۲۵۷	۵۱۹،۰۵۹	۶۵۲،۸۵۰	۶۶۱،۸۷۴	۷۱۵،۷۶۹	ٹوٹل اثاثہ جات
---	---	---	---	---	---	تقسیم شدہ منافع
۹،۳۵۵	---	---	۸۵۶	۵۰۴	۱،۰۴۳	واجبات (لمبے عرصہ کے لئے)

موزوں اندرونی کنٹرول:-

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

قدر میں اضافہ اور اس کی تقسیم کی دستاویز:-

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

ڈائریکٹران کا معاوضہ:-

ڈائریکٹران کا معاوضہ بورڈ آف ڈائریکٹرز سے منظور کیا گیا ہے۔ کمپنی نان ایگزیکٹو ڈائریکٹران کو معاوضہ کی

ادائیگی نہیں کرتی۔

کمپنی کے ڈائریکٹران:-

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

میتنگز میں شرکت	ڈائریکٹران کے نام	سیریل نمبر
۶	احمد علی ریاض	۱
۶	خواجه امتیاز احمد	۲
۶	اعجاز احمد خواجه	۳
۶	ابراہیم احمد خواجه	۴
۳	عمر ریاض خواجه	۵
۶	انڈیپنڈنٹ میاں ضیاء الدین	۶
۶	عائشہ احمد	۷
۳	انڈیپنڈنٹ راشد منہاس	۸

راشد منہاس کو کوڈ آف کارپوریٹ گورننس کی شقوں کے تحت انڈیپنڈنٹ ڈائریکٹر کے طور پر جانے والے ڈائریکٹر عمر ریاض خواجه کی جگہ ۱۸ جنوری ۲۰۱۹ء کو منتخب کیا گیا ہے۔

### منافع کی تقسیم (Appropriations):

مجموعی نقصان کی وجہ سے اس سال منافع کی تقسیم نہ کرنے کا فیصلہ کیا گیا ہے۔

### منافع کا تناسب:

ہر حصے کا بعد از ٹیکس منافع مبلغ ۰.۳۴ روپے ہے۔ (پچھلے سال نقصان مبلغ ۰.۵۳ روپے)۔

### پراویڈنٹ فنڈ:-

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

۲۰۱۹ء تک فنڈ کی قدر مبلغ ۱۴۴.۴۹۹ ملین روپے ہے اس فنڈ کی سرمایہ کاری کی قدر درج ذیل ہے:-

پراویڈنٹ فنڈ	تازہ ترین آڈٹ شدہ سٹیٹمنٹس
۳۰ جون ۲۰۱۹ء	
۹۱،۴۶۲	سرمایہ کاری کی منصفانہ قدر (000) روپے
(000) روپے	فنڈ کی سرمایہ کاری درج ذیل ہے:-
۳۵،۹۶۸	یونٹ ٹرسٹ سکیمز
۱،۱۰۳	میوچل فنڈز
۲،۴۹۷	بینکوں کی بچت سکیم
۱۷،۹۹۳	بینکوں میں جمع شدہ رقم
۳۳،۹۰۱	لسٹڈ سکیورٹیز
۹۱،۴۶۲	

### کارپوریٹ سماجی ذمہ داری:

کمپنی میں تعلیم، صحت اور غیر مراعات یافتہ طبقے کی بہتری کیلئے کام کرنے والے خیراتی اداروں کیلئے عطیہ کی مد میں مخصوص مالی معاونت کرنے کی پالیسی رائج ہے۔ اس سال کمپنی نے حجاز ہسپتال اور شوکت خانم ہسپتال کو عطیہ دیا ہے۔

### سٹیچوٹری بقایا جات کی ادائیگی:

تمام بقایا جات کی ادائیگی معمول کے مطابق ہے۔

### ضابطہ اخلاق:

کمپنی نے کوڈ آف کارپوریٹ گورننس کے مطابق ضابطہ اخلاق مرتب کیا ہے۔ اس ضابطہ اخلاق کی ادارہ کی ہر سطح پر آگاہی کر دی گئی ہے۔

کمپنی کے ضابطہ اخلاق میں تمام لوگوں کے لیے متوقع معیار ترتیب دے رکھا ہے۔ یہ ضابطہ اخلاق اس بات کو یقینی بناتا ہے کہ تمام معاملات جو کمپنی مختلف کاروباری رابطوں کے ذریعے طے کرے وہ ایک پیشہ ورانہ اور قابل قبول طریقہ سے ہوں اور اس سے کمپنی کی ساکھ کو برقرار رکھا جاسکے۔

بورڈ کمیٹیاں:

آڈٹ کمیٹی:

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

راشد منہاس (چیئرمین)

عجاز احمد خواجہ (ممبر)

احمد علی ریاض (ممبر)

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

آڈٹ کمیٹی کوڈ آف کارپوریٹ گورننس کی روشنی میں درج ذیل مزید عوامل کی بھی ذمہ دار ہے:-  
الف) کمپنی کے اثاثہ جات کے تحفظ کیلئے مناسب اقدام لینا۔

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

(i) بڑے Judgemental حصے۔

(ii) آڈٹ کے باعث ہونے والی اہم ایڈجسٹمنٹس۔

(iii) کاروبار کے جاری رہنے کا جائزہ۔

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

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

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

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

پ) تفصیلات کی بیرونی تزییل اور نشر ہونے سے پہلے ان کا ابتدائی جائزہ لینا۔

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

- بڑے نقاط اور ایسے تمام معاملات جو آڈیٹران اپنی مرضی سے بھی اٹھانا چاہتے ہوں ان کے ساتھ ان پر بات چیت کرنا۔
- (ٹ) بیرونی آڈیٹران کی طرف سے جاری کردہ انتظامی خط اور انتظامیہ کے ردِ عمل کا جائزہ لینا۔
- (ث) اندرونی آڈٹ اور بیرونی آڈیٹران کے درمیان تعاون کو یقینی بنانا۔
- (ج) اندرونی آڈٹ کے دائرہ کار اور حدود، آڈٹ پلان، رپورٹنگ کے طریقہ کار کا جائزہ لینا اور اس بات کو یقینی بنانا کہ اندرونی آڈٹ کے شعبہ کے پاس مناسب ذرائع موجود ہوں اور کمپنی میں ہر جگہ اس پر عمل کیا جاسکے۔
- (چ) فراڈ، کرپشن اور اختیارات سے تجاوز کرنے کے بڑے معاملات کی اندرونی جانچ پڑتال اور انتظامیہ کے ردِ عمل کا جائزہ لینا۔
- (ح) اندرونی کنٹرول کے نظام جس میں مالیاتی اور آپریشنل کنٹرول شامل ہیں، اکاؤنٹنگ نظام، خرید و فروخت، وصولیوں اور ادائیگیوں، اثاثہ جات اور واجبات کے صحیح اندراج اور معلومات پہنچانے کے ڈھانچے کا صحیح اور موثر طریقے سے چلنے کو یقینی بنانا۔
- (خ) لسٹڈ کمپنی کی طرف سے اندرونی کنٹرول پر جاری کردہ تفصیلات کا اندرونی آڈٹ کی رپورٹ اور بورڈ آف ڈائریکٹرز کی منظوری سے پہلے جائزہ لینا۔
- (د) چیف ایگزیکٹو کے مشورہ سے بورڈ آف ڈائریکٹرز کے سفارش کردہ معاملات، نئے منصوبوں کے اجراء، روپے کی قدر کا مطالعہ اور دوسرے معاملات کی جانچ پڑتال کا جائزہ لینا اور کسی اور معاملے کو بیرونی آڈیٹران یا بیرونی ادارے کے ساتھ اٹھانا شامل ہے۔
- (ر) متعلقہ سٹیچوٹری ضروریات پر عملدرآمد کو یقینی بنانا۔
- (ڑ) ان قوانین پر عمل پیرا ہونے کا خیال رکھنا اور بڑی خلاف ورزیوں کی نشاندہی کرنا۔
- (ژ) آڈٹ کمیٹی کو بااعتماد رپورٹنگ، کسی بھی تشویش، حقیقی اور مالیاتی اور دوسرے معاملات میں ہونے والی غلطیوں اور ان کے حل اور اثرات کو ختم کرنے کی تجاویز کے لیے ملازمین اور انتظامیہ کے انتظامات کا جائزہ لینا۔
- (س) بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹران کے مقرر کرنے، ان کا ہٹانا، آڈٹ کی فیس، بیرونی آڈیٹران کی جانب سے مالی دستاویزات کے آڈٹ کے علاوہ کسی بھی اور جائز خدمات کو کمپنی کی فراہمی کی تجاویز دینا۔ بورڈ آف ڈائریکٹرز کو آڈٹ کمیٹی کی تجاویز کا بغور جائزہ لینا چاہیے اور خلاف ورزی کی صورت میں وجوہات کا اندراج

کرنا۔

ش) بورڈ آف ڈائریکٹرز کی جانب سے تفویض کردہ دوسرے معاملات پر توجہ دینا۔

انسانی وسائل اور اجرتی کمیٹی:-

کمپنی نے کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق انسانی وسائل اور اجرتی کمیٹی (HR&R) تشکیل دے رکھی ہے۔ کمپنی اس کمیٹی کی پالیسیوں کے نفاذ کے ذریعے بہتر انسانی وسائل کے حصول میں کامیاب رہی ہے۔

انسانی وسائل اور اجرتی کمیٹی (HR&R) میں درج ذیل ڈائریکٹران شامل ہیں۔

راشد منہاس (چیئرمین)

خواجہ امتیاز احمد (ممبر)

عائشہ احمد (ممبر)

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

- (i) ڈائریکٹران (ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹران اور سینئر انتظامیہ کے ممبران) کی اجرت کو متعین کرنے کے لیے ضابطہ کار بنانے پر غور اور اس کی منظوری دینے کے لیے بورڈ کو سفارشات پیش کرنا۔
- (ii) حسب ضابطہ، مکمل بورڈ اور اس کی کمیٹیوں کا بذات خود یا کسی خود مختار مشیر کے ذریعے ان کی کارکردگی کا جائزہ لینا۔
- (iii) بورڈ کو انسانی وسائل کے انتظام کی پالیسیوں کے بارے میں سفارشات پیش کرنا۔
- (iv) بورڈ کو چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور اندرونی آڈٹ کے سربراہ کے انتخاب، جانچ اور معاوضہ (بشمول ریٹائرمنٹ بینیفٹ) کے بارے میں سفارشات پیش کرنا۔
- (v) ایسے تمام معاملات جن کا تعلق کلیدی عہدوں کی انتظامیہ سے ہو اور وہ چیف ایگزیکٹو آفیسر یا چیف آپریٹنگ آفیسر کو ڈائریکٹ جو ابده ہوں کا جائزہ لینا اور منظوری دینا۔
- (vi) جہاں انسانی وسائل اور اجرتی مشیر مقرر کیے جائیں، ان کے بارے میں کمیٹی کو مکمل تفصیلات معلوم ہونی چاہئیں اور اس بارے میں بھی بتائیں اگر کمپنی کے ساتھ ان کا کوئی اور تعلق ہے۔

### خطرات اور غیر یقینی صورتحال:-

کمپنی کی اپنے حصہ داران کی قدر میں اضافہ کی صلاحیت بنیادی طور پر میکرو اکنامک ماحول جس میں وہ اپنا کاروبار کرتی ہے میں تبدیلی اور کچھ اس کے کاروبار سے منسلک خطرات کی وجہ سے متاثر ہوتی ہے۔ موجودہ صورتحال میں کمپنی کو درج ذیل چیزوں میں خطرات کا سامنا ہے جو کہ کاروبار اور کمپنی کے منافع پر اثر انداز ہو سکتے ہیں۔

خام مال کی قیمتیں (کرش بون)

غیر ملکی کرنسی کے ساتھ تبادلے کی شرح

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

بہترین کوالٹی کی جیلاٹین کو تیار کرنے کیلئے بڑے مویشیوں کی ہڈیوں کی دستیابی اولین شرط ہے۔ کمپنی کا خام مال (کرش بون) چین، جاپان اور دوسرے ہمسایہ ممالک کو پاکستان سے برآمد کیا جا رہا ہے۔ کرش بون کی قدر میں اضافہ کرنے والی جیلاٹین بنانے اور دوسری متعلقہ صنعتوں کو مہیا کیے بغیر برآمد کیا جا رہا ہے۔ روپے کی قدر میں کمی صورتحال کو مزید خراب کر سکتی ہے اور جانوروں کی ہڈیوں کا مناسب قیمت پر حصول مزید مشکل ہو سکتا ہے۔ پاکستانی روپے کی قدر میں مسلسل کمی کی لہر نے بنیادی خام مال اور دوسرے صنعتی ضرورت کی چیزوں کی قیمتوں کو بری طرح متاثر کیا ہے۔ کسی بھی قسم کی روپے کی قدر میں مزید کمی صورتحال کو مزید خراب کر سکتی ہے اور پیداواری لاگت بھی مزید بڑھ سکتی ہے۔

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

### ماحول پر اثر:-

محفوظ اور صحت مند کام کے ماحول میں کاروبار کرنا کمپنی کی بنیادی ذمہ داری ہے۔ کمپنی کی پیداواری صلاحیت بہترین مشینری سے آراستہ ہے جو کہ زیادہ تر یورپ کی بنی ہوئی ہیں۔ ماحول دوست طریقوں پر عمل کو یقینی بنانے کیلئے کمپنی نے ایس جی ایس پاکستان سے ISO-14000 سرٹیفکیٹ حاصل کیا ہوا ہے۔ فیکٹری کی حدود میں جیلاٹین بنانے کیلئے بین الاقوامی طریقوں پر سختی سے عمل کیا جاتا ہے اور ابھی تک ماحول پر اس کے کوئی منفی اثرات نہیں دیکھے گئے۔

## مستقبل کے امکانات:-

انتظامیہ نے درمیان والے لوگوں سے بچنے کیلئے خام مال براہ راست ماخذ سے حاصل کرنے کا فیصلہ کیا ہے۔ اس عمل سے خام مال مناسب قیمت میں مہیا ہونے کو یقینی بنایا جاسکتا ہے۔

توانائی اور ایندھن کے بہترین استعمال کو یقینی بنانے کیلئے غیر موثر مشینری کو بہتر مشینری سے تبدیل کیا ہے۔ کمپنی نے اپنے بوائے کوڈو ہرے ایندھن پر کامیابی سے تبدیل کر لیا ہے اور اس مقصد کیلئے سستا متبادل ایندھن مہنگے قیمتی گیس کے ایندھن کے مقابلے میں استعمال کیا جاسکے گا۔

پاکستانی روپے کی قدر میں کمی کی وجہ سے اپنی مصنوعات کی بہتر قیمت حاصل کرنے کیلئے کمپنی برآمدات کی طرف توجہ مرکوز کر رہی ہے۔ برآمدات کا تناسب بڑھانے کیلئے نئے غیر ملکی خریداروں کے ساتھ بات چیت کا عمل جاری ہے۔ انتظامیہ مقامی خریداروں کیلئے جیلاٹین کی قیمت پر بھی نظر ثانی کر رہی ہے تاکہ بڑھی ہوئی پیداواری قیمت میں تخفیف کی جاسکے۔

## ڈائریکٹران کا ٹریڈنگ پروگرام:

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

ہمارے سات میں سے تین ڈائریکٹران کوڈ آف کارپوریٹ گورننس کے تحت ٹریڈنگ سے مستثنیٰ ہیں۔ دو ڈائریکٹران بشمول ایک خود مختار ڈائریکٹر نے اپنی ڈائریکٹر ٹریڈنگ پروگرام (DTP) پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کے منظور شدہ اداروں سے مکمل کر لیا ہے۔ ایک خاتون ڈائریکٹر اور نئے منتخب شدہ خود مختار ڈائریکٹر مناسب وقت پر ڈائریکٹر ٹریڈنگ پروگرام مکمل کر لیں گے۔

## کمپنی کے حصص میں خرید و فروخت:

اس سال ایک ڈائریکٹر کے حصص کی تعداد میں درج ذیل تبدیلی دیکھی گئی ہے:-

حصص کی خرید

1000

راشد منہاس

دوسرے ڈائریکٹران، ایگزیکٹوز، ان کی بیویوں اور نابالغ بچوں کے حصص میں ماسوائے اوپر والے معاملے

کے کوئی خرید و فروخت نہیں ہے۔



## آڈیٹرز:

موجودہ آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، لاہور نے ۳۰ جون ۲۰۱۹ء کو ختم ہونے والے سال سے متعلق اپنا کام مکمل کر لیا ہے اور ۳۶ ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ ریٹائر ہونے والے آڈیٹرز، ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس دوبارہ منتخب ہونے کے اہل ہیں۔

لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز ۲۰۱۷ء کی رو سے آڈٹ کمیٹی نے ایم۔ الماس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کا جائزہ لیتے ہوئے ان کی سال ۲۰۱۹-۲۰ء کیلئے سٹیچوٹری آڈیٹرز کی حیثیت سے تقرری کی سفارشات پیش کی ہیں۔

## حصہ داران کی تفصیل:

حصہ داران کی تفصیل صفحہ نمبر ۷۴ پر موجود ہے۔

## اعتراف:

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

ابرار احمد خواجہ

ڈائریکٹر

خواجہ امتیاز احمد

چیف ایگزیکٹو اینڈ

مینیجنگ ڈائریکٹر

لاہور

۷ اکتوبر ۲۰۱۹ء

**Statement of Value Addition & Wealth Distribution  
for the year ended June 30, 2019**

	<b>2019</b> <b>(Rs. '000')</b>	<b>%age</b>	<b>2018</b> <b>(Rs. '000')</b>	<b>%age</b>
<b>Value addition</b>				
Total revenue	824,880		823,047	
Bought in materials & services	(617,304)		(608,655)	
	<b>207,576</b>	<b>100.0%</b>	<b>214,392</b>	<b>100.0%</b>
<b>Value distribution</b>				
To employees				
Salaries, wages and benefits	120,083	57.5%	116,839	54.5%
To Government				
Income taxes and Sales Tax	53,391	25.7%	76,884	35.9%
To providers of capital/funds				
Interest/Mark up on borrowed funds	18,828	9.5%	12,467	5.8%
Retained for reinvestment and growth				
Depreciation & retained profits/(loss)	15,274	7.4%	8,202	3.8%
	<b>207,576</b>	<b>100%</b>	<b>214,392</b>	<b>100%</b>

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE), REGULATIONS, 2017**

**Name of the Company: Leiner Pak Gelatine Limited**

**Year ended: June 30, 2019**

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

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

a. Male: \_\_\_\_\_ 6

b. Female: \_\_\_\_\_ 1

<b>Sr. No.</b>	<b>Name of Directors</b>
1.	Ahmed Ali Riaz
2.	Khwaja Imtiaz Ahmed
3.	Ijaz Ahmed Khwaja
4.	Ibrar Ahmed Khwaja
5.	Rashid Minhas
6.	Mian Zia ud Din

Female:

7. Ayesha Ahmed

2. The composition of board is as follows:

a) Independent Directors \_\_\_\_\_ (2)

b) Other Non-executive Directors \_\_\_\_\_ (3)

c) Executive Directors \_\_\_\_\_ (2)

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program (DTP) for the following:

Sr. No.	Name of Directors	Remarks
1	Khwaja Imtiaz Ahmed	Exemption under CCG.
2	Ijaz Ahmed Khwaja	Exemption under CCG.
3	Ibrar Ahmed Khwaja	Exemption under CCG.
4	Mian Zia ud Din	Completed Directors' Training Program.
5	Ahmed Ali Riaz	Completed Directors' Training Program.
6	Ayesha Ahmed	Newly elected Director.
7	Rashid Minhas	Newly elected Director.

The three directors qualify for exemption from DTP under the Code of Corporate Governance (Regulations), 2017 while formal approval from the Securities and Exchange Commission of Pakistan in this regard is pending. The female director and one newly elected independent director will complete their DTP in due course of time.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee (Name of members and Chairman)

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

b) HR and Remuneration Committee (Name of members and Chairman)

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

Ayesha Ahmed was appointed as member of the committee in place of outgoing member Umer Riaz Khwaja on January 18, 2019.

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 (4 quarterly meetings)

15. The Board has set up an effective internal audit function with in the organization. Head of Internal Audit and other staff members of the internal audit team are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Lahore.

Ahmed Ali Riaz

Dated: October 07, 2019

Chairman

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Leiner Pak Gelatine Limited**

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

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

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

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

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

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

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

<b>Serial No</b>	<b>Paragraph Reference</b>	<b>Description</b>
1	9	The Company has not arranged the directors training program or obtained the exemption from the directors training program from the commission as required under clause 20 of the Regulations.

Lahore  
Dated: October 07, 2019

M. Almas & Co.  
Chartered Accountants  
Audit Engagement Partner  
Mohammad Ijaz

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

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

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

**Basis for Opinion**

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

**Material Uncertainty relating to Going Concern**

We draw attention to Note 2 in the financial statements, which indicates that the Company has negative cash flow from operating activities during the year ended June 30, 2019 and, as of that date, its accumulated loss was Rupees 5.2 million and its current liabilities exceeded its current assets by Rupees 80.509 million. Further, a running finance facility amounting to Rupees. 30 million from the Summit Bank Limited has been expired during the year and the bank has not yet renewed it for the future periods. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

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

Key audit matters	How the matter was addressed in our audit
<p><b>1. Review of recoverability of deferred tax asset</b> (Refer to notes 6.12 and 17 of the financial statements)</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> <li>- Evaluating the Directors' determination of the estimated</li> </ul>

<p>Under International Accounting Standard 12, Income Taxes, the Company is required to review recoverability of the deferred tax assets recognized in the statement of financial position at each reporting period.</p> <p>Recognition of deferred tax asset position involved management's estimate of future available taxable profits of the Company based on approved business plan. There is inherent uncertainty involved in forecasting future taxable profits and the probability of utilising the estimated minimum tax credits. Therefore, the recoverability of the Company's deferred tax asset was considered a key audit matter in our audit of the financial statements.</p> <p>We considered this a key audit matter due to significant value of deferred tax asset on account of minimum tax and assumptions used by the management in this area.</p>	<p>manner in which the deferred tax asset would be utilised by comparing the Directors' assessment to business plans and profit forecasts based on our knowledge of the business and the industry in which Company operates;</p> <ul style="list-style-type: none"> <li>- Critically assessing whether profit forecasts are reasonable in relation to historical trends, current year performance and future plans;</li> <li>- Analyzing the requirements of the Income Tax Ordinance, 2001, in relation to above and considering the factors including aging analysis, expiry periods of relevant deferred tax assets and tax rates enacted; and</li> <li>- Assessing the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures.</li> </ul>
<p><b>2. Valuation of stock in trade</b></p> <p>Refer notes 6.4, 19 and 27 of the financial statements.</p> <p>Stock in trade as at year ended June 30, 2019 having carrying value of Rs. 200.206 million constitutes 23.275% of total assets.</p> <p>We identified the valuation of stock in trade as key audit matter as it directly affects the profitability of the Company.</p>	<p>Our audit procedures to assess the valuation of stock in trade, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness;</li> <li>- Comparing on as sample basis specific purchases with underlying supporting documents / agreements, if any;</li> <li>- Comparing calculations of the allocation of directly attributable costs and allocation of factory overhead costs with the underlying supporting documents;</li> <li>- Physical observation of stock in trade inventory count at the year end;</li> <li>- Test of valuation methods and their appropriateness in accordance with applicable accounting standards;</li> <li>- Obtaining an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work in process and costs necessary to make the sales and their basis; and</li> <li>- Comparing the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stock in trade in accordance with applicable accounting and reporting standards.</li> </ul>



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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Ijaz.

Lahore  
Date: October 07, 2019

**M. Almas & Co.**  
**Chartered Accountants**

**SATATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2019**

	Note	30 June 2019	30 June 2018
		-----Rupees in thousand-----	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	7	75,000	75,000
Revenue Reserve:			
Accumulated loss		(5,200)	(7,737)
Capital Reserve:			
Surplus on revaluation of property, plant and equipment	8	336,262	278,914
		<u>406,062</u>	<u>346,177</u>
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	9	864	1,043
<b>Current liabilities</b>			
Trade and other payables	10	180,097	143,023
Unclaimed dividend		771	771
Mark-up accrued	11	3,878	2,906
Short term borrowings	12	268,335	221,160
Current portion of liabilities against assets subject to finance lease	9	184	689
		453,265	368,549
Contingencies and commitments	13	-	-
		<u>860,191</u>	<u>715,769</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	487,180	414,175
Intangible assets	15	-	-
Long term deposits	16	255	255
Deferred taxation	17	-	-
		<u>487,435</u>	<u>414,430</u>
<b>Current assets</b>			
Stores, spare parts and loose tools	18	93,443	42,919
Stock-in-trade	19	200,206	197,264
Trade debts	20	24,392	14,672
Advances	21	1,991	1,736
Trade deposits and short term prepayments	22	1,770	2,182
Other receivables	23	19,268	19,457
Advance income tax-net	24	31,365	22,502
Cash and bank balances	25	321	607
		372,756	301,339
		<u>860,191</u>	<u>715,769</u>

The annexed notes 1 to 47 form an integral part of these financial statements.

LAHORE  
Dated: October 07, 2019

**KH. IMTIAZ AHMED**  
Chief Executive  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	30 June 2019	30 June 2018
		-----Rupees in thousand-----	
Sales-net	26	779,659	752,297
Cost of sales	27	684,898	678,011
Gross profit		<u>94,761</u>	<u>74,286</u>
Other income	28	723	1,564
		<u>95,484</u>	<u>75,850</u>
Distribution cost	29	5,001	2,379
Administrative expenses	30	57,233	54,499
Other operating expenses	31	1,179	2,208
Finance cost	32	20,641	13,022
Profit before taxation		<u>11,430</u>	<u>3,742</u>
Taxation	33	8,893	7,698
Profit / (loss) after taxation		<u>2,537</u>	<u>(3,956)</u>
Earning / (loss) per share-basic and diluted (Rupees)	34	<u>0.34</u>	<u>(0.53)</u>

The annexed notes 1 to 47 form an integral part of these financial statements.

LAHORE

Dated: October 07, 2019

**KH. IMTIAZ AHMED**

Chief Executive  
& Managing Director

**IBRAR AHMED KH.**

Director

**MUHAMMAD JAVAIID**

Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019**

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
<b>Profit / (Loss) after taxation</b>	2,537	(3,956)
<b>Other comprehensive income</b>		
Items that will not be subsequently reclassified to profit or loss:		
Surplus on Revaluation of property, plant and equipment during the year	57,348	-
	<u>57,348</u>	<u>-</u>
<b>Total comprehensive income / (loss) for the year</b>	<u><u>59,885</u></u>	<u><u>(3,956)</u></u>

The annexed notes 1 to 47 form an integral part of these financial statements.

LAHORE  
Dated: October 07, 2019

**KH. IMTIAZ AHMED**  
Chief Executive  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Reserves		Total
		Revenue Reserve	Capital Reserve	
	Issued, subscribed and paid up share capital	Accumulated loss	Surplus on revaluation of property, plant and equipment	
-----Rupees in thousand-----				
Balance at June 30, 2017	75,000	(3,781)	278,914	350,133
Total comprehensive loss for the year	-	(3,956)	-	(3,956)
<b>Balance at June 30, 2018</b>	<b>75,000</b>	<b>(7,737)</b>	<b>278,914</b>	<b>346,177</b>
Profit for the year	-	2,537	-	2,537
Other comprehensive income	-	-	57,348	57,348
	-	2,537	57,348	59,885
<b>Balance at June 30, 2019</b>	<b>75,000</b>	<b>(5,200)</b>	<b>336,262</b>	<b>406,062</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

LAHORE  
Dated: October 07, 2019

**KH. IMTIAZ AHMED**  
Chief Executive  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	30 June 2019 -----Rupees in thousand-----	30 June 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	35	22,151	47,085
Finance cost paid		(19,452)	(12,607)
Payments to provident fund		(2,909)	(2,587)
Taxes paid		(17,756)	(12,599)
Sales tax paid		81	(6,462)
Workers' Welfare Fund paid		(476)	(213)
<b>Net cash (used in) / generated from operating activities</b>		<u>(18,361)</u>	<u>12,617</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(30,213)	(25,381)
Proceeds from disposal of property, plant and equipment		1,538	650
Increase in long term deposits		-	5
<b>Net cash used in investing activities</b>		<u>(28,675)</u>	<u>(24,726)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase / (decrease) in liabilities against assets subject to finance lease		(425)	876
Dividend paid		-	(81)
Short-term Borrowings from banking companies – obtained / (repaid) - net		47,175	10,031
<b>Net cash generated from financing activities</b>		<u>46,750</u>	<u>10,826</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(286)</u>	<u>(1,283)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>607</u>	<u>1,890</u>
<b>Cash and cash equivalents at the end of the year</b>	36	<u><u>321</u></u>	<u><u>607</u></u>

The annexed notes 1 to 47 form an integral part of these financial statements.

LAHORE  
Dated: October 07, 2019

**KH. IMTIAZ AHMED**  
Chief Executive  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAID**  
Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**1 THE COMPANY AND ITS OPERATIONS**

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

**2 GOING CONCERN BASIS OF ACCOUNTING**

The Company has negative cash flow from operating activities during the year ended June 30, 2019 and, as of that date, its accumulated loss was Rupees 5.2 million and its current liabilities exceeded its current assets by Rupees 80.509 million. Further, as mentioned in note 12.5 in these financial statements, the running finance facility amounting to Rupees. 30 million from the Summit Bank Limited has been expired during the year and the bank has not yet renewed it for the future periods. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The effects of measures taken by the management of the Company like energy conservation measures and start of procurement of raw materials direct from the source by avoiding the middleman role, have positive impact on the performance of the Company whereby rate of gross profit has improved resulting into profit after tax amounting to Rs. 2.537 million during the year ended June 30, 2019. The approved financial projections also show continued improvements and profitability. Further, keeping in view the following factors, the management foresees that the Company will continue to be a going concern.

- There is continued demand for the products of the Company. Demand of "Halal" Gelatine exists in foreign and local markets as "Halal" Gelatine is equally consumed in Muslim and Non-Muslim countries. After devaluation of Pakistan Rupee against US \$, the export sales will further increase in future
- There is continued financial support of the Company's sponsors. The sponsors' of the Company have inducted up to June 30, 2019 Rupees 47.858 million (June 30, 2018: Rupees 35.302 million) interest free loans. They are also committed to induct further funds, if the need arises, to address any liquidity issues for smooth operations.
- Major financing arrangements with bank as at June 30, 2019 are valid for future periods as well. The Summit Bank running finance account is fully operational and banking transactions are being made therein regularly up to the sanctioned limit. The management of the Company is engaged with the said bank for renewal of the facility as well as working on arranging alternate financing arrangements; if required

Apart from the aforementioned factors there are also positive indicators as per these financial statements as mentioned below:

- a) The existence of new sales orders along with advance payments received there against; and
- b) Profit after taxation during the current year and continuous existence of profits before taxation since past five years to date.

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

**3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

**3.1 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements**

The following are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 in addition to those disclosed in note 5 to these financial statements. The following are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

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

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

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

- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analyzing the potential impacts on adoption of this standard.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019).

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendments are not likely to have an impact on Company's financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

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

- IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangement'

- IAS 12 'Income Taxes' - the amendment clarifies that all income tax consequences of dividends

- IAS 23 'Borrowing Costs'

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/disclosures.

**4 BASIS OF PREPARATION****4.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

**4.2 Basis of measurement**

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

**4.3 Judgments, estimates and assumptions**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the subsequent years are discussed in the note - 37.

**4.4 Functional and presentation currency**

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

**5 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ended on or after 30 June 2019 respectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

- IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities derecognition of financial instruments, impairment of financial assets and hedge accounting; it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model.

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

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

As a result of application of IFRS 9, there is no financial impact on the carrying amounts of the financial assets of prior years and current year except that all financial assets previously classified under the head 'loans and receivables' are now classified as 'amortised cost'. The adoption of the expected credit loss approach has also not resulted in any material change in the impairment provisions, if any, for any financial asset.

The accounting policies that apply to financial instruments are stated in note 6.5 to these financial statements.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018:

	Original Classification Under IAS 39	New Classification Under IFRS 9	Original Carrying Amount Under IAS 39	New Carrying Amount Under IFRS 9
(Rupees in thousands)				
Security deposits	Loans and receivables	Amortized cost	1	1
Trade debts	Loans and receivables	Amortized cost	14,672	14,672
Advances	Loans and receivables	Amortized cost	1,363	1,363
Other receivables	Loans and receivables	Amortized cost	165	165
Cash & bank balances	Loans and receivables	Amortized cost	607	607
			16,808	16,808

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services.

As a result of application of IFRS 15, "Advances from customers – unsecured" booked under "Trade and other payables" amounting to Rs. 44.607 million and Rs. 21.942 million as at June 30, 2019 and June 30, 2018 respectively have now been reclassified as "Contract liabilities" under the same main head. However, there has been no change in recognition of revenue due to adoption of IFRS-15.

Based on the assessment performed by the management, there is no significant impact of the changes laid down by IFRS 9 and IFRS 15 on these financial statements of the Company except for as disclosed above. Further, consequent to the adoption of above mentioned standards, changes in accounting policies have been reflected in notes 6.5, 6.9, 6.10 and 6.16 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**6 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in the financial statements except for change in accounting policy as mentioned in note 5 to these financial statements.

**6.1 Property, plant and equipment**

**Recognition and measurement**

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

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

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

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

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

**Capital work-in-progress**

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

**Depreciation**

Depreciation is recognized in profit or loss by applying reducing balance method over the useful life of each item of property, plant and equipment using the rates specified in note 14.1 to the financial statements.

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

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

**De-recognition**

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

**6.2 Intangible assets**

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

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

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

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset as specified in note 15 on a systematic basis applying the straight line method.

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

**6.3 Stores, spare parts and loose tools**

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

**6.4 Stock-in-trade**

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

**6.5 Financial instruments****6.5.1 Financial assets**

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

**a) Financial assets at amortised cost**

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

**b) Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c) Financial assets at fair value through profit or loss**

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

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

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

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

**6.5.2 Financial liabilities**

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

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

**6.5.3 Off-setting of financial assets and financial liabilities**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019****6.6 Leases**

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated over their useful lives by applying reducing balance method using rate specified in note - 14.1.

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases / Ijara. Payments made under operating leases / Ijara are recognized in profit or loss on a straight line basis over the lease / Ijara term.

**6.7 Employee benefits**

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

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

**6.8 Trade and other payables**

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

**6.9 Trade debts and other receivables**

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

**6.10 Revenue Recognition**

- Local sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides with delivery.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**6.11 Borrowing costs**

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

**6.12 Taxation**

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

**Current**

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

**Deferred**

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

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

**6.13 Earnings per share (EPS)**

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

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

**6.14 Cash and cash equivalents**

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

**6.15 Foreign currency transactions**

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

**6.16 Impairment**

**Financial assets**

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

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

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

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

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

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

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

**Non-Financial Assets**

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

**6.17 Provisions**

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

**6.18 Dividend to shareholders**

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

**6.19 Segment reporting**

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment, however, certain information, as required by the approved accounting standards, is presented in note 40 to these financial statements.

**6.20 Contingent liabilities**

Contingent liability is disclosed when:

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

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<b>7</b>	<b>SHARE CAPITAL</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
		-----Rupees in thousand-----	
	<b>Authorised share capital</b>		
	10,000,000 (June 30, 2018: 10,000,000) ordinary shares of Rupees 10 each	<u>100,000</u>	<u>100,000</u>
	<b>Issued, subscribed and paid up share capital</b>		
	7,500,000 (June 30, 2018: 7,500,000) ordinary shares of Rupees 10 each issued as fully paid in cash	<u>75,000</u>	<u>75,000</u>
		<u>75,000</u>	<u>75,000</u>

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

		<b>30 June 2019</b>	<b>30 June 2018</b>
		(Number of shares)	
	INA Securities (Private) Limited	<u>370,000</u>	<u>370,000</u>
		<u>370,000</u>	<u>370,000</u>

<b>8</b>	<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
		-----Rupees in thousand-----	
	Revaluation surplus	<u>336,262</u>	<u>278,914</u>
<b>8.1</b>	<b>Revaluation surplus</b>		
	Revaluation surplus relating to revaluation carried out at June 30, 1990	<u>8,873</u>	<u>8,873</u>
	Revaluation surplus relating to revaluation carried out at June 09, 2008	<u>69,325</u>	<u>69,325</u>
	Revaluation surplus relating to revaluation carried out at April 05, 2012	<u>85,936</u>	<u>85,936</u>
	Revaluation surplus relating to revaluation carried out at April 26, 2016	<u>114,780</u>	<u>114,780</u>
	Revaluation surplus relating to revaluation carried out at May 15, 2019	<u>57,348</u>	<u>-</u>
		<u>336,262</u>	<u>278,914</u>

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

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

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

<b>9</b>	<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
		-----Rupees in thousand-----	
	Present value of minimum lease payments	<u>1,048</u>	<u>1,732</u>
	Less: current portion presented under current liabilities	<u>184</u>	<u>689</u>
		<u>864</u>	<u>1,043</u>

**9.1** This represents one vehicle acquired under finance lease arrangement. The value of the minimum lease payments has been discounted at implicit mark up rates of 3 months KIBOR plus 1.50 % (June 30, 2018: 3 months KIBOR plus 1.50 %) to arrive at their present value. Lease rentals are payable monthly over tenure of the lease which is five years. Under the terms of the agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company has the option to purchase this asset at the end of the lease term by adjusting the deposits Rupees 0.254 million (June 30, 2018: Rupees 0.254) and intends to exercise the option. These are secured against the above deposit, title of ownership of leased assets.

**9.2** Future minimum payments and their present values are regrouped as under:

-----Rupees in thousand-----			
2019		2018	
Over one year	more than one year but less than five years	Over one year	more than one year but less than five years
280	1,024	774	1,190
(96)	(160)	(85)	(147)
<u>184</u>	<u>864</u>	<u>689</u>	<u>1,043</u>



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		30 June 2019	30 June 2018
		-----Rupees in thousand-----	
<b>10 TRADE AND OTHER PAYABLES</b>			
Creditors		112,374	97,523
Accrued liabilities	-note- 10.1	19,921	20,961
Contract liabilities	-note- 10.2	44,607	21,942
Payable to provident fund	-note- 43	703	704
Income tax withheld payable		26	25
Workers' Profit Participation Fund	-note- 10.3	2,233	1,392
Workers' Welfare Fund		233	476
		<u>180,097</u>	<u>143,023</u>

10.1 This includes payable to a related party as at June 30, 2019 Rs. 5,003,246 (June 30, 2018: Rs. 4,110,778).

10.2 Contract liabilities represent unsecured advances from customers for the supply of goods by the Company during the period of one year from the reporting date. Such advances as at June 30, 2018 amounting to Rs. 21,942 million have been recognized in the revenue for the year ended June 30, 2019.

**10.3 Workers' Profit Participation Fund (WPPF)**

Balance at beginning of the year		1,392	1,074
Interest on funds utilized in Company's business	-note- 32	216	111
Allocation/expense for the year	-note- 31	625	207
		<u>2,233</u>	<u>1,392</u>
Less: paid to the fund during the year		-	-
		<u>2,233</u>	<u>1,392</u>

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

		30 June 2019	30 June 2018
		-----Rupees in thousand-----	

**On borrowings from banking companies-secured**

Liabilities against assets subject to finance lease		4	5
Short term borrowings		3,874	2,901
		<u>3,878</u>	<u>2,906</u>

**12 SHORT TERM BORROWINGS**

**From banking companies-secured**

Finance against foreign bills (FAFB-Own) Bank Al-Habib Limited	-note- 12.1, 12.7	-	-
Short term finance (STF) Bank Al-Habib Limited	-note- 12.6, 12.7	-	18,054
Short Term Finance against payables Bank Al-Habib Limited	-note- 12.2, 12.7	25,000	15,000
Short Term Finance against IBP receivables Bank Al-Habib Limited	-note- 12.3, 12.7	25,000	10,000
Running finance Bank Al-Habib Limited	-note- 12.4, 12.7	140,241	110,586
Summit Bank Limited	-note- 12.5, 12.8	30,236	32,218
		<u>220,477</u>	<u>185,858</u>

**From related parties-unsecured**

Loans from director and close relative thereof	-note- 12.11	47,858	35,302
		<u>268,335</u>	<u>221,160</u>

12.1 The finance against foreign bills (FAFB-OWN) facility having sanctioned limit of Rupees 25 million (June 30, 2018: Rupees nil million) has been obtained from Bank Al-Habib Limited for working capital requirements. The rate of mark-up on this facility is three months KIBOR plus 1.75% per annum. The principle is to be repaid upon realization of exports proceeds as per the tenor of respective bill but not later than 180 days from the draw down date or on demand while mark-up is to be served upon adjustment of loan or at the end of each calendar quarter whichever is earlier. The facility has not been utilized upto June 30, 2019.

12.2 The short term finance facility having sanctioned limit of Rupees 25 million (June 30, 2018: Rupees 25 million) has been obtained from Bank Al-Habib Limited for purchase of raw material. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2018: three months KIBOR plus 1.75%) per annum payable quarterly. The principle amount is to be repaid in 60 days through business cash flows. The facility is valid till February 07, 2021 with credit review on annual basis.

12.3 The IBP receivable finance facility having sanctioned limit of Rupees 25 million (June 30, 2018: Rupees 25 million) has been obtained from Bank Al-Habib Limited for financing of receivables. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2018: three months KIBOR plus 1.75%) per annum. The principal amount is to be repaid upon realization of export proceeds as per tenure of respective bill but not later than 60 days from draw down date or on demand while mark-up is to be serviced upon adjustment of each loan or at the end of each calendar quarter whichever is earlier. The facility is valid till February 07, 2021 with credit review on annual basis.

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- 12.4** The running finance facility having sanctioned limit of Rupees 85 million (June 30, 2018: Rupees 85 million ) has been obtained from Bank Al-Habib Limited for working capital requirements. It carries mark-up at three months KIBOR plus 1.75% (June 30, 2018: three months KIBOR plus 1.75%) per annum payable quarterly. The sanctioned limit has temporarily been exceeded due to issuance of cheques which will be presented after June 30, 2019. The facility is valid till February 07, 2021 with credit review on annual basis.
- 12.5** The running finance facility having sanctioned limit of Rupees 30 million (June 30, 2018: Rupees 30 million) has been obtained from Summit Bank Limited for working capital requirements. It carries mark-up at three months KIBOR plus 2.50% (June 30, 2018: three months KIBOR plus 2.50%) per annum payable quarterly. The sanctioned limit has temporarily been exceeded due to issuance of cheques which will be presented after June 30, 2019. The facility was valid till September 30, 2018 and currently the company is in negotiation to renew this facility.
- 12.6** The bank had granted a one-off Short Term Finance (STF) facility of Rupees 25 million for the adjustment of outstanding balance of FAPC-1. The said STF was to be repaid in 12 months commencing October 2017 in equal monthly instalments to be reckoned from the respective adjustment/roll over period of 180 days of FAPC-1. STF carried mark-up at three months KIBOR plus 1.75% per annum payable quarterly. (June 30, 2018 Rupees: nil).
- 12.7** The facilities mentioned in 12.1, 12.2, 12.3, 12.4 and 12.6 are commonly secured against first charge of Rupees 180 million (June 2018: Rupees 180 million) over current assets of the Company registered with SECP. Equitable mortgage supported by first charge on fixed assets of Rupees 250 million (June 30, 2018: Rupees 174 million) comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Lien over export documents under letter of credit and contract, shipping documents, accepted drafts, counter guarantee of the Company and personal guarantees of three Directors amounting to Rupees 155 million each (June 30, 2018: Rupees 155 million). The running finance facility at note 12.4 in addition to securities aforesaid is also secured against pro note amounting to Rs. 144.5 million (June 2018 : Rupees 144.5 million).
- 12.8** The facility mentioned in 12.5 is commonly secured against ranking charge of Rupees 40 million (June 30, 2018: Rupees 40 million) over all present & future current assets of the Company with 25% margin, duly insured, with Summit Bank Limited and registered with SECP. Pari passu charge on fixed assets, comprising land, building, plant and machinery situated at 19 KM G.T. Road Kala Shah Kaku. Personal guarantees of three Directors along with Personal Net Worth Statement (PNWS).
- 12.9** As at June 30, 2019 the Company has facilities from Bank Al-Habib Limited relating to import letters of credit (sight/usance) amounting to Rupees 5 million (June 30, 2018: Rupees 5 million). Additionally, Company has letter of guarantee facility amounting to Rupees 15 million (June 30, 2018: Rupees 15 million) from Bank Al-Habib Limited.
- 12.10** The net aggregate short term borrowing facilities unavailed at end of June 30, 2019 amount to Rupees 25 million (June 30, 2018: Rupees 6.94 million) and for letters of credit and bank guarantees amount to Rupees 8.744 million (June 30, 2018: Rupees 8.744 million).
- 12.11** The loans from Chief Executive / director (Khwaja Imtiaz Ahmed) and his close relative (Khwaja Ahmed Hassan) amounting to Rs. 39.383 million (June 30, 2018: 26.827 million) and Rs. 8.475 million (June 30, 2018: 8.475 million) respectively, are for working capital requirements. These loans are re-payable on demand and non-interest bearing.

**13 CONTINGENCIES AND COMMITMENTS**

**13.1 Contingencies**

- 13.1.1** The Pakistan Environmental Protection Agency has filed a complaint against the Company before the Environmental Protection Tribunal on account of Company's failure to properly dispose effluent water discharge during the production. The agency regards this to be a criminal offence. The Company has filed a writ petition against the Agency's claim before the Honourable Lahore High Court ("LHC"). The Company has not recognized any liability in this regard since it awaits the decision of LHC which is pending. As per Legal Counsel of the Company it is anticipated that the Company has a fair chance of success. In this context, therefore, no adverse results can be contemplated.
- 13.1.2** Guarantees issued by bank on behalf of Company as at June 30, 2019 amounting to Rupees 11.256 million (June 30, 2018: Rupees 11.256 million).

**13.2 Commitments**

- 13.2.1** The operating lease arrangement in respect of registered office has been as follows:

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Not later than one year	2,465	2,143
Later than one year but not later than five years	6,095	-

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14 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	- note -	14.1	473,992	404,129
Capital work in progress	- note -	14.8	13,188	10,046
			487,180	414,175

14.1 Operating fixed assets - for the year ended June 30, 2019

PARTICULARS	COST/REVALUED AMOUNT				DEPRECIATION				Net book value as at 30 June 2019			
	As at 01 July 2018	Additions / Revaluation	Disposals	Transfers	As at 30 June 2019	Annual rates	As at 01 July 2018	Disposals		Transfers	For the year	As at 30 June 2019
Rupees in thousand												
Assets owned by the Company												
<u>Tangible Assets</u>												
Free hold land	286,740	57,348	-	-	344,088	-	-	-	-	-	-	344,088
Factory building- on free hold land	90,229	6,723	-	-	96,952	10%	57,407	-	3,394	3,394	60,801	36,151
Office building- on free hold land	817	-	-	-	817	5%	716	-	-	5	721	96
Plant and machinery	245,772	19,785	3,360	-	261,577	10%	178,761	2,250	-	7,118	183,629	77,948
Electric insulation and equipment	27,383	167	-	-	27,550	10%	17,737	-	-	971	18,708	8,842
Fire fighting equipment	78	-	-	-	78	10%	49	-	-	3	52	26
Service and other equipment	580	-	-	-	580	10%	541	-	-	4	545	35
Office equipment	6,145	396	-	-	6,541	10%	4,088	-	-	231	4,320	2,221
Laboratory equipment	3,958	-	-	-	3,958	10%	3,338	-	-	62	3,400	558
Permanent and special equipment	261	-	-	-	261	10%	247	-	-	1	248	13
Furniture, fixtures and fittings	1,529	-	-	-	1,529	10%	1,064	-	-	46	1,110	419
Vehicles	14,472	-	197	1,297	15,572	20%	12,047	108	638	534	13,111	2,461
Railway siding	417	-	-	-	417	10%	410	-	-	1	411	6
Cycles and scooters	77	-	-	-	77	20%	65	-	-	2	67	10
Arms and ammunition	141	-	-	-	141	10%	57	-	-	8	65	76
Furnace	197	-	-	-	197	10%	165	-	-	3	168	29
<b>30 June 2019</b>	<b>678,796</b>	<b>84,419</b>	<b>4,177</b>	<b>1,297</b>	<b>760,335</b>		<b>276,693</b>	<b>2,358</b>	<b>638</b>	<b>12,383</b>	<b>287,356</b>	<b>472,979</b>
Leased asset												
Vehicles	2,606	-	-	(1,257)	1,309	20%	580	-	(635)	354	296	1,013
<b>Total Assets as on 30-06-2019</b>	<b>681,402</b>	<b>84,419</b>	<b>4,177</b>	<b>-</b>	<b>761,644</b>		<b>277,273</b>	<b>2,358</b>	<b>-</b>	<b>12,737</b>	<b>287,652</b>	<b>473,992</b>

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14.2 Operating fixed assets - for the year ended June 30, 2018

PARTICULARS	COST/REVALUED AMOUNT				DEPRECIATION				Net book value as at 30 June 2018		
	As at 01 July 2017	Additions / Revaluation	Disposals	Transfers	As at 30 June 2018	Annual rates	As at 01 July 2017	Disposals		Transfers	For the year
Rupees in thousand											
<b>Assets owned by the Company</b>											
<b>Tangible Assets</b>											
Free hold land	286,740	-	-	-	286,740	-	-	-	-	-	286,740
Factory building- on free hold land	90,229	-	-	-	90,229	10%	53,760	-	-	3,647	57,407
Office building- on free hold land	817	-	-	-	817	5%	711	-	-	5	716
Plant and machinery	228,510	17,262	-	-	245,772	10%	172,529	-	-	6,232	178,761
Electric installation and equipment	26,598	785	-	-	27,383	10%	16,687	-	-	1,050	17,737
Fire fighting equipment	78	-	-	-	78	10%	46	-	-	3	49
Service and other equipment	580	-	-	-	580	10%	536	-	-	5	541
Office equipment	6,145	-	-	-	6,145	10%	3,861	-	-	228	4,089
Laboratory equipment	3,958	-	-	-	3,958	10%	3,269	-	-	69	3,338
Permanent and special equipment	261	-	-	-	261	10%	245	-	-	2	247
Furniture, fixtures and fittings	1,529	-	-	-	1,529	10%	1,012	-	-	52	1,064
Vehicles	15,262	-	750	-	14,472	20%	12,093	661	-	615	12,047
Railway siding	417	-	-	-	417	10%	409	-	-	1	410
Cycles and scooters	77	-	-	-	77	20%	62	-	-	3	65
Arms and ammunition	141	-	-	-	141	10%	48	-	-	9	57
Furnace	197	-	-	-	197	10%	162	-	-	3	165
<b>30 June 2018</b>	<b>661,539</b>	<b>18,047</b>	<b>750</b>	<b>-</b>	<b>678,796</b>		<b>265,430</b>	<b>661</b>	<b>-</b>	<b>11,924</b>	<b>276,693</b>
<b>Leased asset</b>											
Vehicles	1,297	1,309	-	-	2,606	20%	346	-	-	234	580
<b>Total Assets as on 30-06-2018</b>	<b>662,836</b>	<b>19,356</b>	<b>750</b>	<b>-</b>	<b>681,402</b>		<b>265,776</b>	<b>661</b>	<b>-</b>	<b>12,158</b>	<b>277,273</b>
											<b>404,129</b>

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

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Cost of sales	273	11,554
Administrative expenses	-not-	1,183
	30	1,749
		12,737

14.4 The Company has revalued its freehold land on June 30, 1990, June 9, 2008, April 05, 2012, April 26, 2016 and May 15, 2019. The revaluation was carried out by independent valuers Mr. Anwar ul Haq in 1990 and MS Hamid Mukhtar & Co. in 2008, 2012, 2016 and 2019 respectively to replace the carrying amount of land with local market values. The following aggregated net appraisal surplus arisen on the revaluation on June 30, 1990, June 09, 2008, April 05, 2012, April 26, 2016 and May 15, 2019 was credited to surplus on revaluation of property, plant and equipment. The revaluation has resulted in aggregate increase in value of freehold land by Rupees 335,262 million (June 30, 2018: Rupees 278,914 million) which is included in book value of freehold land.

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

	Cost	Accumulated depreciation	Net book value as at June 30, 2019
Freehold land	7,826	-	7,826

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

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

Location	Usage of immovable property	Total Area (in acres)	Covered Area (in sq.ft)
----------	-----------------------------	-----------------------	-------------------------

19 Kilometer, Shahrah-e-Pakistan, Kala Shah Kaku, District Sheikhupura Manufacturing facility 14.337 158,391

14.7 Particulars of property, plant and equipment disposed of during the year, having net book value exceeding Rs 500,000 each are as follows.

Cost	Accumulated Depreciation	Net book value	Sale price	Gain / (Loss)	Mode of disposal	Particulars of purchaser
2,460	856	1,604	590	(1,024)	Negotiation	Mr. Zahid Mehmood Neelum Block, Allama Iqbal Town, Lahore 35202-2180864-1
<b>2,460</b>	<b>856</b>	<b>1,604</b>	<b>590</b>	<b>(1,024)</b>		

Plant & Machinery

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

NOTES TO THE FINANCIAL STATEMENTS  
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14.3 Capital work in progress

	30 June 2019	30 June 2018	
	-----Rupees in thousand-----		
	Plant and Machinery	Building and Civil Works	Total
	10,046	-	10,046
	14,040	15,411	29,451
	24,086	15,411	39,497
	(19,586)	(6,723)	(26,309)
	4,500	8,688	13,188
			4,021
			21,092
			25,113
			(15,067)
			10,046

15 INTANGIBLE ASSETS

PARTICULAR	COST				AMORTISATION			Annual Rate
	As at 01 July 2018	Additions / (Deletions)	As at 30 June 2019	As at 01 July 2018	For the year	As at 30 June 2019	Net book value as at 30 June 2019	
	-----Rupees in thousand-----							
Computer software	70	.	70	70	.	70	.	20%
30 June 2019	70	.	70	70	.	70	.	
30 June 2018	70	.	70	70	.	70	.	

15.1 The intangible asset has been fully amortized.

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16 LONG TERM DEPOSITS	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Security deposits:		
Against asset subject to finance lease	254	513
Others	1	1
	<u>255</u>	<u>514</u>
Less:		
Current portion shown under current assets	-	259
	<u>255</u>	<u>255</u>

-note- 22

17 DEFERRED TAXATION		
Deferred tax on temporary differences comprises of:		
<b>Taxable temporary differences</b>		
Accelerated tax depreciation	16,209	14,206
Assets held under finance lease	260	510
	<u>16,469</u>	<u>14,716</u>
<b>Deductible temporary differences</b>		
Minimum tax credits	16,200	14,280
Liabilities against assets subject to finance lease	269	436
	<u>-</u>	<u>-</u>

Deferred tax asset amounting to Rs. 4.022 million (June 2018 : Rs. 1.844 million) due to minimum tax credits have not been recognized as at Jun 30, 2019 as sufficient future taxable profits may not be available against which the said tax credits can be utilized.

18 STORES, SPARE PARTS AND LOOSE TOOLS	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Stores, spare parts and loose tools	92,510	41,926
Packing material	933	993
	<u>93,443</u>	<u>42,919</u>

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

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

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

19 STOCK-IN-TRADE	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Raw material	157,044	111,519
Work in process	28,250	63,465
Finished goods:		
Gelatine	14,912	22,139
By-product Di-calcium Phosphate (DCP)	-	141
	<u>14,912</u>	<u>22,280</u>
	<u>200,206</u>	<u>197,264</u>

-note- 19.1

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

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

20 TRADE DEBTS		
<i>Considered good:</i>		
Unsecured - local	7,566	1,998
-foreign	16,826	12,674
	<u>24,392</u>	<u>14,672</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
<b>21 ADVANCES</b>		
<i>Considered good:</i>		
<b>Advances:</b>		
To staff - secured	-note- 21.1	1,298
To suppliers - unsecured		1,363
	<u>693</u>	<u>373</u>
	<u>1,991</u>	<u>1,736</u>
<b>21.1</b>	These are amounts advanced to staff against future salaries and retirement benefits and are in accordance with Company policy and are interest free. None of the advances related to executives and directors.	
<b>22 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Current portion of long term deposits	-note- 16	-
Prepayments		259
	<u>1,770</u>	<u>1,923</u>
	<u>1,770</u>	<u>2,182</u>
<b>23 OTHER RECEIVABLES</b>		
Sales tax refundable	-note- 23.1	19,211
Other receivables - unsecured, considered good		19,292
		<u>57</u>
		<u>19,457</u>
<b>23.1</b>	This represents excess of input tax on purchases over sales tax payable.	
<b>24 ADVANCE INCOME TAX-NET</b>		
Advance income tax		40,258
Less: Adjustment for provision for taxation	-note- 33	30,200
Advance income tax at the end of the year		<u>(8,893)</u>
		<u>22,502</u>
<b>25 CASH AND BANK BALANCES</b>		
With banks:		
on current accounts:		
Local currency		125
Cash in hand		81
		<u>196</u>
		<u>526</u>
		<u>321</u>
		<u>607</u>



NOTES TO THE FINANCIAL STATEMENTS  
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26 SALES - NET		30 June 2019	30 June 2018
		-----Rupees in thousand-----	
Export sales	-note- 26.1	155,970	48,327
Local sales	-note- 26.2	623,689	703,970
		<u>779,659</u>	<u>752,297</u>
<b>26.1</b> Export sales			
Gelatine		<u>155,970</u>	48,327
		<u>155,970</u>	<u>48,327</u>
<b>26.2</b> Local sales			
Gelatine		510,588	573,336
Di-Calcium Phosphate, by-product		157,797	199,820
		<u>668,385</u>	<u>773,156</u>
Less: sales tax		44,498	69,186
trade discounts		198	-
		<u>44,696</u>	69,186
		<u>623,689</u>	<u>703,970</u>
<b>27 COST OF SALES</b>			
Raw material consumed	-note- 27.1	319,665	371,208
Semi - finished product purchased		23,690	10,742
Stores, spare parts and loose tools consumed		32,349	15,921
Packing material consumed		5,086	4,596
Salaries, wages and benefits	-note- 27.2	73,531	70,173
Fuel and power		137,192	146,133
Factory overheads	-note- 27.3	50,802	55,433
		<u>642,315</u>	674,206
Add: opening work in process		63,465	-
Less: closing work in process		28,250	63,465
		<u>35,215</u>	<u>(63,465)</u>
Cost of goods manufactured		<u>677,530</u>	610,741
Add: opening stock of finished goods		22,280	89,550
Less: closing stock of finished goods		14,912	22,280
		<u>7,368</u>	67,270
		<u>684,898</u>	<u>678,011</u>
<b>27.1 Raw material consumed</b>			
Opening stock		111,519	89,491
Purchases		365,190	393,236
		<u>476,709</u>	482,727
Less: closing stock		157,044	111,519
		<u>319,665</u>	<u>371,208</u>
<b>27.2</b> Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 1,835,962 (June 30, 2018: Rupees 1,705,325).			
<b>27.3 Factory overheads</b>		30 June 2019	30 June 2018
		-----Rupees in thousand-----	
Indirect labour wages		14,742	17,387
Insurance		3,217	2,673
Medical expenses		623	764
Repair and maintenance		3,014	6,072
Depreciation		11,554	11,009
Loading and unloading	-note- 14.3	2,162	2,911
Apportionment of sales tax	-note- 27.4	14,778	12,191
Miscellaneous expenses		712	2,426
		<u>50,802</u>	<u>55,433</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>28 OTHER INCOME</b>	<b>30 June 2019</b>	<b>30 June 2018</b>	
	-----Rupees in thousand-----		
<b>Income from financial assets:</b>			
Foreign exchange gain - net	723	1,043	
<b>Income from non-financial assets:</b>			
Gain on disposal of fixed asset	-	521	
	<u>723</u>	<u>1,564</u>	
<b>29 DISTRIBUTION COST</b>			
Shipping expenses	3,362	655	
Commission on exports	736	309	
Other expenses	903	1,415	
	<u>5,001</u>	<u>2,379</u>	
<b>30 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	-note- 30.1	31,810	29,280
Insurance		1,082	1,343
Vehicle running and maintenance		9,097	8,015
Rent, rates and taxes		3,013	2,967
Travelling and conveyance		697	2,257
Legal and professional charges		528	289
Printing and stationery		441	470
Fees and subscription		1,746	1,441
Telephone and postage		971	1,087
Repair and maintenance		346	293
Auditors' remuneration	-note- 30.2	808	602
Entertainment		1,125	956
Utilities		683	577
Depreciation	-note- 14.3	1,183	1,149
Amortisation	-note- 15	-	-
Security expenses		2,789	2,687
Miscellaneous expenses		914	1,086
		<u>57,233</u>	<u>54,499</u>
<b>30.1</b> Salaries, wages and benefits include employer's contribution to recognised provident fund amounting to Rupees 1,072,484 (June 30, 2018: Rupees 1,002,901).			
<b>30.2 Auditors' remuneration</b>		<b>30 June 2019</b>	<b>30 June 2018</b>
		-----Rupees in thousand-----	
Audit fee		550	400
Fee for half yearly limited review of Financial information		140	100
Special reports and certifications		60	50
Out of pocket expenses		58	52
		<u>808</u>	<u>602</u>
<b>31 OTHER OPERATING EXPENSES</b>			
Workers' Profit Participation Fund	-note- 10.3	625	207
Workers' Welfare Fund		233	76
Donations	-note- 31.1	40	260
Penalty from State Bank of Pakistan on export		-	1,665
Loss on disposal of fixed asset		281	-
		<u>1,179</u>	<u>2,208</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**32 FINANCE COST**

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Mark-up/interest on:		
Short term borrowings	18,502	12,293
Workers' Profit Participation Fund	216	111
Bank charges and commission	1,813	556
Liabilities against assets subject to finance lease	110	62
	<u>20,641</u>	<u>13,022</u>

**33 TAXATION**

Current-for the year	8,893	7,410
-for prior years	-	288
	<u>8,893</u>	<u>7,698</u>
Deferred-current year	(1,058)	1,286
- effect of change in tax rate	1,058	(1,286)
	<u>-</u>	<u>-</u>
	<u>8,893</u>	<u>7,698</u>

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

33.2 The Income Tax assessments of the Company are complete upto tax year 2018, as deemed assessments in terms of Section 120(1) of the Income Tax Ordinance, 2001 (The Ordinance) as per income tax returns of the Company.

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

33.4 As per section 5(A) of the Income Tax Ordinance, 2001, tax at the rate of 5% of accounting profit before tax shall be imposed on every public company which derives after tax profits for the year and does not distributes at least 20% of such profits in sahpe of cash dividend within six months of the end of the tax year. This provision is included in current tax expense above.

**34 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED**

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
There was no dilutive effect on basic earnings per share of the Company which is based on:		
Profit / (loss) after taxation attributable to ordinary shareholders of the Company	2,537	(3,956)
Weighted average number of ordinary shares outstanding during the year	7,500	7,500
Earning / (loss) per share	0.34	(0.53)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

35 CASH GENERATED FROM OPERATIONS	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Profit before taxation	11,430	3,742
Adjustments for:		
Depreciation	12,737	12,158
Amortisation	-	-
Provision for employee retirement benefits	2,908	2,708
Finance cost	20,641	13,022
Provision for Workers' Profit Participation Fund	625	207
Provision for Workers' Welfare Fund	233	76
Loss / gain on disposal of property, plant and equipment	281	(521)
	<u>37,425</u>	<u>27,650</u>
Operating profit before changes in working capital	48,855	31,392
Changes in working capital		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(50,525)	(14,189)
Stock-in-trade	(2,942)	(18,223)
Trade debts	(9,720)	(1,338)
Advances	(255)	3,505
Trade deposits and short term prepayments	153	(536)
Other receivables	108	55
Increase/(decrease) in current liabilities:		
Trade and other payables	36,477	46,419
	<u>22,151</u>	<u>47,085</u>

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

	June 30, 2018	Net (decrease) / Increase due to cash	June 30, 2019
<b>From banking companies-secured</b>			
Running Finance			
Bank-al-Habib Limited	110,586	29,655	140,241
Summit Bank Limited	<u>32,218</u>	<u>(1,982)</u>	<u>30,236</u>
	142,804	27,673	170,477
Short term finance (STF)			
Bank-al-Habib Limited	<u>18,054</u>	<u>(18,054)</u>	-
	18,054	(18,054)	-
Short Term Finance against payables			
Bank-al-Habib Limited	15,000	10,000	25,000
Short Term Finance against IBP receivables			
Bank-al-Habib Limited	<u>10,000</u>	<u>15,000</u>	<u>25,000</u>
	25,000	25,000	50,000
<b>From related parties-unsecured</b>			
Loans from director and close relative thereof	35,302	12,556	47,858
	<u>221,160</u>	<u>47,175</u>	<u>268,335</u>

36 CASH AND CASH EQUIVALENTS

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Cash and bank balances	<u>321</u>	<u>607</u>

-note- 25

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019****37 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS****37.1 Depreciation / amortisation methods, rates and useful lives**

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

**37.2 Recoverable amounts of assets / cash generating units**

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

**37.3 Taxation**

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

**37.4 Provisions**

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

**37.5 Revaluation of freehold land**

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

38 FINANCIAL RISK MANAGEMENT

38.1 Financial instruments

30 June 2019      30 June 2018  
-----Rupees in thousand-----

The following are financial instruments by category:

**Financial assets at amortized cost**

Security deposits	1	1
Trade debts	24,392	14,672
Advances	1,298	1,363
Other receivables	57	165
Cash and bank balances	321	607
	<u>26,069</u>	<u>16,808</u>

**Financial liabilities at amortized cost**

Liabilities against assets subject to finance lease	1,048	1,732
Short term borrowings	268,335	221,160
Mark up accrued	3,878	2,906
Trade and other payables	132,321	118,509
Unclaimed dividend	771	771
	<u>406,353</u>	<u>345,078</u>

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

38.2 Credit risk

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

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Security deposits	1	1
Trade debts	24,392	14,672
Advances	1,298	1,363
Other receivables	57	165
Bank balances	125	81
	<u>25,873</u>	<u>16,282</u>

The maximum exposure to credit risk for trade debts amounting to Rupees 24.392 million (June 30, 2018: Rupees 14.672 million) at the reporting date by geographic region is as under:

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Domestic	7,566	1,998
Export	16,826	12,674
	<u>24,392</u>	<u>14,672</u>

The export debtor of the Company is situated in Malaysia.

The maximum exposure to credit risk for trade debts amounting to Rupees 24.392 million (June 30, 2018: Rupees 14.672 million) at the reporting date by type of customer is as under:

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Whole seller / distributor	-	-
End user customers	24,392	14,672
	<u>24,392</u>	<u>14,672</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Not past due	23,554	12,714
Past due 1-30 days	80	-
Past due 31-120 days	758	1,958
Past due 121-365 days	-	-
More than one year	-	-
	<u>24,392</u>	<u>14,672</u>

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

	Rating			30 June 2019	30 June 2018
	Short term	Long term	Agency	-----Rupees in thousand-----	
<b>Banks</b>					
National Bank of Pakistan	A1+	AAA	PACRA	1	3
Bank Alfalah Limited	A1+	AA+	PACRA	14	14
Bank Al - Habib Limited	A1+	AA+	PACRA	61	8
MCB Bank Limited	A1+	AAA	PACRA	8	8
United Bank Limited	A-1+	AAA	JCR - VIS	39	46
Bank Islami Pakistan Limited	A1	A+	PACRA	2	2
				<u>125</u>	<u>81</u>

### 38.3 Liquidity risk

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

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2 to 5 years	More than 5 years
Liabilities against assets subject to finance lease	1,048	1,304	140	140	1,024	-
Short term borrowings	268,335	271,523	271,523	-	-	-
Mark up accrued	3,878	3,878	3,878	-	-	-
Trade and other payables	132,321	132,321	132,321	-	-	-
Unclaimed dividend	771	771	771	-	-	-
<b>Rupees in thousand 2019</b>	<u>406,353</u>	<u>409,797</u>	<u>408,633</u>	<u>140</u>	<u>1,024</u>	<u>-</u>
Liabilities against assets subject to finance lease	1,732	1,964	323	451	1,190	-
Short term borrowings	221,160	223,651	223,651	-	-	-
Mark up accrued	2,906	2,906	2,906	-	-	-
Trade and other payables	118,509	118,509	118,509	-	-	-
Unclaimed dividend	771	771	771	-	-	-
<b>Rupees in thousand 2018</b>	<u>345,078</u>	<u>347,801</u>	<u>346,160</u>	<u>451</u>	<u>1,190</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at 30 June. The rates of mark up have been disclosed in notes 9.1, 12.1, 12.2, 12.3, 12.4, 12.5 and 12.6 to these financial statements.

### 38.4 Market risk

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**38.4.1 Currency risk**

The Company is exposed to currency risk on trade debts Rupees 16.826 million (June 30, 2018: Rupees 12.674 million) and creditors Rupees nil (June 30, 2018: Rupees 5.604 million) that are denominated in a currency other than the functional currency of the Company. The Aggregate exposure of statement of financial position to currency risk works out to be 16.826 million ( June 30, 2018: Rupees 7.07 million). The currencies in which these transactions primarily denominated are US Dollar and Euro.

Average rates		Reporting date rate	
2019	2018	2019	2018

Significant exchange rates applied during the year:

US Dollar	136.13	117.73	164.00	121.40
Euro	155.20	131.17	186.99	141.57

**Sensitivity analysis**

A 10 percent strengthening of the Rupee against above mentioned currencies at 30 June would have increased / decreased the loss / profit respectively for the year by Rupees 1,682,640 ( June 30, 2018: Rupees 707,011) mainly as a result of net foreign exchange loss on translation of foreign currency trade debts and creditors. The analysis assumes that all other variables remain constant. A 10 percent weakening of the Rupee against above currencies at 30 June would have had the equal but opposite effect on the profit or loss, on the basis that all other variables remain constant.

**38.4.2 Interest rate risk**

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

There are no fixed rate financial liabilities as at June 30, 2019 (June 30, 2018: Rupees nil). The Company does not account for any fixed rate financial liabilities at fair value through profit and loss. Therefore, changes in interest rate at reporting date would not effect profit or loss.

The variable rate financial liabilities as at June 30, 2019 aggregated to Rupees 221.525 million (June 30, 2018: 187.59 million). A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased the loss / profit for the year by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Profit & loss	
	100 bp increase	100 bp decrease
-----Rupees in thousand-----		
<b>As at June 30, 2019</b>		
Cash flow sensitivity - variable rate instruments	(287)	287
<b>As at June 30, 2018</b>		
Cash flow sensitivity - variable rate instruments	(137)	137

**38.5 Fair Value of Financial Instruments**

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

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

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

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

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

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**38.6 Fair value measurement – non-financial assets**

**(i) Fair value hierarchy**

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

	Level 1	Level 2	Level 3	Total
	-----Rupees in thousand-----			
<b>As at June 30, 2019</b>				
Freehold land	-	344,088	-	344,088
<b>As at June 30, 2018</b>				
Freehold land	-	286,740	-	286,740

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

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

**(iii) Valuation process**

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

**39 Capital risk management**

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

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

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

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Total borrowing	269,383	222,892
Less: Cash and bank balances	321	607
Net debt	<u>269,062</u>	<u>222,285</u>
Total equity	406,062	346,177
Total capital	<u>675,124</u>	<u>568,462</u>
Gearing ratio	39.85%	39.10%

**40 OPERATING SEGMENTS**

**40.1** These financial statements have been prepared on the basis of a single reportable segment.

**40.2** Sales revenue from gelatine products and di-calcium phosphate (by-product) represent 81.63 % and 18.37% (June 30, 2018: 75.97% and 24.03%) of the total revenue of the Company respectively.

**40.3** All non-current assets of the Company as at June 30, 2019 are located in Pakistan.

**40.4** Sales to Martin Dow Marker Limited is around 15.65% (2018: 12.76%), Coccoland Industries Malaysia is around 17.06% (2018: 6.42%) and Gelcaps (Pakistan) Limited is around 8.33% (2018: 2.05% ) during the year ended June 30, 2019.

**40.5** The sales percentage by geographic region is as follows:

	30 June 2019	30 June 2018
	%	%
Pakistan	80.00	93.58
Malaysia	17.06	6.40
Italy	1.27	-
United Kingdom	1.64	-
New Zealand	0.03	0.02
	<u>100.00</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive Directors		Executives	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	-----Rupees in thousand-----					
Managerial remuneration	2,451	2,328	1,764	1,668	8,633	8,999
Contribution to provident fund	116	110	83	79	420	348
	<u>2,567</u>	<u>2,438</u>	<u>1,847</u>	<u>1,747</u>	<u>9,053</u>	<u>9,347</u>
Number of Persons	1	1	1	1	6	6

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

41.2 No fee for attending Board meetings was paid to any of the directors.

42 TRANSACTION WITH RELATED PARTIES

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

Nature of relation Key management personnel	Nature of transaction	30 June 2019	30 June 2018
		-----Rupees in thousand-----	
	Loan obtained from chief executive - Khwaja Imtiaz Ahmed	20,150	21,818
	Loan repaid to chief executive - Khwaja Imtiaz Ahmed	7,594	17,810
	Loan obtained from close relative - Khwaja Ahmed Hassan	225	300
	Loan repaid to close relative - Khwaja Ahmed Hassan	225	300
	Managerial remuneration	See note - 41	
	Contribution to provident fund trust	2,908	2,708

42.3 The outstanding balances with above related parties are included in Trade and other payables (note 10) 'Payable to Provident fund' and 'Accrued Liabilities' as at June 30, 2019 Rs. 703,591 (June 30, 2018: Rs. 703,668) and Rs. 5,003,246 (June 30, 2018: Rs.4,110,778) respectively. Short term borrowings (note 12.11) "Short term borrowings from related parties" as at June 30, 2019 Rs. 47,858 million (June 30, 2018: Rs. 35,302 million).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

43 PROVIDENT FUND

	30 June 2019	30 June 2018
	-----Rupees in thousand-----	
Size of the fund - total assets	144,499	159,810
Percentage of investment made	63.29%	72.93%
Fair value of investments	91,462	116,549
Cost of investments made	48,565	51,377

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

	2019		2018	
	Investments	Investment as % of size of the fund	Investments	Investment as % of size of the fund
	Rupees in thousand		Rupees in thousand	
Unit Trust Schemes	35,968	24.89%	52,656	32.95%
Mutual Funds	1,103	0.76%	1,492	0.93%
Savings Schemes of Banks	2,497	1.73%	2,991	1.87%
Bank Deposits	17,993	12.45%	21,257	13.30%
Listed Securities	33,901	23.46%	38,153	23.87%
	<b>91,462</b>	<b>63.29%</b>	<b>116,549</b>	<b>72.93%</b>

43.2 Based on the audited financial statements of the provident fund ('the Fund') as at June 30, 2019, investments in collective investment schemes and listed equity securities out of the Funds have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

44 PLANT CAPACITY AND ACTUAL PRODUCTION

Estimated plant capacity in metric tons

	30 June 2019	30 June 2018
Gelatine (Blended / Unblended)	2,000	2,000
Di-calcium Phosphate	9,000	9,000

Actual production in metric tons

Gelatine (Blended / Unblended)	845	772
Di-calcium Phosphate	2,866	3,869

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**45 NUMBER OF EMPLOYEES**

Number of employees at June 30

Permanent  
Contractual

	2019	2018
Permanent	206	227
Contractual	9	8
	<u>215</u>	<u>235</u>

Average number of employees during the year

Permanent  
Contractual

Permanent	215	229
Contractual	9	9
	<u>224</u>	<u>238</u>

**46 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 07, 2019 by the Board of Directors of the Company.

**47 GENERAL**

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

**47.2** Corresponding figures have been re-classified, wherever necessary, for purposes of comparison. There was, however, no material re-classification made in these financial statements. However, due to the application of IFRS 15, the 'Advances from Customers - unsecured' has been re-named as 'Contract Liabilities' Rs. 21,941,872 as per note - 10 above.

LAHORE  
Dated: October 07, 2019

**KH. IMTIAZ AHMED**  
Chief Executive  
& Managing Director

**IBRAR AHMED KH.**  
Director

**MUHAMMAD JAVAJD**  
Chief Financial Officer

PATTERN OF SHAREHOLDERS AS AT 30TH JUNE, 2019

NO. OF SHAREHOLDERS	-----SHAREHOLDING-----				TOTAL SHARES HELD
148	FROM	1	TO	100	6,961
237	FROM	101	TO	500	53,987
38	FROM	501	TO	1,000	36,035
120	FROM	1,001	TO	5,000	391,396
9	FROM	5,001	TO	10,000	67,456
3	FROM	10,001	TO	15,000	35,200
2	FROM	20,001	TO	25,000	45,800
1	FROM	25,001	TO	30,000	26,000
1	FROM	30,001	TO	35,000	30,500
3	FROM	35,001	TO	40,000	113,020
3	FROM	45,001	TO	50,000	150,000
2	FROM	50,001	TO	55,000	105,800
1	FROM	70,001	TO	75,000	74,000
2	FROM	75,001	TO	80,000	150,960
1	FROM	90,001	TO	95,000	91,500
2	FROM	105,001	TO	110,000	211,360
1	FROM	125,001	TO	130,000	125,900
1	FROM	130,001	TO	135,000	131,000
1	FROM	145,001	TO	150,000	145,390
3	FROM	155,001	TO	160,000	480,000
2	FROM	170,001	TO	175,000	340,600
1	FROM	200,001	TO	205,000	202,500
2	FROM	210,001	TO	215,000	429,200
1	FROM	270,001	TO	275,000	270,300
1	FROM	300,001	TO	305,000	304,550
1	FROM	330,001	TO	335,000	330,020
1	FROM	365,001	TO	370,000	370,000
1	FROM	415,001	TO	420,000	419,800
1	FROM	655,001	TO	660,000	657,900
1	FROM	750,001	TO	755,000	751,765
1	FROM	950,001	TO	955,000	951,100
592					7,500,000

Categories of shareholders	No. of Shareholders	Share Held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	10	3,385,815	45.1442%
Associated Companies	1	370,000	4.9333%
NIT and ICP	1	25	0.0003%
Banks Development Financial Institutions, Non Banking Financial Institutions	2	4,852	0.0647%
General Public	568	3,619,150	48.2553%
Joint Stock Companies	8	117,576	1.5677%
Pension Funds	1	2,494	0.0333%
Other Companies	1	88	0.0012%
Share holders holding 10% or more	2	1,702,865	22.7049%

**Categories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2019**

Sr. No.	Name	No. of Shares Held	Percentage
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>			
1	INA SECURITIES (PVT) LIMITED.	370,000	4.9333%
<b>Mutual Funds (Name Wise Detail)</b>			
-			
<b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>			
1	KH. IMTIAZ AHMED	751,765	10.0235%
2	MRS. AYESHA AHMED	172,200	2.2960%
3	MR. IJAZ AHMED KHAWAJA	304,550	4.0607%
4	MR. RASHID MINHAS	1,000	0.0133%
5	KH. IBRAR AHMED	951,100	12.6813%
6	MR. AHMED ALI RIAZ	74,000	0.9867%
7	MIAN ZIA UDIN (CDC)	500	0.0067%
8	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%
9	MRS. NEELUM NAZ W/O KH. IJAZ AHMED	202,500	2.7000%
10	MRS. NAUSHEEN IBRAR W/O KH. IBRAR AHMED	270,300	3.6040%
<b>Executives:</b>		657,900	8.7720%
<b>Public Sector Companies &amp; Corporations:</b>		-	-
<b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>		7,346	0.0979%
<b>Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)</b>			
1	KH. IBRAR AHMED	951,100	12.6813%
2	KH. IMTIAZ AHMED	751,765	10.0235%
3	KH. AHMED HASSAN	749,820	9.9976%
4	MRS. NAVIDA IMTIAZ W/O KH. IMTIAZ AHMED	657,900	8.7720%

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

S. No.	NAME	SALE	PURCHASE
1	MR. RASHID MINHAS	-	1,000

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# Form of Proxy

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

## ANNUAL GENERAL MEETING

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

\_\_\_\_\_ and/or CDC Participant I.D. No. \_\_\_\_\_  
and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_  
Of \_\_\_\_\_

Or failing him \_\_\_\_\_ of \_\_\_\_\_  
as my/our proxy to vote for me /us and on my / our behalf at the Annual General Meeting of the Company to be  
held on 28<sup>th</sup> day of October, 2019 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

### WITNESSES

1. **Signature** \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

NIC or \_\_\_\_\_

Passport No. \_\_\_\_\_

2. **Signature** \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

NIC or \_\_\_\_\_

Passport No. \_\_\_\_\_

Signature on  
Rs. 5/-  
Revenue stamp

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

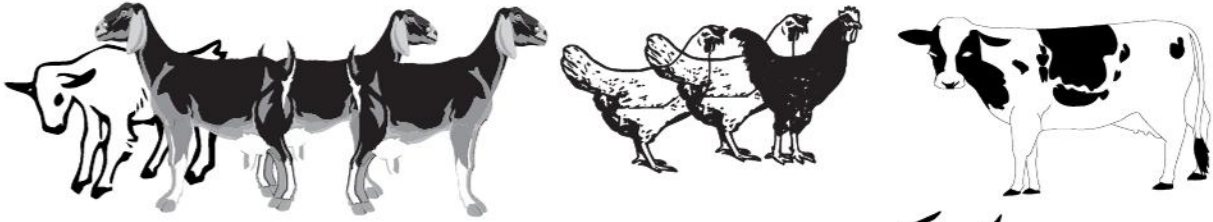
### Note:

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





پولٹری فیڈز میں استعمال کیلئے بون میل۔ میٹ میل  
اور ڈائی کیلشیم فاسفیٹ دستیاب ہیں۔



50 کلوگرام  
پیکنگ کے وقت  
دودھ اور گوشت میں اضافہ کی ضمانت

لائسنس یافتہ جیلاٹین لمیٹڈ لاہور پاکستان

لاہور آفس: جی/پوسٹال باکس-3529، 17-جی، گلبرگ-2، لاہور۔ 54660

فون نمبر: 092-42-35756953-54 فیکس نمبر: 092-42-35710604



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