

ANNUAL REPORT 2021



PEOPLE | PLANET | PROSPERITY
Creating a Better Tomorrow



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COMPANY PROFILE

HISTORICAL OVERVIEW

Packages Limited is Pakistan's leading packaging solution provider. Our job is to deliver high quality packaging in the most efficient, profitable and sustainable way. We are primarily a "business to business" company and our customer base includes some of the world's best-known branded consumer products companies across industries. We are also a leading manufacturer of tissue paper products. Our leadership position in tissue products is a result of our ability to offer products manufactured under highest standards of hygiene and quality to meet the household and cleanliness needs of our consumers. We provide a complete range of tissue paper products that are convenient, quick and easy to use.

Packages Limited was established in **1957** as a joint venture between the Ali Group of Pakistan and Akerlund & Rausing of Sweden, to convert paper and paperboard into packaging for consumer industry. Over the years, Packages has continued to enhance its facilities to meet the growing demand of packaging products.

In **1968**, with IFC participation, Packages integrated upstream by establishing a Pulp and Paper Mill with a capacity of 24,000 tons per year based on waste paper and agricultural by-products i.e. wheat straw and river grass. With growing demand, the capacity was increased periodically and in January 2003, total capacity was nearly 100,000 tons per year.

In **1982**, Packages modified a paper machine to produce tissue paper in response to growing awareness and demand for hygienic and disposable tissues. The "Rose Petal" brand name was launched with facial tissues and was later expanded to include toilet paper, kitchen roll, and table napkins.

In **1986**, the Company established a flexible packaging unit to cater to the increasing demand from consumers for sophisticated packaging used primarily in the food industry.

In **1993**, a joint venture agreement was signed with Mitsubishi Corporation of Japan for the manufacture of Polypropylene films at the Industrial Estate in Hattar, Khyber Pakhtunkhwa. This project, Tri-Pack Films Limited, commenced production in June 1995 with equity participation by Packages Limited, Mitsubishi Corporation, Al-Tawfeek Company for Investment Funds, Saudi Arabia and general public.

In July **1994**, Coates Lorilleux Pakistan Limited (currently DIC Pakistan Limited), in which Packages Limited has 54.98% ownership, commenced production and sale of printing inks.

During the same year, the Company initiated the capacity expansion of its Paper and Board Mill to 65,000 tons per year and conversion capacity to 56,000 tons per year. At the same time, the Company also upgraded the quality of Packages' products and substantially improved pollution control to meet the World Bank environmental guidelines. The said expansion was completed in 1998 at a cost of PKR 2.7 billion.

In **1996**, Packages entered into a joint venture agreement with Printcare (Ceylon) Limited for the production of flexible packaging materials in Sri Lanka. The project, Packages Lanka (Private) Limited, in which Packages Limited has 79.07% ownership, commenced production in 1998.

During **1999-2000**, Packages successfully completed the expansion of the flexible packaging line by installing a new rotogravure printing machine and enhancing the carton line by putting up a new Lemanic rotogravure inline printing and cutting creasing machine. In addition, a new 8-color Flexographic printing machine was also installed in the flexible packaging line in 2001. Packages commenced production of corrugated boxes from its plant in Karachi in 2002.

In **2005**, the Company embarked upon its Paper & Board expansion plan at a new site 'Bulleh Shah Paper Mills' (currently Bulleh Shah Packaging (Private) Limited), almost tripling its capacity from 100,000 tons per annum to 300,000 tons per annum. Capacity expansion at Bulleh Shah Paper Mills was completed in two phases. In the first phase, Brown Board Machine (PM-6) along-with high yield straw pulping & OCC plants and its back processes such as 11 MW Power House, Gas Turbine and Primary Effluent Treatment Plant were capitalized and commercial operations were commenced during the year 2007. Second phase comprising of Writing and Printing Paper Machine (PM-7), De-inking Pulp Plant, 41MW Power House, Steam Turbine and Secondary Effluent Treatment Plant was completed in the year 2009.

In **2008**, the Company embarked upon capacity expansion in its tissue division through installation of a new tissue paper manufacturing machine (PM-9) with production capacity of 33,000 tons per annum.

During **2011**, a lamination machine was installed in the flexible department at a cost of PKR 96 million. This was Pakistan's first high speed solvent-less automatic lamination machine. It has turret winders for automatic reel and a capacity of 450 meters per minute.

The rebuild project of Paper Machine (PM-6), installed at Bulleh Shah Paper Mills, was completed in the second quarter of 2011 leading to capacity expansion of 30,000 tons. The machine started commercial operations with enhanced capability of producing high value added liquid packaging and bleached board. Moreover, the Corrugator Machine in Kasur Plant was upgraded in 2011 to improve efficiency, reliability, enhance capacity and reduce waste. This upgrade activity resulted in increased capacity of 14%.

In **2012**, the Company invested in a rotogravure machine for its Flexible Packaging business with a total estimated project cost of PKR 326 million as part of the Company's efforts to remain abreast of improved technological developments in the Packaging business. In the same year, to enable continuous growth and technical development in the Paper & Paperboard segment, Packages signed a 50/50 Joint Venture agreement with Stora Enso OYJ Group of Finland in its 100% wholly owned subsidiary, Bulleh Shah Packaging (Private) Limited. The Joint Venture included Paper & Paperboard and Corrugated business operations at Kasur and Karachi. The Joint Venture

Agreement with Stora Enso OYJ Group, signed in 2012, was implemented in 2013 and Packages completed the transfer of assets and related obligations of Paper & Paperboard and Corrugated business operations to Bulleh Shah Packaging (Private) Limited along with cash equity injection for a 65% stake.

During **2014**, the Company invested in an Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The Offset Printing Line commenced its commercial operations during the first quarter of 2014 and had made available additional capacity to meet growing customer demands in the Folding Carton business. In May 2014, as part of its asset and income diversification strategy, the Company initiated development of a high quality retail mall at its Lahore land through its subsidiary, Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]. The Company currently holds 75.16% equity in Packages Real Estate (Private) Limited.

In **2015**, as a part of its continuing efforts towards technological upgradation, the Company invested in a new toilet roll line to cater to the growing demand. A new brand by the name of “Maxob” produced on this machine was launched. In line with strategy to diversify and enter into new high growth markets, in June 2015, the company completed the acquisition of 55% share in the operation of a flexible packaging company in South Africa. Further, during 2015, the Board of Directors resolved to start a 50/50 joint venture with Omya Group of Switzerland. The joint venture will set up a production facility to supply a range of high quality ground calcium carbonate products.



In **2016**, as a part of Company's continuing efforts towards technological up gradation, the company invested Rs 292 million in a new offset printing line having double coating capability to cater to the growing demand in the folding cartons business. The Company has also made an investment of Rs 122 million in their pre-press department for a state of art engraving machine and cylinder making line. This investment was in line with the Company's efforts to provide its customers with the highest quality of printing. Further, the Company made strategic investments of Rs 82 million including a new facial line, toilet roll line and a fully automated party pack machine to meet growing customer demand.

In line with strategy to diversify, the Company incorporated a wholly-owned subsidiary, Packages Power (Private) Limited, for the purpose of setting up a 3.1 MW hydropower project with an initial equity injection of Rs 25 million.

The Company also made an additional investment of Rs 309.5 million in the equity of Omya Pack (Private) Limited [formerly Calcipack (Private) Limited ("JV Company")]. This was followed by matching cumulative equity investment by joint venture partner, Omya Singapore Pte Limited.

In **2017**, the company invested Rs 540 million in upgradation of the flexible packaging line that includes wide-web Flexo Printing Press as well as a state of the art 7-layer blown film Extruder which not only boasts of higher production capabilities but also adds dept to the Packaging solutions. Further investments to the tune of Rs 105 million



was made in the downstream operations of lamination, slitting and bag making to complement the additional capacity brought in. All these investments are in line with the Company's efforts to provide its customers with the highest quality of Packaging solutions for Flexible Packaging line and to grow the market share despite ever growing competition by staying ahead of the technological curve.

Packages Mall was inaugurated on **April 20, 2017** and the customer response has been very encouraging. The mall has been designed on international standards by a team of foreign and local professionals. Packages Mall offers over 180 brands, a multiplex cinema, food court, play area and Hyperstar all under one roof.

During the year 2017, the Company has acquired 35% shares held by Stora Enso in Bulleh Shah Packaging (Private) Limited ("BSPPL"). Accordingly, BSPPL became the fully owned subsidiary of the Company from September 18, 2017.

In **2018**, investment was made for upgradation of flexible packaging line that includes wide-web Flexo Printing Press as well as a state of the art 7-layer blown film Extruder which was successfully completed and made fully operational. This packaging line has not only boosted of higher production capabilities but also given the company a competitive edge over its competitors. The company has yet again proven itself to be a pioneer in Flexible Packaging by investing Rs 230 Million to bring in the first ever Extrusion Lamination machine in Pakistan. The company has invested an approximate Rs 400 Million in enhancing and upgrading its Rotogravure printing capabilities by bringing in a new wide web Roto Printing Press. Further, the company invested Rs 581 million on installation of a new offset packaging line that includes a 7 color printing press with 2 coating units and cutting creasing machine as well as a state of the art FOLDING GLUING machine with speed wave technology which has not only boosted of higher production capabilities but also added depth to the packaging solutions.

During the year **2019**, the company made investment to enhance the capability of one of its Rotogravure presses installed in its folding cartons business unit. This expansion not only boosted the company's production capability but also gave the company a competitive edge over its competitors. The company yet again proved itself to be a pioneer in Packaging industry and the only one to have a 10 colour Rotogravure press with an additional UV unit in Pakistan.



The company also invested in a bag making machines during the year to get into new markets including growing E-Commerce Market. New inroads were developed to further grow the Label Printing business. In line with company's environmental sustainability initiatives, an Energy Monitoring System was installed to monitor/improve power consumption.

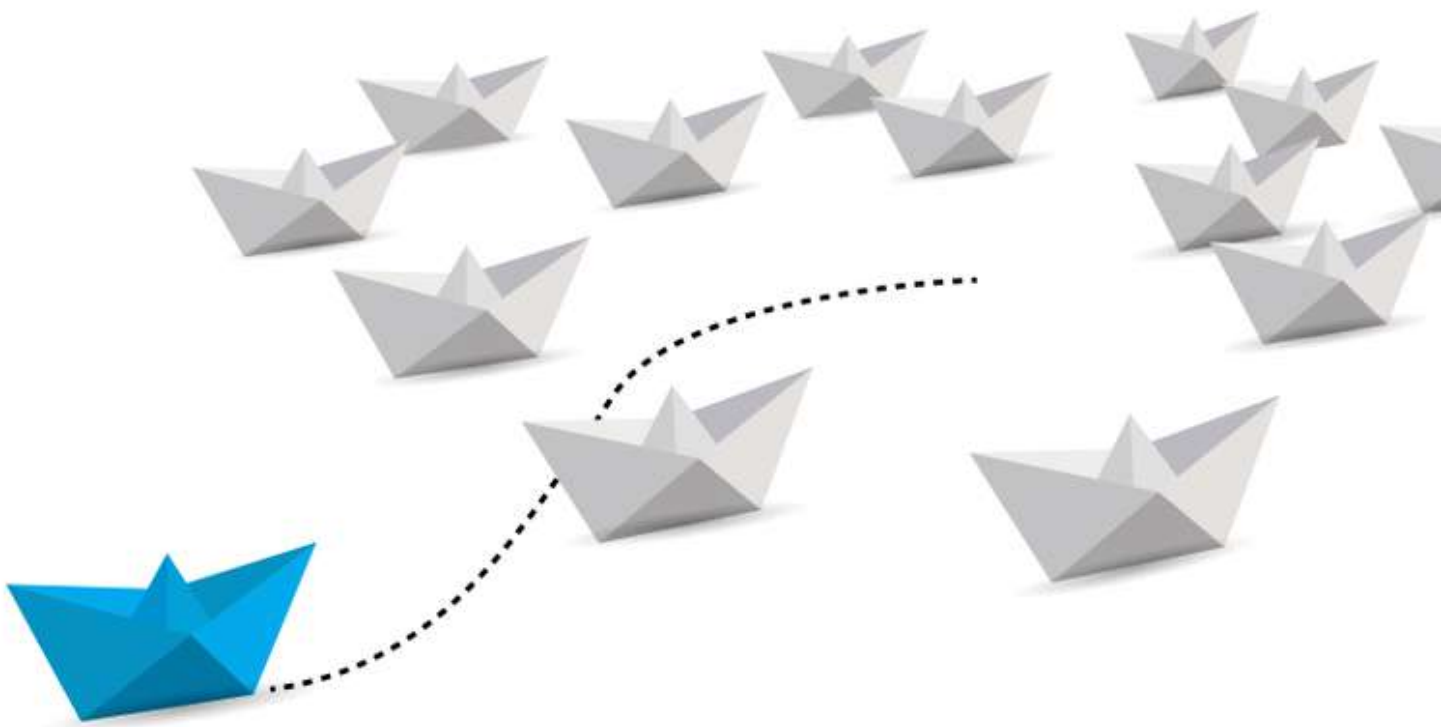
INTERNAL RESTRUCTURING & FUTURE OUTLOOK

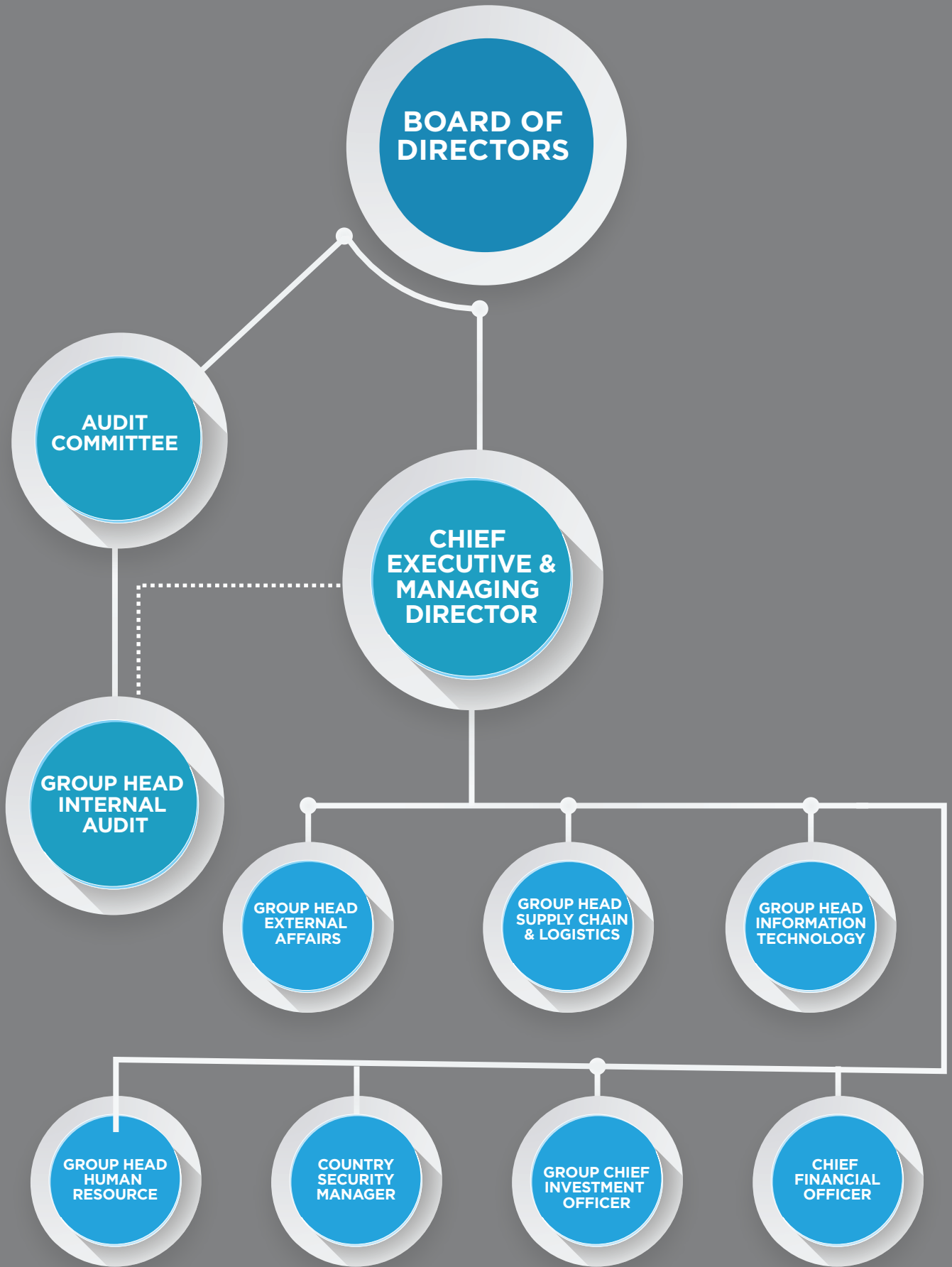
On July 1, 2020, Packages Limited transferred its manufacturing businesses to a wholly-owned subsidiary, Packages Convertors Limited (the 'PCL') after securing all applicable regulatory approvals. Packages Limited now operates as a Holding Company and derives income from dividends, rental income, and technical fee from its investee companies. The performance of the Company is determined by the financial performance of its portfolio investments & group companies which are operating within and outside Pakistan. The Company makes investment in line with the overall objective to improve shareholder's value by increasing and diversifying revenue streams, expanding existing customer base and through prospects in new technology.

In **2021**, Packages Limited approved the formation and funding of a new company called StarchPack (Private) Limited. It will be engaged in the business of manufacturing and distributing corn-based starch and its derivative products. StarchPack is currently in construction phase.

Packages Limited also entered into an agreement with Mitsubishi Corporation ('MC') to purchase MC's stake of 19.33% in the shareholding of Tri-Pack Films Limited. However, this transfer of shares was to be executed after satisfaction of certain pre-conditions which met, after the year-end, on February 15, 2022. The afore-mentioned agreement came under the ambit of Listed Companies (Substantial Acquisition of Shares and Takeovers) Regulations, 2017 (the 'Regulations') as it exceeded the 50% boundary mentioned in the Regulations due to which Packages Limited was bound to make a public offer to purchase shares of Tri-Pack from the public in accordance with the Regulations. Consequently, on December 31, 2021, the Company concluded the transaction and acquired a further 16.59% of shareholding in Tri-Pack Films Limited from the public following the conclusion of the public offer. Packages Limited now has a total shareholding of 69.26% in Tri-Pack Films Limited.

“ Committing to measure
our social & environmental
responsibility in addition to our
financial performance **”**







Board of Directors

Mr. Tawfiq Habib Chinoy
Chairman & Non-Executive Director

Syed Hyder Ali
Chief Executive & Managing Director -
Executive Director

Syed Aslam Mehdi
Executive Director

Mr. Imran Khalid Niazi
Non-Executive Director

Mr. Josef Meinrad Mueller
Non-Executive Director

Syed Shahid Ali
Non-Executive Director

Mr. Tariq Iqbal Khan
Non-Executive Director

Mr. Hasan Askari
Independent Director

Ms. Saba Kamal
Independent Director

Mr. Irfan Mustafa
Independent Director



IT & Digitization Committee

Ms. Saba Kamal
Chairperson

Mr. Irfan Mustafa
Member

Mr. Imran Khalid Niazi
Member

Mr. Asghar Abbas
Member

Mr. Khurram Raza Bakhtayari
Member

Mr. Shaheen Sadiq
Member



Audit Committee

Mr. Hasan Askari
Chairman

Mr. Imran Khalid Niazi
Member

Syed Aslam Mehdi
Member

Syed Shahid Ali
Member

Mr. Tariq Iqbal Khan
Member

Mr. Hammad Ahmed Butt
Secretary



Human Resource Committee

Ms. Saba Kamal
Chairperson

Mr. Tawfiq Habib Chinoy
Member

Syed Hyder Ali
Member

Mr. Josef Meinrad Mueller
Member

Mr. Irfan Mustafa
Member

Mr. Imran Khalid Niazi
Member

Mr. Kaifee Siddiqui
Secretary



Executive Committee

Syed Hyder Ali
Chairman

Syed Aslam Mehdi
Member

Ms. Iqra Sajjad
Secretary

OFFICES

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Legal Advisor

Hassan & Hassan
(Advocates) - Lahore
Orr, Dignam & Co.
Karachi



Chief Financial Officer

Mr. Khurram Raza Bakhtayari



Advisor

Syed Babar Ali



Rating Agency

PACRA



Company Secretary

Ms. Arjumand Ahmad Shah

Ms. Iqra Sajjad was appointed as the company secretary on Feb 28, 2022 replacing Ms. Arjumand Ahmad Shah



Company Credit Rating

Long-Term: AA
Short-Term: A1+



Auditors

A.F. Ferguson & Co.
Chartered Accountants



Bankers & Lenders

Bank Al-Habib Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
Allied Bank Limited
National Bank Limited
Habib Metropolitan Bank Limited
International Finance corporation (IFC)



Shares Registrar

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Handling Desk for Shareholders' Affairs

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Mr. Ubaid Hussain
Tel. (021) 35874049
Fax. (021) 35860251
Email: shares.desk@packages.com.pk

(Share Registrar)
Mr. Zeeshan Akhtar
Tel. (021) 34380101-5
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Email: info.shares@famco.com.pk



BOARD OF DIRECTORS



Mr. Towfiq Habib Chinoy

Mr. Towfiq Habib Chinoy, Non-Executive Director, has been associated with the Company as Chairman of the Board of Directors since 2008. He was Managing Director of International Industries Limited (IIL) for 37 years until 2011. He was also the founding Managing Director of International Steels Limited (ISL) and served for 8 years until 2015. Currently, he is the Chairman of Yaqeen Steels Limited and Director of Standard Chartered Bank (Pakistan) Limited. He is a Trustee of the Mohatta Palace Gallery Trust, Habib University Foundation and Packages Foundation. Amongst the positions he has previously held are Chairman of the International Steels Limited, Board of Governors at Indus Valley School of Art & Architecture for two terms, Chairman of Jubilee General Insurance Company Limited for 23 years, Chairman of Pakistan Cables Limited for 14 years and Chairman of PICIC Commercial Bank Limited for 3 years. He has also been a Director of National Refinery Limited, Linde Pakistan Limited, Jubilee Life Insurance Co. Limited and the Pakistan Centre for Philanthropy. Mr. Chinoy has also served on the Advisory Boards of the Ministry of Communications, Engineering Development Board and Port Qasim Authority - Government of Pakistan and has been a Vice-Chairman of the Pakistan Business Council.



Syed Hyder Ali

Syed Hyder Ali joined Packages Limited in July 1987 and presently holds the position of Managing Director and CEO of the Company. He has done his Masters in Sciences from Institute of Paper Chemistry and has also served as Mill Manager of Paper and Board operations of the Company. He is the CEO/Deemed Director of Packages Convertors Limited and holds directorship in several companies including IGI Holdings Limited, IGI Life Insurance Limited, IGI General Insurance Limited, IGI Investments (Private) Limited, Nestle Pakistan Limited, Packages Real Estate (Private) Limited, Packages Lanka (Private) Limited, Sanofi-Aventis Pakistan Limited, Bulleh Shah Packaging (Private) Limited, and Flexible Packages Convertors (Proprietary) Limited, South Africa. He also serves on the boards of several philanthropic, educational, charitable and business support organizations including Pakistan Centre for Philanthropy, National Management Foundation, Syed Maratib Ali Religious and Charitable Trust Society, Babar Ali Foundation, Ali Institute of Education, International Chamber of Commerce and LUMS. He is also serving on the Board of Trustee of Packages Foundation.



Mr. Imran Khalid Niazi

Mr. Imran Khalid Niazi is associated with the Company as a Non-Executive Director. He is a seasoned leader having provided professional & technical leadership at multinational companies across the globe. His professional journey has taken him from fertilizer, food, dairy and pharmaceutical multinational companies to Coca-Cola Company. He holds a Masters' degree in Chemical Engineering from the University of Arizona, USA. Currently, he also holds directorship of Bulleh Shah Packaging (Private) Limited, Packages Real Estate (Private) Limited, Ala-ud-Din Academy Girls High School and he is also a Trustee of Zarina Shamim Trust. He is also an Executive-in-Residence at Lahore, University of Management Sciences (LUMS) and Advisory Board, Textile Division, AJ Holdings.



Mr. Josef Meinrad Mueller

Mr. Josef Meinrad Mueller is associated with the Company as a Non- Executive Director. He was born in Switzerland where he obtained his education including MBA from IMD (formerly IMEDE) in Lausanne where he also served as an Executive-in-Residence. He has over 40 years of senior international management experience at the Nestle Group in developed and emerging markets. He is familiar with Pakistan where he served as Managing Director of Nestle Pakistan Limited during 1992-1995. Throughout his international career, he was entrusted with several senior leadership positions in different countries, including his important role as CEO and Chairman of Nestle in the Greater China Region. Following his retirement from the Nestle Group, Mr. Mueller continues to remain very active in international business world as an independent business advisor.



Syed Aslam Mehdi

Syed Aslam Mehdi, Executive Director, has a Masters degree in Business Administration from Institute of Business Administration, Karachi and has been associated with different companies of the Packages Group in various capacities over the years. He also served as the General Manager of Packages Limited from September 2008 to September 2014. Currently, he holds directorships of Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Packages Real Estate (Private) Limited, Packages Lanka (Private) Limited and Packages Convertors Limited. He is also the member of the Board of Governors of the National Management Foundation, LUMS and Babar Ali Foundation. He is also serving on the Board of Trustees of Packages Foundation.



Syed Shahid Ali

Syed Shahid Ali is currently associated with the company as Non-Executive Director. He also holds directorship of several other companies including Treet Corporation Limited, Treet Battery Limited, Treet Power Limited, Treet Holding Limited, Loads Limited, IGI Holdings Limited, First Treet Manufacturing Modaraba, Global Assets (Private) Limited, Multiple Auto Parts Industries (Private) Limited, Hi-Tech Alloy Wheels Limited, Specialized Autoparts Industries (Private) Limited and Specialized Motorcycles (Private) Limited and Renacon Pharma Limited. He is also actively involved in social and cultural activities and holds senior positions on the governing boards of several hospitals and philanthropic organizations, including Presidentship of Liaquat National Hospital.



Mr. Tariq Iqbal Khan

Mr. Tariq Iqbal Khan is associated with the Company as a Non-Executive Director. He is a Fellow member of the Institute of Chartered Accountants of Pakistan, with diversified experience of more than 45 years. He has held leading policy-making positions in various associations and institutions in the country, including being a Founding Director and President of Islamabad Stock Exchange, Commissioner and Acting Chairman of Securities and Exchange Commission of Pakistan and Managing Director/Chairman at Investment Corporation of Pakistan/National Investment Trust. He also holds Chairmanship in Packages Convertors Limited. Currently, he holds directorship of National Refinery Limited, Silk Bank Limited, Pakistan Oilfields Limited, AWT Investments Limited and Interloop Limited. He is also the Chairman of Audit Oversight Board of Pakistan.



Mr. Hasan Askari

Mr. Hasan Askari is an Independent Director of Packages Limited. His background is in investment banking, principally on the advisory side, though he also has experience of debt capital markets. At Old Mutual, his last executive position, he ran the Group's business in the UK, Europe and Asia. He was one of five executives who ran the Group world-wide. Old Mutual plc, which has now had its regional businesses listed separately, was listed on the London Stock Exchange with a market capitalisation in excess of £20 billion.



Mrs. Saba Kamal

Mrs. Saba Kamal has extensive experience working in IBM Corporation in Pakistan and internationally including 20 years in leadership roles. She started her career as a Systems Engineer and rose to client facing and leadership positions such as Banking, Finance & Securities leader, South Territory Manager, Products Manager and established and led IBM Software Group in Pakistan. From 2010 to 2019, Mrs. Saba Kamal held regional roles and was promoted to Executive in IBM Middle East & Africa. She led the Web Sphere and Middleware teams in the region comprising Middle East, Pakistan, all of Africa and Turkey. She was also Executive, Strategic Projects and responsible for key projects, geographical expansion of operations and special initiatives. Mrs. Saba Kamal is an MBA from IBA Karachi and has done various courses within IBM's education centers as well as in Insead, Boston University and China Europe International Business School. She is also a Certified Director from PICG, Pakistan. She is associated with the Company as an Independent Director and also holds directorship in Habib Bank Limited and is a Member of the Governing Body of Institute of Business Administration.



Mr. Irfan Mustafa

Mr. Irfan Mustafa is associated with the Company as an Independent Director. He is an entrepreneur, social activist, senior global executive and an ambassador of Pakistan with a distinguished career spanning over 4 decades across 4 continents and 4 multinationals. Early schooling in missionary Convents leading to two MBAs at leading business schools Karachi, IBA Pakistan, followed by post graduate in Business Administration – from IMD Lausanne, Switzerland. He joined the elite group of Pakistanis in 2013 by being nominated for “100 Most Powerful Pakistani Worldwide”. He is the Board member of many prominent corporates and non-profits. Actively involved with several notable charitable, social and philanthropic efforts – in particular focusing of development of youth, promoting Naya and Sehatmand Pakistan. He holds directorships at Shaukat Khanum Cancer Hospital Pakistan, Dun & Bradstreet International South Asia & Middle East – Dubai, U.A.E. , OPF (Overseas Pakistanis Foundation), KFC Pakistan, Kaya Middle East, Taskeen Health Initiative Pakistan, AHG Flavours Private Limited Pakistan



BOARD/ MANAGEMENT COMMITTEES

EXECUTIVE COMMITTEE

Syed Hyder Ali Chairman
(Executive Director)

Syed Aslam Mehdi Member
(Executive Director)

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by the Board as required by section 183 of the Companies Act, 2017. The Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions and investment and funding requirements. The Executive Committee is also responsible for formulation of business strategy, review of risks and their mitigation plan.

AUDIT COMMITTEE

Hasan Askari Chairman
(Independent Director)

Imran Khalid Niazi Member
(Non-Executive Director)

Syed Aslam Mehdi Member
(Executive Director)

Syed Shahid Ali Member
(Non-Executive Director)

Tariq Iqbal Khan Member
(Non-Executive Director)

The terms of reference of the Audit Committee 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:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;

- Going-concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with regulations and other statutory and regulatory requirements;
 - 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 system including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j.** Review of the 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 Chief Executive Officer 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 best practices of corporate governance and identification of significant violations thereof;
- n.** Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and 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, measures for redressal and rectification of non-compliances with the Code of Corporate Governance. 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.** Ensuring that risk mitigation measures are robust;
- q.** Ensuring that appropriate extent of disclosure of company's risk framework and internal control system is given in the Directors Report; and
- r.** Consideration of any other issue or matter as may be assigned by the Board of Directors

Human Resource & Remuneration (HR&R) Committee

Saba Kamal Chairman
(Independent Director)

Towfiq Habib Chinoy Member
(Non-Executive Director)

Syed Hyder Ali Member
(Chief Executive & Managing Director)

Josef Meinrad Mueller Member
(Non-Executive Director)

Irfan Mustafa Member
(Independent Director)

Imran Khalid Niazi Member
(Non-Executive Director)

The terms of reference of the Human Resource and Remuneration (HR&R) Committee include the following:

- a.** Recommendation 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;
- b.** 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 therein name and qualifications of such consultant and major terms of his/its appointment;
- c.** Recommending Human Resource Management Policies to the Board;
- d.** Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
- e.** Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer;
- f.** Where human resource and remuneration consultants are appointed, they shall disclose to the Committee their credentials as to whether they have any other connection with the Company;
- g.** Considering and making recommendations to the Board in respect of the Board's Committees and the chairmanship of the Board Committees; and
- h.** Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

GROUP LEADERSHIP

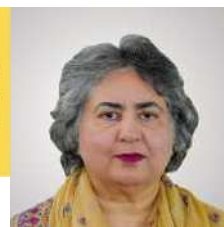
Syed Babar Ali
Advisor
Packages Limited



Syed Hyder Ali
CEO
Packages Limited
Packages Convertors Limited
IGI Life Insurance Limited



Syeda Henna Babar Ali
Advisor
Consumer Product Division



Asghar Abbas
CEO
Bulleh Shah Packaging (Private) Limited



Nasir Jamal
CEO
Tri-Pack Films Limited



Khurram Raza Bakhtayari
CEO
Packages Real Estate (Private) Limited
CFO
Packages Limited



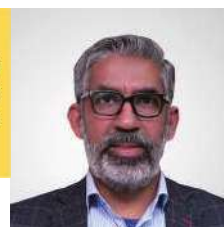
Tahir Masaud
CEO
IGI Holdings Limited
IGI General Insurance Limited



Fazeel Ur Rehman
CEO
OmyaPack (Private) Limited



Syed M. Ismail Hussain Naqvi
CEO
DIC Pakistan Limited



Khalid Abdul quddus
CEO
Packages Lanka (Private) Limited,
Sri Lanka



GROUP LEADERSHIP

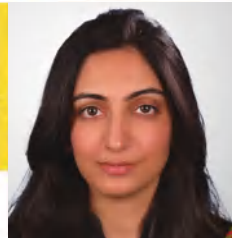
Syed Raza Hussain Rizvi
CEO
IGI Finex Securities Limited



Michael Hoffman
CEO
Flexible Packages Convertors
(Proprietary) Limited, South Africa



Iqra Sajjad
Company Secretary



Syed Aslam Mehdi
Group Head of External Affairs



Kaifee Siddiqui
Group Head of Human Resources



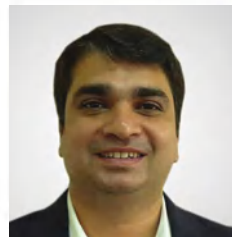
Amir Janjua
Group Head of Supply Chain



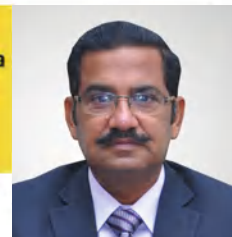
Hammad Ahmed Butt
Group Head of Internal Audit



Sajjad Iftikhar
Group Chief Investment Officer



Major Shoaib Nangiana
Group Head of Security



VISION



- Position ourselves to be a regional player of quality packaging and consumer products.
- Improve on contemporary measures including cost, quality, service, speed of delivery and mobilization.
- Keep investing in technology, systems and human resource to effectively meet the challenges every new dawn brings.
- Develop relationships with all our stakeholders based on sustainable cooperation, upholding ethical values, which the shareholders, management and employees represent and continuously strive for.

MISSION STATEMENT

- To be a leader in the markets we serve by providing quality products and superior service to our customers, while learning from their feedback to set even higher standards for our products.
- To be a company that continuously enhances its superior technological competence to provide innovative solutions to customer needs.
- To be a company that attracts and retains outstanding people by creating a culture that fosters openness and innovation, promotes individual growth and rewards initiative and performance.
- To be a company which combines its people, technology, management systems and market opportunities to achieve profitable growth while providing fair returns to its investors.
- To be a company that endeavors to set the highest standards in corporate ethics in serving the society



POLICIES

INTEGRATED MANAGEMENT SYSTEM (IMS) POLICY

We intend to be a world class Company that not only delivers quality goods & services but also takes care of its employees' health, safety & environment as a whole.

We are committed to achieving this by:

- Complying with all applicable laws and regulatory requirements;
- Setting objectives and targets for reviewing and improving management systems;
- Developing an effective IMS to prevent incidents/accidents, ill health, pollution, waste reduction, hazards and environmental impacts;
- Ensuring that all food related packaging material is produced, stored and delivered in safe and hygienic condition as per relevant requirements;
- Continually improving our Environment, Health & Safety (EHS) and food safety management system effectiveness;
- Creating a safe and work friendly environment for all stakeholders; and
- Implementing individual accountability to comply with IMS requirements

This policy is applicable to each individual whether employee, contractor / sub-contractor, supplier, visitor and all other stakeholders of Company.

QUALITY POLICY

Packages Limited is strongly committed to produce quality products that conform to consumer's requirements at a competitive price.

We shall continually improve our Quality Management System (QMS) and quality performance of all business processes.

We shall set quality objectives at all levels and allocate appropriate resources to achieve them.

We shall ensure all employees are well aware of company quality policy and are motivated to apply it in their areas of responsibility.

TOTAL PRODUCTIVE MAINTENANCE (TPM) POLICY

We believe that TPM provides the life cycle approach of improving the overall performance of the machine / equipment through:

- Improving productivity by highly motivated staff / workers;
- Satisfying the customer needs by delivering the right quantity at right time with desired quality.

We are committed to follow the TPM principles to enhance our competitive position in the market and hence financial position by achieving:

- Zero accidents;
- Zero breakdowns; and
- Zero defects

WHISTLE BLOWING POLICY

In line with our commitment towards highest standards of ethical, moral and legal business conduct and to ensure safeguarding of company's assets, reputation and business relationships, we have an established whistle blowing policy which encourages and enables all employees, contractors, suppliers, customers and other stakeholders of Packages to openly raise any concerns related to unethical behavior, corruption and fraudulent activities that may cause damage to the Company's assets and / or reputation.

All concerns raised are assessed in an objective and independent manner, with protection from retaliation or victimization, to improve the company's policies, controls and working environment.

RISK MANAGEMENT POLICY

The Company has an effective and robust mechanism for identification, assessment and reporting of all types of risk arising out of the business operations. These risks includes strategic, operational, financial or compliance risks which may compromise the achievement of overall business objectives.

Through this policy, all the departments ensure that:

- Existing and potential material risks that could impact the achievement of strategic objectives are identified, managed or mitigated;
- Risk management methods are applied appropriately;
- Appropriate resources & controls are allocated to risk areas; and
- Non-controllable risks are identified, monitored, understood and mitigated where possible.

CORE VALUES

Underlying everything we do and everything we believe in is a set of core values. Values are reasons which we regard as higher than our self-interest. These guide us to deal with every aspect of any issue we might encounter in our personal and professional lives. These values help us grow inside & outside, personally and as an organization.

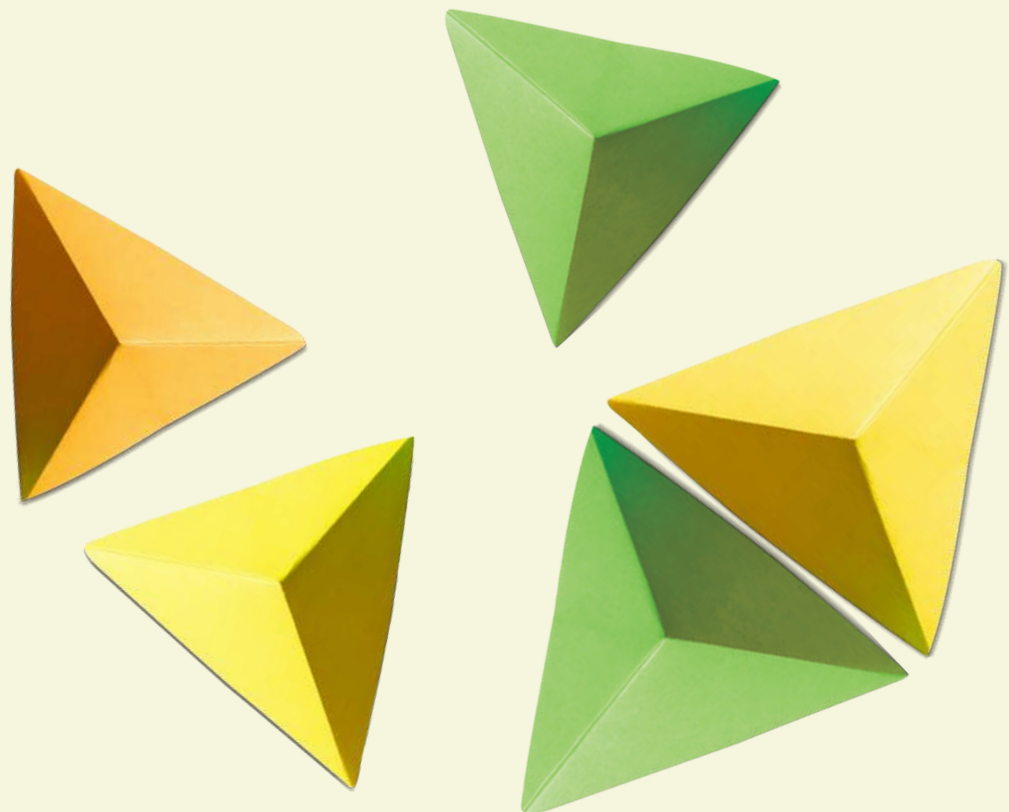
VALUES TO US

THEY ARE

Fundamental beliefs of our organization.
Not to be compromised by any individual at Packages.
Principals that direct our relationship with our customers and stakeholders.
Basic elements of how we go on about our work.
Operating philosophies that guide our internal conduct; and
Helpful in distinguishing wrong behaviors from the right ones.

THEY ARE NOT

Description of the work we do
Strategies we employ
Just to be hung on the walls
Cosmetic





CARE

- We provide care through empathy, fairness, trust and openness
- We care for the communities in which we exist; we are conscious of the impact of our activities on our environment
- We strive to improve our lives and the lives of others; we care for and grow people
- We care for all our customers; we succeed when our customer succeeds



RESPECT

- We treat others the way we want to be treated ourselves
- We value legitimate relationships based on mutual trust and respect
- We are humble in all our dealings
- We respect our organization



LEAD

- We believe in possibilities; nothing is impossible.
- We take leadership position in all our markets.
- We aspire to build authentic leaders who say what they mean and mean what they say.
- We live by our values and, appreciate and recognise the same in others.
- We add value daily and look for future opportunities. We are committed to making a great organization.



HONESTY

- Our actions are ethical and credible. We ensure transparency and fairness in all our dealings.
- We are respectful in our interactions with others and maintain the highest moral standards even in the most difficult situations.
- Our commitment to honesty is evident in our appreciation and welcoming attitude towards candid feedback.
- We remain thankful with ourselves, our people, our organization, our customers and our community in all of our dealings.



COURAGE

- We are passionate and courageous in pursuing our dreams
- The other side of fear is freedom; we value freedom
- We have the audacity to look at new challenges and adjust our sails accordingly
- We stress upon suspending self-interest for the greater good

SIX YEARS AT A GLANCE

(Rupees in thousand)	2021	2020	2019	2018	2017	2016
ASSETS EMPLOYED:						
Fixed Assets at Cost	2,286	2,175	14,736	13,184	11,514	10,068
Accumulated Depreciation/Amortization	639	586	6,835	6,459	6,190	5,665
Net Fixed Assets	1,647	1,589	7,902	6,726	5,324	4,403
Other Non-Current Assets	46,928	46,454	47,722	51,334	60,185	50,104
Current Assets	4,565	5,125	11,203	10,116	8,380	7,641
Current Liabilities	1,744	2,194	9,811	9,492	4,863	5,025
Net Current and Other Non-Current Assets	49,748	49,385	49,114	51,958	63,702	52,719
Net Assets Employed	51,396	50,974	57,015	58,683	69,026	57,122
FINANCED BY:						
Paid up Capital	894	894	894	894	894	894
Reserves	46,658	48,191	51,422	54,934	64,166	51,284
Preference Shares/Convertible stock reserve	606	606	606	606	606	606
Shareholder's Equity	48,158	49,691	52,922	56,434	65,666	52,784
Deferred Liabilities	747	342	1,261	1,229	1,027	736
Lease liabilities	-	-	41	-	-	-
Long Term Finances	2,483	933	2,733	933	2,267	3,602
Long term advances	8	8	59	87	66	-
Total Non-Current Liabilities	3,237	1,283	4,093	2,249	3,360	4,338
Total Funds Invested	51,396	50,974	57,015	58,683	69,026	57,122
Invoiced Sales-Gross	-	15,420	27,548	24,822	21,389	19,794
Materials Consumed	-	5,619	13,899	12,913	10,226	9,313
Cost of Goods Sold	-	9,941	18,543	17,419	14,370	13,221
Gross Profit	-	2,889	4,373	3,280	3,524	3,618
Employees Remuneration	182	1,594	2,699	2,520	2,331	2,209
Profit/(loss) from Operations	685	1,701	1,287	941	1,328	1,797
Profit before Tax	4,664	2,836	2,166	3,445	7,156	6,961
Profit/(loss) After Tax	4,122	2,820	1,346	2,736	6,216	5,596
Key Ratios:						
Liquidity						
Current Ratio	2.62	2.34	1.14	1.07	1.71	1.52
Quick Ratio	2.60	0.08	0.72	0.67	1.20	1.07
Gearing						
Debt : Equity Ratio	5:95	2:98	5:95	4:96	5:95	7:93
Return on Equity (%)	8.56	5.67	2.54	4.85	9.47	10.60
Investment						
Basic EPS (Rs.)	46.12	31.55	15.06	29.69	69.05	62.61
Diluted EPS (Rs.)	43.84	30.48	14.93	29.18	65.02	58.45
Price - Earning Ratio	10.78	18.92	23.64	13.03	7.38	13.58
Interest Cover Ratio	23.89	4.72	3.08	7.87	17.96	6.43
Dividend Yield (%)	5.53	3.77	3.37	3.88	5.88	2.94
Dividend Cover Ratio	1.68	1.40	1.26	2.04	2.32	2.50
Cash dividend %	275.00	225.00	120.00	150.00	300.00	250.00
Break-up value per Ordinary share (Rs.)	532.03	549.17	585.32	624.62	727.90	583.78
Market Value per Ordinary Share - Year End (Rs.)	497.27	596.92	356.00	386.82	509.83	850.05
Cash Dividend per share	27.50	22.50	12.00	15.00	30.00	25.00

HORIZONTAL & VERTICAL ANALYSIS

BALANCE SHEET

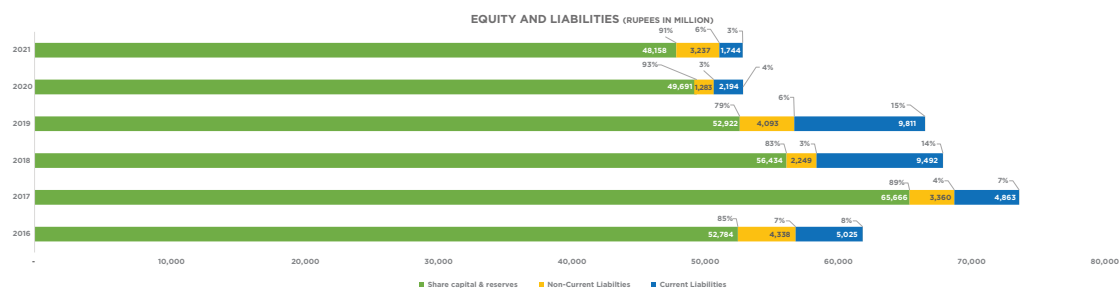
HORIZONTAL ANALYSIS

(Rupees In Million) EQUITY & LIABILITIES	2021 Rs.	21 vs 20 %	2020 Rs.	20 vs 19 %	2019 Rs.	19 vs 18 %	2018 Rs.	18 vs 17 %	2017 Rs.	17 vs 16 %	2016 Rs.	16 vs 15 %	2015 Rs.
SHARE CAPITAL & RESERVES													
Issued, subscribed and paid up capital	894	-	894	-	894	-	894	-	894	-	894	1.11	884
Preference shares /convertible stock of Rs 190 each	606	-	606	-	606	-	606	-	606	-	606	(53.72)	1,310
Reserves	42,351	(5.95)	45,029	(8.26)	49,084	(4.79)	51,550	(10.62)	57,673	16.39	49,550	18.32	41,878
Un-appropriated profit / (loss)	4,308	36.24	3,162	35.21	2,338	(30.90)	3,384	(47.88)	6,492	274.40	1,734	(53.32)	3,715
NON-CURRENT LIABILITIES													
Long term finances	2,483	166.19	933	65.87)	2,733	193.00	933	(58.62)	2,254	(36.96)	3,576	(4.12)	3,729
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	13	(49.36)	26	(5.77)	28
Lease liabilities	-	-	-	-	41	-	-	-	-	-	-	-	-
Long term advances	8	(5.64)	8	(86.14)	59	(32.51)	87	32.68	66	-	-	-	-
Deferred taxation	94	-	-	-	462	27.76	362	5.22	344	(0.12)	344	39.80	246
Retirement benefits	601	98.41	303	(51.22)	621	21.30	512	42.80	358	310.36	87	115.97	40
Deferred liabilities	52	32.15	39	(77.93)	178	(49.89)	356	9.50	325	6.62	305	51.31	202
CURRENT LIABILITIES													
Current portion of long-term finances	9	310.81	2	(99.02)	221	(83.34)	1,329	(1.02)	1,342	131.94	579	47.53	392
Finances under mark up arrangements - secured	21	(95.34)	453	(92.07)	3,486	1.39	3,438	14.92	2,992	5.06	2,848	(13.12)	3,278
Trade and other payables	1,498	(0.88)	1,511	(56.65)	55	(11.01)	62	57.81	39	-	-	-	-
Unclaimed dividend	59	7.53	55	(0.82)	335	34.43	249	31.40	190	(14.42)	222	(36.52)	349
Accrued Finance Cos	157	(8.75)	173	(48.51)	-	-	-	-	-	-	-	-	-
TOTAL	53,140	(0.05)	53,168	(20.44)	66,827	100	68,176	100	73,889	100	62,148	100	56,936

VERTICAL ANALYSIS

(Rupees In Million) EQUITY & LIABILITIES	2021		2020		2019		2018		2017		2016		2015	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
SHARE CAPITAL & RESERVES														
Issued, subscribed and paid up capital	894	1.68	894	1.68	894	1.34	894	1.31	894	1.21	894	1.44	884	1.55
Preference shares /convertible stock of Rs 190 each	606	1.14	606	1.14	606	0.91	606	0.89	606	0.82	606	0.98	1,310	2.30
Reserves	42,351	79.70	45,029	84.69	49,084	73.45	51,550	75.61	57,673	78.05	49,550	79.73	41,878	73.55
Un-appropriated profit / (loss)	4,308	8.11	3,162	5.95	2,338	3.50	3,384	4.96	6,492	8.79	1,734	2.79	3,715	6.52
NON-CURRENT LIABILITIES														
Long term finances	2,483	4.67	933	1.75	2,733	4.09	933	1.37	2,254	3.05	3,576	5.75	3,729	6.55
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	13	0.02	26	0.04	28	0.05
Lease liabilities	-	-	-	-	41	0.06	-	-	-	-	-	-	-	-
Long term advances	8	0.01	8	0.02	59	0.09	87	0.13	66	0.09	-	-	-	-
Deferred taxation	94	0.18	-	-	462	0.69	362	0.53	344	0.47	344	0.55	246	0.43
Retirement benefits	601	1.13	303	0.57	621	0.93	512	0.75	358	0.48	87	0.14	40	0.07
Deferred liabilities	52	0.10	39	0.07	178	0.27	356	0.52	325	0.44	305	0.49	202	0.35
CURRENT LIABILITIES														
Current portion of long-term finances	9	0.02	2	0.00	221	0.33	1,329	1.95	1,342	1.82	579	0.93	392	0.69
Finances under mark up arrangements - secured	21	0.04	453	0.85	3,486	5.22	3,438	5.04	2,992	4.05	2,848	4.58	3,278	5.76
Trade and other payables	1,498	2.82	1,511	2.84	55	0.08	62	0.09	39	0.05	-	-	-	
Unclaimed dividend	59	0.11	55	0.10	335	0.50	249	0.37	190	0.26	222	0.36	349	0.61
Accrued Finance Cost	157	0.30	173	0.32	-	-	-	-	-	-	-	-	-	
Total	53,140	100	53,168	100	66,827	100	68,176	100	73,889	100	62,148	100	56,936	100

	2021	2020	2019	2018	2017	2016
Share capital & reserves	48,158	49,691	52,922	56,434	65,666	52,784
%	91%	93%	79%	83%	89%	85%
Non-Current Liabilities	3,237	1,283	4,093	2,249	3,360	4,338
%	6%	3%	6%	3%	4%	7%
Current Liabilities	1,744	2,194	9,811	9,492	4,863	5,025
%	3%	4%	15%	14%	7%	8%



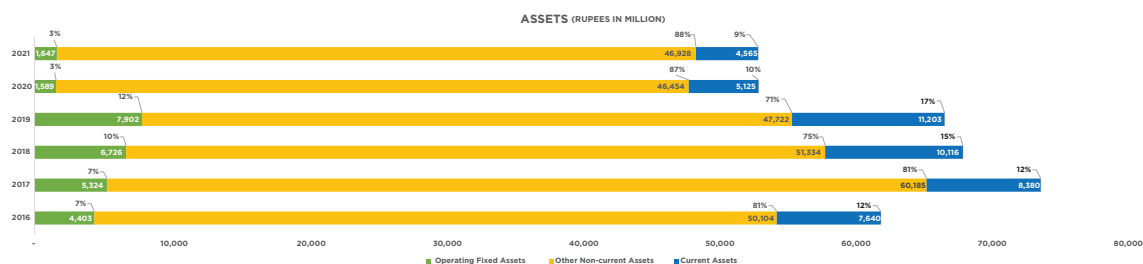
HORIZONTAL ANALYSIS

(Rupees In Million)	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15	2015
ASSETS	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
NON-CURRENT ASSETS													
Property, plant and equipment	187	13.77	165	(97.74)	7,286	11.30	6,546	26.26	5,185	21.71	4,260	11.97	3,804
Right-of-use assets	-	-	-	-	63	-	-	-	-	-	-	-	-
Investment property	1,458	2.55	1,422	191.66	487	336.73	112	(17.14)	135	1.14	133	(14.31)	155
Intangible assets	2	(19.72)	3	(95.99)	65	(3.42)	67	1,338.46	5	(52.48)	10	(52.40)	21
Investments	46,923	1.59	46,186	(3.20)	47,714	(7.03)	51,323	(14.70)	60,166	20.15	50,078	11.29	44,998
Long term security deposits	5	(4.10)	5	(31.23)	8	(8.94)	9	(42.66)	15	(42.66)	26	(33.86)	39
Long term loans	-	-	-	-	0.3	(88.09)	2	(27.14)	3	-	-	-	-
Deferred taxation	-	-	262.5	-	-	-	-	-	-	-	-	-	-
CURRENT ASSETS													
Stores and spares	-	-	-	-	658	32.12	498	17.99	422	5.03	402	(17.63)	488
Stock-in-trade	-	-	-	-	3,439	10.04	3,125	59.87	1,955	10.51	1,769	(0.64)	1,780
Current portion of long term investment	-	-	-	-	-	-	10	-	-	-	-	-	-
Short term investments	235	-	-	-	80	-	-	-	-	-	-	-	-
Trade debts	10	(85.93)	74	(97.56)	3,045	18.54	2,569	7.38	2,392	10.14	2,172	21.95	1,781
Loans, advances, deposits, prepayments and other receivables	1,038	(46.13)	1,927	124.60	858	2.77	835	14.53	729	(32.57)	1,081	(19.69)	1,346
Income Tax Receivable	2,913	(2.79)	2,997	3.76	2,888	(4.28)	3,017	11.75	2,700	27.00	2,126	(12.19)	2,421
Cash and bank balances	368	190.63	127	(46.12)	235	276.11	63	(65.69)	182	101.08	91	(10.94)	102
TOTAL	53,140	(0.05)	53,168	(20.44)	66,827	(1.98)	68,176	(7.73)	73,889	18.89	62,148	9.16	56,936

VERTICAL ANALYSIS

(Rupees In Million)	2021		2020		2019		2018		2017		2016		2015	
ASSETS	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
NON-CURRENT ASSETS														
Property, plant and equipment	187	0.35	165	0.31	7,286	10.90	6,546	9.60	5,185	7.02	4,260	6.85	3,804	6.68
Right-of-use assets	-	-	-	-	63	0.09	-	-	-	-	-	-	-	-
Investment property	1,458	2.74	1,422	2.67	487	0.73	112	0.16	135	0.18	133	0.21	155	0.27
Intangible assets	2	0.00	3	0.00	65	0.10	67	0.10	5	0.01	10	0.02	21	0.04
Investments	46,923	88.30	46,186	86.87	47,714	71.40	51,323	75.28	60,166	81.43	50,078	80.58	44,998	79.03
Long term security deposits	5	0.01	5	0.01	8	0.01	9	0.01	15	0.02	26	0.04	39	0.07
Long term loans	-	-	-	-	0.3	0.00	2	0.00	3	0.00	-	-	-	-
Deferred taxation	-	-	262.5	0.49	-	-	-	-	-	-	-	-	-	-
CURRENT ASSETS														
Stores and spares	-	-	-	-	658	0.98	498	0.73	422	0.57	402	0.65	488	0.86
Stock-in-trade	-	-	-	-	3,439	5.15	3,125	4.58	1,955	2.65	1,769	2.85	1,780	3.13
Current portion of long term investment	-	-	-	-	-	-	10	0.01	-	-	-	-	-	
Short term investments	235	0.44	-	-	80	0.12	-	-	-	-	-	-	-	
Trade debts	10	0.02	74	0.14	3,045	4.56	2,569	3.77	2,392	3.24	2,172	3.49	1,781	3.13
Loans, advances, deposits, prepayments and other receivables	1,038	1.95	1,927	3.62	858	1.28	835	1.22	729	0.99	1,081	1.74	1,346	2.36
Income Tax Receivable	2,913	5.48	2,997	5.64	2,888	4.32	3,017	4.43	2,700	3.65	2,126	3.42	2,421	4.25
Cash and bank balances	368	0.69	127	0.24	235	0.35	63	0.09	182	0.25	91	0.15	102	0.18
TOTAL	53,140	100	53,168	100	66,827	100	68,176	100	73,889	100	62,148	100	56,936	100

	2021	2020	2019	2018	2017	2016
Operating Fixed Assets	1,647	1,589	7,902	6,726	5,324	4,403
%	3%	3%	12%	10%	7%	7%
Other Non-current Assets	46,928	46,454	47,722	51,334	60,185	50,104
%	88%	87%	71%	75%	81%	81%
Current Assets	4,565	5,125	11,203	10,116	8,380	7,640
%	9%	10%	17%	15%	12%	12%



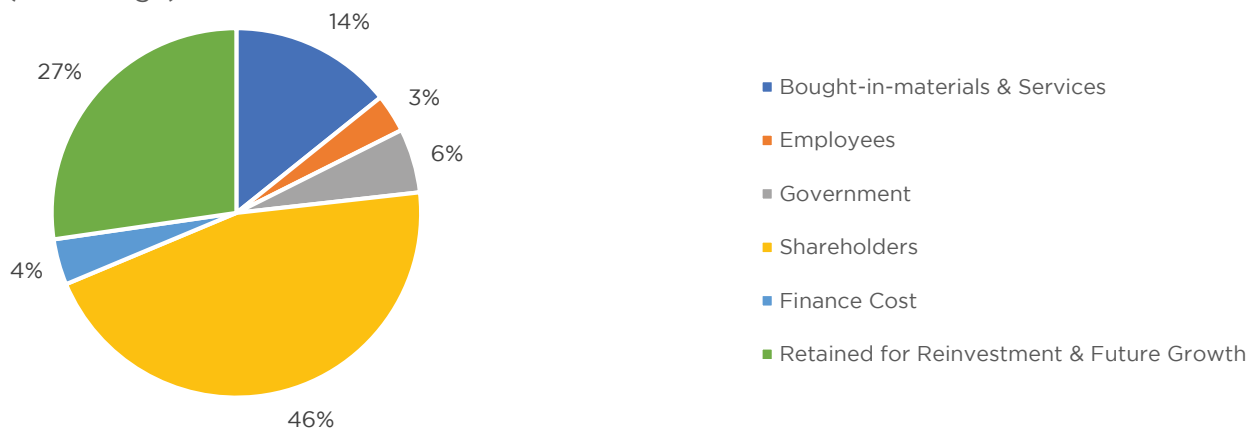
VALUE ADDED & ITS DISTRIBUTION

The statement below shows value added by the operations of the Company and its distribution to the stakeholders.

(Rupees in thousand)	2021		2020		2019	
WEALTH GENERATED						
Sales	4,195,733		15,420,119		27,547,722	
Dividend Income	1,269,725		1,916,898		1,934,288	
Other Income			406,333		326,972	
	5,465,458	100%	17,743,350	100%	29,808,982	100%
WEALTH DISTRIBUTED						
Bought-In-Materials & Services	830,185	15%	11,116,799	63%	22,272,152	74%
To Employees Remuneration, Benefits And Facilities	181,528	3%	1,593,791	9%	2,698,754	9%
To Government Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, Eobi & Social Security Contribution, Professional & Local Taxes	303,557	6%	1,354,541	8%	2,417,011	8%
To Providers Of Capital Cash Dividend To The Ordinary Shareholders	2,457,936	45%	2,011,039	11%	1,072,554	4%
Finance Costs	217,074	4%	782,263	4%	1,055,940	4%
Retained For Reinvestment & Future Growth / (Utilized From Reserves)	1,475,178	27%	884,917	5%	292,571	1%
	5,465,458	100%	17,743,350	100%	29,808,982	100%

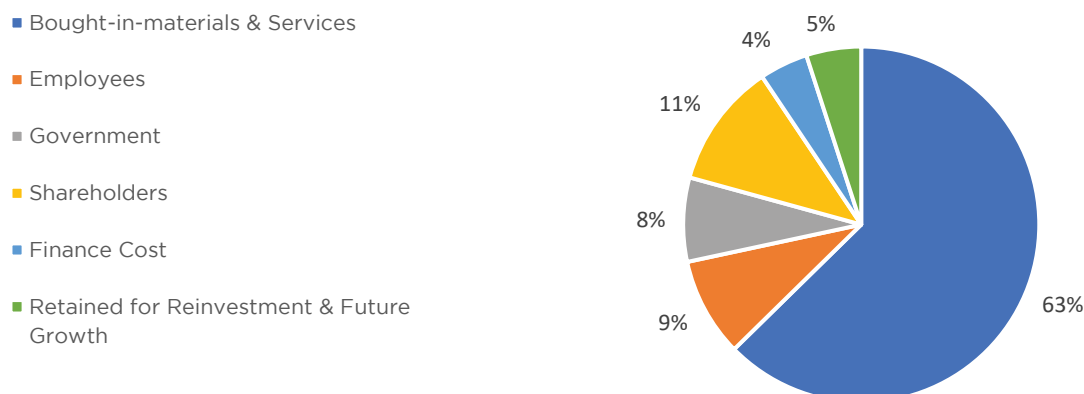
Wealth Generated & Distributed - 2021

(Percentage)



Wealth Generated & Distributed - 2020

(Percentage)

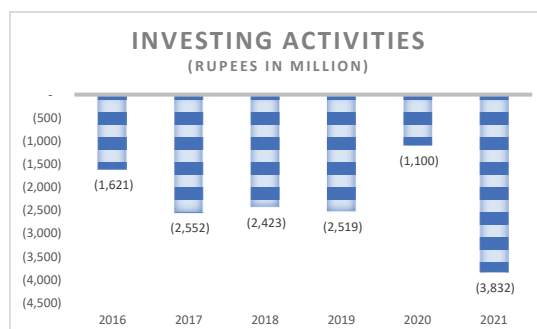
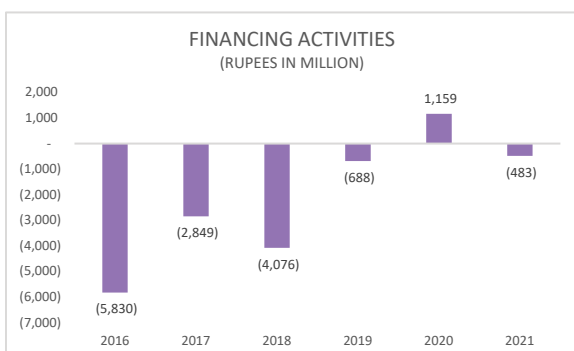
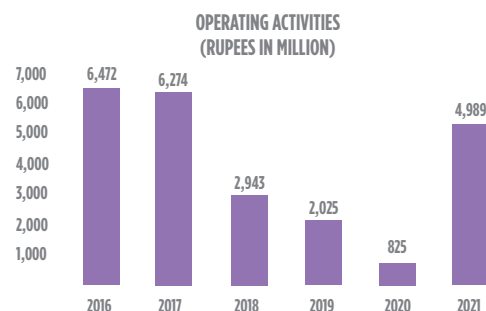


SOURCES & APPLICATION OF FUNDS

OVER THE LAST SIX YEARS

(Rupees in thousand)	2021	2020	2019	2018	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES						
Cash generated from operations	214,748	2,312,377	1,844,199	825,675	2,252,114	2,323,393
Finance cost paid	(230,904)	(913,524)	(963,463)	(465,034)	(477,465)	(525,475)
Taxes paid & refund - net	(275,401)	(456,940)	(575,521)	(975,744)	(1,437,792)	(1,278,772)
Long term loans - net	-	379	2,563	1,190	2,864	-
Long term security deposits - net	220	2,288	763	(6,230)	(1,471)	-
Payments for accumulating compensated absences	(1,248)	(4,130)	(226,947)	(33,490)	(21,595)	(26,046)
Retirement benefits paid	(5,972)	(72,287)	(25,679)	(23,739)	(21,339)	(17,917)
Dividends received	5,287,607	825,024	2,025,215	2,942,799	6,273,905	6,472,005
Net cash inflow / (outflow) from operating activities	4,989,050	1,693,187	2,081,130	2,265,427	6,569,221	6,947,188
CASH FLOW FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(141,369)	(699,639)	(1,995,235)	(2,215,130)	(1,663,202)	(1,026,871)
Investments made in equity securities	(3,723,151)	(443,811)	(614,538)	(289,614)	(958,526)	(701,167)
Long term advances - net	10,765	663	3,336	20,680	(2,476)	13,289
Investments made in government securities	-	-	-	-	(1,599,994)	-
Proceeds from disposal of government securities	-	-	-	-	1,603,171	-
Proceeds from disposal of property, plant and equipment	21,391	42,396	77,281	60,846	69,455	93,797
Proceeds from disposal of investments	-	-	10,000	-	-	-
Net cash (used in) / generated from investing activities	(3,832,364)	(1,100,391)	(2,519,156)	(2,423,218)	(2,551,572)	(1,620,952)
Cash flow from financing activities						
Repayment of long term finances	-	-	(1,321,450)	(1,321,420)	(571,420)	(1,885,710)
Proceeds from long-term finances	1,550,000	2,243,333	2,000,000	-	-	3,000,000
Repayment of liabilities against assets subject to finance lease - net	-	-	-	(13,730)	(10,617)	(7,438)
Redemption of preference shares	-	-	-	-	-	(5,601,500)
Repayment of lease liabilities	-	(11,588)	(19,519)	-	-	-
Participating dividend on preference shares paid	-	-	-	(82,499)	(45,000)	-
Dividend paid	(2,033,175)	(1,073,007)	(1,347,518)	(2,658,674)	(2,221,580)	(1,335,268)
Net cash (used in) / generated from financing activities	(483,175)	1,158,738	(688,487)	(4,076,323)	(2,848,617)	(5,829,916)
Net increase / (decrease) in cash and cash equivalents	673,511	1,751,534	(1,126,513)	(4,234,114)	1,169,032	(503,680)
Short term borrowings transferred to Packages Convertors Limited	-	3,400,000	-	-	-	-
Cash and cash equivalents at the beginning of the year	(326,482)	(5,478,016)	(4,351,503)	(117,389)	(1,286,421)	(782,741)
Cash and cash equivalents at the end of the year	347,029	(326,482)	(5,478,016)	(4,351,503)	(117,389)	(1,286,421)

	2016	2017	2018	2019	2020	2021
Operating	6,472	6,274	2,943	2,025	825	5,288
Investing	(1,621)	(2,552)	(2,423)	(2,519)	(1,100)	(3,832)
Financing	(5,830)	(2,849)	(4,076)	(688)	1,159	(483)



ENVIRONMENT & ENERGY

WORLD WATER DAY

(Awareness Session by WWF)

World Water Day is celebrated on 22nd March worldwide. Packages Limited also joined the celebration by having an awareness session from WWF for its employees. The session emphasized on the importance of water conservation and had a brainstorming activity for identifying water conservation projects to be implemented at home, offices/workplace, and industrial processes.

WORLD EARTH DAY CELEBRATION

Packages Limited endorses and take steps to support environmental movement to drive transformative change for people and the planet and on the same notion, World Earth Day was celebrated by Packages Limited on 22nd April 2021. On-floor awareness sessions were carried out in connection with this year's global theme of "Restore our Earth". Key topics discussed during the sessions included Food Waste, Plastics Waste, Water & Energy Conservation.



SMOG AWARENESS AND PREVENTION

Air Pollution remained a challenge for Pakistan in the last quarter of 2021, in particular Lahore where Smog had been prevalent towards the year end. This required immediate action at both individual and collective level. It was important to raise awareness among employees on what smog is, what are its causes and what can be done to reduce it. Therefore, keeping all these questions in kind, an awareness session was planned with WWF Pakistan for employees of Packages Limited and Group companies operating in Lahore.





PLASTICS ALLIANCE coRe AND WASTE BIN PROJECT

Packages Limited participated in 1st National Stakeholder convention on Collective action to deal with Plastic Packaging Waste organized by CoRe Alliance and Ministry of Climate Change in Islamabad. Core is the first ever alliance of leading consumer goods and packaging companies, recyclers and non-governmental organizations in Pakistan formed with the mission to eliminate packaging waste by enabling formal collection & recycling and envisions to create a circular economy by reducing packaging footprint through sustainable and innovative practices. The main agenda points of the session were deliberating on the challenge of packaging waste collection and sorting mechanism, working on innovative solutions to ensure sustainable packaging & setting up recycling infrastructure and hence moving towards circular economy. Not only this, Packages, being a member of CoRe (Collect and recycle), also participated in its initiative to install 250 waste-bins in Islamabad in partnership with Capital Development Authority. As part of this joint initiative, Fatima Jinnah Park and Lake View Park will each see installation of 125 waste bins, that will encourage citizens to dispose waste more responsibly and improve circular economy. Contributors for the waste-bin project include CoRe members Coca-Cola, Ecolean, FrieslandCampina, METRO, Nestlé, Novatex, Packages Limited, PepsiCo, SPEL and Unilever.

HEALTH

COVID VACCINATION CAMPAIGN AND CONTINUED COVID PROTOCOLS

Realizing the importance of Covid Vaccination, a campaign “I’m Vaccinated” has been launched to motivate the groupwide employees to get them vaccinated. Testimonials from the top management and floor staff who got vaccinated were circulated, “I’m vaccinated” badges were given to the staff who got their vaccination done, and FAQs about vaccine were also circulated as a part of this program.

Not only this, a special vaccination camp has also been set up at Packages Mall with the support of Government Health Department. The campaign has been an immense success with number of vaccinated employees increasing everyday throughout the group. PL aim is to target 100% vaccination of its workforce in order to make sure that its people are healthy and protected amid the pandemic situation.

Furthermore, compliance of all Covid protocols was continued to be reinforced and was strictly adhered by all employees and continuous awareness on Covid is being done along with Covid Bulletins emphasizing on following the SOPs to ensure safety of lives and livelihoods of all.



WORLD TUBERCULOSIS DAY

(Awareness Session)

World Tuberculosis Day is observed on 24th March every year. This year Packages Limited organized an online awareness session through company doctor, Dr. Ali Muqaddas which covered topics like understanding Tuberculosis (TB), symptoms of TB and its prevention.



WORLD HEALTH DAY CELEBRATION

Continuing our agenda for wellbeing of our people - World Health Day was celebrated on 7th April 2021 at Packages Limited with a virtual awareness session held by company doctor, Dr. Ali Muqaddas. Major discussion points were precautions against Covid Pandemic, its prevention and control alongside the role of vaccine in ending this pandemic soon.

WORLD NO TOBACCO DAY

An online awareness session on World No Tobacco Day (31st May) was conducted on 8th June 2021 by Dr. Ali Muqaddas which covered topics like Theme of the day "Commit to Quit", Smoking health risks, Nicotine Withdrawal Symptoms, Passive Smoking and how to have a smoking free life style.



KEYS TO A PSYCHOLOGICALLY SAFER WORKPLACE

(Awareness Session)

A Virtual awareness session on “Keys to a Psychologically Safer Workplace” was conducted by Dr. Aale and Dr. Ali Muqqadas emphasizing the importance of mental health at workplace especially during the testing time of COVID-19. Overcoming the fears developed from pandemic, signs of depression and addressing the concerns of employees on/off work during Covid were the main highlights of the session.



COLLABORATION WITH REGULATORS FOR DENGUE CONTROL & PREVENTION

Packages Limited in collaboration with DDHO Cantt has organized an awareness session for effective dengue control at site. Colleagues from Mall, BSP and DIC on site were part of this session where learnings imparted to primary and secondary team members of Dengue control will be transferred ahead to teams on ground.

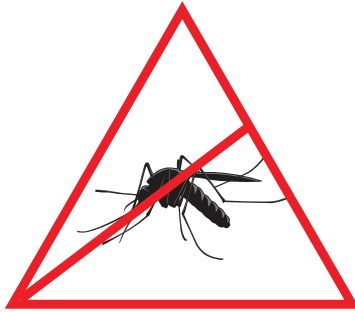
The session focused on awareness about dengue mosquito, identification of dengue larvae, dengue hazards and dengue preventive controls. DDHO Government Health Department graced the session as a special guest and was also presented with 3 Dengue Spray Pumps as a goodwill gesture from Packages Limited.

Packages Limited team have shown commitment to control the dengue at individual as well as societal level in areas of influence and has shown commitment to concerned regulatory body for extended possible support.

EFFECTIVE DENGUE PREVENTION & CONTROL FRAMEWORK

During the prevalent dengue breeding season, robust action was required to take all necessary preventive measures to control its spread. For that purpose, primary and secondary dengue control teams have been revamped which are responsible for continuous surveillance in their respective department boundaries, area wise responsibilities have been assigned and a central SOP has been put in place to tackle this challenge.

Continuous awareness sessions & internal audits were done by the teams along with regular spray and fumigation being carried out to keep all our employees safe from dengue.



OCCUPATIONAL SAFETY

CELEBRATING SAFETY & STRIVING TO ACHIEVE THE GOAL OF 'NO WORKPLACE INCIDENTS'

Group Company, Packages Convertors Limited celebrated 227 LTA-free days. Celebrations were done in presence of concerned leadership team to motivate floor staff in continuing in year 2021 and onwards with the same spirit. This achievement was only possible through worker's engagement & management commitment, focus on incident specific controls & trainings and enforcement of EHS Compliance & SOPs via local safety team.



DEFENSIVE DRIVING TRAINING

(By National Highways & Motorway Police)

A very informative collaboration was done with National Highways and Motorway Police by organizing an awareness session on defensive driving for Forklift/stacker operators, tractor trolley drivers, company pool car drivers and sales team. Key points discussed included distracted driving, aggressive driving, use of lights, bad weather conditions, tyre conditions, heavy vehicles etc.

SAFETY PRECAUTIONS DURING MONSOON

(Awareness Sessions)

During the monsoon season, many people can get effected and injured due to the hazards that prevail in the surroundings. Therefore, it is important to make our people aware on how they can keep themselves safe during such days. Serving this purpose, we organized several training sessions at group companies highlighting the hazards and risks during rainy days and safety measures that need to be taken against them. Besides awareness through TBTs on floor, awareness through virtual awareness connects was also done.



SAFE DRIVING DURING FOG

(Awareness Sessions with National Highways & Motorway Police)

Driving during fog is a challenging task in winters and poses a serious safety hazard on roads. Therefore an awareness session was organized for the employees with the help of National Highways and Motorway Police. Focused Driving and Safety Measures to be taken during Fog followed by a QnA session with NH&MP Team were the key highlights of the session.

HAND SAFETY CAMPAIGN

A hand safety campaign has been launched to raise safety awareness in employees for activities where hand safety is critical while performing a specific task. Regular on-floor sessions are being done as a part of this campaign, focusing on safe work SOPs and their implementation.



EARTHQUAKE DRILL

Emergency mock drills on Earthquake was conducted in group companies focusing on Drop, Cover & Roll method, necessary energy isolations, post-earthquake checks and do's and don'ts during after-shocks. The drill proved to be very useful for the participants for whom the key learnings were relatable and practical in their work life and normal routine as well.



IMPROVED FIRE SAFETY MEASURES

Group companies have worked on Improved fire safety measures by installation of high-pressure Fire water monitors at fire critical areas along with training of concerned ERP Teams on its operation. This will help in Quick Fire Fighting Operation as well as Long range & distant fire Fighting.





WORLD DAY FOR SAFETY & HEALTH AT WORK

World Day for Safety & Health at Work was celebrated on 28th April 2021, by having awareness sessions at different departments discussing safety related topics like Electrical Safety, Chemical Safety, Road Safety, Plant Safety, Behaviour Based Safety and particularly Covid 19.

STAKEHOLDER ENGAGEMENT SITE VISIT OF RESCUE 1122

Rescue 1122 was engaged to have a detailed walkaround of the best practices on account of fire safety Infrastructure installed. Another objective of the session was to have a thorough review of existing fire safety arrangements at PCL site and identifying improvement areas in order to continually improve and upgrade our emergency response system – as safety of people and assets is one of the prime key objective in EHS Management System. The visit included inspection and review of PCL Fire Tender and Fire Hydrant system followed by survey of other areas.



EMERGENCY RESPONSE PREPAREDNESS MOCK DRILL WITH RESCUE 1122

To enhance the Emergency team capabilities, knowledge, and readiness to ensure site safety by timely and properly tackling an emergency, a Mock Drill on Emergency Response Preparedness was done in collaboration with Rescue 1122.

Main aspect of drill covers practical demonstration of:

- Firefighting with fire extinguisher and fire hydrant.
- Rescue of Injured or trapped persons during emergency.
- Inspection & Monitoring of firefighting truck.
- Gauging sync between company and Rescue 1122 for effective emergency control.



BASIC LIFE SUPPORT & FIRE SAFETY

(Awareness Sessions)

Taking another step towards improved fire safety and emergency response, an awareness session on “Basic Life Support & Fire Safety” was conducted through Rescue 1122. Audience from Packages Convertors Limited along with other group companies like Packages Mall, IGI and DIC were engaged. Practical demonstration on basic life support skills like CPR, bleeding control techniques, safe mobility of patients and operation of fire extinguishers were the key highlights of this extensive awareness session.

FIRE SAFETY CAPACITY ENHANCEMENT RAPID INTERVENTION VEHICLE



SAFE INSTALLATION OF SOLAR PROJECT

A 3.12 MW customized solar installation by Zero Carbon at group company, Packages Convertors Limited has been completed. The project was done with particular focus on safety for the workers involved in its installation. Total 26,055 safe man hours were clocked making it 120 safe working days with zero safety or environmental incident reported. This was made possible with joint efforts from Zero Carbon and Packages Group through regular inspection and auditing along with frequent safety briefings.

Following the principle of Continual Improvement, a rapid intervention vehicle (RIV) for firefighting has been added in the fire safety infrastructure enhancing the fire fighting capacity of our Fire Team. RIV is a fast-moving fire fighting vehicle which will increase the Fire Fighting efficiency, thus enabling a better emergency response.



PEOPLE EXCELLENCE

LAUNCH OF A GROUP-WIDE SUMMER INTERNSHIP PROGRAM

This year Packages Group successfully executed a Group-Wide Summer Internship Program, across 10 business units. The program was launched on Rozee.PK via our respective LinkedIn Pages. This proved to be a great success where we reached more than 40,000 impressions resulting in a total footfall of 3,116 applicants of which 40% were females. Packages Convertors Limited, followed by Tri-Pack Films limited remained to be a popular choice amongst candidates accounting for 61% of the footfall. The applicants were put through a thorough screening and selection process and upon conclusion, we were able to onboard 68 interns across the Group who were welcomed with a grand orientation and lunch on Day 01. The Summer Internship program lasted for 06-08 weeks and during which our Interns were given multiple opportunities to rub shoulders with the senior management itself. This included a connection with our Chairman, Syed Babar Ali and the Group Head Human Resources. The interns too were taken on a field trip to Syeda Wala Farm of the Ali family and Bulleh Shah Packaging's, Kasur Plant. After the internship, the interns presented their projects to their managers for evaluation and were thanked profusely for their time and efforts. Each intern was awarded a certificate from respective business units in which they had been placed for the internship. The program not only helped strengthen our employer brand but also helped us build a robust talent pipeline for the Group Management Trainee Program.





LAUNCH OF THE GROUP MANAGEMENT TRAINEE PROGRAM

A group-wide Management Trainee program was launched for the first time with the young talent deputed across the group companies in various locations. With over 5,000 applicants from across Pakistan, a stringent recruitment process saw the top 13 candidates join the group. A diverse pool of business and engineering professionals, from universities such as LUMS, IBA, LSE, GIKI, NUST and UET were onboarded through an intensive week-long orientation at the packages head office. The program will see the participants rotate across different functions or companies to develop their understanding of the value chain and equip them with a varied skillset.

STRENGTH-TO-STRENGTH PROGRAM

2021 also saw the launch of the Strength-to-Strength Program which was led Syeda Henna Babar Ali. It helped promote employee development through short virtual sessions during the pandemic's first wave, when remote working was the new norm. The program saw employees from the various geographic locations and companies come together under one platform and developed their capability to work effectively while supporting the human needs of their team. Programs on Goal Orientation, Leadership & Excellence, Lead to Change Yourself were attended by over 160 employees across the Group.

SOCIETY

We firmly believe that for an organization to be successful and for it to create value for its shareholders, it must also create value for its society. We consider it our responsibility to make sustainable positive impact on the communities in which we operate. Whether it's through the grants we provide to various organizations that share our mission or through the inspiring volunteer efforts, we are passionate about helping people live better.

We strive to contribute to societal welfare through providing educational opportunities, employment, sponsoring various events, promoting culture, arts and awareness campaigns.

COMMUNITY WELFARE SCHEMES

As a corporate citizen, we have consistently and consciously tried to make a difference in the society by our corporate giving, assistance in community development and supporting groups; aiming for a progressive social change and the up-lift of the community at large.

LADIES & CHILDREN AREA

To provide a liberating environment to our female employees and to improve the gender ratio, Packages Convertors Limited has established a state of the art "Ladies & Children Area" which includes Daycare, Ladies gym, Ladies common room, children playing area, ladies praying area & a self-service kitchen. This is the first of its kind facility in Pakistan Corporate sector and we hope that our female employees will benefit from it.

LONG SERVICE AWARDS

Every year, as a token of appreciation for the continued association. Every year, as a token of appreciation for the continued association with us, we give awards to our employees who achieve a significant milestone of service years.

GENDER DIVERSITY & EQUAL OPPORTUNITIES FOR WOMEN

Packages Limited has a firm conviction that gender diversity is vital for any organization to grow. Our Company has always been inclined towards creating a conducive and friendly work environment for both women and men which allows them to have equal opportunities to grow and enables them to participate in decision making at all levels, thus transcending all gender barriers and discrimination may it be production, marketing, hr, sales, supply chain, ehs or any other field. Women in Packages Limited have always proved themselves to be capable and beneficial for the organization and their number are increasing significantly every year.

SCHOLARSHIPS

We offer merit scholarships to the children of our employees to appreciate their talent and promote healthy competition in the form of monetary re-imburements that vary with the level of education.

HAJJ FACILITY

Every year, Packages has the privilege to send its employees for hajj through ballot. We bear all expenses of these employees pertaining to this religious offering.

CORPORATE CALENDAR



ANNUAL REPORT 2021



MAJOR EVENTS AND MEETINGS



BOARD MEETINGS OTHER THAN FINANCIALS

- **January 26, 2021**
Board Meeting
- **February 12, 2021**
Board Meeting
- **December 17, 2021**
Board Meeting



BOARD & AUDIT MEETINGS FOR ANNUAL/QUARTERLY RESULTS

- **March 15 & 19, 2021**
Audit Committee and BOD meeting to consider annual accounts of the Company for the year ended December 31, 2020
- **April 22 & 23, 2021**
Audit Committee and BOD meeting to consider quarterly accounts of the Company for the period ended March 31, 2021
- **August 25 & 26, 2021**
Audit Committee and BOD meeting to consider half yearly accounts of the Company for the period ended June 30, 2021
- **October 27 & 28, 2021**
Audit Committee and BOD meeting to consider quarterly accounts of the Company for the period ended September 30, 2021



OTHERS

- **March 16, 2021**
Human Resource and Remuneration Committee Meeting
- **April 30, 2021**
Annual General Meeting to consider and approve annual accounts of the Company for the year ended December 31, 2020 and dividend announcement
- **April 30, 2021**
Corporate Briefing Session
- **July 09, 2021**
Extraordinary General Meeting

ANNUAL GENERAL MEETING NOTICE

Notice is hereby given that the 67th Annual General Meeting of the shareholders of Packages Limited will be held at the Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Block 8 Clifton, Karachi on Friday, April 29, 2022 at 11:00 A.M to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the last Extra Ordinary General Meeting of the Company held on July 09, 2021.
2. To receive, consider and adopt the audited Financial Statements together with the Directors' and Auditors' Report thereon for the year ended December 31, 2021.
3. To consider, approve and declare the dividend on the ordinary and preference shares of the Company. The Directors have recommended a final cash dividend for the year ended December 31, 2021 as follows:
 - a) to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 26.787 (14.098%) per preference share/convertible stock of Rs. 190 proposed by the Board in terms of and as adjusted under the Subscription Agreement between Packages Limited and International Finance Corporation, totaling Rs.219,298,977; and
 - b) to the ordinary shareholders at the rate of Rs. 27.5 (275%) per ordinary share of Rs. 10.
4. To appoint External Auditors of the Company for the ensuing year and to fix their remuneration. The current Auditors, M/s. A.F. Ferguson & Co. (Chartered Accountants), being eligible to do so, have consented to be appointed as auditors and the Board of Directors has recommended their appointment

ANY OTHER BUSINESS

1. To transact any other business with the permission of the Chair.

Karachi
April 07, 2022

By Order of the Board



IQRA SAJJAD
Company Secretary

NOTES:

In light of the continuing threats posed due to COVID-19 pandemic and to protect wellbeing of the shareholders, the Securities and Exchange Commission of Pakistan (SECP) has vide its Circulars issued from time to time directed the listed companies to hold their general meetings virtually in addition to the requirements of holding physical meeting. The following arrangements have been made by the Company to further facilitate the participation of the shareholders in the AGM:

The shareholders interested in attending the AGM virtually are requested to get themselves registered by sending their particulars at the designated email address **shares.desk@packages.com.pk** mentioning their names, folio number, email address by the close of business hours on April 27, 2022. The log-in credentials and link to participate in the AGM would be provided to the registered shareholders.

As always, Packages Limited intends, and undertakes, to hold the meeting in compliance with all applicable laws while ensuring the safety of its shareholders, employees, directors and the public at large

NOTES:

1. The Share Transfer Books of the Company will be closed for determining the entitlement for the payment of Final Cash Dividend from April 22, 2022 to April 29, 2022 (both days inclusive). Transfer requests received at the Office of the Share Registrar of the Company at M/s Famco Associate (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi at the close of business on April 21, 2022 (Thursday) will be treated in time for the purposes of entitlement to the transferees.
2. A Member entitled to attend and vote at the Meeting may appoint another Member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Registered Office of the Company at 4th Floor, The Forum, Suit # 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi not less than 48 hours before the time of the meeting.
3. Shareholders holding physical shares are also required to bring their original CNIC and/or copy of CNIC of shareholder(s) of whom he/she/they hold Proxy(ies). Such shareholder(s) shall not be allowed to attend and/or sign the Register of Shareholders/Members at the AGM without such CNIC(s).
4. The CDC Account Holders and Sub-Account Holders, whose registration details are available in the Share Book Details Report, shall be required to produce their respective original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring / know their respective participation I.D. No. and the CDC Account No. and in case of proxy, he/she must enclose an attested copy of his/her CNIC or Passport. Representative(s) of corporate member(s) should bring attested copy of Board Resolution / Power of Attorney and/ or all such documents that are required for such purpose under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP"). Proxy form is also available on the Company's website www.packages.com.pk

REVISION OF WITHHOLDING TAX ON DIVIDEND INCOME:

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2020 withholding tax on dividend income will be deducted as per law for persons appearing and not appearing in Active Tax Payer List (ATL). According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Active/Inactive' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with joint shareholders are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name & CNIC #	Shareholding Proportion	Name & CNIC #	Shareholding Proportion

NOTES:

- a. The required information must reach our Share Registrar by April 21, 2022; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s) and tax will be deducted accordingly.
- b. Shareholders are therefore requested to please check and ensure the status from Active Taxpayers List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that their CNIC/Passport number has been recorded by the Participant/Investor Account

Services or by Share Registrar (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant/Investor Account Services or in case of physical shareholding by Company's Share Registrar.

- c. Withholding tax exemption from dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Company's Share Registrar by April 21, 2022.
- d. **Non-resident shareholder** shall submit declaration of undertaking with copy of valid passport under definition contained in Section 82 of the income Tax Ordinance, 2001 for determination of residential status for the purposes of tax deduction on dividend to the Company Share Registrar's M/s Famco Associates Pvt. Ltd. or email at **info.shares@famco.com.pk** at the latest by April 21, 2022. Member may send a declaration using a standard format as placed on Registrar and Company's websites as mentioned below:

www.famco.com.pk
www.packages.com.pk

STATUTORY CODE OF CONDUCT AT AGM

The members are requested to observe the Statutory Code of Conduct at AGM in accordance with Section 215 of the Companies Act, 2017 and Regulation 28 of the Companies (General Provisions and Forms) Regulations, 2018, whereby shareholders are not permitted to exert influence or approach the management directly for decisions which may lead to creation of hurdles in the smooth functioning of management. As mentioned in these provisions, shareholders shall not bring material that may cause threat to participants or premises where the AGM is being held, confine themselves to the agenda items covered in the notice of the AGM and shall not conduct themselves in a manner to disclose any political affiliation. Additionally, the Company is not permitted to distribute gifts in any form to its shareholders in its meetings as per Section 185 of Companies Act, 2017.

PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE (MANDATORY):

In accordance with the Companies (Distribution of Dividend) Regulation 2017, shareholders are advised to provide their Identification Number/Computerised National Identity Card (CNIC) Number and International Bank Account Number (IBAN) details, if they have not already done so, to our Share Registrar (if shares are held in physical form) at their above referred office address or to the respective Participants/Broker (if shares are held through CDS Account). In case of non-receipt of information, the Company will be constrained to withhold dividend payments of such shareholders.

SUBMISSION OF COPY OF CNIC/NTN (MANDATORY):

Further to SECP's directives, including SRO 831(1)/2012 and other relevant rules, the electronic dividend should also bear CNIC number of the registered shareholder or the authorized person, except in the case of minor(s) and corporate shareholders.

As per Regulation No. 6 of the Companies (Distribution of Dividend) Regulations, 2017 and Section 243(3) of the Companies Act, 2017, the Company will be constrained to withhold payment of dividend to shareholders, in case of non-availability of identification number of the shareholder or authorized person (CNIC or NTN).

Accordingly, the individual Members who have not yet submitted a copy of their valid CNIC to the Company's Share Registrar are once again requested to send their CNIC copy at the earliest directly to the Company's Share Registrar.

Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. Corporate entities are requested to provide their National Tax Number (NTN) and Folio Number along with the authorized representative's CNIC copy.

ZAKAT DEDUCTION

To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of their Zakat Declaration Form "CZ-50" on NJSP of Rs. 50/- to the Share Registrar.

Change of Address and/or Email Address:

Shareholders having physical shares are requested to promptly notify change in their postal address(s) and/or email address if any, to Share Registrar, in writing whereas CDC account holders are requested to update their addresses with their CDC Participant /CDC Investor Account Services.

Unclaimed dividend/shares:

Under Section 244 of the Companies Act, 2017 the Company has approached shareholders to claim their unclaimed dividends in accordance with the law.

Those shareholders, who have not claimed their dividend amounts as yet, are hereby once again requested to ensure that their claims for unclaimed dividend amounts and/or shares certificate are lodged promptly.

Deposit Of Physical Shares Into CDC Account

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four (4) years from the commencement of the Act, i.e., 30 May 2017. Those shareholders having physical shareholding(s) are encouraged to open a CDC sub - account with any broker or Investor Account directly with CDC to place their physical shares into scrip less form. This is beneficial in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

CIRCULATION OF ANNUAL AUDITED ACCOUNTS VIA CD/DVD/USB OR ANY OTHER MEDIA:

SECP through its SRO 470(1)/2016, dated 31 May 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, Auditors' Report and Directors' Report etc. ("annual audited accounts") to its Members through CD/DVD/USB at their registered addresses. The Company has obtained shareholders' approval to do so in its Annual General Meeting in this regard and has sent its Annual Report 2021 to its shareholders those who in the form of CD. Any Member can also view complete Annual Report on Company's website or requiring printed copy or electronic format of Annual Report may send a request using a Standard Request Form as annexed and placed on Company's website www.packages.com.pk Members are hereby informed that pursuant to Section 223(6) and 473 of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email.

Members can request a hard copy of the same, which shall be provided free of cost within seven (7) days from receipt of requisition.

POSTAL BALLOT/E-VOTING:

In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, Members holding in aggregate **10%** or more shareholding as per law, will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to conditions contained in aforesaid Regulations.

سالانہ اجلاسِ عام کی اطلاع

بذریعہ ہذا مطلع کیا جاتا ہے کہ پیکجز لمیٹڈ کا 67 واں اجلاس بروز جمعہ 29 اپریل 2022 بوقت 11:00 بجے صبح بمقام انسٹی چارٹرڈ اکاؤنٹنٹس ایونیو، بلاک 8 کلفٹن، کراچی میں درج ذیل امور کی انجام، (ICAP) ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان دہی کے لئے منعقد ہوگا۔

عمومی امور

- ۱- کمپنی کے گزشتہ غیر معمولی اجلاس عام منعقدہ 09 جولائی 2021 کی کارروئی کی توثیق
 - ۲- آڈٹ شدہ مالیاتی گوشوارے مع ڈائریکٹرز کی رپورٹ برائے سال مختتمہ 31 دسمبر 2021 وصول کرنا، ان پر غور کرنا اور ان کو اختیار کرنا۔
 - ۳- دسمبر 2021 کے ختم شدہ سال کے لئے بورڈ آف ڈائریکٹرز کی تجویز کے مطابق نقد و منافع منقسمہ پر غور و خوص اور منظوری۔
- الف:** ترجیحی شیئرز / تبادلہ پزیر اسٹاک ہولڈرز (انٹرنیشنل فنانس کارپوریشن) کو 26.787 روپے (14.098) 190 روپے کے فی ترجیحی شیئرز / تبادلہ پزیر اسٹاک کے حساب سے ادائیگی جو بورڈ کی جانب سے تجویز کردہ اور پکیجز لمیٹڈ اور انٹرنیشنل فنانس کارپوریشن کے درمیان سبسکریپشن معاہدہ کی رو سے اور اس کے تحت ہم آہنگ کیا گیا مجموعی مزانیہ 219,298,977 روپے اور
- ب:** عام شیئر ہولڈرز کو 27.5 روپے 275% فی 10 روپے والے عام حصص پر
- ۴- رواں سال کے لئے کمپنی کے بیرونی آڈیٹرز کا تقرر کرنا اور ان کے مشاہرے کا تعین کرنا۔ موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) نے اہل ہونے کی بنا پر بطور آڈیٹر تقرر کے لئے رضامندی ظاہر کی ہے اور بورڈ آف ڈائریکٹرز نے ان کے تقرر کی سفارش کی ہے۔

بحکم بورڈ



اقراء سجاد

کمپنی سیکرٹری

کوئی دیگر امور

صدر مجلس کی اجازت سے کسی دیگر امور کی انجام دہی۔

کراچی 07 اپریل 2022

تصریحات:

کووڈ کی وبا کے جاری خدشات کے پیش نظر اور شیئر ہولڈرز کی صحت کی حفاظت کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن 19 آف پاکستان (ایس ای سی پی) نے اپنے وقتاً فوقتاً جاری کردہ سرکلرز کے ذریعے لسٹڈ کمپنیز کو ہدایت کی ہے کہ وہ اپنے سالانہ اجلاس فزیکل میٹنگ کی ضروریات کے علاوہ ورجوئل طور پر بھی منعقد کریں۔ کمپنی کی جانب سے شیئر ہولڈرز کو اے جی ایم میں شرکت کے لئے مزید سہولت فراہم کرنے کی غرض سے درج ذیل انتظامات کئے ہیں۔

سالانہ اجلاس عام میں ورجوئل طور پر شرکت کے خواہشمند شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے کوائف مقررہ ای میل پر بھیج کر خود کو رجسٹر کروالیں جن میں ان کا نام، فولیو نمبر، اپنا ای میل ایڈریس Shares.desk@Packages.com.pk ایڈریس ہو، مورخہ 27 اپریل 2022 تک کاروباری اوقات کے اختتام تک مل جانے چاہئیں۔ اے جی ایم میں شرکت کے لئے لاگ ان اور لنک کی تفصیلات رجسٹرڈ شیئر ہولڈرز کو فراہم کردی جائیں گی۔

بمیشہ کی طرح پیکجز لمیٹڈ اپنے شیئر ہولڈرز، ایمپلائز، ڈائریکٹرز اور عام لوگوں کے تحفظ کو یقینی بنانے کے لئے اجلاس کے انعقاد میں تمام لاگو قوانین کی پابندی کرنے کا ارادہ اور ذمہ داری لیتا ہے۔

1. کمپنی کی شیئر ٹرانسفر بکس حتمی ڈیویڈنڈ کی ادائیگی کے سلسلے میں اہلیت کا تعین کرنے کے لئے 22 اپریل 2022 تا 29 اپریل 2022 (بشمول دونوں ایام) بند رہیں گی۔ تاہم کمپنی کے رجسٹرار میسرز فیمکو ایسو سی ایٹس (پرائیویٹ) لمیٹڈ، 8 متصل ہوٹل فاران، نرسری، بلاک 6 پی ای سی ایچ ایس۔ شاہراہ فیصل، کراچی میں 21 اپریل 2022 (جمعرات) کو کاروباری اوقات کے اختتام تک وصول ہونے والی ٹرانسفر کی درخواستیں ٹرانسفریز کی اہلیت کے لئے بروقت تصور ہوں گی۔
2. کوئی ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا حقدار ہے، وہ اپنی جگہ کسی دوسرے فرد کو شرکت کرنے، بولنے اور

ووٹ دینے کے لئے اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کی تقرری کی دستاویز کمپنی کے رجسٹرڈ دفتر واقع چوتھی منزل، ۲۰- بلاک ۹ خیابان جامی، کلفٹن، کراچی کے پتے پر اجلاس کے وقت سے کم از کم ۴۸ گھنٹے G دی فورم، سوٹ نمبر ۴۱۶-۴۲۲ قبل جمع کر دینی چاہئے۔

3. فزیکل شیئر کے حامل شیئر ہولڈرز کو اپنا اصل سی این آئی سی اور یا شیئر ہولڈرز (ز) کے سی این آئی سی کی کاپی، جن کی پراکسی کے حامل ہیں، ساتھ لانا ہوگی۔ سی این آئی سی کے بغیر شیئر ہولڈرز کو اسے جی ایم میں شرکت کرنے اور یا شیئر ہولڈرز ممبرز کے رجسٹر میں دستخط کرنے کی اجازت نہیں ہوں گی۔

4. سی ڈی سی اکاؤنٹ ہولڈرز اور سب اکاؤنٹ ہولڈرز، جن کے رجسٹریشن کی تفصیلات شیئر بک ڈیٹیل رپورٹ میں دستیاب ہیں، ان کو سالانہ اجلاس عام میں شرکت کے وقت اپنی شناخت کی تصدیق کے لئے اپنا متعلقہ اصل کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔ ایسے اکاؤنٹ ہولڈرز اور سب اکاؤنٹ ہولڈرز کو اپنا متعلقہ شرکت کا آئی ڈی نمبر اور سی ڈی سی اکاؤنٹ نمبر، اور پراکسی ہونے کی صورت میں اپنے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپی منسلک کرنا ہوگی۔ کارپوریٹ ممبر (ز) کے نمائندہ ہونے کی صورت میں بورڈ کی قرارداد پاور آف اٹارنی اور یا ایسی تمام دستاویز ساتھ لانا ہونے کی جو سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے سرکلر نمبر ۱ مجریہ ۲۶ جنوری ۲۰۰۰ کے تحت اس مقصد کے لئے درکار ہیں۔ پراکسی فارم کمپنی کی ویب سائٹ پر دستیاب ہے۔

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ڈیویڈنڈ کی آمدنی پر ودہولڈنگ ٹیکس کی تجدید

برائے مہربانی یہ بھی نوٹ فرمائیں کہ انکم ٹیکس آرڈیننس ۲۰۲۱ کے سیکشن ۱۵۰ کے تحت اور فنانس ایکٹ ۲۰۲۰ کی پیروی میں ڈیویڈنڈ کی آمدنی سے، ایکٹیو ٹیکس پیئر لسٹ (اے ٹی ایل) میں شامل یا نہ شامل ہونے کے افراد کے لئے لاگو قوانین کے مطابق ودہولڈنگ ٹیکس کی کٹوتی کی جائے گی۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) کی جانب سے وصول ہونے والی وضاحت کے مطابق ودہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈرز اور جوائنٹ اکاؤنٹ کی صورت میں جوائنٹ ہولڈرز سے علیحدہ علیحدہ ان کے پاس موجود شیئرز کے تناسب سے ایکٹیو ان ایکٹیو کی بنیاد پر کٹوتی کی جائے گی۔

اس سلسلے میں تمام شیئر ہولڈرز سے، جن کے شیئرز جوائنٹ اکاؤنٹ میں ہیں، درخواست ہے کہ وہ پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز (ز) کے شیئر ہولڈنگ کا تناسب ہمارے رجسٹرار کو تحریری طور پر درج ذیل کے مطابق فراہم کریں:

جوائنٹ شیئر ہولڈر		پرنسپل شیئر ہولڈر		کل شیئرز	فولیو / سی ڈی ایس اکاؤنٹ نمبر
شیئر ہولڈنگ کا تناسب (%)	نام اور نمبر CNIC	شیئر ہولڈنگ کا تناسب (%)	نام اور نمبر CNIC		

نوٹس:

مطلوبہ معلومات ہمارے شیئر رجسٹرار کو ۲۱ اپریل ۲۰۲۲ تک پہنچ جانی چاہئے، ورنہ یہ تصور کیا جائے گا کہ پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز (ز) کے پاس برابر برابر کے شیئرز ہیں اور اسی تناسب سے ٹیکس کی کٹوتی کی جائے گی۔

ب۔ اس لئے شیئر ہولڈرز سے درخواست ہے کہ وہ برائے مہربانی ایف بی آر کی ویب سائٹ <http://www.fbr.gov.pk>

پر موجود ایکٹیو ٹیکس پیئر لسٹ (اے ٹی ایل) میں اپنی حیثیت چیک کر لیں اور اطمینان کر لیں اور یہ بھی اطمینان کر لیں کہ ان کے سی این آئی سی پاسپورٹ نمبر، شریک انویسٹر اکاؤنٹ سروسز کے پاس یا شیئر رجسٹرار کے ریکارڈ میں (فزیکل شیئر ہونے کی صورت میں) موجود ہیں۔ کارپوریٹ ادارے (غیر انفرادی شیئر ہولڈرز) کو بھی اطمینان کر لینا ضروری ہے کہ ان کے نام اور نیشنل ٹیکس نمبر (این ٹی این) ایف بی آر کی اے ٹی ایل میں دستیاب ہیں اور متعلقہ شریک انویسٹر اکاؤنٹ سروسز میں یا فزیکل شیئر ہولڈنگ کی صورت میں کمپنی کے شیئر رجسٹرار کے پاس موجود ہیں۔

ج۔ ڈیویڈنڈ انکم سے ودہولڈنگ ٹیکس سے استثنیٰ کی صورت میں اجازت ہوگی جب کارآمد ٹیکس سے استثنیٰ کا سرٹیفکیٹ کی کاپی کمپنی کے شیئر رجسٹرار کو 21 اپریل 2022 تک پہنچادی جائے۔

د۔ انکم ٹیکس آرڈیننس 2001 کے سیکشن 82 برائے رہائشی کی حیثیت کانتین کی تفصیل کے تحت ڈیویڈنڈ پر ٹیکس کی کٹوتی کے لئے غیر رہائشی شیئر ہولڈر کو انڈرٹیکنگ کے ڈکلیریشن مع کارآمد پاسپورٹ کی کاپی شیئر رجسٹرار مسیرز فیمکو ایسو پر زیادہ سے زیادہ 21 اپریل 2022 تک info.shares@famco.com.pk سی ایٹس پرائیویٹ لمیٹڈ کو بھیجیں یا بذریعہ ای میل فراہم کر دیں۔ ممبر رجسٹرار اور کمپنی کی درج ذیل ویب سائٹس پر دستیاب مقررہ فارمیٹ استعمال کرتے ہوئے ڈکلیریشن بھیج www.famco.com.pk اور www.Packages.com سکتے ہیں۔

سالانہ اجلاس میں ضابطہ اخلاق

ممبران سے درخواست ہے کہ وہ کمپنیز ایکٹ 2017 کے سیکشن 215 اور کمپنیز (جنرل پروویژن اینڈ فارمس) ریگولیشنز 2018 کے ریگولیشن 28 کے مطابق اے جی ایم میں قانونی ضابطہ اخلاق کی پابندی کریں، جب کہ شیئر ہولڈرز کو اثرو رسوخ پر زور دینے یا فیصلوں کے لئے براہ راست انتظامیہ تک پہنچنے کی اجازت نہیں ہوگی جو انتظامیہ کے لئے امور کی ہموار انجام دہی میں رکاوٹ کا سبب بن سکتے ہیں۔ جیسا کہ ان پروویژنز میں درج ہے، شیئر ہولڈرز کوئی ایسا سامان اپنے ساتھ نہیں لائیں گے جو شرکاء یا اے جی ایم کے منعقد ہونے کی حدود میں کسی خطرے کا باعث ہو، اور خود کو اے جی ایم کے نوٹس میں شامل ایجنڈا تک محدود رکھیں گے اور نہ ہی ایسا رویہ اختیار کریں گے جو کسی سیاسی وابستگی کو ظاہر کرتا ہو۔ اس کے علاوہ کمپنیز ایکٹ 2017 کے سیکشن 185 کی رو سے کمپنی کو اپنے اجلاسوں میں شیئر ہولڈرز کو کسی بھی شکل میں تحائف تقسیم کرنے کی اجازت نہیں ہے

کیش ڈیویڈنڈ کی الیکٹرونک ذریعہ سے ادائیگی (لازمی)

کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017 کے مطابق، شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اپنا شناختی نمبر کمیونٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) نمبر اور انٹرنیشنل بینک اکاؤنٹ نمبر (آئی بی اے این) کی تفصیلات، اگر پہلے فراہم نہ کی ہوں، تو ہمارے شیئر رجسٹرار کو (اگر شیئرز فزیکل کی صورت میں ہیں) ان کے مذکورہ بالا دفتر کے پتے پر فراہم کریں یا متعلقہ شرکا بروکر کو (اگر شیئرز سی ڈی سی اکاؤنٹ میں ہیں) مطلع کریں معلومات وصول نہ ہونے کی صورت میں کمپنی شیئر ہولڈرز کے ڈیویڈنڈ کی ادائیگی روکنے پر مجبور ہوگی۔

سی این آئی سی این ٹی این کی کاپی جمع کرانا (لازمی)

ایس ای سی پی کی ہدایات کے مطابق، بشمول ایس آر او 2012/1(831) اور دیگر متعلقہ اصولوں کے علاوہ، الیکٹرونک ڈیویڈنڈ پر رجسٹرڈ شیئر ہولڈر یا اس کے مجاز شخص کا سی این آئی سی نمبر ہونا چاہئیے سوائے اس کے کہ وہ نابالغ ہو اور کارپوریٹ شیئر ہولڈر ہو۔

کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈ) ریگولیشنز 2017 کے ریگولیشن 6 اور کمپنیز ایکٹ 2017 کے سیکشن - 243(3) کی رو سے، کمپنی ان شیئر ہولڈرز کے ڈیویڈنڈ کی ادائیگی روک لے گی جن شیئر ہولڈرز یا مجاز فرد کے شناختی نمبر (سی این آئی سی یا این ٹی این) نمبر دستیاب نہیں ہوں گے۔

اسی طرح جن انفرادی ممبرز نے اپنے کارآمد سی این آئی سی کی کاپی کمپنی کے شیئر رجسٹرار کے پاس جمع نہیں کرائی ہے، ان سے ایک مرتبہ پھرگزارش ہے کہ وہ اپنے سی این آئی سی کی کاپی جلد اس جلد کمپنی کے شیئر رجسٹرار مسیرز فیمکو ایسو سی ایٹس (پرائیویٹ) لمیٹڈ، 8 ایف متصل ہوٹل فاران، نرسری، بلاک 6 پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو براہ راست بھیج دیں۔ کارپوریٹ اداروں سے درخواست ہے کہ وہ نیشنل ٹیکس نمبر (این ٹی این) اور فولیو نمبر مجاز نمائندے کے سی این آئی سی کی کاپی فراہم کریں۔

زکوٰۃ کی کٹوتی

زکوٰۃ کی لازمی کٹوتی سے استثنیٰ کا دعویٰ کرنے کے لئے شیئر ہولڈرز سے درخواست ہے کہ اپنے زکوٰۃ ڈکلیریشن فارم CZ-50 کی نوٹرائیزڈ کاپی 50 روپے کے نان جوڈیشل اسٹیمپ پیپر پر شیئر رجسٹرار کو بھیجیں۔

پتے اور یا ای میل ایڈریس میں تبدیلی

فزیکل شیئرز کے حامل شیئر ہولڈرز سے درخواست کہ اپنے ڈاک کے پتے اور یا ای میل ایڈریس میں تبدیلی، اگر کوئی ہو، تو فوری طور پر شیئر رجسٹرار کو تحریری طور پر مطلع کریں جبکہ سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست ہے کہ وہ اپنے سی ڈی سی شریک سی ڈی سی انویسٹر اکاؤنٹ سروسز کے ساتھ اپ ڈیٹ کریں۔

غیر دعویٰ شدہ ڈیویڈنڈ/شیئرز

کمپنیز ایکٹ 2017 کے سیکشن 244 کے تحت کمپنی نے شیئر ہولڈرز سے رابطہ کیا کہ وہ قانون کے مطابق اپنے غیر دعویٰ شدہ منافع کا دعویٰ کریں اس سلسلے میں کمپنی پہلے ہی اپنی ذمہ داری ادا کر چکی ہے۔ وہ شیئر ہولڈرز جنہوں نے اپنی ڈیویڈنڈ کا دعویٰ نہیں کیا ہے ان سے ایک بار پھر درخواست کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ غیر دعویٰ کردہ ڈیویڈنڈ کی رقم اور / یا شیئر سرٹیفیکٹ کیلئے فوری طور پر دعویٰ درج کروائیں۔

فزیکل شیئرز کو سی ڈی سی اکاؤنٹ میں جمع کرانا

کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر موجودہ لسٹڈ کمپنی کو ایس ای سی پی کے مقرر کردہ طریقے اور تاریخ کے لحاظ سے فزیکل شیئرز بک انٹری فارم میں تبدیل کرانا لازمی ہے جو ایکٹ کے لاگو ہونے کی تاریخ یعنی 30 مئی 2017 سے 4 سال کی مدت سے زیادہ نہ ہو۔ جن شیئر ہولڈرز کے پاس فزیکل شیئرز موجود ہیں ان کو مشورہ دیا جاتا ہے کہ کسی بروکر یا انویسٹر اکاؤنٹ میں براہ راست سی ڈی سی کے ساتھ سی ڈی سی سب اکاؤنٹ کھولیں جس میں وہ اپنے فزیکل شیئر کو اسکرپ لیس فارم میں تبدیل کرا سکتے ہیں۔ اس کے کئی فائدے ہیں جس میں شیئرز کی محفوظ تحویل اور حسب خواہش شیئرز کی فروخت، کیونکہ موجودہ پاکستان اسٹاک ایکسچینج کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی فروخت کی اجازت نہیں ہے۔

سالانہ آڈٹ شدہ اکاؤنٹ کی سی ڈی ڈی وی ڈی یو ایس بی یا کسی اور میڈیا کے ذریعے ترسیل

مورخہ 31 مئی 2016 کے ذریعے کمپنیز کو اجازت دی ہے کہ وہ سالانہ (I)/2016 ایس ای سی پی نے اپنے ایس آر او 470 بیلنس شیٹ، نفع و نقصان کے اکاؤنٹ، آڈٹ شدہ رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ (سالانہ آڈٹ شدہ اکاؤنٹس) اپنے ممبرز کو سی ڈی ڈی وی ڈی یو ایس بی کے ذریعے ان کے رجسٹرڈ پتے پر ارسال کریں۔ کمپنی نے اس سلسلے میں اپنے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری حاصل کر لی ہے اور اپنے شیئر ہولڈرز کو اپنی سالانہ رپورٹ 2021 سی ڈی کی شکل میں بھجوا دی۔ کوئی بھی ممبر مکمل سالانہ رپورٹ کمپنی کی ویب سائٹ پر دیکھ سکتا ہے یا پرنٹ شدہ کاپی درکار ہو یا سالانہ رپورٹ ای میل کے ذریعے الیکٹرونک فارمیٹ میں چاہتے ہوں وہ منسلک مقررہ درخواست فارم، جو پر بھی موجود ہے، بھیج دیں۔ ممبران کو مطلع کیا جاتا ہے کہ کمپنیز WWW.PACKAGES.PK کی ویب سائٹ ایکٹ 2017 کے سیکشن (6) 223 اور 473 کے تحت آڈٹ شدہ مالیاتی گوشوارے اور سالانہ اجلاس عام کی اطلاع بشکل الیکٹرونک فارمیٹ بذریعہ ای میل بھیجنے کی اجازت ہے۔ ممبران ان کی ہارڈ کاپی کے لئے درخواست دے سکتے ہیں جو ان کو بلاقیمت درخواست کی وصولی کے سات دن کے اندر فراہم کردی جائے گی۔

پوسٹل بیلٹ ای ووٹنگ

کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 برائے ڈائریکٹرز کے انتخابات یا کمپنیز ایکٹ 2017 کے سیکشن 143 اور 144 کی شرائط کے مطابق کسی اور موضوع کے ایجنڈا آئٹم کے لئے ہے۔ جو ممبران 10 فیصد یا قانون کے مطابق زیادہ شیئر ہولڈنگ پوسٹل بیلٹ کے ذریعے یعنی بذریعہ ڈاک یا ای ووٹنگ اپنے ووٹ دینے کا حق استعمال کریں گے جو مذکورہ ریگولیشنز میں درج شرائط سے مشروط ہے۔

CHAIRMAN'S REVIEW REPORT ON BOARD PERFORMANCE

I am pleased by the performance of Packages Limited for the year ended December 31, 2021. Packages Limited is operating as a Holding Company and derives value for its shareholders from its equity participation in Nestle Pakistan Limited and Group companies, namely, Packages Convertors Limited, Tri-Pack Films Limited, Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Packages Real Estate (Private) Limited, Packages Lanka (Private) Limited, OmyaPack (Private) Limited and Anemone Holdings (Private) Limited.

Dividend income constitutes the major source of income of the Company and as a result, its income pattern follows the dividend distribution pattern of the subsidiaries.

The Board is responsible for overall management of the Company and carry out its fiduciary duties with a sense of objective judgement in the best interest of the Company and its stakeholders.

The Board has ten (10) directors including five (5) non-executive, three (3) independent and one (1) female independent director. The Directors have rich and varied experience in the fields of business, finance, banking and regulations. The Board provides strategic direction as well as guidance to the management.

The Board evaluated its own performance and its committees in order to facilitate and enable the Board members to play an effective role as a coordinated team for the ongoing success of the Company.

During the year, seven (7) board meetings were held in which the Board fulfilled all of their responsibilities including:

- ✓ Reviewing the operating results and approving the quarterly and annual financial statements of the Company;
- ✓ Approving related party transactions;
- ✓ Approving budgets including capital expenditure;
- ✓ Reviewing and approving revised terms of reference of Audit and Human Resource & Remuneration Committee which have been brought in line with Code of Corporate Governance, 2019;
- ✓ Approving investments in subsidiaries, associates and joint ventures;
- ✓ Reviewing and approving bank borrowings; and
- ✓ Recommending appointment of external auditors.

The Board ensured that all the legal and regulatory requirements have been complied with by the management of the Company.

I pray to Allah that the Company and its subsidiaries continue to maintain their momentum of growth in the future.



Towfiq Habib Chinoy
(Chairman)
Lahore, March 29, 2022

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company take pleasure in presenting the Annual Report of your Company, together with the financial statements for the year ended December 31, 2021.

FINANCIAL PERFORMANCE

Summarized financial performance is as follows:

	2021	2020
	(Rupees in million)	
Revenue from goods	-	12,830
Dividend income	4,196	1,917
Net operating revenue	4,196	14,747
EBIT	3,672	3,328
Finance costs	(217)	(782)
Other income / (expenses) - net	533	289
Impairment reversed on investment	677	-
Earnings before tax	4,665	2,835
Taxation	(542)	(16)
Earnings after tax	4,123	2,819
Basic earnings per share - Rupees	46.12	31.55

Packages Limited is now operating as a holding company and its performance is determined by the financial performance of its group companies located within & outside Pakistan, which in turn, would be influenced by the general economic environment.

Dividend income constitutes major source of income of Packages Limited. As a result, its income pattern will follow dividend distribution pattern of

the subsidiaries. It is envisioned that the operating performance of the subsidiaries will result in better dividend payout to the holding company. The management believes that the new corporate structure shall be conducive to focused management of the subsidiaries and leading to better operating performance.

FINANCE COSTS

Finance cost of the Company has decreased by Rs 566 million during 2021 over 2020 mainly due to transfer of major portion of finances under mark-up arrangements to Packages Convertors Limited as a result of demerger.

INVESTMENT IN GROUP COMPANIES

Your Company contributed Rs 1,909.405 million as equity in Anemone Holdings Limited, Mauritius ("AHL") and StarchPack (Private) Limited ("SPAC").

AHL is a special purpose vehicle established in 2015 for the acquisition of operations of a flexible packaging company in South Africa. SPAC is principally engaged in the manufacture and sale of corn-based starch products, its derivatives, by-products and trading of corn.

Investment in Tri-Pack Films Limited and reversal of impairment

During the year, Packages Limited entered into a Share purchase agreement ('Agreement') with Mitsubishi Corporation to purchase 7,500,000 shares of Tri-pack Films Limited ('TPFL') representing a stake of 19.33% in the shareholding. However, this transfer of shares was to be executed after satisfaction of certain pre-conditions mentioned in the Agreement. These conditions have not been met as of December 31, 2021.

The aforementioned agreement came under the ambit of Listed Companies (Substantial Acquisition of Shares and Takeovers) Regulations, 2017 (the 'Regulations') as it exceeded the 50% boundary mentioned in the Regulations. Pursuant to these regulations, the Company was bound to make a public offer to purchase shares of Tri-Pack from the public in accordance with the Regulations. Consequently, on December

31, 2021, the Company acquired a further 6,438,598 shares from the general public following the conclusion of the public offer which represent 16.59% of shareholding in TPFL.

Subsequent to year-end, Mitsubishi Corporation (the "MC") fulfilled all the conditions enumerated in the share purchase agreement as mentioned above and therefore 7.5 million shares (representing 19.33% stake in TRIPFL) were transferred to the Company on February 15, 2022 at a negotiated purchase price of Rs 154.62/share amounting to Rs 1,159.65 million (excluding transaction costs). The Company now has a total shareholding of 69.26% in TPFL and hence will be deemed a Subsidiary as per applicable financial reporting standards and laws and directives prevailing for the time being in force and will be consolidated in the consolidated financial statements of the company for the year ending December 31, 2022.

FINANCIAL MANAGEMENT

Sound business strategies, operating efficiencies and cost savings across the organization, helped generate positive cash flows.

The Company has an effective cash flow management system in place whereby cash inflows and outflows are projected on regular basis and rigorously monitored.

Capital expenditure is managed carefully through evaluation of profitability and risk. Large capital expenditure is further backed by long term contracts so as to minimize cash flow risk to the business. Capital expenditure during 2021 was at Rs 141.3 million.

The investment portfolio of the Company is fairly diversified, as reflected by equity participation in Nestle Pakistan Limited, Packages Convertors Limited, Tri-Pack Films Limited, Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Packages Real Estate (Private) Limited, Packages Lanka (Private) Limited, Packages Power (Private) Limited,

Starchpack (Private) Limited and Anemone Holdings (Private) Limited.

The Board is satisfied that there are no short-term or long-term financial constraints including access to credit and a strong balance sheet with net debt: equity ratio at 4:96 in Dec 2021.

RISK MITIGATION

The Board of Directors and the Audit Committee of the Board regularly review risk matrix in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer is responsible for risk mitigation measures. The Company's ability to continuously assess market conditions and its timely response enables the Company to manage risks effectively.

CREDIT RISK

All financial assets of the Company, except cash in hand, are subject to credit risk. The Company believes that it is not exposed to major concentration of credit risk and continues to evaluate the impact on financial assets through 'Expected Credit Losses' (ECL) approach.

LIQUIDITY RISK

Prudent liquidity risk management ensures availability of sufficient funds for meeting contractual commitments. The Company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit line from a financial institution.

INTEREST RATE RISK

Variable rate long-term financing is hedged against interest rate risk by holding "prepayment option", which can be exercised upon any adverse movement in the underlying interest rates.

FOREIGN EXCHANGE RISK

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The Company was mainly exposed to short term USD/PKR and EURO/PKR parity on its import of raw materials and plant and machinery.

CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company is a significant contributor to the national economy and has paid Rs. 304 million during the year 2021 to the national exchequer on account of sales tax, income tax, import duties and statutory levies.

RETIREMENT FUNDS

There are three retirement funds currently being operated by the Company namely Provident Fund, Gratuity Fund and Pension Fund. The value of investment of these funds based on their audited accounts as on December 31, 2021 were as follows:

Provident Fund	Rs. 2,849.99 million
Gratuity Fund	Rs. 497.88 million
Pension Fund	Rs. 2,068.15 million

APPROPRIATION

In view of the financial results of the Company for the year 2021, the Board of Directors of the Company has recommended cash dividend of 275 percent (i.e. Rs. 27.5 per share). Accordingly, the following appropriations have been made:

Rupees in thousand	
Total Comprehensive Income for the year 2021 after appropriation of preference dividend / return	3,933,114
Un-appropriated profit brought forward	374,451
Available for appropriation	4,307,565
Transferred to General Reserve	(1,250,000)
Participating Dividend-Preference Shareholders	(63,749)
Cash dividend	(2,457,039)
To be carried forward to 2022	536,777

AUDITORS

The present auditor's M/s A.F Ferguson & Co., Chartered Accountants retire and have offered themselves for reappointment. They have confirmed having achieved satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as well as compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP.

As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending December 31, 2022, at a fee to be mutually agreed.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Listed Companies (Code of Corporate Governance) Regulations, 2019 have been adopted by the Company and have been duly complied with. A Statement to this effect is annexed to the Report, please refer page 81

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

Steps taken by your Company with respect to company's business impact on environment and towards corporate social responsibility are mentioned on page 32 in the annual report.

MATERIAL CHANGES

There have been no material changes since December 31, 2021 and the Company has not entered into any commitment, which would affect its financial position at the date except for those mentioned in the audited financial statements of the Company for the year ended December 31, 2021.

Name of Member	No. of Meetings attended
Mr. Hasan Askari (Chairman)	4
Mr. Imran Khalid Niazi (Non-Executive Director)	4
Syed Aslam Mehdi (Executive Director)	4
Syed Shahid Ali (Non-Executive Director)	1
Mr. Tariq Iqbal Khan (Non-Executive Director)	4

Leave of absence was granted to the Members who could not attend the meetings of the Audit Committee.

The Audit Committee has adopted its terms of reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee comprises of six (6) members, which includes three (3) Non-Executive Directors, one (1) Executive Director and two (2) Independent Directors including its Chairperson.

One (1) meeting of the Human Resource and Remuneration Committee was held during the year. Attendance of each Member is given hereunder

Name of Member	No. of Meetings attended
Mrs. Saba Kamal (Chairperson)	1
Mr. Towfiq Habib Chinoy (Non-Executive Director)	1
Syed Hyder Ali (Chief Executive & Managing Director)	1
Mr. Josef Meinrad Mueller (Non-Executive Director)	1
Mr. Imran Khalid Niazi (Non-Executive Director)	1
Mr. Irfan Mustafa (independent Director)	1

The Human Resource and Remuneration Committee has adopted its terms of reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

RELATED PARTY TRANSACTIONS

In accordance with Section 208 of the Companies Act, 2017 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018, the Company has:

- established a policy of related party transactions which has been duly approved by the Board.
- set up conditions for transactions with related parties to be characterized as “arm’s length transactions.”
- circulated and disclosed to the Directors information required for approval of related party transactions.

DIRECTORS’ REMUNERATION

The purpose of this policy is to have a transparent procedure for fixing the remuneration of individual directors for attending meetings of the board and its committees.

The remuneration of the directors for attending meetings of the Board or Committees of Directors shall from time to time be determined by the Board based on market trend.

Nominee directors of Packages Limited from other group companies shall not be entitled to receive board/committee meeting fees. If a director is resident out of the place at which any board meeting is held, and who shall come to that place

for the purpose of attending board/committee meetings, the director shall be entitled to be reimbursed at actual.

Further details of aggregate amount of remuneration to executive and non-executive director is mentioned in the financial statements note 36, page 146 of this annual report

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors of your Company state that:

- a. The financial statements, prepared by the management of the company fairly presents the state of affairs, the result of its operations, cash flows and changes in equity;
- b. Proper books of accounts of the company have been maintained;
- c. Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. The financial statements have been prepared in conformity with the Companies Act, 2017 and International Financial Reporting Standards, as applicable in Pakistan. Any departures therefrom have been adequately disclosed and explained;
- e. Internal control system including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure is sound in design and has been effectively implemented and monitored;
- f. There are no doubts about the Company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of the

Corporate Governance as detailed in the Listing regulations;

- h. Significant deviations from last year's operating results of the Company has been highlighted and reasons have been explained in the Directors report;
- i. Key operating and financial data of last six years is annexed on page 26
- j. Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed in the financial statements;
- k. Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, has been outlined along with future prospects, risks and uncertainties, if any;
- l. The number of board and committees' meetings held during the year and attendance by each director is annexed;
- m. The details of training programs attended by directors is annexed on page 81
- n. The pattern of shareholding is annexed on page 74 and
- o. All trades in the shares of the company, carried out by its directors, executives and their spouses and minor children is annexed.

TRADING OF SHARES BY CEO/DIRECTORS/SPONSORS/SPOUSES & EXECUTIVES

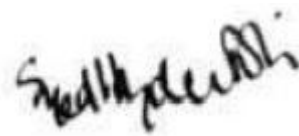
The details of trading of shares by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit, Other Executives, their spouses/sponsors and minor children are as under:-

Purchase/Transmission of Shares	No. of shares
Directors	14,750
Chief Executive Officer	215,200
Chief Financial Officer	NIL
Company Secretary	NIL
Head of Internal Audit	NIL
Other Executive(s)	884,550
Spouse/Sponsor(s)	184,850
Minor children	NIL

Sale/Donation/Gift of Shares	No. of shares
Donation of shares by an Executive(s)	641,000



Tawfiq Habib Chinoy
(Chairman)
Lahore, March 29, 2022



Syed Hyder Ali
(Chief Executive & Managing Director)
Lahore, March 29, 2022

PATTERN OF SHAREHOLDING

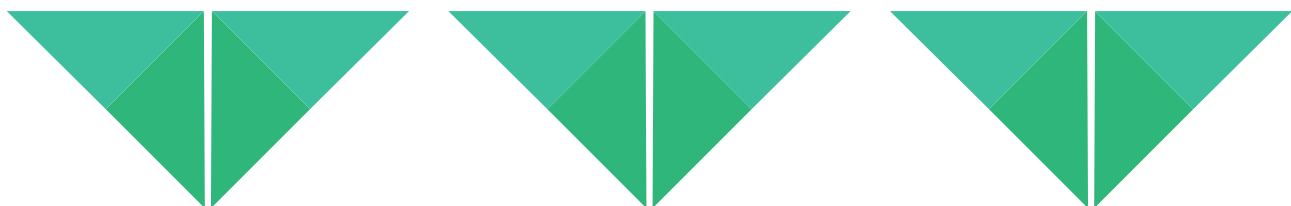
A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2020, whose disclosure is required under the reporting framework, is annexed in the annual Report, please refer page 74

The Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses or minor children did not carry out any trade in the shares of the Company during the year, except as noted above.

COMPANY'S STAFF AND CUSTOMERS

The management is thankful to the Company's stakeholders especially its customers for their continuing confidence in its products and services.

The management also wishes to express its gratitude to all the Company's employees who have worked tirelessly. We appreciate their hard work, loyalty and dedication.



شئیر ہولڈرز کے لئے ڈائریکٹر کی رپورٹ

کمپنی کے ڈائریکٹرز آپ کی کمپنی کے سال 2021 کے مالیاتی گوشواروں کی سالانہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔
مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

2021	2020	
(Rupees in million)		
-	12,830	آمدنی
4,196	1,917	ڈیویڈنڈ آمدنی
4,196	14,747	نیٹ آپریٹنگ آمدنی
		ای بی آئی ٹی
3,672	3,328	فنانس کے اخراجات
(217)	(782)	دیگر آمدنی و اخراجات-ٹوٹل
533	289	سرمایہ کاری میں نقصان کا ریورسل
677	-	آمدنی قبل از ٹیکس
4,665	2,835	ٹیکسیشن
(542)	(16)	آمدنی بعد از ٹیکس
4,123	2,819	آمدنی پر شئیر-روپے میں
46.12	31.55	

نیا کارپوریٹ ڈھانچہ ذیلی اداروں کے مرکوز انتظام کے لیے سازگار ہوگا اور بہتر آپریٹنگ کارکردگی کا باعث بنے گا۔
مالیاتی اخراجات
کمپنی کی مالیاتی لاگت میں 2021-2020 کے دوران 566 ملین روپے کی کمی واقع ہوئی ہے، اس کی بنیادی وجہ ڈیمرجر کے نتیجے میں پیکجز کنورٹرز لمیٹڈ کو مارک اپ انتظامات کے تحت مالیات کے بڑے حصے کی منتقلی ہے۔
آپ کی کمپنی نے انیمون ہولڈنگز لمیٹڈ، ماریشس، سٹارچ پیک (پرائیویٹ) لمیٹڈ اور ٹرائی پیک فلمز لمیٹڈ میں ایکویٹی کے طور پر 1,909.405 ملین روپے (2.635 ملین امریکی ڈالر) ادا کیے۔ اے ایچ

پیکجز لمیٹڈ اب ایک ہولڈنگ کمپنی کے طور پر کام کر رہی ہے اور اس کی کارکردگی کا تعین پاکستان کے اندر اور باہر موجود گروپ کی کمپنیوں کی مالی کارکردگی سے کیا جا سکتا ہے، جو کہ عام اقتصادی ماحول سے متاثر ہوں گی۔
ڈیویڈنڈ آمدنی، پیکجز لمیٹڈ کی آمدنی کا سب سے بڑا ذریعہ ہے۔ نتیجتاً، اس کی آمدنی کا پیٹرن ذیلی اداروں کے ڈیویڈنڈ کی تقسیم کے پیٹرن کی پیروی کرے گا۔ ذیلی اداروں کی آپریٹنگ کارکردگی کے نتیجے میں ہولڈنگ کمپنی کو بہتر منافع کی ادائیگی کا بھی سوچا ہے۔
انتظامیہ کا خیال ہے کہ شرح سود میں تنزلی

مطابق، قابل اطلاق مالیاتی رپورٹنگ کے معیار اور موجودہ نافذ قوانین اور ہدایات کے مطابق اسے ذیلی ادارہ سمجھا جائے گا اور اسے کمپنی کے مالی بیانات میں شامل کیا جائے گا۔

سال کے دوران، پیکیجز لمیٹڈ نے ٹرائی پیک فلمز لمیٹڈ کے ایکویٹی آلات میں اپنی سرمایہ کاری کے لئے استعمال ہونے والی رقم اور اس کی وصولی کا جائزہ لیا گیا تا کہ پہلے سے ریکارڈ شدہ خرابی کے نقصان میں کمی بیشی کا تعین کیا جا سکے۔

ٹرائی پیک فلمز لمیٹڈ سے رقم کی وصولی کا تعین کم خرچ بہتر قیمت کی بنیاد پر کیا گیا ہے۔ انکم اپروچ کے نقطہ نظر کو سامنے رکھتے ہوئے کم خرچ بہتر قیمت کو استعمال کیا گیا ہے۔ سرمایہ کاری میں وصول ہونے والی رقم استعمال ہونے والی رقم سے زیادہ ہے۔ لہذا مالیاتی بیانات میں ہونے والے نقصان کے رپورسل کو تسلیم کیا جاتا ہے۔

سرمایہ کاری وصول ہونے والی رقم میں 15.05 روپے فی شیئر زیادہ ہونے کا تعین کیا گیا تھا اور اس کے مطابق 291.469 ملین روپے کا اضافہ کیا گیا جسے آمدنی کے طور پر تسلیم کیا گیا ہے اور اسے 'دیگر آمدنی' میں شامل کیا گیا ہے۔

مالی انتظام

اچھی کاروباری حکمت عملی، آپریٹنگ افادیت اور پوری تنظیم میں لاگت کی بچت نے مثبت نقد بہاؤ پیدا کرنے میں مدد کی۔ کمپنی کے پاس ایک موثر کیش فلو مینجمنٹ سسٹم ہے جس کے تحت کیش کی آمد اور اخراج کا مستقل بنیادوں پر تخمینہ لگایا جاتا ہے اور اس کی سخت نگرانی کی جاتی ہے۔ منافع اور خطرے کی تشخیص کے ذریعے سرمائے کے اخراجات کا احتیاط سے انتظام کیا جاتا ہے۔ بڑے سرمائے کے اخراجات کو طویل مدتی معاہدوں سے مزید مدد ملتی ہے تاکہ کاروبار میں نقد بہاؤ کے خطرے کو کم سے

ایل ایک خاص کمپنی ہے جسے 2015 میں جنوبی افریقہ میں فلیکسبل پیکیجنگ کمپنی کے آپریشنز کے حصول کے لیے بنایا گیا تھا۔ ایس پی اے سی مکئی سے بنے نشاستے کی مصنوعات، انکی تیاری اور فروخت کا کاروبار کرتی ہے۔

ٹرائی پیک فلمز لمیٹڈ میں سرمایہ کاری

اور نقصان کا رپورسل

اس سال کے دوران، پیکیجز لمیٹڈ نے مٹسوبشی کارپوریشن کے ساتھ مل کر ٹرائی پیک فلمز لمیٹڈ کے 7,500,000 حصص کی خریداری کا معاہدہ کیا جو کہ شیئر ہولڈنگ کے حصص کا 19.33 فیصد حصہ ہے۔

تاہم معاہدے کے مطابق حصص کی منتقلی بیان کردہ شرائط کے مطابق عمل میں لانی تھی لیکن دسمبر 2021 تک یہ شرائط پوری نہیں کی گئی۔

چونکہ ریگولیشنز %50 حد سے زیادہ تجاوز کر گئی تھیں، اسلئے مذکورہ بالا معاہدہ لسٹڈ کمپنیز (حصص کا حصول اور قبضہ) ریگولیشنز، 2017 ('ریگولیشنز') کے تحت کیا گیا۔ ان ریگولیشنز کے مطابق پیکیجز لمیٹڈ اس بات کی پابند تھی کہ عوام کو ٹرائی پیک کے حصص خریدنے کی پیشکش کی جائے۔ اسکے لئے 31 دسمبر 2021 -

کو عوامی پیشکش کے اختتام پر عوام سے مزید 6,438,598 TPFL شیئرز حاصل کیے گئے جو کہ میں %16.59 شیئر ہولڈنگ کی نمائندگی کرتے ہیں۔ جیسا کہ اوپر ذکر کیا گیا ہے کہ سال کے بعد، مٹسوبشی کارپوریشن نے حصص کی خریداری کے معاہدے میں درج تمام شرائط کو پورا کیا اور اس کے لیے 15 فروری 2022 کو پیکیجز لمیٹڈ نے ٹی پی ایف ایل میں 7.5 ملین کے جبکہ %19.33 فیصد کو ظاہر کرتے ہیں۔ یعنی کہ سوائے لین دین کے اخراجات کو نکال کے مالیت 1,159.65 ملین روپے ہے جس کے مطابق فی شیئر کی قیمت 154.62 ہے۔ پیکیجز لمیٹڈ، ٹی پی ایف ایل میں اب %69.26 فیصد شیئرز کا مالک ہے۔ 31 دسمبر 2021 کے

کم کیا جا سکے۔ 2021 کے دوران کیپٹل اخراجات 141.3 ملین روپے تھے۔

کمپنی کا سرمایہ کاری کا پورٹ فولیو کافی متنوع ہے، جیسا کہ نيسلے پاکستان لمیٹڈ، پیکجز کنورٹرز لمیٹڈ، ٹرائی پیک فلمز لمیٹڈ، بلھے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ، ڈی آئی سی پاکستان لمیٹڈ، پیکجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ، پیکجز لنکا (پرائیویٹ) لمیٹڈ، پیکجز پاور (پرائیویٹ) لمیٹڈ، اسٹارچ پیک (پرائیویٹ) لمیٹڈ اور اینمون ہولڈنگز (پرائیویٹ) لمیٹڈ میں ایکویٹی کی شرکت سے ظاہر ہوتا ہے۔

بورڈ مطمئن ہے کہ کریڈٹ تک رسائی اور قرض کے ساتھ مضبوط بیلنس شیٹ سمیت کوئی قلیل مدتی یا طویل مدتی مالی رکاوٹیں نہیں ہیں۔ دسمبر 2021 کے مطابق ایکویٹی کا تناسب 5:95 ہے۔

خطرے میں تخفیف

بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی اثرات کے لحاظ سے رسک میٹرکس کا باقاعدگی سے جائزہ لیا ہے۔ اعلیٰ انتظامی ٹیم، جس کی قیادت چیف ایگزیکٹو آفیسر کرتی ہے، خطرے میں کمی کے اقدامات کو مؤثر بنانے کی ذمہ دار ہے۔ اس کے علاوہ کمپنی کامارکیٹ کے حالات کا مسلسل جائزہ لینے کی صلاحیت اور اس کا بروقت جواب اسے مؤثر طریقے سے خطرات کا انتظام کرنے کے قابل بناتا ہے۔

کریڈٹ رسک

کمپنی کے تمام مالیاتی اثاثے، سوائے نقد رقم کے، کریڈٹ رسک کے زیر انتظام ہیں۔ کمپنی کا خیال ہے کہ اسے کریڈٹ رسک کے بڑے نقصان کا سامنا نہیں ہے اور وہ مالیاتی اثاثوں کے متوقع کریڈٹ پر پڑنے والے منفی اثرات پر نظر رکھے ہوئے ہے۔ کمپنی میں ایکسپوزر کا انتظام اس کے سرمایہ کاری کے پورٹ فولیو کو متنوع انداز میں کیا جاتا ہے، جسے 'اے' درجہ بندی والے بینکوں اور مالیاتی اداروں کے ساتھ رکھا گیا ہے۔

لیکویڈیٹی رسک

پروڈنٹ لیکویڈیٹی رسک مینجمنٹ معاہدے کو پورا کرنے کے لیے فنڈز کی دستیابی کو یقینی بناتا ہے۔ کمپنی کی فنڈ مینجمنٹ حکمت عملی کا مقصد اندرونی کیش جنریشن اور مالیاتی ادارے سے کمڈ کریڈٹ لائن کے ذریعے لیکویڈیٹی رسک کا انتظام کرنا ہے۔

شرح سود میں تنزل

طویل مدتی فنانشنگ میں اتار چڑھاؤ کو "قبل از ادائیگی کے اختیار" کو سامنے رکھ کر بنیادی شرح سود میں نقصان کی صورت میں استعمال کیا جا سکتا ہے۔

زرمبادلہ کے حاوی ہونے کا خدشہ

غیر ملکی کرنسی کے حاوی ہونے کا خدشہ بنیادی طور پر وہاں پیدا ہوتا ہے جہاں غیر ملکی کرنسیوں میں لین دین کی وجہ سے قابل وصول اور قابل ادائیگی موجود ہوتے ہیں۔ کمپنی کو بنیادی طور پر خام مال، پلانٹ اور مشینری کی درآمد پر قلیل مدتی پاکستانی روپے / امریکی ڈالر اور یورو/پاکستانی روپے کے درمیان فرق کا سامنا کرنا پڑتا ہے۔

کیپٹل مینجمنٹ

کمپنی کی پالیسی کا مقصد بنیادی سرمائے کو برقرار رکھنا ہے تاکہ سرمایہ کار، قرض دہندہ اور مارکیٹ کا اعتماد بحال کیا جائے اور مستقبل میں کاروبار کی ترقی کو مستقل رکھا جا سکے۔ سال کے دوران کیپٹل مینجمنٹ کے لیے کمپنی کے بنیادی مقصد میں کوئی تبدیلی نہیں ہوئی۔

قومی خزانے میں حصہ داری

آپ کی کمپنی کا قومی معیشت میں اہم حصہ ہے اور اس نے سال 2021 کے دوران سیلز ٹیکس، انکم ٹیکس، امپورٹ ڈیوٹی اور قانونی محصولات کی مد میں قومی خزانے میں 304 ملین روپے جمع کروائے ہیں۔

ریٹائرمنٹ فنڈز

کمپنی فی الحال تین ریٹائرمنٹ فنڈز چلا رہی

کے ساتھ منسلک ہے، اس ضمن میں براہ کرم صفحہ 81 سے رجوع کریں۔

کمپنی کے کاروبار کا ماحولیات اور کارپوریٹ سماجی ذمہ داری پر اثر

ماحول پر کمپنی کے کاروباری اثرات اور کارپوریٹ سماجی ذمہ داری کے حوالے سے اٹھائے گئے اقدامات کی سالانہ رپورٹ کا صفحہ 32 پر ذکر کیا گیا ہے۔

تبدیلیاں

کمپنی میں 31 دسمبر 2021 کے بعد سے ظاہری تبدیلیاں نہیں کی گئی ہیں اور کوئی ایسا عہد نہیں کیا ہے، جس سے اس کی مالیاتی پوزیشن متاثر ہو گی۔ سال 31 دسمبر 2021 کو سال کے اختتام کی آڈٹ شدہ مالیاتی رپورٹ میں ان کی تفصیل بتائی گئی ہے۔

ڈائریکٹرز کی تعداد

- مرد: 9
- خواتین: 1

بورڈ کی تشکیل

تعداد	
3	خودمختار ڈائریکٹرز
5	نان-ایگزیکٹو ڈائریکٹرز
2	ایگزیکٹو ڈائریکٹرز
1	خواتین (خودمختار ڈائریکٹرز میں شامل)

فیصد	
30%	خودمختار ڈائریکٹرز
50%	نان-ایگزیکٹو ڈائریکٹرز
20%	ایگزیکٹو ڈائریکٹرز

بورڈ میں تبدیلیاں

سال 2021 کے دوران بورڈ کی تشکیل میں کوئی تبدیلی نہیں کی گئی۔

بورڈ آف ڈائریکٹرز کا اجلاس

سال 2021 کے دوران سات بورڈ کے اجلاس منعقد ہوئے اور تمام ڈائریکٹرز نے ان میں شرکت کی۔

ہے جن میں کہ پراویڈنٹ فنڈ، گریجویٹ فنڈ اور پنشن فنڈ شامل ہے۔ 31 دسمبر 2021 تک آڈٹ شدہ کھاتوں کی بنیاد پر ان فنڈز کی سرمایہ کاری کی قیمت درج ذیل ہے۔

پراویڈنٹ فنڈ: 2,849.99 ملین روپے

گریجویٹ فنڈ: 497.88 ملین روپے

پنشن فنڈ: 2,068.15 ملین روپے

تخصیص:

مالیاتی نتائج کے پیش نظر کمپنی کے بورڈ آف ڈائریکٹرز نے سال 2021 کے لئے ___ فیصد (یعنی روپے فی شیئر) کے نقد منافع کی سفارش کی ہے۔ اس کے مطابق، مندرجہ ذیل تخصیصات کی گئی ہیں

روپے

سال 2021 کے بعد جامع آمدنی 3,933,114
ترجیحی ڈیویڈنڈ / واپسی کا اختصاص

غیر مختص منافع 374,451

4,307,565 (1,250,000)	اپروپریشن کی دستیابی جنرل ریزرو میں منتقلی حصہ لینے والا ڈیویڈنڈ ترجیحی شیئر ہولڈرز نقد منافع
(63,749)	
(2,457,039)	
536,777	2021 تک لے جایا جائے گا۔

آڈیٹرز

آڈیٹنگ کے لئے ریٹائرڈ ایم ایس فرگوسن اینڈ کو نے دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔

انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی) کے مطابق درجہ بندی حاصل کرنے کے ساتھ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (آئی ایف اے سی) کے ضابطہ اخلاق کی تعمیل کی تصدیق بھی کی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کو اپنا کر اس کی تعمیل کی ہے۔ اس سلسلے میں ایک بیان رپورٹ

S. No.	ڈائریکٹر کا نام	شرکت کنندہ کی تعداد
1	مسٹر توفیق حبیب چنوئے	7
2	سید حیدر علی (چیف ایگزیکٹو & مینیجنگ ڈائریکٹر)	7
3	مسٹر عمران خالد نیازی	7
4	مسٹر جوزف مینراڈ میولر	7
5	سید اسلم مہدی	7
6	سید شاہد علی	3
7	مسٹر طارق اقبال خان	7
8	مسٹر حسن عسکری	7
9	مسز صبا کمال	7
10	مسٹر عرفان مصطفیٰ	7

بورڈ کے اجلاسوں میں غیر حاضر ڈائریکٹرز کو چھٹی منظور کی گئی۔

آڈٹ کمیٹی

آڈٹ کمیٹی، کوڈ آف کارپوریٹ گورننس کے نفاذ کے بعد سے موجود ہے۔ یہ تین غیر ایگزیکٹو ڈائریکٹرز، ایک ایگزیکٹو ڈائریکٹر اور ایک چیئرمین پر مشتمل ہے جو کہ خود مختار ہے۔ آڈٹ کمیٹی کے زیر انتظام چار اجلاس منعقد کئے گئے۔ ہر ممبر کی حاضری مندرجہ ذیل ہے:

کمیٹی کا سال کے دوران ایک ہی اجلاس منعقد ہوا۔ جس کی تفصیل مندرجہ ذیل ہے:

ممبر کا نام	اجلاس میں شرکت کی تعداد
مسز صبا کمال (چئیر پرسن)	1
مسٹر توفیق حبیب چنوئے (نان-ایگزیکٹو ڈائریکٹر)	1
سید حیدر علی (چیف ایگزیکٹو & مینیجنگ ڈائریکٹر)	1
مسٹر جوزف مینراڈ میولر (نان-ایگزیکٹو ڈائریکٹر)	1
مسٹر عمران خالد نیازی (نان-ایگزیکٹو ڈائریکٹر)	1
مسٹر عرفان مصطفیٰ (نان-ایگزیکٹو ڈائریکٹر)	1

■ کمیٹی کے اجلاسوں میں غیر حاضر ممبران کو چھٹی دی گئی۔

■ کمیٹی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ضمیمہ سی) ریفرنس میں فراہم کردہ شرائط کو منظور کیا ہے۔

متعلقہ پارٹی سے لین دین

کمپنیز ایکٹ، 2017 کے سیکشن 208 اور کمپنیز (متعلقہ پارٹی لین دین اور متعلقہ ریکارڈز کی دیکھ بھال) 2018 کے ضوابط کے مطابق، کمپنی کے پاس:

ممبر کا نام	اجلاس میں شرکت کی تعداد
مسٹر حسن عسکری (چئیرمین)	4
مسٹر عمران خالد نیازی (نان-ایگزیکٹو ڈائریکٹر)	4
سید اسلم مہدی (ایگزیکٹو ڈائریکٹر)	4
سید شاہد علی (نان-ایگزیکٹو ڈائریکٹر)	1
مسٹر طارق اقبال خان (نان-ایگزیکٹو ڈائریکٹر)	4

■ کمیٹی کے اجلاسوں میں غیر حاضر ممبران کو چھٹی دی گئی۔

■ آڈٹ کمیٹی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ضمیمہ ب) ریفرنس میں فراہم کردہ شرائط کو منظور کیا ہے۔

بیومن ریسورس اور رینیومیریشن کمیٹی

اس کمیٹی میں چیئرمین سمیت چھ ممبران، جن میں تین نان ایگزیکٹو ڈائریکٹرز، ایک ایگزیکٹو ڈائریکٹر اور دو خود مختار ڈائریکٹرز شامل ہیں۔

اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

4. پاکستان میں لاگو مالی بیانات کمپنیز ایکٹ 2017 اور بین الاقوامی مالیاتی رپورٹنگ کے معیارات کے مطابق تیار کیے گئے ہیں۔ بین الاقوامی روانگی کا مناسب طور ریکارڈ رکھا گیا ہے۔

5. اندرونی کنٹرول سسٹم بشمول مالیاتی و آپریشنل کنٹرول، خرید و فروخت، رسیدوں اور ادائیگیوں، اثاثوں اور واجبات کی بروقت اور مناسب ریکارڈنگ کے لیے ایکاؤنٹنگ سسٹم اور رپورٹنگ کا ڈھانچہ، ڈیزائن کے لحاظ سے درست ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

6. کمپنی کو جاری رکھنے کے لئے کسی بھی قسم کا خدشہ لاحق نہیں ہے۔

7. کارپوریٹ گورننس کے ضوابط کے مطابق جاری تفصیلی فہرست میں کسی بھی مٹیریل روانگی کا اندراج نہیں کیا گیا۔

8. کمپنی کے پچھلے سال کے آپریٹنگ کے مقرر کردہ ہدف سے انحراف اور ڈائریکٹرز سے اس حوالے سے رپورٹ طلب کی گئی ہے۔

9. پچھلے چھ سال کے آپریٹنگ اور مالیاتی ڈیٹا کو صفحہ 26 پر منسلک کیا گیا ہے۔

10. ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں قانونی ادائیگی بقایا کی مختصر تفصیل اور وجوہات کے ساتھ رقم مالی بیانات میں شامل کیا گیا ہے۔

11. اہم منصوبے اور فیصلے، میں کارپوریٹ تنظیم نو، کاروبار میں توسیع اور آپریشنز کو بند کرنا، مستقبل کے امکانات، خطرات اور غیر یقینی صورتحال شامل ہے، اگر کوئی ہے تو اسے بھی بیان کیا گیا ہے۔

12. سال کے دوران منعقد ہونے والے بورڈ اور کمیٹیوں کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری بھی منسلک ہے۔

13. ڈائریکٹرز کی جانب سے ٹریننگ پروگرامز میں

بورڈ نے باضابطہ منظور شدہ متعلقہ پارٹی سے لین دین کی پالیسی قائم کی ہے۔

آرمز لینتھ ٹرانزیکشن کی بنیاد پر متعلقہ فریقوں کے ساتھ لین دین کے لیے شرائط مرتب کریں۔

بورڈ کے کاغذات میں ڈائریکٹرز سے منظوری متعلقہ فریق لین دین کے لئے درکار ہو گی۔

ڈائریکٹرز کا معاوضہ

اس پالیسی کا مقصد بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے انفرادی ڈائریکٹرز کے معاوضے کے پیکجز کو طے کرنے کے لیے شفاف طریقہ کار کو اپنانا ہے۔

بورڈ یا ڈائریکٹرز کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کے معاوضے کا تعین بورڈ کے ذریعے وقتاً فوقتاً مارکیٹ کے رجحان کی بنیاد پر کیا جائے گا۔

دیگر گروپ کمپنیوں کے پیکجز کے نامزد ڈائریکٹر بورڈ/کمیٹی میٹنگ فیس وصول کرنے کے حقدار نہیں ہوں گے۔ اگر کوئی ڈائریکٹر اس جگہ سے باہر رہتا ہے جہاں بورڈ کی کوئی میٹنگ ہوتی ہے، اور جو بورڈ/کمیٹی کے اجلاسوں میں شرکت کے مقصد سے اس جگہ آئے گا، تو ڈائریکٹر اصل میں معاوضہ لینے کا حقدار ہوگا۔

کارپوریٹ اور مالیاتی رپورٹنگ کا

فریم ورک

مپنی کے ڈائریکٹرز کے مطابق:

1. کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشواروں میں معاملات کی جانچ پڑتال، نتائج، کیش فلو اور ایکویٹی میں تبدیلیاں پیش کی جاتی ہیں۔
2. کمپنی کے ایکاؤنٹس کی کتابوں کو مؤثر طریقے سے محفوظ رکھا گیا ہے۔
3. مالیاتی گوشواروں کی تیاری میں مناسب ایکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور

شیئر ہولڈنگ کا پیٹرن

دسمبر 31، 2020 تک خاص شیئر ہولڈرز کے پیٹرن کا انکشاف رپورٹنگ فریم ورک کے تحت ضروری ہے، جو اس رپورٹ میں منسلک ہے، براہ کرم صفحہ 74 سے رجوع کریں۔ مندرجہ بالا تفصیلات کے علاوہ ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور ان کی شریک حیات یا نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی تجارت نہیں کی۔

کمپنی کا عملہ اور صارفین

انتظامیہ، کمپنی کے اسٹیک ہولڈرز، خاص طور پر اپنے صارفین کا ان مصنوعات اور خدمات پر مسلسل اعتماد کرنے پر تہ دل سے شکر گزار ہے۔ انتظامیہ کمپنی کے تمام ملازمین کا بھی شکریہ ادا کرنا چاہتی ہے جنہوں نے انتھک محنت کی۔ ہم ان کی محنت، وفاداری اور لگن کو سراہتے ہیں۔

Towfiq Habib Chinoy
(Chairman)
Lahore, March 29, 2022

شرکت اور ان میں حاضری ساتھ میں منسلک ہے۔

کمپنی کے حصص کی فروخت، جو اس کے ڈائریکٹرز، ایگزیکٹوز اور ان کی شریک حیات اور نابالغ بچوں کے ذریعہ کی جاتی ہیں، منسلک ہیں۔

سی ای او / ڈائریکٹرز / سپانسرز / سپاؤسز اور ایگزیکٹوز کے ذریعے حصص کی تجارت

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ، دیگر ایگزیکٹوز، ان کے شریک حیات / کفیل اور نابالغ بچوں کی طرف سے شیئرز کی تجارت کی تفصیلات درج ذیل ہیں

No. of shares	Purchase/Transmission of Shares
14,750	ڈائریکٹرز
215,200	چیف ایگزیکٹو آفیسر
NIL	چیف فنانشل آفیسر
NIL	کمپنی سیکرٹری،
NIL	ہیڈ آف انٹرنل آڈٹ،
884,550	دیگر ایگزیکٹوز
184,850	شریک حیات / کفیل
NIL	نابالغ بچوں

Syed Hyder Ali
(Chief Executive & Managing Director)
Lahore, March 29, 2022

SHAREHOLDERS INFORMATION

REGISTERED OFFICE

4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi - 75600
Tel # (021) 35831618 / 35831664
35833011 / 35874047 - 49
Fax #021()35860251

SHARE REGISTRAR

FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.
Shahrah-e-Faisal
Karachi - 75400
Tel # (021) 34380101-2
Fax # (021) 34380106

LISTING ON STOCK EXCHANGE

The equity shares of Packages Limited (the "Company") are listed on the Pakistan Stock Exchange Limited (PSX).

STOCK CODE

The trading symbol for dealing in equity shares of Packages Limited at the PSX is 'PKGS'.

SHARE REGISTRAR

The shares department of the Company is operated by FAMCO Associates (Pvt.) Limited and serves around 4,088 shareholders. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the registration function.

The Share Registrar has online connectivity with the Central Depository Company of Pakistan Limited (CDC). It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/ replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Share Registrar at details appearing below:

CONTACT PERSONS

Mr. Ubaid Hussain
Tel. (021) 35874049
Fax. (021) 35860251
Email: shares.desk@packages.com.pk

Mr. Zeeshan Akhtar
Tel. # 92 21 34380101-5
Fax # 92 21 34380106
Email: info.shares@famco.com.pk

SERVICE STANDARDS

Packages Limited has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution, subject to receipt of the complete set of required documents

For requests received through post or over the counter	
Transfer of shares	15 days after receipt
Transmission of shares	15 days after receipt
Issue of duplicate share certificates	30 days after receipt
Updating of IBAN	15 working days after receipt
Change of address	2 days after receipt

Well qualified personnel of Share Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant and prescribed information.

DEMATERIALIZATION OF SHARES

The equity shares of the Company are under the dematerialization category. As of date 68.99% of the equity shares of the Company have been dematerialized by the shareholders.

Members holding shares in physical form are encouraged to convert their physical shares into Book-Entry-Form (CDC) pursuant to the requirements of

Section 72 of the Companies Act, 2017 (the "Act").

DIVIDEND REMITTANCE

Dividend declared and approved at an Annual General Meeting is paid in terms of Section 242 of the Companies Act, 2017/Companies (Distribution of Dividends) Regulations, 2017

(i) For shares held in physical form:

to shareholders whose names appear in the Register of Members of the company after entertaining all requests for transfer of shares lodged with the company on or before the book closure date.

(ii) For shares held in electronic form:

to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

INVESTORS' GRIEVANCES

To date none of the investors or shareholders has filed any letter of complaint against any service provided by the Company to its shareholders.

LEGAL PROCEEDINGS

No case has ever been filed by shareholders against the Company for non-receipt of shares/refund.

WEB PRESENCE

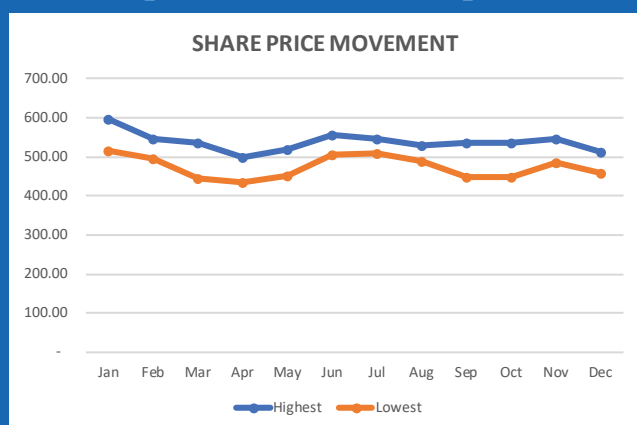
Updated information regarding the Company can be accessed at its website, www.packages.com.pk. The website contains the latest financial results of the Company along with its profile and corporate philosophy.

Share Price/Volume

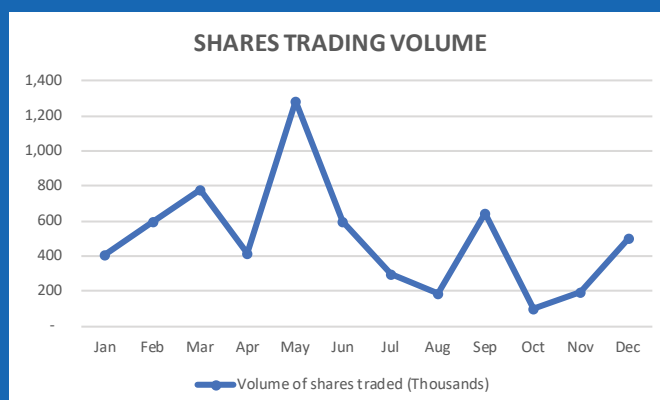
The monthly high and low prices and the volume of shares traded on the Pakistan Stock Exchange during the financial year 2021 are as under.

MONTH	SHARE PRICE ON THE KSE (RS.)		VOLUME OF SHARES TRADED
	Highest	Lowest	
January	598.00	515.00	407,800
February	547.99	495.00	594,600
March	536.80	445.00	780,250
April	500.00	436.50	411,800
May	521.00	451.00	1,286,800
June	556.00	505.01	599,650
July	545.00	510.00	300,000
August	530.00	490.00	183,850
September	537.00	450.00	648,400
October	535.00	450.00	102,300
November	545.50	485.00	197,100
December	512.00	460.00	501,100

Share Price Movement
[Share Price on PSX]



Shares Trading Volume
[Volume of shares traded on PSX]



PATTERN OF SHAREHOLDING

SHAREHOLDING		NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD
FROM	TO		
1	100	1,879	47,895
101	500	836	238,132
501	1,000	371	295,879
1,001	5,000	579	1,359,355
5,001	10,000	142	1,021,070
10,001	15,000	56	694,546
15,001	20,000	33	587,576
20,001	25,000	28	635,004
25,001	30,000	22	617,054
30,001	35,000	19	620,011
35,001	40,000	6	226,263
40,001	45,000	8	339,701
45,001	50,000	9	431,928
50,001	55,000	8	414,304
55,001	60,000	4	226,345
60,001	65,000	7	436,957
65,001	70,000	3	198,186
70,001	75,000	3	216,066
75,001	80,000	2	156,136
80,001	85,000	1	83,900
85,001	90,000	2	176,049
90,001	95,000	3	279,023
95,001	100,000	1	100,000
100,001	105,000	2	208,494
110,001	115,000	1	113,800
120,001	125,000	1	120,330
130,001	135,000	1	133,050
135,001	140,000	1	135,037
140,001	145,000	3	427,860

SHAREHOLDING		NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD
FROM	TO		
150,001	155,000	4	607,345
155,001	160,000	3	470,938
175,001	180,000	1	176,900
180,001	185,000	1	182,700
190,001	195,000	2	388,084
195,001	200,000	1	198,835
205,001	210,000	1	208,000
210,001	215,000	2	424,551
220,001	225,000	1	221,210
230,001	235,000	1	233,178
240,001	245,000	1	241,975
245,001	250,000	1	249,830
255,001	260,000	1	258,477
270,001	275,000	1	273,390
280,001	285,000	1	281,500
285,001	290,000	1	287,290
300,001	305,000	1	304,718
305,001	310,000	1	307,820
320,001	325,000	1	322,842
345,001	350,000	1	345,987
360,001	365,000	1	360,951
400,001	405,000	1	403,055
420,001	425,000	1	421,300
465,001	470,000	1	467,000
505,001	510,000	1	509,900
530,001	535,000	1	533,350
555,001	560,000	1	556,200
595,001	600,000	1	600,000
660,001	665,000	2	1,320,834
755,001	760,000	1	757,482
820,001	825,000	1	821,714
860,001	865,000	1	863,800
890,001	895,000	1	892,479
935,001	940,000	1	936,600
975,001	980,000	1	975,237
990,001	995,000	1	990,641

SHAREHOLDING		NO. OF SHAREHOLDERS	TOTAL SHARES HELD
FROM	TO		
1,195,001	1,200,000	1	1,198,668
1,470,001	1,475,000	1	1,474,565
1,520,001	1,525,000	1	1,523,200
2,065,001	2,070,000	1	2,067,893
2,285,001	2,290,000	1	2,287,175
2,530,001	2,535,000	1	2,533,529
2,845,001	2,850,000	1	2,849,591
3,500,001	3,505,000	1	3,504,115
3,615,001	3,620,000	1	3,617,228
3,915,001	3,920,000	1	3,917,505
4,365,001	4,370,000	1	4,366,120
5,395,001	5,400,000	1	5,396,650
26,705,001	26,710,000	1	26,707,201
		4,088	89,379,504

DETAILS OF SHAREHOLDINGS:

SHAREHOLDERS' CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD
------------------------	------------------------	-----------------------

ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES

GURMANI FOUNDATION	1	1,198,668
BABAR ALI FOUNDATION	3	8,531,033
IGI INVESTMENTS (PVT.) LIMITED	1	26,707,201
TRUSTEES PACKAGES LTD. (EMPLOYEES P.F.)	1	2,067,893
TRUSTEES PACKAGES LTD. (MGT.STAFF P.F)	1	660,036
TRUSTEES PACKAGES LTD. (EMP. G.F)	1	104,494
TOTAL	8	39,269,325

SHAREHOLDERS' CATEGORY	NO. OF SHAREHOLDERS	NO. OF SHARES HELD
------------------------	---------------------	--------------------

MODARABAS & MUTUAL FUNDS

FIRST TRI-STAR MODARABA	1	259
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	509,900
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	26,400
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	64,500
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	208,000
CDC - TRUSTEE MEEZAN BALANCED FUND	1	91,373
CDC - TRUSTEE JS ISLAMIC FUND	1	23,350
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	5,289
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	48,094
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	233,178
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,474,565
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	95,000
CDC - TRUSTEE NBP BALANCED FUND	1	3,100
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	213,301
CDC - TRUSTEE APF-EQUITY SUB FUND	1	11,000
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	3,850
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	15,500
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	89,050
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	157,982
CDC - TRUSTEE NBP SARMAHA IZAFAT FUND	1	3,900
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	800
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	1,750
CDC - TRUSTEE AWT ISLAMIC STOCK FUND	1	9,750
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	600
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	3,617,228
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	40,300
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	83,900
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	32
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	36,750
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1	10,400
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	1	11,000
TOTAL	31	7,090,101

SHAREHOLDERS' CATEGORY**NO. OF
SHAREHOLDERS****NO. OF
SHARES HELD****DIRECTORS AND THEIR SPOUSE(S)
AND MINOR CHILDREN**

SYED HYDER ALI	2	2,843,375
HASAN ASKARI	1	100
SYED ASLAM MEHDI	1	10,081
TOWFIQ H. CHINOY	1	113,800
TARIQ IQBAL KHAN	1	6,000
SYED SHAHID ALI SHAH	1	153,145
AZRA TARIQ	1	4,100
SABA KAMAL	1	300
IMRAN KHALID NIAZI	1	1,150
IRFAN MUSTAFA	1	100
TOTAL	11	3,132,151

EXECUTIVES**TOTAL 05 5,627,670****BANKS, DEVELOPMENT FINANCIAL
INSTITUTIONS, NON-BANKING
FINANCIAL INSTITUTIONS****TOTAL 16 2,900,524****SHAREHOLDERS HOLDING FIVE PERCENT
OR MORE VOTING RIGHTS IN THE
LISTED COMPANY**

IGI INVESTMENTS (PVT.) LIMITED	1	26,707,201
STORA ENSO AB	1	5,396,650
BABAR ALI FOUNDATION	3	8,531,033
TOTAL	5	40,634,884

SHAREHOLDERS' CATEGORY	NO. OF SHAREHOLDERS	NO. OF SHARES	%
•Directors, Chief Executive Officer, and their spouse and minor children	11	3,132,151	3.50
•Associated Companies, Undertakings and Related Parties	8	39,269,325	43.94
•Banks, Development Financial Institutions, Non-Banking Financial Institutions	16	2,900,524	3.25
•Insurance Companies	14	5,978,154	6.69
•Modarabas and Mutual Funds	31	7,090,101	7.93
•Shareholders holding 10%	1	26,707,201	29.88
•General Public :			
a. Local	3,871	19,796,768	22.15
b. Foreign	4	6,690,241	7.49
•Others	133	4,522,240	5.06
Total (excluding: shareholders holding 10%)	4,088	89,379,504	100.00

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PACKAGES LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Packages Limited for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2021.



A.F.Ferguson & Co.
Chartered Accountants
Lahore

APRIL 07, 2022

UDIN: CR202110071t8hzN3PL7

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

(Code of Corporate Governance) Regulations, 2019 For The Year Ended December 31, 2021

Packages Limited (the Company) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of Directors are 10 as per the following:

- | | |
|------------|---|
| a. Male: | 9 |
| b. Female: | 1 |

2. The composition of the Board is as follows:

- | | |
|--|---|
| a. Independent Director* | 3 |
| b. Non-executive Directors | 5 |
| c. Executive Directors | 2 |
| d. Female Director
(included in Independent Director) | 1 |

**Determination of number of independent directors arrives at 3.33 (rounded to 3) under Regulation 6, based on ten elected directors. The fraction is not rounded up since the three (3) elected independent directors have requisite competency, knowledge and experience to hold their office as such and discharge and execute their responsibilities as per applicable laws and regulations.*

During the year, there were no changes in the composition of the Board.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

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

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

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

9. All Directors have either acquired the Directors' Training Program Certificates or are exempt from the requirements of Directors' Training Program.

10. There was no new appointment of Chief Financial Officer and Head of Internal Audit during the year. The Board approved the appointment of Ms. Arjumand Ahmed Shah, Company Secretary in place of Mr. Sajjad Iftikhar.

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

AUDIT COMMITTEE:

Mr. Hasan Askari (Independent Director)	Chairman
Mr. Imran Khalid Niazi (Non-Executive Director)	Member
Syed Aslam Mehdi (Executive Director)	Member
Syed Shahid Ali (Non-Executive Director)	Member
Mr. Tariq Iqbal Khan (Non-Executive Director)	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE:

Mrs. Saba Kamal (Independent Director)	Chairman
Mr. Towfiq Habib Chinoy (Non-Executive Director)	Member
Syed Hyder Ali (Chief Executive & Managing Director)	Member
Mr. Josef Meinrad Mueller (Non-Executive Director)	Member
Mr. Irfan Mustafa (Independent Director)	Member
Mr. Imran Khalid Niazi (Non-Executive Director)	Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings of the Committees was as per following:
 - a) Audit Committee Quarterly
 - b) Human Resource and Remuneration Committee Yearly
15. The Board has set up an effective internal audit function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Since there are no Nomination and Risk Management Committees in place (required under non-mandatory provision of Regulations 29 & 30), their respective terms of reference, as enumerated in the Regulations, have been incorporated in the terms of reference of Human Resource and Remuneration Committee and Audit Committee respectively.



(Towfiq Habib Chinoy)
Chairman
Lahore
March 29, 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PACKAGES LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the annexed unconsolidated financial statements of Packages Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 December 31, 2021 and of the profit and other comprehensive loss, 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 Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

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

Following is the Key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Reversal of impairment of investment in associate</p> <p><i>(Refer note 21.1.5 to the annexed unconsolidated financial statements)</i></p> <p>During the year, the Company has reviewed the carrying amount of its equity investment in its associate, Tri-Pack Films Limited (TPFL). This involved estimation techniques and management's judgement to obtain reasonable expected future cash flows of TPFL's business and related discount rate.</p> <p>Management involved an internal expert to perform this valuation. As a result of performing the aforementioned assessment, the recoverable amount of the investment was determined to be higher than its carrying amount which has resulted in the reversal of previously recognized impairment loss.</p> <p>Due to the high level of judgement and estimation required to determine the recoverable amount of the above-mentioned investment, we consider it to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We considered management's process for identifying the existence of impairment reversal indicators in respect of the Company's investments. • We assessed the valuation methodology used by the management. • Obtained the discounted cash flow model ('model') and checked the mathematical accuracy of the computations. • Obtained an understanding of the work performed by the management on the model for the purpose of valuation. • Examined the professional qualification of management's internal expert and assessed the independence, competence, and experience of the management's internal expert in the field. • Understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations. • Evaluated the cash flow forecast by obtaining an understanding of TPFL's business. • Tested on sample basis, the reasonableness of the input data used by the management.

S.No.	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Checked the adequacy of the disclosures made by the Company with regards to applicable accounting and reporting standards.

INFORMATION OTHER THAN THE UNCONSOLIDATED AND CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR’S REPORTS THEREON

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

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 UNCONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 UNCONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



Lahore,
APRIL 7, 2022
UDIN: AR2021100713PHgSpV8v

Financial Statements

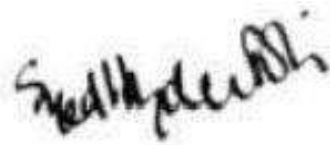
FOR THE YEAR ENDED DECEMBER 31, 2021

PACKAGES LIMITED

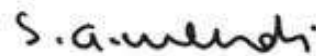
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

		2021	2020			2021	2020
	Note	(Rupees in thousand)			Note	(Rupees in thousand)	
EQUITY AND LIABILITIES				ASSETS			
CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment	18	187,388	164,705
- 150,000,000 (2020: 150,000,000) ordinary shares of Rs 10 each		1,500,000	1,500,000	Investment properties	19	1,457,966	1,421,693
- 22,000,000 (2020: 22,000,000) 10% non-voting preference shares / convertible stock of Rs 190 each		4,180,000	4,180,000	Intangible assets	20	2,096	2,611
		<u>5,680,000</u>	<u>5,680,000</u>	Investments	21	46,922,876	46,186,402
Issued, subscribed and paid up share capital				Long term security deposits		5,125	5,344
- 89,379,504 (2020: 89,379,504) ordinary shares of Rs 10 each	6	893,795	893,795	Deferred taxation	10	-	262,476
- 8,186,842 (2020: 8,186,842) 10% non-voting preference shares / convertible stock of Rs 190 each	8.1	606,222	606,222			<u>48,575,451</u>	<u>48,043,231</u>
Other reserves	7	42,350,898	45,029,439				
Revenue reserve: Un-appropriated profits		4,307,565	3,161,751				
		<u>48,158,480</u>	<u>49,691,207</u>				
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Long term finances	8	2,482,650	932,650	Trade debts	22	10,467	74,418
Long term advances	9	7,703	8,163	Loans, advances, deposits, prepayments and other receivables	23	1,038,005	1,926,840
Deferred taxation	10	94,483	-	Income tax receivable	24	2,913,086	2,996,785
Employee retirement benefits	11	600,570	302,697	Short term investments	25.4	235,000	-
Deferred liabilities	12	52,043	39,381	Cash and bank balances	25	368,165	126,677
		<u>3,237,449</u>	<u>1,282,891</u>			<u>4,564,723</u>	<u>5,124,720</u>
CURRENT LIABILITIES							
Current portion of non-current liabilities	13	8,927	2,173				
Short term borrowings - secured	14	21,136	453,159				
Trade and other payables	15	1,497,811	1,511,168				
Unclaimed dividend		58,875	54,750				
Accrued finance cost	16	157,496	172,603				
		<u>1,744,245</u>	<u>2,193,853</u>				
CONTINGENCIES AND COMMITMENTS	17						
		<u>53,140,174</u>	<u>53,167,951</u>			<u>53,140,174</u>	<u>53,167,951</u>

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



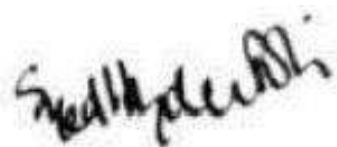
Chief Financial Officer

PACKAGES LIMITED

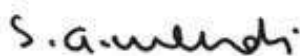
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 (Rupees in thousand)	2020
Sale from goods and services	26	-	12,830,208
Dividend income	27	4,195,733	1,916,898
Net operating revenue		4,195,733	14,747,106
Cost of sales	28	-	(9,940,900)
Gross profit		4,195,733	4,806,206
Administrative expenses	29	(531,258)	(795,281)
Distribution and marketing costs	30	-	(751,824)
Reversal of impairment losses on financial assets	31	7,062	69,159
Other expenses	32	(60,169)	(116,470)
Other income	33	1,269,725	406,333
Operating profit		4,881,093	3,618,123
Finance costs	34	(217,074)	(782,263)
Profit before taxation		4,664,019	2,835,860
Taxation	35	(541,894)	(16,336)
Profit for the year		4,122,125	2,819,524
Earnings per share		Rupees	Rupees
- Basic	42.1	46.12	31.55
- Diluted	42.2	43.84	30.48


The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



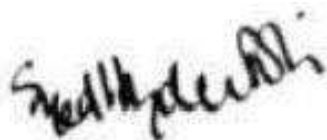
Chief Financial Officer

PACKAGES LIMITED

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 (Rupees in thousand)	2020
Profit for the year		4,122,125	2,819,524
Other comprehensive loss for the year - net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>		-	-
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Change in fair value of investments held at fair value through other comprehensive income ('FVOCI')	21.3	(3,428,541)	(5,054,173)
Remeasurements of retirement benefits obligation		(266,213)	107,650
Tax effect of remeasurements of retirement benefits obligation		77,202	(31,218)
		(3,617,552)	(4,977,741)
Other comprehensive loss for the year		(3,617,552)	(4,977,741)
Total comprehensive income / (loss) for the year		504,573	(2,158,217)

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



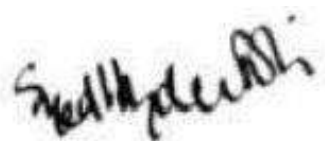
Chief Financial Officer

PACKAGES LIMITED

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

	Issued, subscribed and paid up share capital			Reserves			Capital and reserves	
	Ordinary share capital	Preference shares / convertible stock	Share premium	Capital reserves		Revenue reserves		Total
				FVOCI reserve (Rupees in thousand)	Capital redemption reserve	General reserve	Un-appropriated profits	
Balance as on January 1, 2020	893,795	606,222	3,766,738	25,391,541	1,615,000	18,310,333	2,338,349	52,921,978
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Transaction with owners in their capacity as owners, recognised directly in equity								
Final dividend for the year ended December 31, 2019 of Rs 12.00 per share	-	-	-	-	-	-	(1,072,554)	(1,072,554)
Total comprehensive loss for the year								
Profit for the year	-	-	-	-	-	-	2,819,524	2,819,524
Other comprehensive (loss) / income for the year	-	-	-	(5,054,173)	-	-	76,432	(4,977,741)
	-	-	-	(5,054,173)	-	-	2,895,956	(2,158,217)
Balance as on December 31, 2020	893,795	606,222	3,766,738	20,337,368	1,615,000	19,310,333	3,161,751	49,691,207
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	750,000	(750,000)	-
Transaction with preference shareholders								
Participating dividend on preference shares /convertible stock -note 8.1.1	-	-	-	-	-	-	(26,250)	(26,250)
Transaction with owners in their capacity as owners, recognized directly in equity								
Final dividend for the year ended December 31, 2020 of Rs 22.50 per share	-	-	-	-	-	-	(2,011,050)	(2,011,050)
Total comprehensive income / (loss) for the year								
Profit for the year	-	-	-	-	-	-	4,122,125	4,122,125
Other comprehensive loss for the year	-	-	-	(3,428,541)	-	-	(189,011)	(3,617,552)
	-	-	-	(3,428,541)	-	-	3,933,114	504,573
Balance as on December 31, 2021	893,795	606,222	3,766,738	16,908,827	1,615,000	20,060,333	4,307,565	48,158,480

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



Chief Financial Officer

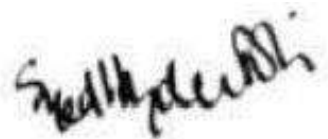
PACKAGES LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 (Rupees in thousand)	2020
Cash flows from operating activities			
Cash generated from operations	39.1	214,748	2,312,377
Finance cost paid		(230,904)	(913,524)
Income tax paid		(275,401)	(456,940)
Long term loans - net		-	379
Long term security deposits - net		220	2,288
Payments for accumulated compensated absences		(1,248)	(4,130)
Employee retirement benefits paid		(5,972)	(72,287)
Dividends received		5,287,607	825,024
Net cash inflow from operating activities		4,989,050	1,693,187
Cash flows from investing activities			
Fixed capital expenditure		(141,369)	(699,639)
Investments made in debt and equity securities		(3,723,151)	(443,811)
Long term advances -net		10,765	663
Proceeds from disposal of property, plant and equipment		21,391	42,396
Net cash outflow from investing activities		(3,832,364)	(1,100,391)
Cash flows from financing activities			
Proceeds from long term finances		1,550,000	2,243,333
Repayment of lease liabilities		-	(11,588)
Dividend paid		(2,033,175)	(1,073,007)
Net cash (outflow) / inflow from financing activities		(483,175)	1,158,738
Net increase in cash and cash equivalents		673,511	1,751,534
Short term borrowings transferred to Packages Convertors Limited		-	3,400,000
Cash and cash equivalents at the beginning of the year		(326,482)	(5,478,016)
Cash and cash equivalents at the end of the year	39.2	347,029	(326,482)

Refer note 8 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



Chief Financial Officer

PACKAGES LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1. The Company and its operations

Packages Limited (the 'Company') is a public company limited by shares incorporated in Pakistan. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 4th floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

The principle activity of the Company, is to manage investments in subsidiary companies, associated companies and joint ventures, engaged in various businesses including manufacturing of packaging materials, tissue, consumer products, industrial inks, paper, paperboard products and corrugated boxes, biaxially oriented polypropylene ('BOPP') and cast polypropylene ('CPP') films, ground calcium carbonate products, insurance, power generation and real estate.

These financial statements denote the standalone financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. The consolidated financial statements of the Company and its subsidiaries have been presented separately. Details of investments held by the Company in its subsidiaries have been presented in note 21.

2 Internal Restructuring

The Board of Directors ('Board') of Packages Limited ('the holding company') in its meeting held on April 24, 2019, evaluated and approved the internal restructuring of the holding company subject to procuring all applicable regulatory, corporate and third party approvals and execution of relevant documents / agreements between the holding company and relevant subsidiaries. The purpose of this arrangement was to develop operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. The restructuring does not affect the rights of the members of the holding company.

In this regard, the holding company's Board decided to transfer its manufacturing businesses including folding cartons, flexible packaging, consumer products, mechanical fabrication and roll covers along with all relevant assets and related liabilities to its wholly owned subsidiary ('Packages Convertors Limited') for a consideration otherwise than in cash in accordance with the Converting Business Transfer Agreement dated July 23, 2019 executed between Packages Limited and Packages Convertors Limited.

Consequently, the holding company has transferred the assets and corresponding liabilities of the manufacturing business at carrying values as at July 1, 2020 and recognized investment in subsidiaries at the carrying value of the net assets transferred and no gain or loss has been recognized by the company on this transfer.

As stated above, in consideration for the transfer of the following assets and liabilities to Packages Convertors Limited at respective carrying values on July 1, 2020, the Company has been issued ordinary shares of Packages Convertors Limited as on February 17, 2021.

	Carrying amounts as at July 1, 2020 (Rupees in thousand)
Non-current assets	
Property, plant and equipment	6,385,957
Right-of-use assets	70,820
Intangible assets	56,637
Long term security deposits	139
Long term loans	248
	<u>6,513,801</u>
Current assets	
Stores and spares	768,414
Stock-in-trade	4,891,004
Loans, advances, deposits, prepayments and other receivables	58,718
	<u>5,718,136</u>
Total assets	<u><u>12,231,937</u></u>
Liabilities	
Long term finances	4,243,333
Lease liabilities	70,402
Long term advances	66,166
Deferred income	148,255
Deferred taxation	453,675
Retirement benefits	220,057
Deferred liabilities	165,101
Finances under mark up	3,400,000
Other payables	367,142
Accrued finance costs	14,904
Total liabilities	<u><u>9,149,035</u></u>
Net assets	<u><u>3,082,902</u></u>
30,829,021 fully paid ordinary shares of Rs 100 each issued to Packages Limited	3,082,902

3. Basis of preparation

3.1 Statement of compliance

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

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

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

3.2 Initial application of standard, amendments or an interpretation to existing standards

3.2.1 Standard, amendments to published standards and interpretations that are effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on January 1, 2021 but does not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

3.2.2 Standard, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2021. The standard and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

4. Basis of measurement

4.1 These unconsolidated financial statements have been prepared under the historical cost convention except for remeasurement of certain financial instruments at fair value and the recognition of certain employee benefit obligations and long term advances at present value.

4.2 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the unconsolidated financial statements.

- i)** Useful lives and residual values of property, plant and equipment and investment properties - notes 5.2, 5.4, 18 and 19
- ii)** Employee retirement benefits - notes 5.11, 11 and 12
- iii)** Provision for taxation and deferred tax asset on tax credits and losses - notes 5.1, 10, 24 and 35
- iv)** Impairment of financial assets (other than investments in equity instruments) - notes 5.8.4, 22.2, 23 and 31
- vi)** Impairment testing of investment in subsidiaries, associates and joint ventures - notes 5.7 and 21
- vii)** Provisions, contingent assets and contingent liabilities - notes 5.24, 5.27 and 17

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

5. Significant accounting policies

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Taxation

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

SECP vide its certificate dated July 30, 2019, has registered the Company, Bulleh Shah Packaging (Private) Limited ('BSPPL'), Packages Investments Limited ('PIL') and Packages Convertors Limited ('PCL') (together the 'Group') as a Group and has also, vide its certificate dated November 6 2019, designated the Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2022 by the Company, the Group will be taxed as one fiscal unit for the tax year 2022.

Current

The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to profit for the year if enacted or substantively enacted at the end of the reporting period in accordance with the prevailing law for taxation of income, after taking into account tax credits, rebates and exemptions, if any. Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Group taxation adjustments

Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realizability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to the unconsolidated statement of profit or loss in the year in which they arise.

5.2 Property, plant and equipment

5.2.1 Operating fixed assets

Operating fixed assets, except freehold land and leasehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Leasehold land is stated at cost less accumulated amortisation and freehold land is stated at cost less any identified impairment loss. Cost of leasehold land is amortised using the straight line method over the period of lease term. An item of property, plant and equipment is recognised as an asset if 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. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on all operating fixed assets is charged to the unconsolidated statement of profit or loss on straight-line method so as to write off the depreciable amount of an asset over its estimated useful life at the following annual rates:

	Rates per annum
- Leasehold land	6.67% to 10.00%
- Buildings	2.50% to 20.00%
- Other equipment	6.60% to 50.00%
- Furniture and fixtures	10.00% to 33.33%
- Vehicles	20.00% to 50.00%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual values and useful lives of its owned assets as at December 31, 2021 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognised or retired from active use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 5.3 to these unconsolidated financial statements.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Disposal of asset is recognised when all / significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses / income' in the profit or loss.

5.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

5.3 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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 the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

5.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Investment properties are leased to tenants with rentals payable monthly. The investment properties of the Company comprise of land and buildings. The investment properties, except freehold land, are stated at cost less accumulated depreciation and any identified impairment losses. Freehold land is stated at cost less any identified impairment loss.

Depreciation on buildings is charged to unconsolidated statement of profit or loss on a straight-line method so as to write off the depreciable amount of buildings over its estimated useful life at the rates ranging from 2.50% to 14.29% per annum. Depreciation on additions to investment properties is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognised or retired from active use.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual values and useful lives of its investment properties as at December 31, 2021 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 5.3 to these unconsolidated financial statements.

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying value at the date of reclassification becomes its cost for subsequent accounting at the date of change in use.

Land held for an undetermined future use is also classified as investment property.

5.5 Intangible assets

Expenditure incurred to acquire computer software, SAP Enterprise Resource Planning ('ERP') System and developed websites are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets having a finite life are amortised using the straight-line method over their estimated useful lives at the rates ranging from 10.00% to 20.00% per annum.

a) Acquired

These are stated at cost less accumulated amortisation and impairment losses, if any

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software (license fee) and related overhead cost.

Expenditure which enhances or extends the performance of the intangible asset beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

b) Internally generated

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the year in which it is incurred.

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Useful lives of intangible assets are reviewed, at each reporting date and adjusted if the impact of on amortisation is significant. The Company's estimate of the useful lives of its intangible assets as at December 31, 2021 has not required any adjustment as its impact is considered insignificant.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is derecognised or retired from active use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 5.3 to these unconsolidated financial statements.

5.6 Leases

The Company is the lessor:

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental income received under operating leases (net of any incentives given to the lessee) is recognised as income on a straight-line basis over the lease term. The respective leased assets are included in the unconsolidated statement of financial position as investment property.

5.7 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets. All other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

5.7.1 Investments in equity instruments of subsidiaries, associates and joint ventures

Investments in equity instrument of subsidiaries, associates and joint ventures are measured at cost as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the unconsolidated statement of profit or loss. Cost in relation to investments made in foreign currency is determined by translating the consideration paid in foreign currency into Pak Rupees at exchange rate prevailing on the date of transaction. In case of an increase in the investment in a subsidiary, associate or joint venture, the accumulated cost represents the carrying value of the investment. This is also applicable if the additional investment results in an associate or joint venture becoming a subsidiary.

The Company assesses at the end of each reporting period whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. It assesses whether there have been favourable events or changes in circumstances, since impairment loss was recognised. If any such indication exists, the Company estimates the recoverable amount of that investment and reverses the impairment loss. The amount of any reversal recognised is restricted to increasing the carrying value of investment to the carrying value that would have been recognised if the original impairment had not occurred. A reversal of impairment loss is recognised in the unconsolidated statement of profit or loss.

The Company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of IFRS 10, 'Consolidated financial statements' and IAS 27, 'Separate financial statements'.

5.8 Financial assets

5.8.1 Classification

The Company classifies its financial assets other than investments in subsidiaries in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

5.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

5.8.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest method. Impairment expenses are presented as a separate line item in the unconsolidated statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments except for investments in subsidiaries, associates and joint ventures at fair value through other comprehensive income. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

5.8.4 Impairment of financial assets other than investment in equity instruments

The Company assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts and contract assets, the Company applies IFRS 9 's simplified approach to measure the ECL ('loss allowance') which uses a life time expected loss allowance to be recognised from initial recognition, while general 3-stage approach is applied for deposits, other receivables, short term investments and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Loans, deposits and other receivables;
- Long term security deposits;
- Bank balances; and
- Short term investments.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 360 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognises an impairment gain or loss in the unconsolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the unconsolidated statement of financial position.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

5.9 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 cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the unconsolidated statement of profit or loss, when the liabilities are derecognised, as well as through effective interest rate amortization process.

A financial liability is derecognised when the obligation under the liability is discharged or 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 or 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 unconsolidated statement of profit or loss.

5.10 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the Counterparty.

5.11 Employee benefits

5.11.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the unconsolidated statement of financial position.

5.11.2 Post employment benefits

Retirement benefits are payable to staff on completion of prescribed qualifying period of service. The main features of the schemes operated by the Company for its employees are as follows:

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the "Projected Unit Credit method". The most recent valuation was carried out as at December 31, 2021.

(a) Gratuity plan

There is an approved funded defined benefit gratuity plan for all permanent employees subject to attainment of service of prescribed minimum period. Monthly contributions are made to this fund on the basis of actuarial recommendations at the rate of 4.50% per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2021. The actual return on plan assets during the year was Rs 5.774 million (2020: Rs 20.797 million). The employees of the Company are entitled to gratuity payments on the basis of their service with the Company and in accordance with the Company policy.

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

The amount recognized in statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the statement of profit or loss.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

	2021	2020
Discount rate per annum	9.75%	9.75%
Expected rate of increase in salary level per annum	11.75%	9.75%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC (2001-2005) mortality table
Expected rate of return per annum	11.75%	9.75%

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, izafa certificates, treasury bills, sukuk certificates and term deposits with banks.

The company is expected to contribute Rs. 6.674 million to the gratuity fund in the next fiscal year.

(b) Pension plan

Management and executive staff hired before January 1, 2016 participate in the pension fund of the Company. On December 26, 2012, the Board of Trustees of the pension fund, decided to convert the defined benefit plan to defined contribution plan for all its active employees with effect from January 1, 2013 with no impact on the pensioners appearing on the pensioners' list as of that date. The proposed scheme was approved for implementation by the Commissioner Inland Revenue on February 22, 2013 and employees' consent to the proposed scheme was sought and obtained. Management and executive staff who have joined on or after January 1, 2016, do not participate in the pension fund.

Consequently, the pension fund currently operates two different plans for its members:

- Defined contribution plan for active employees hired before January 1, 2016; and
- Defined benefit plan for pensioners who have retired on or before December 31, 2012.

In respect of the defined contribution plan, the Company contributes 20.00% of members' monthly basic salary to the scheme; whereas, an employee may or may not opt to contribute 6.00% of his monthly basic salary to the scheme.

The obligation in respect of the defined benefit plan is determined by the Company's actuary at each year end. Any funding gap identified by the Company's actuary is paid by the Company from time to time. The last actuarial valuation was carried out as at December 31, 2021, based on the following assumptions:

	2021	2020
Discount rate per annum	9.75%	9.75%
Expected rate of increase in pension level per annum	11.75%	5.00%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC (2001-2005) mortality table
Expected rate of return per annum	11.75%	9.75%
Average duration of liability (years)	7	7

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, term finance certificates, izafa certificates, treasury bills, sukuk certificates and term deposits with banks.

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

The amount recognised in unconsolidated statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for the defined benefit plan are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in unconsolidated statement of profit or loss.

Pension fund is a multi-employer plan formed by the Company in collaboration with Tri-Pack Films Limited ('TPFL'). The Company reports its proportionate share of the plan's commitments, managed assets and costs, after deducting share of TPFL, in accordance with guidance provided by IAS 19 'Employee Benefits', regarding defined benefit plans.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in unconsolidated statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates a recognised / approved contributory provident fund for its permanent employees. Equal monthly contributions at the rate of 10.00% per annum of basic salaries plus dearness allowance and cost of living allowance are made by the Company and the employees to the fund. The Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognised as an expense in profit or loss as and when incurred. The nature of contributory pension fund has been explained in note 5.11.2(i)(b) above.

5.11.3 Accumulating compensated absences

The Company provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences. The annual leaves can be encashed at the time the employee leaves the Company on the basis of the gross salary while no encashment is available for medical leaves. The employees of the Company are entitled to earned annual and medical leaves on the basis of their service with the Company and in accordance with the Company policy.

As per the Company's leaves policy, employees are entitled to following earned leaves along with their maximum accumulation.

	Earned leaves entitlement per year (days)	Maximum accumulation of compensated leaves (days)
Service up to 14 years	15	30
Service from 15 to 21 years	21	42
Service of 22 years or more	21	42

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to unconsolidated statement of profit or loss. The most recent valuation was carried out as at December 31, 2021 using the "Projected Unit Credit Method".

The amount recognised in the unconsolidated statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the unconsolidated statement of profit or loss immediately in the period when these occur.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2021	2020
Discount rate per annum	9.75%	9.75%
Expected rate of increase in salary level per annum	11.75%	9.75%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC (2001-2005) mortality table
Duration of the plan (years)	8	8

5.12 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 less loss allowance. Refer note 5.8.4 to these unconsolidated financial statements for the Company's policy on the impairment of trade debts.

5.13 Cash and cash equivalents

For the purpose of presentation in the unconsolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, short term borrowings and bank overdrafts. Bank overdrafts and short term borrowings are shown within borrowings in current liabilities in the unconsolidated statement of financial position. Bank overdrafts are shown within trade and other payables in current liabilities.

5.14 Non-current assets / disposal group held-for-sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

5.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the unconsolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

5.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

5.17 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in unconsolidated statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the unconsolidated statement of profit or loss.

Amounts accumulated in equity are recognised in unconsolidated statement of profit or loss in the periods when the hedged item shall effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

5.18 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised on the following basis:

- Dividend income from investments is recognised when the Company's right to receive the payment has been established.
- Gains and losses arising on sale of investments are included in profit or loss in the year in which they arise.
- Income on bank deposits and other financial assets is recognized on an accrual basis.
- Rental income arising from investment properties is recognized on an accrual basis.

5.19 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

All foreign exchange gains and losses including foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss on a net basis within exchange gains/(losses). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

5.20 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing costs include exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

5.21 Dividend

Dividend distribution to the Company's members is recognised as a liability in the period in which dividends are approved.

5.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5.23 Compound financial instruments

Compound financial instruments issued by the Company represent preference shares / convertible stock that can be converted into ordinary shares or can be settled in cash.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

5.24 Provisions

Provisions for legal claims and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period taking in consideration the amount that the Company would rationally pay to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions for onerous contracts are calculated at the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it.

5.25 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

5.26 Earnings per share

The Company presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.27 Contingent liabilities and assets

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.

Contingent liabilities are not recognised. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

5.28 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

6. Share Capital

6.1 Authorized Share Capital

2021 (Number of shares)		2020 (Rupees in thousand)	
150,000,000	150,000,000	1,500,000	1,500,000
22,000,000	22,000,000	4,180,000	4,180,000
<u>172,000,000</u>	<u>172,000,000</u>	<u>5,680,000</u>	<u>5,680,000</u>

Ordinary Shares
Ordinary shares of Rs 10 each

Preference Shares
10% non-voting preference shares / convertible stock of Rs 190 each

6.2 Issued, subscribed and paid up share capital - ordinary share capital

2021 (Number of shares)		2020 (Rupees in thousand)	
33,603,295	33,603,295	336,033	336,033
148,780	148,780	1,488	1,488
5,000,000	5,000,000	50,000	50,000
50,627,429	50,627,429	506,274	506,274
<u>89,379,504</u>	<u>89,379,504</u>	<u>893,795</u>	<u>893,795</u>

- Ordinary shares of Rs 10 each fully paid in cash

- Ordinary shares of Rs 10 each issued for consideration other than cash (property, plant and equipment)

- Ordinary shares of Rs 10 issued against conversion of preference shares / convertible stock

- Ordinary shares of Rs 10 each issued as fully paid bonus shares

6.3 26,707,201 (2020: 26,707,201) ordinary shares of the Company are held by the Company's associate, IGI Investments (Private) Limited.

7. Other reserves

Movement in and composition of other reserves is as follows:

Capital reserves

		2021 (Rupees in thousand)		2020 (Rupees in thousand)	
- Share premium	- note 7.1	3,766,738	3,766,738	3,766,738	3,766,738
- FVOCI reserve	- note 7.2	16,908,827	20,337,368	20,337,368	20,337,368
- Capital redemption reserve	- note 7.3	1,615,000	1,615,000	1,615,000	1,615,000
		<u>22,290,565</u>	<u>25,719,106</u>	<u>25,719,106</u>	<u>25,719,106</u>

Revenue reserve

- General reserve		20,060,333	19,310,333	19,310,333	19,310,333
		<u>42,350,898</u>	<u>45,029,439</u>	<u>45,029,439</u>	<u>45,029,439</u>

7.1 This reserve can be utilised by the Company only for the purposes specified in section 81 of the Act.

7.2 This represents the unrealised gain on remeasurement of equity investments at FVOCI and is not available for distribution.

7.3 This reserve was created on account of redemption of 8.5 million preference shares / convertible stock of Rs 190 each in 2016 as per the requirements of section 85 of the repealed Companies Ordinance, 1984.

		2021		2020	
		(Rupees in thousand)			
8.	Long term finances				
	Preference shares / convertible stock - unsecured	- note 8.1	932,650		932,650
	Long term loans - secured	- note 8.2	1,550,000		-
			<u>2,482,650</u>		<u>932,650</u>

8.1 Preference shares / convertible stock - unsecured

During the year 2009, the Company issued 10.00% local currency non-voting preference shares / convertible stock at the rate of Rs 190 per share amounting to USD 50 million equivalent to Rs 4,120.50 million under "Subscription Agreement" dated March 25, 2009 with International Finance Corporation ('IFC').

Terms of redemption / conversion

Each holder of preference shares / convertible stock shall have a right to settle at any time, at the option of holder, either in the form of fixed number of ordinary shares, one ordinary share for one preference share / convertible stock, or cash. The Company may, on its discretion, refuse to purchase the preference shares / convertible stock offered to it for purchase in cash. In case of refusal by the Company, preference shareholders shall have the right to either retain the preference shares / convertible stock or to convert them into ordinary shares. The preference shares / convertible stock can be held till perpetuity if preference shareholders do not opt for the conversion or cash settlement.

Rate of return

The preference share / convertible stock holders have a preferred right of return at the rate of 10.00% per annum on a non-cumulative basis till the date of settlement of preference shares / convertible stock either in cash or ordinary shares. In case the amount of dividend paid to an ordinary shareholder exceeds that paid to a preference shareholder, the preference shareholders have the right to share the excess amount with the ordinary shareholders on an as-converted basis.

Preference shares / convertible stock are recognised in the unconsolidated statement of financial position as follows:

		2021		2020	
		(Rupees in thousand)			
	Face value of preference shares / convertible stock		1,555,500		1,555,500
	[8,186,842 (2020: 8,186,842) shares of Rs 190 each]		(16,628)		(16,628)
	Transaction costs		<u>1,538,872</u>		<u>1,538,872</u>
	Equity component - classified under capital and reserves		(606,222)		(606,222)
	Liability component - classified under long term finances	- note 8	<u>932,650</u>		<u>932,650</u>
	Accrued return on preference shares / convertible stock				
	- classified under accrued finance cost	- note 16	<u>155,550</u>		<u>155,550</u>

The fair value of the liability component of the preference shares / convertible stock is calculated by discounting cash flows at a rate of approximately 16.50% till perpetuity which represents the rate of similar instrument with no associated equity component. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity as preference shares / convertible stock.

8.1.1 Transactions with preference shareholders

This represents the additional entitlement of the preference share holders as mentioned in note 8.1. In addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds the amount paid to a preference shareholder. Since ordinary dividend of Rs 22.50 per share was approved for the year ended December 31, 2020, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

		2021	2020
		(Rupees in thousand)	
8.2	Long term loans - secured		
	Long term finance facility I	- note 8.2.1	800,000
	Long term finance facility II	- note 8.2.2	750,000
			1,550,000

8.2.1 Long term finance facility I

This represents a Term Finance Facility (the 'Facility') of Rs 1.5 billion, which has been obtained from Allied Bank Limited to finance the acquisition of Tri-Pack Films Limited by the Company. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Company. During the year the Company made a drawdown of Rs 800 million on December 28, 2021. The loan carries mark-up at the rate of six-month Karachi Inter-Bank Offered Rate ('KIBOR') per annum. This loan is repayable in 8 equal semi-annual instalments in 5 years - including a grace period of 1 year. The effective mark-up rate charged during the year 10.97% per annum.

8.2.2 Long term finance facility II

This represents a Term Finance Facility (the 'Facility') of Rs 750 million, which has been obtained from Allied Bank Limited to finance equity investment in Starchpack (Private) Limited by the Company. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Company. This loan is repayable in 8 equal semi-annual instalments in 5 years - including a grace period of 1 year. The loan carries mark-up at the rate of six-month KIBOR per annum. The effective mark-up rate charged during the year 11.14% per annum.

		2021	2020
		(Rupees in thousand)	
8.3	The reconciliation of the carrying amount is as follows:		
	Opening balance	932,650	2,932,650
	Disbursements during the year	1,550,000	2,243,333
	Transferred to Packages Convertors Limited	-	(4,243,333)
		2,482,650	932,650

8.4 The Company signed a loan agreement with International Finance Corporation ('IFC') on June 12, 2020 for a five-year loan of USD 25 million for future funding. No disbursement has been made from the said facility till the date of authorization of these unconsolidated financial statements.

9. Long term advances

This represents contributions made by employees for purchase of the Company vehicles. The vehicles are transferred to employees at the end of six years as per the company policy. These have been carried at amortized cost using a market interest rate of 7.05% to 11.06% (2020: 7.05% to 7.05%) per annum for a similar instrument. The reconciliation of the carrying amount is as follows:

		2021 (Rupees in thousand)	2020
Opening balance		10,336	62,666
Additions during the year		13,614	13,995
Deletions during the year		(2,849)	(13,332)
Discounting adjustment of long term advances		(5,748)	-
Unwinding of finance cost of present value - net	- note 34	1,277	13,173
Transferred to Packages convertors Limited		-	(66,166)
		<u>16,630</u>	<u>10,336</u>
Current portion shown under current liabilities	- note 13	(8,927)	(2,173)
Closing balance		<u>7,703</u>	<u>8,163</u>

10. Deferred taxation

Liability/(asset) for deferred taxation comprises taxable/(deductible) temporary differences relating to:

Deferred tax liability

Accelerated tax depreciation	130,518	134,142
Others	2,923	2,923

Deferred tax asset

Minimum tax available for carry forward	-	(363,647)
Provision for accumulating compensated absences	(15,092)	(11,422)
Provision for impairment loss on trade debts	(21,984)	(24,032)
Others	(1,882)	(440)

Deferred tax liability/(asset)	<u>94,483</u>	<u>(262,476)</u>
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10.1 The gross movement in net deferred tax liability during the year is as follows:

		2021 (Rupees in thousand)	2020
Opening balance		(262,476)	461,990
Charged/(credited) to unconsolidated statement of profit or loss	- note 35	356,959	(270,791)
Transferred to Packages Convertors Limited		-	(453,675)
Deferred tax liability / (asset)		<u>94,483</u>	<u>(262,476)</u>

11. Employee retirement benefits

Pension fund	- note 11.1	495,707	225,878
Gratuity fund	- note 11.1	104,863	76,819
		<u>600,570</u>	<u>302,697</u>

11.1 Amounts recognised in unconsolidated statement of financial position

	Pension fund		Gratuity fund	
	2021	2020	2021	2020
	(Rupees in thousand)			
The amounts recognised in the unconsolidated statement of financial position are as follows:				
Fair value of plan assets	297,120	537,814	133,284	94,746
Present value of defined benefit obligation	(792,827)	(763,692)	(238,147)	(171,565)
Liability as at December 31	<u>(495,707)</u>	<u>(225,878)</u>	<u>(104,863)</u>	<u>(76,819)</u>

11.1.1 Movement in net liability for employee retirement benefits

Net liability at beginning of the year	(225,878)	(316,374)	(76,819)	(304,185)
Charged to unconsolidated statement of profit or loss	(22,023)	(35,592)	(15,609)	(46,540)
Net remeasurement for the year recorded in OCI	(247,806)	126,088	(18,407)	(18,438)
Contribution made by the Company during the year	-	-	5,972	72,286
Net liability transferred to Packages Convertors Limited	-	-	-	220,058
Net liability at end of the year	<u>(495,707)</u>	<u>(225,878)</u>	<u>(104,863)</u>	<u>(76,819)</u>

11.1.2 Movement in present value of defined benefit obligation

Present value of defined benefit obligation at beginning of the year	763,692	709,904	171,565	710,553
Current service cost	-	-	8,411	26,682
Interest cost	70,438	75,351	15,147	45,895
Benefits paid during the year	(82,509)	(80,233)	26,792	(29,158)
Benefits due but not paid	-	-	-	(4,625)
Actuarial losses / (gains) from change in financial assumptions	15,371	48,834	321	(1,476)
Experience adjustments	25,835	9,836	15,911	14,674
Liability transferred to Packages Convertors Limited	-	-	-	(466,301)
Liability discharged related to other group companies	-	-	-	(124,679)
Present value of defined benefit obligation at end of the year	<u>792,827</u>	<u>763,692</u>	<u>238,147</u>	<u>171,565</u>

11.1.3 Movement in fair value of plan assets

Fair value as at beginning of the year	537,814	393,530	94,746	406,368
Interest income on plan assets	48,415	39,759	7,949	26,037
Company contributions	-	-	5,972	13,448
Benefits paid during the year	(82,509)	(80,233)	26,792	(29,158)
Benefits due but not paid	-	-	-	(4,625)
Return on plan assets, excluding interest income	(206,600)	184,758	(2,175)	(5,240)
Assets transferred to Packages Convertors Limited	-	-	-	(246,243)
Liability discharged related to other group companies	-	-	-	(65,841)
Fair value as at end of the year	<u>297,120</u>	<u>537,814</u>	<u>133,284</u>	<u>94,746</u>

11.1.4 Amounts recognised in the unconsolidated statement of profit or loss

	Pension fund		Gratuity fund	
	2021	2020	2021	2020
	(Rupees in thousand)			
Current service cost	-	-	8,411	26,682
Interest cost	70,438	75,351	15,147	45,895
Interest income on plan assets	(48,415)	(39,759)	(7,949)	(26,037)
Net expense for the year charged to unconsolidated statement of profit or loss	22,023	35,592	15,609	46,540

11.1.5 Total remeasurements (credited) / charged to OCI

Actuarial (gains)/ losses from change in financial assumptions	15,371	48,834	321	(1,476)
Experience adjustments	25,835	9,836	15,911	14,674
Remeasurement in plan assets, excluding interest income	206,600	(184,758)	2,175	5,240
Total remeasurements charged to OCI	247,806	(126,088)	18,407	18,438

11.1.6 Plan assets

Plan assets are comprised as follows:

Debt instruments	206,795	321,074	98,364	66,039
Equity investments	89,136	216,740	32,521	27,096
Cash at banks	1,189	-	2,399	1,611
	297,120	537,814	133,284	94,746

11.1.7 For the principle actuarial assumptions used in the actuarial valuation please refer the note 5.11.2 to these unconsolidated financial statements.

11.1.8 Risks faced by the Company on account of gratuity and pension funds

(i) **Final salary risk** (linked to inflation risk) - the risk that the Final salary at the time of cessation of service is greater than the assumed salary. Since the benefit is calculated on the Final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

(ii) **Asset volatility** - Most assets are invested in risk free investments of 3,5 or 10 year Small Saver Certificate's, Regular Income Certificate's, Defence Savings Certificate's or Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

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

(iv) **Investment risks** - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.

(v) **Risk of insufficiency of assets** - This is managed by making regular contribution to the fund as advised by the actuary.

(vi) **Demographic risks:**

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

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

11.1.9 Sensitivity analyses

Year end sensitivity analyses on defined benefit obligations are as follows:

Discount rate + 100 bps
Discount rate - 100 bps
Salary increases/ indexation + 100 bps
Salary increases/ indexation - 100 bps

2021	
Pension fund	Gratuity fund
(Rupees in thousand)	
714,876	230,162
850,685	247,129
858,545	247,116
734,415	230,029

Discount rate + 100 bps
Discount rate - 100 bps
Salary increases/ indexation + 100 bps
Salary increases/ indexation - 100 bps

2020	
Pension fund	Gratuity fund
(Rupees in thousand)	
714,675	165,898
819,355	178,037
819,104	178,026
714,298	165,803

12. Deferred liabilities

This represents provision made to cover the obligation for accumulating compensated absences

Opening liability
Charged to unconsolidated statement of profit or loss - note 12.2
Payments made during the year
Liability transferred out
Liability transferred in
Transferred to Packages Convertors Limited
Liability as at year end - note 12.1

2021	2020
(Rupees in thousand)	
39,381	178,448
13,910	30,164
53,291	208,612
(5,726)	(4,130)
(1,021)	-
5,499	-
-	(165,101)
52,043	39,381

	2021 (Rupees in thousand)	2020
12.1 Movement in liability for accumulating compensated absences		
Present value as at beginning of the year	39,381	178,448
Current service cost	3,362	4,412
Interest cost	3,511	11,628
Benefits paid during the year	(5,726)	(4,130)
Liability transferred out	(1,021)	-
Liability transferred in	5,499	-
Remeasurement in respect of experience adjustments	7,037	14,124
Transferred to Packages Convertors Limited	-	(165,101)
Present value of as at year end	52,043	39,381

12.2 Charge for the year

Current service cost	3,362	4,412
Interest cost	3,511	11,628
Remeasurement during the year	7,037	14,124
Total expense for the year	13,910	30,164

12.3 Sensitivity analysis

	2021 Accumulating compensated absences (Rupees in thousand)	2020
Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation:		
Discount rate + 100 bps	49,858	37,591
Discount rate - 100 bps	54,519	41,435
Salary increases + 100 bps	54,534	41,482
Salary increases - 100 bps	49,802	37,515

12.4 For the principle actuarial assumptions used in the actuarial valuation please refer the note 5.11.3 to these unconsolidated financial statements.

12.5 The Company faces the following risks on account of accumulating compensated absences:

(i) Final salary risk (linked to inflation risk) – the risk that the final salary at the time of cessation of service is greater than the assumed salary. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

(ii) Demographic risks:

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

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

		2021	2020	
		(Rupees in thousand)		
13.	Current portion of non-current liabilities			
	Current portion of long term advances	- note 9	8,927	2,173
			8,927	2,173
14.	Short term borrowings - secured			
	Short term running finances - secured	- note 14.1	21,136	453,159
			21,136	453,159

14.1 Running finances - secured

Short term running finances available from commercial bank under mark-up arrangements aggregate to Rs 2,000 million (2020: Rs 2,000 million) per annum. The rates of mark-up are based on KIBOR plus spread of 0.25% per annum and range from 7.70% to 9.76% (2020: 7.57% to 13.93%) per annum or part thereof on the balances outstanding. In the event the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark-up is to be computed at the rate 20% per annum or part thereof on the balances unpaid. The aggregate running finances are secured against pledge of Nestle Pakistan Limited's shares owned by the Company under a 'Share Pledge Agreement'.

14.2 Letters of credit and bank guarantees

Of the aggregate facilities of Rs 1,300 million (2020: Rs 650 million) for opening letters of credit (a sublimit of running finance facilities) and Rs 200 million (2020: Rs 300 million) for guarantees, the amounts utilised at December 31, 2021 was Rs 104.514 million (2020: Nil) and Rs 119.447 million (2020: Rs 96.114 million million) respectively.

		2021	2020	
		(Rupees in thousand)		
15.	Trade and other payables			
	Trade creditors	- note 15.1	64,681	183,593
	Accrued liabilities	- notes 15.2 and 15.3	427,614	308,244
	Bills payable		8,767	27,005
	Sales tax payable		45	1,345
	Withholding sales tax payable		153	2,533
	Withholding income tax payable		8,763	5,953
	Advances		37,380	-
	Payable to retirement funds	- note 15.4	5,422	4,398
	Deposits - interest free and repayable on demand	- note 15.5	7,348	8,693
	Profit payable on Term Finance Certificates ('TFCs')		1,387	1,332
	Workers' profit participation fund	- note 15.6	929,419	929,419
	Workers' welfare fund	- note 15.7	-	-
	Others		6,832	30,676
	Book overdraft	- note 15.8	-	7,977
			1,497,811	1,511,168

		2021	2020
		(Rupees in thousand)	
15.1	Trade creditors include amounts due to following related parties :		
	DIC Pakistan Limited	125	80
	Bulleh Shah Packaging (Private) Limited	1,443	643
	Packages Convertors Limited	3,023	9,086
	Tri-Pack Films Limited	-	2,539
	IGI Holdings Limited	-	50
	IGI Life Insurance Limited	693	-
	Packages Lanka (Private) Limited	-	327
		5,284	12,725

15.2 **Accrued liabilities include amounts due to following related parties :**

	IGI Life Insurance Limited	547	1,619
	IGI General Insurance Limited	3,094	-
	Josef Meinrad Mueller	1,934	-
		5,575	1,619

15.3 Included in accrued liabilities is a provision amounting to Rs 194.002 million (2020: Rs 73.305 million) in respect of rent of land on lease from the Government of the Punjab ('GoPb') for the period from December 2015 to December 2021.

A portion of the land on which the Company's buildings are situated (note 19), measuring 231 kanals and 19 marlas, was leased out to the Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. On January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Company was directed to deposit Rs 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Company deposited such amount in compliance with the direction on January 10, 2019. The Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. The surveyors were appointed, who have submitted their independent valuation reports to BoR and the Court. The matter is pending for further action as of the date of the authorization for issue of unconsolidated financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Company getting the first right of refusal.

The management has, on the basis of assessment of fair value of the said portion of land by independent valuers, as appointed by the Court, and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, recognised an expense of Rs 120.697 million (2020: Rs 41.675 million) in respect of rent for the year from January 2021 to December 2021. The management is confident that the final amount of rent will be in congruence with the provision made in these unconsolidated financial statements, inter alia based on the fair value determined by the independent valuers and the relevant facts and circumstances.

Furthermore, the management also intends to acquire the title of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

		2021		2020	
		(Rupees in thousand)		(Rupees in thousand)	
15.4	Payable to retirement funds				
	Employees' provident fund	- note 15.4.1	2,371		1,998
	Employees' gratuity fund		465		407
	Management staff pension fund	- note 15.4.1	2,586		1,993
			<u>5,422</u>		<u>4,398</u>

15.4.1 Employees' provident and management staff pension fund related disclosure

All investments in collective investment schemes, listed equity, and listed debt securities out of provident fund and management staff pension fund (defined contribution plan) have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder.

15.5 This represents amounts received from suppliers and truckers as per the respective agreements and kept in separate bank account maintained for that purpose as required under Section 217(2) of the Act. These deposits have not been utilized by the Company.

		2021		2020	
		(Rupees in thousand)		(Rupees in thousand)	
15.6	Workers' profit participation fund				
	Opening balance		929,419		946,429
	Provision for the year	- note 15.6.1	-		-
			<u>929,419</u>		<u>946,429</u>
	Payments made during the year		-		(17,010)
	Closing balance	- note 15.6.2	<u>929,419</u>		<u>929,419</u>

15.6.1 On July 01, 2020, the Company transferred its manufacturing operations to Packages Convertors Limited and accordingly ceased to exist as an industrial undertaking liable to pay Workers' profit participation fund.

15.6.2 The Company has not discharged the amount of workers' profit participation fund charge to the Workers' Profit Participation Fund in view of certain calculation mechanism of the charge. However, the total amount accrued is sufficient to cover the Company's obligation in case of settlement.

		2021		2020	
		(Rupees in thousand)		(Rupees in thousand)	
15.7	Workers' welfare fund				
	Opening balance		-		17,079
	Provision for the year		-		12,790
			-		<u>29,869</u>
	Payments made during the year		-		(29,869)
	Closing balance		-		-

15.8 This represented book overdraft balances due to unrepresented cheques in respect of current bank account.

		2021	2020
		(Rupees in thousand)	
16.	Accrued finance cost		
	Accrued mark-up / interest on:		
	- Long term borrowings - secured	1,420	-
	- Preference shares / convertible stock - unsecured - note 8.1	155,550	155,550
	- Short term borrowings - secured	526	17,053
		<u>157,496</u>	<u>172,603</u>

17. Contingencies and commitments

17.1 Contingencies, other than those disclosed elsewhere, in respect of:

- (i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs 13.540 million (2020: Rs. 17.427 million).
- (ii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 1.250 million equivalent to Rs 220.642 million (2020: USD 4.000 million equivalent to Rs 639.338 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Company as referred to in note 21.2.2.
- (iii) For contingencies relating to sales tax and income tax refer notes 23.3 and 24 respectively.

17.2 Commitments in respect of:

- (i) Letters of credit and contracts for other than for capital expenditure is Rs. 24.768 million (2020: Nil).
- (ii) Guarantees issued in respect of Shell Pakistan Limited, Sui Northern Gas Pipelines Limited, Director of Excise and Taxation department, Nazir High Court Sindh, Lahore Electric Supply Company and Mr. Arif Habib aggregating to Rs. 1,690 million

		2021	2020
		(Rupees in thousand)	
18.	Property, plant and equipment		
	Operating fixed assets - note 18.1	167,138	160,895
	Capital work-in-progress - note 18.2	20,250	3,810
		<u>187,388</u>	<u>164,705</u>

18.1 Operating fixed assets

	2021										
	(Rupees in thousand)										
	Cost as at January 1, 2021	Additions / (deletions)	Transfers to Packages Convertors Limited (Note 2)	Transfer out to investment properties (Note 19)	Cost as at December 31, 2021	Accumulated depreciation as at January 1, 2021	Depreciation charge / (deletions) for the year	Transfers to Packages Convertors Limited (Note 2)	Transfer out to investment properties (Note 19)	Accumulated depreciation as at December 31, 2021	Book value as at December 31, 2021
Leasehold land - note 18.1.2	90,076	-	-	-	90,076	26,076	1,850	-	-	27,926	62,150
Buildings on freehold land	28,172	175	-	-	28,347	4,201	1,414	-	-	5,615	22,732
Buildings on leasehold land	4,154	-	-	-	4,154	4,154	-	-	-	4,154	-
Other equipments (computers, lab equipments and other office equipments)	15,429	4,722 (1,076)	-	-	19,075	6,769	4,011 (771)	-	-	10,009	9,066
Furniture and fixtures	26	-	-	-	26	-	9	-	-	9	17
Vehicles	96,594	36,084 (28,946)	-	-	103,732	32,356	7,239 (9,036)	-	-	30,559	73,173
	234,451	40,981 (30,022)	-	-	245,410	73,556	14,523 (9,807)	-	-	78,272	167,138

	2020										
	Cost as at January 1, 2020	Additions / (deletions)	Transfers to Packages Convertors Limited (Note 2)	Transfer out to investment properties (note 19)	Cost as at December 31, 2020	Accumulated depreciation as at January 1, 2020	Depreciation charge / (deletions) for the year	Transfers to Packages Convertors Limited (Note 2)	Transfer out to investment properties (note 19)	Accumulated depreciation as at December 31, 2020	Book value as at December 31, 2020
Freehold land	476,119	37	-	(476,156)	-	-	-	-	-	-	-
Leasehold land - note 18.1.2	89,958	118	-	-	90,076	24,233	1,843	-	-	26,076	64,000
Buildings on freehold land	667,218	38,279	-	(677,325)	28,172	249,666	17,964	-	(263,429)	4,201	23,971
Buildings on leasehold land	221,354	-	-	(217,200)	4,154	158,558	4,743	-	(159,147)	4,154	-
Plant and machinery	9,786,149	462,783 (24,242)	(10,224,690)	-	-	5,258,131	321,275 (24,019)	(5,555,387)	-	-	-
Other equipments (computers, lab equipments and other office equipments)	1,025,926	140,933 (522)	(1,150,908)	-	15,429	694,480	61,769 (446)	(749,034)	-	6,769	8,660
Furniture and fixtures	19,888	51	(19,913)	-	26	13,433	699	(14,132)	-	-	26
Vehicles	456,979	62,221 (52,949)	(369,657)	-	96,594	139,962	26,412 (20,588)	(113,430)	-	32,356	64,238
	<u>12,743,591</u>	<u>704,422</u> <u>(77,713)</u>	<u>(11,765,168)</u> <u>-</u>	<u>-</u> <u>(1,370,681)</u>	<u>234,451</u>	<u>6,538,463</u>	<u>434,705</u> <u>(45,053)</u>	<u>(6,431,983)</u> <u>-</u>	<u>-</u> <u>(422,576)</u>	<u>73,556</u>	<u>160,895</u>

18.1.1 The book value of fully depreciated assets which are not in use as at December 31, 2021 is Rs 8.768 million (2020: Rs 8.839 million).

18.1.2 Leasehold land comprises of lands situated in Karachi and Haripur which were obtained by the Company on lease and are being amortized over the term of 36.5 years and 73 years respectively. The title of lands remains with the lessor at end of the lease term. However, leasehold lands have been included in property, plant and equipment in accordance with clarification issued by Institute of Chartered Accountants of Pakistan through selected opinion issued on IAS 17, 'Leases'.

18.1.3 The depreciation charge for the year has been allocated as follows:

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Cost of sales	- note 28	-	398,752
Administrative expenses	- note 29	14,523	26,146
Distribution and marketing costs	- note 30	-	9,807
		<u>14,523</u>	<u>434,705</u>

18.1.4 Disposals of operating fixed assets

Detail of operating fixed assets sold of during the years 2021 and 2020 is as follows:

Particulars of assets	Sold to	2021					Mode of disposal
		Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on sale	
(Rupees in thousand)							
Vehicles	Employees						
	Aftab Ahmad Khan	3,814	853	2,961	3,120	159	As per Company policy
	Haroon Naseer	2,171	1,253	918	1,108	190	- do -
	Khurram Saeed	1,512	907	605	570	(35)	- do -
	Muhammad Umar	1,860	253	1,607	1,472	(135)	- do -
	Muhammad Awais Jawaid	1,282	763	519	594	75	- do -
	Naveed Ahmad	678	405	273	256	(17)	- do -
	Sibat Usman	1,325	345	980	821	(159)	- do -
	Syed M. Uzair	1,323	178	1,145	978	(167)	- do -
	Syed Omer Hamdani	1,425	95	1,330	1,289	(41)	- do -
	Ali Hussain	1,715	789	926	2,260	1,334	Negotiation
	Related parties						
	Packages Convertors Limited	2,320	1,392	928	927	(1)	As per Company policy
	Packages Convertors Limited	2,556	1,533	1,023	1,023	-	- do -
	Packages Convertors Limited	2,399	20	2,379	2,379	-	- do -
	Insurance						
	IGI General Insurance Limited	2,700	203	2,497	2,500	3	Insurance Claim
	IGI General Insurance Limited	1,866	47	1,819	1,830	11	Insurance Claim
Other equipment							
	Items with net book value	618	490	128	264	136	Negotiation
	Items retired as no longer usable	458	281	177	-	(177)	Scrapped
		30,022	9,807	20,215	21,391	1,176	

Particulars of assets	Sold to	2020			Sale proceeds	Gain / (loss) on sale	Mode of disposal
		Cost	Accumulated depreciation (Rupees in thousand)	Book value			
Vehicles	Employees						
	Nayab Baig	2,353	659	1,694	1,694	-	As per Company policy
	Attiq ur Rehman	2,333	653	1,680	1,750	70	- do -
	Muhammad Afzal	2,353	776	1,577	2,163	586	- do -
	Adnan Tufail	1,603	470	1,133	1,083	(50)	- do -
	Hadi Ahmad	1,340	268	1,072	1,069	(3)	- do -
	Waqar Malik	1,375	316	1,059	1,019	(40)	- do -
	Khizer Kokab	1,184	178	1,006	974	(32)	- do -
	Mohammad Tariq	1,194	215	979	942	(37)	- do -
	Zeenia Ather	1,375	413	962	879	(83)	- do -
	Mashkoo Hussain	2,216	1,285	931	1,261	330	- do -
	Adeel Waheed	1,578	773	805	989	184	- do -
	Waleed Zakria	1,069	267	802	840	38	- do -
	Muhammad Faizan	871	131	740	763	23	- do -
	Adeel Yousaf	1,527	790	737	873	136	- do -
	Uzair Rabbani	840	109	731	658	(73)	- do -
	Ahmed Butt	950	228	722	724	2	- do -
	Muhammad Zubair	1,771	1,062	709	991	282	- do -
	Hamza Irfan	1,475	811	664	970	306	- do -
	Sajawal Khan	795	159	636	574	(62)	- do -
	Iftikhar Alam	1,049	430	619	666	47	- do -
	Muhammad Ali Farooqi	1,425	855	570	859	289	- do -
	Muhammad Anas	742	178	564	536	(28)	- do -
	Hassan Waqar	732	198	534	450	(84)	- do -
	Ammar Farooq	732	205	527	450	(77)	- do -
	Related parties						
	Packages Real Estate (Private) Limited	2,553	562	1,991	3,000	1,009	Negotiation
	Omya Pack(Private) Limited	2,353	1,012	1,341	2,250	909	- do -
	DIC Pakistan Limited	1,729	609	1,120	1,600	480	- do -
	Packages Real Estate (Private) Limited	2,321	1,243	1,078	2,200	1,122	- do -
	Packages Real Estate (Private) Limited	1,578	678	900	1,775	875	- do -
	Packages Real Estate (Private) Limited	1,653	947	706	1,700	994	- do -
	Outside party						
	Ch. Riaz Ahmed	1,270	203	1,067	1,250	183	- do -

18.2 Capital work-in-progress

	2021									
	(Rupees in thousand)									
	Balance as at January 1, 2021	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital-work-in progress	Charged off during the year	Transfer to operating fixed assets	Transfer to other assets	Transfer to Packages Convertors Limited (Note 2)	Transfer to investment properties	Balance as at December 31, 2021
Civil works	-	174	-	-	-	(174)	-	-	-	-
Advances to suppliers	3,810	-	20,250	-	-	(3,810)	-	-	-	20,250
	3,810	174	20,250	-	-	(3,984)	-	-	-	20,250

	2020									
	(Rupees in thousand)									
	Balance as at January 1, 2020	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital-work-in progress	Charged off during the year	Transfer to operating fixed assets	Transfer to other assets	Transfer to Packages Convertors Limited (Note 2)	Transfer to investment properties	Balance as at December 31, 2020
Civil works	26,701	21,226	-	24,000	-	(34,373)	-	(37,554)	-	-
Plant and machinery	676,359	573,092	-	294,083	(1,578)	(598,878)	-	(940,690)	(2,388)	-
Advances to Suppliers	324,563	-	35,164	(318,083)	-	(2,631)	-	(27,411)	(7,792)	3,810
	1,027,623	594,318	35,164	-	(1,578)	(635,882)	-	(1,005,655)	(10,180)	3,810

19. Investment properties

Investment properties
Capital work in progress

- note 19.1
- note 19.2

	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Investment properties	1,449,486	1,419,305
Capital work in progress	8,480	2,388
	<u>1,457,966</u>	<u>1,421,693</u>

19.1 Investment properties

	2021 (Rupees in thousand)								
	Cost as at January 1, 2021	Additions / (deletions) (note 19.2)	Transfer in from operating fixed assets (note 18.1)	Cost as at December 31, 2021	Accumulated depreciation as at January 1, 2021	Depreciation charge for the year	Transfer in from operating fixed assets (note 18.1)	Accumulated depreciation as at December 31, 2021	Book value as at December 31, 2021
Land - notes 19.1.2 and 19.1.3	932,435	77,856	-	1,010,291	-	-	-	-	1,010,291
Buildings on freehold land	958,139	-	-	958,139	487,596	45,800	-	533,396	424,743
Buildings on leasehold land - note 15.3	39,575	-	-	39,575	23,248	1,875	-	25,123	14,452
	<u>1,930,149</u>	<u>77,856</u>	<u>-</u>	<u>2,008,005</u>	<u>510,844</u>	<u>47,675</u>	<u>-</u>	<u>558,519</u>	<u>1,449,486</u>
		<u>-</u>	<u>-</u>						
	2020 (Rupees in thousand)								
	Cost as at January 1, 2020	Additions / (deletions) (note 19.2)	Transfer in from operating fixed assets (note 18.1)	Cost as at December 31, 2020	Accumulated depreciation as at January 1, 2020	Depreciation charge for the year	Transfer in from operating fixed assets (note 18.1)	Accumulated depreciation as at December 31, 2020	Book value as at December 31, 2020
Land - notes 19.1.2 and 19.1.3	456,279	-	476,156	932,435	-	-	-	-	932,435
Buildings on freehold land	54,205	9,409	894,525	958,139	41,243	23,777	422,576	487,596	470,543
Buildings on leasehold land - note 15.3	39,575	-	-	39,575	21,373	1,875	-	23,248	16,327
	<u>550,059</u>	<u>9,409</u>	<u>1,370,681</u>	<u>1,930,149</u>	<u>62,616</u>	<u>25,652</u>	<u>422,576</u>	<u>510,844</u>	<u>1,419,305</u>
		<u>-</u>	<u>-</u>				<u>-</u>		

19.1.1' Depreciation charge for the year has been allocated to administrative expenses (note 29).

19.1.2 Land of the Company measuring 119 kanals, 15 marlas and 62.25 sq.fts situated at Lahore with a book value of Rs 6.149 million (2020: Rs 6.149 million) and all present and future moveable fixed assets and buildings of Packages Real Estate (Private) Limited ('PREPL') in aggregate (the 'Mortgaged Security'), have been mortgaged under a first exclusive equitable charge of Rs 7,333 million (2020: Rs 7,333 million) in favour of MCB Bank Limited against a term finance facility of upto Rs 4,500 million (2020: Rs 4,500 million) and a running finance facility of upto Rs 2,000 million (2020: Rs 2,000 million) provided to PREPL by MCB Bank Limited under a tri-partite agreement between the Company, MCB Bank Limited and PREPL. The Mortgaged Security has also been mortgaged under a first pari passu charge in favour of Allied Bank Limited against a term finance facility of upto Rs 4,667 million (2020: Rs 4,667 million) provided to PREPL by Allied Bank Limited under a tri-partite agreement between the Company, Allied Bank Limited and PREPL.

19.1.3 Following are the particulars of the Company's immovable investment properties:

Location	Usage of immovable property	Total area (in Acres)
Shahrah-e-Roomi, Lahore, Punjab	Rented out	78.41
Lakho Baryar, Kasur, Punjab	Rented out	76.54
Herdo Sehari, Kasur, Punjab	Rented out	34.84
Depalpur, Punjab	Rented out	16.08
Pakpattan, Punjab	Rented out	21.07
Dullu Kalan, Lahore, Punjab	Rented out	16.81
Faizabad, Punjab	Kept for capital appreciation	8.80
Hunjra, Punjab	Rented out	10.00
Korangi Industrial Area, Karachi, Sindh	Rented out	4.05
		<u>266.60</u>

19.1.4 Fair value of the investment properties, based on the valuation carried out by an independent valuer, as at December 31, 2021 is Rs 25,685.182 million (2020: Rs 15,096.263 million). The valuation is considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. The different levels have been defined in note 43.4.

Valuation techniques used to derive level 2 fair values

Level 2 fair value of investment property has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.

19.2 Capital work in progress - investment properties

Advance against purchase of land
Buildings on freehold land

	2021			Balance as at December 31, 2021
	Balance as at January 1, 2021	Capital expenditure incurred during the year	Transfer to Investment Property	
	1,300	4,710	(1,510)	4,500
	1,088	79,238	(76,346)	3,980
	2,388	83,948	(77,856)	8,480

Advance against purchase of land
Buildings on freehold land

	2020			Balance as at December 31, 2021
	Balance as at January 1, 2021	Capital expenditure incurred during the year	Transfer to Investment Property	
	-	1,300	-	1,300
	-	10,497	(9,409)	1,088
	-	11,797	(9,409)	2,388

		2021	2020
		(Rupees in thousand)	
20.	Intangible assets		
This represents computer software, website development costs and ERP system.			
Cost			
	As at January 1	4,123	274,143
	Transfer to Packages Convertors Limited	-	(270,020)
	As at December 31	4,123	4,123
Accumulated amortization			
	As at January 1	(1,512)	(209,014)
	Amortization for the year	(515)	(5,881)
	Transfer to Packages Convertors Limited	-	213,383
	As at December 31	(2,027)	(1,512)
Book value as at year end		2,096	2,611

20.1 The amortization charge for the year has been allocated as follows:

Cost of sales	- note 28	-	2,740
Administrative expenses	- note 29	515	2,129
Distribution and marketing expenses	- note 30	-	1,012
		515	5,881

21. Long term investments

These represent the investments in:

- Related parties - at cost	- note 21.1	26,024,118	21,859,103
- Others	- note 21.2	20,898,758	24,327,299
		46,922,876	46,186,402

21.1 Related parties - at cost

Subsidiaries - unquoted :

DIC Pakistan Limited, Pakistan

3,377,248 (2020: 3,377,248) fully paid ordinary shares of Rs 10 each
Equity held 54.98% (2020: 54.98%)

15,010 15,010

Packages Real Estate (Private) Limited, Pakistan

302,500,000 (2020: 302,500,000) fully paid ordinary shares of
Rs 10 each Equity held 75.16% (2020: 75.16%)

3,019,090 3,019,090

Packages Lanka (Private) Limited, Sri Lanka

44,698,120 (2020: 44,698,120) shares of Sri Lankan Rupees 10 each
Equity held 79.07% (2020: 79.07%)

442,938 442,938

Anemone Holdings Limited, Mauritius

11,353,478 (2020: 8,867,129) shares of US Dollars 1 each
Equity held 100.00% (2020: 100.00%)

- note 21.1.1 1,651,993 1,242,586

Packages Power (Private) Limited, Pakistan

2,500,000 (2020: 2,500,000) fully paid ordinary shares of Rs 10 each
Equity held 100.00% (2020: 100.00%)

25,000 25,000

		2021	2020
		(Rupees in thousand)	
Packages Convertors Limited			
30,839,030 (2020: 10,000) fully paid ordinary shares of Rs 100 each			
Equity held 100.00% (2020: 100.00%)			
Advance against purchase of shares	- note 21.1.2	3,083,903	1,000
		-	3,082,903
		3,083,903	3,083,903
Packages Investments Limited			
10,000 (2020: 10,000) fully paid ordinary shares of Rs 100 each			
Equity held 100.00% (2020: 100.00%)			
		1,000	1,000
Bulleh Shah Packaging (Private) Limited, Pakistan			
1,091,873,871 (2020: 1,091,873,871) fully paid ordinary shares of Rs 10 each			
Equity held 100.00% (2020: 100%)			
		10,807,230	10,807,230
Starchpack (Private) Limited			
7,010,000 (2020: Nil) fully paid ordinary shares of Rs 100 each			
Equity held 100.00% (2020: Nil)			
Advance against purchase of shares	- note 21.1.3	701,000	-
		799,000	-
		1,500,000	-
Joint venture - unquoted :			
OmyaPack (Private) Limited, Pakistan			
49,500,000 (2020: 49,500,000) fully paid ordinary shares of Rs 10 each			
Equity held 50.00% (2020: 50.00%)			
		495,000	495,000
Associates - quoted :			
IGI Holdings Limited, Pakistan			
15,033,041 (2020: 15,033,041) fully paid ordinary shares of Rs 10 each			
Equity held 10.54% (2020: 10.54%)			
Market value - Rs 2,309,526 (2020: Rs 3,058,322 million)	- note 21.1.4	896,310	896,310
Tri-Pack Films Limited, Pakistan			
19,371,931 (2020: 12,933,333) fully paid ordinary shares of Rs 10 each			
Equity held 49.93% (2020: 33.33%)			
Market value - Rs 3,933.470 (2020: Rs 2,105.029 million)	- note 21.1.5	4,086,644	1,831,036
		4,982,954	2,727,346
		26,024,118	21,859,103

21.1.1 During the year, the Company contributed USD 2.486 million equivalent to Rs 409.405 million (2020: USD 2.635 million equivalent to Rs 443.810 million) as equity in AHL by remitting the loan payment due by AHL to HBL Bahrain under the finance facility agreement as referred to in note 17.1 (ii).

21.1.2 This represents the investment made in pursuance to the internal restructuring as mentioned in note 2. During the current year, on January 14, 2021, SECP granted the approval for the proposed issuance of 30,829,021 ordinary shares (of Rs 100 each) at par value, for a consideration against transfer of net assets of the Company. These shares have been issued in the name of the Company on February 17, 2021.

21.1.3 This represents the investment made in pursuance to decision taken by the Board of Directors of Company in the newly incorporated subsidiary of StarchPack Private Limited. The Company is yet to issue shares against the Rs 799 million of share deposit money.

21.1.4 The Company's investment in IGIHL is less than 20.00% but it is considered to be an associate as per the requirement of IAS 28, 'Investments in Associates' because the Company has significant influence over the financial and operating policies through representation on the board of directors of IGIHL. Consequently, following subsidiaries of IGIHL have also been considered as associates of the Company:

- IGI General Insurance Limited
- IGI Life Insurance Limited
- IGI Investments (Private) Limited
- IGI Finex Securities Limited

21.1.5 During the year ended December 31, 2021. The Company entered into a Share purchase agreement ('Agreement') with Mitsubishi Corporation to purchase 7,500,000 shares of Tri-pack Films Limited ('TPFL') representing a stake of 19.33% in the shareholding. However this transfer of shares was to be executed after satisfaction of certain pre-conditions mentioned in the Agreement. These conditions have not been met as of December 31, 2021.

The aforementioned agreement came under the ambit of Listed Companies (Substantial Acquisition of Shares and Takeovers) Regulations, 2017 (the 'Regulations') as it exceeded the 50% boundary mentioned in the Regulations. Pursuant to these regulation the Company was bound to make a public offer to purchase shares of Tri-Pack from the public in accordance with the Regulations. Consequently on December 31, 2021 the Company concluded the following transaction :

On December 31, 2021, the Company acquired a further 6,438,598 shares from the general public following the conclusion of the public offer which represent 16.59% of shareholding in Tri-pack Films Limited.

During the year, the Company reviewed the carrying amount of its investment in equity instruments of Tri-Pack Films Limited and its recoverability to determine whether there is an indication that the previously recorded impairment loss has decreased or ceased to exist. The events that indicated an increase in the recoverable amount of the equity instruments of TPFL were :

- Increase in the economic performance of Tri-Pack Films Limited; and
- Significant favourable changes in the economic conditions.

The reversal of impairment was due to the changes in estimates used to calculate the recoverable amount and not merely due to the passage of time. The changes encompassed a change in the discount rate and the related estimate of future cashflows.

The recoverable amount of investment in Tri-Pack Films Limited was determined based on 'fair value less costs of disposal'. The 'fair value less costs of disposal' was worked out using income approach. The reversal of impairment was recorded as an income in these unconsolidated financial statements amounting to Rs 676.864 million, and included in 'Other income'. The amount of reversal that is recognised is restricted to increasing the investments' carrying value to the carrying value that would have been recognised if the original impairment had not occurred.

21.2 Others - FVOCI		2021	2020
		(Rupees in thousand)	
Quoted			
Nestle Pakistan Limited			
3,649,248 (2020: 3,649,248) fully paid ordinary shares of Rs 10 each			
Equity held 8.05% (2020: 8.05%)			
Cost - Rs 5,778.896 million (2020: Rs 5,778.896 million)	- note 21.2.2	20,893,733	24,322,274
Unquoted			
Coca-Cola Beverages Pakistan Limited			
500,000 (2020: 500,000) fully paid ordinary shares of Rs 10 each			
Equity held 0.0185% (2020: 0.0185%)	- note 21.2.3	5,000	5,000
Pakistan Tourism Development Corporation Limited			
2,500 (2020: 2,500) fully paid ordinary shares of Rs 10 each		25	25
		5,025	5,025
		<u>20,898,758</u>	<u>24,327,299</u>

21.2.1 Nestle Pakistan Limited is an associated undertaking of the Company as per the Act. However, for the purpose of measurement, investments in others have been classified as held at FVOCI as referred to in note 4.8.

21.2.2 As of December 31, 2021, an aggregate of 2,630,000 (2020: 1,600,000) shares of Nestle Pakistan Limited having market value of Rs 15,058,039 million (2020: 1,0664.016 million) have been pledged in favour of HBL Pakistan and Allied Bank Limited.

Out of aggregate shares pledged 1,600,000 shares having a market value of Rs 9,160,784 million are pledged in favour of HBL Pakistan. Out of the shares pledged, 186,000 (2020: 182,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 17.1 (ii) and the remaining 1,414,000 (2020: 1,418,000) are pledged against the short term borrowings of the Company from HBL as referred to in note 14 and long term loans from HBL of the subsidiary company, Packages Convertors Limited.

Out of aggregate shares pledged 1,030,000 shares having a market value of Rs 5,897,255 million are pledged in favour of Allied Bank Limited. Out of the shares pledged, 800,000 shares are pledged against the long term financing obtained to finance the acquisition of Tri-Pack Films Limited by the Company and the remaining 230,000 are pledged against the long term financing obtained to finance equity investment in Starchpack (Private) Limited by the Company as referred to in note 8.2.2 to these unconsolidated financial statements.

21.2.3 This represents investment in the ordinary shares of Coca-Cola Beverages Pakistan Limited (CCBPL) that is principally engaged in the production, distribution and sale of sparkling and still beverages. CCBPL is currently classified as a Level 3 financial asset and is measured at fair value on the reporting date using income approach. Fair value of investment in the ordinary shares of CCBPL has been determined at the reporting date however it was not recorded in these unconsolidated financial statements as the impact was immaterial.

21.3 Reconciliation of carrying amount		2021	2020
		(Rupees in thousand)	
Balance as at beginning of the year		46,186,402	47,713,862
Investments made during the year	- notes 21.1.1, 21.1.5 and 21.1.3	3,488,151	3,526,713
Fair value loss recognised in other comprehensive income		(3,428,541)	(5,054,173)
Reversal of impairment loss on equity instruments of associate	- note 21.1.5	676,864	-
Balance as at end of the year		<u>46,922,876</u>	<u>46,186,402</u>

		2021	2020	
		(Rupees in thousand)		
22.	Trade debts			
	Considered good :			
-	Related parties - unsecured	- note 22.1	3,497	61,865
-	Others		37,024	75,407
			40,521	137,272
	Considered doubtful :			
	Provision for impairment against debts considered doubtful	- note 22.2	(30,054)	(62,854)
			10,467	74,418

22.1 Related parties - unsecured

DIC Pakistan Limited	2,268	5,228
Packages Real Estate (Private) Limited	246	317
Bulleh Shah Packaging (Private) Limited	983	10,486
Packages Convertors Limited	-	5,880
Chantler Packages Inc.	-	39,831
Flexible Packages Convertors (Pty) Limited	-	123
	3,497	61,865

22.1.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 46.53 million (2020: Rs 943.008 million).

The aging analysis of trade debts from related parties as at reporting date is as follows:

	2021	2020
	(Rupees in thousand)	
Neither past due nor impaired	-	-
Past due but not impaired:		
Up to 90 days	-	299
90 to 180 days	-	713
181 to 365 days	341	3,014
Greater than 365 days	3,156	57,839
	3,497	61,865
	3,497	61,865

22.2 The reconciliation of loss allowance during the year is as follows:

Opening balance	62,854	152,027
Impairment loss reversed during the year	(32,800)	(89,173)
Balance as at end of the year	30,054	62,854

		2021	2020
		(Rupees in thousand)	
23.	Loans, advances, deposits, prepayments and other receivables		
	Advances - considered good		
	- To employees	1,158	1,117
	- To suppliers	2,976	2,050
		4,134	3,167
	Due from related parties - unsecured - note 23.1	367,335	286,891
	Profit receivable on deposits	3,454	2,005
	Deposits with bank	-	90,000
	Trade deposits	5,425	22,395
	Prepayments - note 23.2	31,670	19,272
	Dividend receivable from BSPL - related party	-	1,091,874
	Balances with statutory authorities		
	- Customs duty paid in advance	1,859	2,102
	- Sales tax receivable	55,905	72,878
	- Sales tax recoverable - note 23.3	345,983	345,838
		403,747	420,818
	Other receivables	267,992	10,432
	Loss allowance on due from related parties - note 23.4	(45,752)	(20,014)
		1,038,005	1,926,840

23.1 Due from related parties - unsecured

Packages Convertors Limited	44,178	49,393
DIC Pakistan Limited	3,076	4,535
Packages Real Estate (Private) Limited	40,649	38,189
Bulleh Shah Packaging (Private) Limited	20,394	9,106
OmyaPack (Private) Limited	1,114	351
Tri-Pack Films Limited	6,490	2,688
IGI General Insurance Limited	427	2,809
IGI Life Insurance Limited	13,712	16,264
IGI Finex Securities Limited	28	-
IGI Holdings Limited	-	2,453
IGI Investments (Private) Limited	-	4,906
Flexible Packages Convertors (Pty) Ltd	125,515	83,221
Packages Lanka (Private) Limited	107,956	72,699
Chantler Packages Inc.	266	266
Packages Power (Private) Limited	-	7
Packages Investments Limited	-	4
Starch pack (Private) Limited	3,530	-
	367,335	286,891

23.1.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 389.245 million (2020: Rs 802.399 million).

23.2 Prepayments include Rs 5.958 million (2020: Rs 3.322 million) made to IGI Life Insurance Limited, a related party.

23.3 Sales tax recoverable

(a) The Deputy Commissioner Inland Revenue ('DCIR') through order dated June 24, 2015 alleged that in respect of tax periods from 2008 to 2012, the Company had incorrectly adjusted input sales tax credit amounting to Rs 146.107 million on purchases of raw materials from certain suppliers who were subsequently blacklisted / suspended and disallowed the same along with levy of default surcharge and penalty thereon with the total demand aggregating to Rs 292.214 million. In 2016, the taxation authorities adjusted an amount of Rs 292.214 million from income tax refunds of the Company against the said demand.

However, the Appellate Tribunal Inland Revenue ('ATIR'), through order dated August 28, 2017, has decided the case in favour of the Company. The Company has filed an application before the respective authorities to give effect to the order, the outcome of which is still pending. The tax authorities have filed an appeal in High Court of Sindh in the year 2018 against the decision of the ATIR and the case is pending adjudication. Since the case has been decided in the Company's favour on merits by ATIR, no provision for the above amount of Rs 292.214 has been made in these unconsolidated financial statements. The Case is pending before Sindh High Court.

(b) The sales tax authorities have raised various demands aggregating to Rs 49.82 million against the Company for the tax periods from 2011 to 2016 that primarily pertain to disallowance of input sales tax on certain payments and alleged default on charging of output sales tax on certain goods delivered and services rendered by the Company. During the previous years, the Company made aggregate advance payments amounting to Rs 41.98 million against such demands. While the Company's appeals in this respect are presently pending adjudication at the CIR(A), ATIR and High Court of Sindh, the Company has not made any provision against the above demands nor the advance payments as the management is confident that the ultimate outcome of the appeals would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and legal counsel and the relevant law and facts.

(c) In respect of tax periods from 2014 to 2016, the Additional Commissioner, Punjab Revenue Authority, through his order dated August 8, 2018 has created a demand of Rs 757.841 million in respect of alleged default on withholding of Punjab Sales Tax on various heads of accounts along with penalty thereon. The Company filed an appeal against the above order with the Commissioner (Appeals) on December 13, 2018. The appeal against the impugned order has been filed on the basis of following major grounds:

- the relevant section of the Punjab Sales Tax on Services Act, 2012 has been wrongly applied retrospectively to the alleged period of default;
- the heads of accounts include multiple line items on which Punjab Sales Tax is not applicable; and
- it has been wrongly assumed that all the expenses disclosed in the unconsolidated financial statements under the identified heads have actually been paid during the said tax periods.

During the prior year, Commissioner (Appeals) ordered an inquiry under section 64(5) of The Punjab Sales Tax on Services Act, 2012 which was conducted by Additional Commissioner Enforcement-III and the inquiry report was submitted to Commissioner (Appeals) on May 27, 2019 whereby the demand was reduced to Rs 457.570 million upon verification of the documents provided by the Company. The final outcome of the appeal is still awaited.

The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

(d) In respect of tax period from January 2016 to December 2016, the Deputy Commissioner Inland Revenue, Federal Board of Revenue, through his order dated December 28, 2018 has created a demand of Rs 493.391 million in respect of disallowance of input tax claimed by the Company, alleged default on charging of output sales tax and default on withholding of General Sales Tax along with penalty thereon. The Company appealed against the assessment order in the office of CIR(A) dated January 26, 2019 and the appeal was decided partially in favour of the Company dated September 18, 2019 and an amount of Rs 311 million was waived off and therefore reducing the demand to Rs 182 million. The Company has decided to file an appeal in ATIR against the decision of CIR (A).

The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

		2021 (Rupees in thousand)	2020 (Rupees in thousand)
23.4	The reconciliation of loss allowance during the year is as follows:		
	Opening balance	20,014	-
	Impairment loss during the year - note 31	25,738	20,014
	Balance as at end of the year	<u>45,752</u>	<u>20,014</u>

23.4.1 This represents loss allowance recognised in relation to due from related parties during the year.

		2021 (Rupees in thousand)	2020 (Rupees in thousand)
24.	Income tax receivable		
	Income tax refundable	2,877,073	2,960,772
	Income tax recoverable - note 24.1	36,013	36,013
		<u>2,913,086</u>	<u>2,996,785</u>

24.1 In 1987, the then Income Tax Officer ('ITO') re-opened the Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Company under section 107 of the repealed Income Tax Ordinance, 1979. The tax credit amounting to Rs 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Company's undertaking which did not qualify for tax credit under this section in view of the Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years.

The Company filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal ('ITAT'). The ITAT has, in its order issued in 1996, maintained the order of CIT(A). The assessing officer, after the receipt of the appellate order passed by CIT(A), issued notices under section 65 of the repealed Income Tax Ordinance, 1979 for reopening of the assessments for said tax years. The Company filed a writ petition for setting aside the aforesaid notices with the High Court of Sindh in 2011, the outcome of which is still pending.

The amount recoverable of Rs 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The Company has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the writ petition would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts and therefore the Company is waiting for appeal effect against the ATIR order.

24.2 In respect of tax year 2007 the department rejected the Company's claim for interest / additional payment for delayed refunds for the tax years from 1983-84 to 2003 amounting to Rs 64.616 million and adjusted the Company's tax liability for the said year accordingly. The Company being aggrieved of the said order filed an appeal with Commissioner Inland Revenue (Appeals) [CIR(A)]. CIR(A) through his order dated January 26, 2009 maintained the rejection. An appeal against the said order was filed by the Company with ATIR. ATIR through its order dated February 23, 2010 maintained the rejection. The Company has now filed an appeal in the High Court of Sindh against ATIR's order on June 28, 2010, the outcome of which is still pending. However, the Company has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advices of the tax consultant and legal counsel, the relevant law and facts.

24.3 In respect of tax year 2014, the department amended the deemed order for the year raising a tax demand of Rs 606.328 million. In this order, among other issues, the income tax department did not accept the Company's contention for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred.

Further, certain other disallowances inter alia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs 1,200 million, were also made by the department in respect of previous tax years.

The Company being aggrieved of the above order filed an appeal before the CIR(A), who through order dated March 2, 2018, has accepted all the contentions of the Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirement benefits on accrual basis thereby reducing the tax refundable claimed by the Company from Rs 352.953 million to Rs 273.986 million and also reducing the original demand to Rs 78.967 million. The Company has filed an appeal against the above order before ATIR on May 4, 2018, the outcome of which is still pending. The appellate tribunal through order no.ITA 723/KB/2018 issued on July 01,2021 decided the main issue of transfer of assets in between wholly owned subsidiary subject to tax under capital gain in favour of company. However ATIR upheld the decision of CIR(A) on account of claim of provisions for approved staff retirement benefit funds as inadmissible amounting to Rs.259.4 million. The company has filed an application to CIR for appeal effect against ATIR order. Further, being aggrieved by the unfavourable decision of ATIR against inadmissibility of provision against retirement funds ,the company decided to file an appeal before Sindh high court (SHC) as on September 24, 2021. The Company has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

24.4 In respect of tax year 2016, the department amended the deemed order for the year raising a tax demand of Rs 464.187 million. The Company being aggrieved of the said order filed the appeal before CIR(A), who through order dated December 11, 2017, has accepted all the contentions of the Company except the allowability of provision for workers' profit participation fund on payment rather than accrual basis and remanded back credit for minimum tax thereby reducing the tax demand to Rs 86.864 million. The Company has filed an appeal against the above order before ATIR on January 9, 2018, the outcome of which is still pending. The Company has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

24.5 In respect of tax year 2017, an order dated April 29, 2021 had been issued by the Deputy Commissioner Inland Revenue, ('DCIR') and a demand amounting to Rs 1,520 million has been raised under section 137(2) of the Income Tax Ordinance 2001. The tax authorities have raised the demand primarily by disallowing certain expenses and also including certain additions in the taxable income. The action taken by DCIR is, in an adhoc and arbitrary manner, despite all matters concluded in the audit for tax year 2014 on similar issues as well as the data provided during the monitoring proceedings for that year have been finalized without providing an adequate opportunity of being heard to the company and the above mentioned additions / disallowances are made on an 'exparte basis'. Being aggrieved by the decision of DCIR , the Company has filed an appeal before Commissioner Inland Revenue Appeals(CIRA) dated May 28, 2021 against this impugned order, and at the same time the Company has also filed an application for stay against any coercive action taken by Federal Board of Revenue in Sindh High Court dated June 1, 2021. The stay is valid till the decision of CIR(A).

Based on the advice of the Company's tax advisor, the management believes that there are meritorious grounds to support the Company's stance in respect of this matter. Consequently, no provision for this amount has been made in these unconsolidated financial statements.

		2021	2020
		(Rupees in thousand)	
25.	Cash and bank balances		
	At banks:		
	- Savings accounts	327,564	64,411
	- Current accounts	34,431	57,896
		361,995	122,307
	In hand [including USD 2,693 (2020: USD 2,602), Euro 10,000 (2020: 11,035)]	6,170	4,370
		368,165	126,677

25.1 The balances in savings accounts bear mark-up at 5.75% to 7.25% (2020: 5.5% to 11.25%) per annum.

25.2 Included in these are restricted funds of Rs 7.348 million (2020: Rs 8.693 million) in respect of deposits that are repayable on demand as referred to in note 15.5.

25.3 Included in these are restricted funds of Rs 1.332 million (2020: Rs 1.332 million) held as payable to TFC holders as referred to in note 15.

25.4 These represent investment in Term Deposit Receipts issued by a banking company having maturity one to six months carrying markup rate of 6.64% to 9.59% per annum.

		2021	2020
		(Rupees in thousand)	
26.	Sales from goods and services		
	Local sales	-	15,306,699
	Export sales	-	113,420
		-	15,420,119
Less:	Sales tax	-	2,375,115
	Trade discounts	-	214,796
		-	2,589,911
	Net sales	-	12,830,208

26.1 The Company transferred its manufacturing operations pursuant to an internal restructuring and hence the sales from goods and services ceased as explained in note 2 to these unconsolidated financial statements.

		2021	2020
		(Rupees in thousand)	
27.	Dividend Income		
	Dividend income from related parties	- note 27.1	3,261,141
	Dividend income from others		934,592
			4,195,733
			1,277,865

27.1 Dividend income from related parties		2021	2020
	DIC Pakistan Limited	158,731	118,204
	Packages Real Estate (Private) Limited	-	22,688
	Bulleh Shah Packaging (Private) Limited	1,570,005	1,091,874
	IGI Holdings Limited	105,231	45,099
	Tri-Pack Films Limited	64,667	-
	Omyapack Private Limited	12,375	-
	Packages Converters Limited	1,350,132	-
		3,261,141	1,277,865

		2021	2020
		(Rupees in thousand)	
28.	Cost of sales		
	Raw materials consumed	-	5,619,061
		- notes 28.1	
	Salaries, wages and amenities	-	869,708
		and 28.2	
	Travelling and conveyance	-	6,282
	Fuel and power	-	508,224
	Production supplies consumed	-	265,571
	Rent, rates and taxes	-	16,008
	Insurance	-	23,372
	Provision for obsolete / slow-moving stock-in-trade	-	43,988
	Repairs and maintenance	-	166,463
	Packing material expenses	-	200,334
	Depreciation on operating fixed assets	-	398,752
	Amortization of intangible assets	-	2,740
	Technical fees	-	37,506
	Others	- note 28.3	156,603
		-	8,314,612
	Opening work-in-process	-	916,954
	Closing work-in-process	-	-
	Cost of goods manufactured	-	9,231,566
	Opening stock of finished goods	- note 28.4	709,334
		-	9,940,900
	Closing stock of finished goods	-	-
		-	9,940,900

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

		2021	2020
		(Rupees in thousand)	
Defined benefit plan			
	- Gratuity fund	-	20,336
Defined contribution plans			
	- Provident fund	-	16,913
	- Pension fund	-	21,813
Other benefit plan			
	- Accumulating compensated absences	-	12,154
		-	71,216

28.2 Salaries, wages and amenities include Nil (2020: Rs 162.828 million) in respect of services rendered by manpower contractors during the year.

28.3 This amount is net off reversal of provision for slow moving stores and spares amounting to Nil (2020: Rs 15.407 million).

28.4 Cost of goods manufactured includes an amount of Nil (2020: Rs 1,112.843 million) for stores and spares consumed. It also include amounts of Nil (2020: Rs 65.247 million), Nil (2020: Rs 15.466 million) and Nil (2020: Rs 19.043 million) for raw materials, stores and spares and finished goods written off respectively.

		2021		2020	
		(Rupees in thousand)			
29.	Administrative expenses				
		- notes 29.1			
		and 29.2	181,528	461,080	
	Salaries, wages and amenities		10,604	15,288	
	Travelling and conveyance		149,173	57,234	
	Rent, rates and taxes		5,328	9,998	
	Insurance		7,975	4,233	
	Printing, stationery and periodicals		3,269	10,058	
	Postage, telephone and telex		8,968	8,285	
	Motor vehicles running		2,427	29,968	
	Computer charges		51,515	44,251	
	Professional services	- note 29.3	1,602	25,771	
	Repairs and maintenance		14,523	26,146	
	Depreciation on operating fixed assets	- note 18.1.3	-	8,477	
	Depreciation on right-of-use assets		515	2,129	
	Amortization of intangible assets	- note 20.1	47,675	25,652	
	Depreciation on investment properties	- note 19.1	46,156	66,711	
	Others		531,258	795,281	
		- note 29.4			

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

		2021		2020	
		(Rupees in thousand)			
Defined benefit plans					
	- Gratuity fund		15,609	16,357	
	- Pension fund		22,023	35,592	
Defined contribution plans					
	- Provident fund		13,770	9,002	
	- Pension fund		24,479	11,611	
Other benefit plan					
	- Accumulating compensated absences		13,910	11,469	
			89,791	84,031	

29.2 Salaries, wages and amenities include Rs 0.874 million (2020: 42.658 million) in respect of services rendered by manpower contractors during the year.

29.3 Professional services

The charges for professional services include the following in respect of auditors' remuneration (excluding sales tax) for:

	2021	2020
	(Rupees in thousand)	
- Statutory audit	1,705	1,550
- Half-yearly review	683	1,040
- Tax services	2,592	2,356
- Advisory services	-	16,201
- Workers' profit participation fund audit, management staff pension and employees' gratuity funds audits, audit of consolidated financial statements and certifications required under various regulations	2,183	900
Out of pocket expenses	585	763
	7,748	22,810

29.4 Administrative expenses include Rs Nil (2020: Rs 30.415 million) for stores and spares consumed.

30. Distribution and marketing costs

	2021	2020
	(Rupees in thousand)	
- notes 30.1 and 30.2	-	263,003
Salaries, wages and amenities	-	24,335
Travelling and conveyance	-	488
Rent, rates and taxes	-	173,389
Freight and distribution	-	23,091
Insurance	-	198,577
Advertisement and sales promotion	-	9,807
Depreciation on owned assets	-	3,652
Depreciation on right-of-use assets	-	1,012
Amortisation of intangible assets	-	54,470
Others	-	751,824
- note 30.3	-	751,824

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

Defined benefit plan

- Gratuity fund	-	9,847
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Defined contribution plans

- Provident fund	-	5,135
- Pension fund	-	6,623

Other benefit plan

- Accumulating compensated absences	-	6,541
	-	28,146

30.2 Salaries, wages and amenities include Nil (2020: Rs 15.007 million) in respect of labour contractors for services rendered during the year.

30.3 Distribution and marketing costs include Nil (2020: Rs 2.970 million) for stores and spares consumed.

		2021	2020	
		(Rupees in thousand)		
31.	(Reversal of) / Impairment loss on financial assets			
	(Reversal) of impairment on trade debtors	- note 22.2	(32,800)	(89,173)
	Loss allowance on advances, deposits and other receivables	- note 23.4	25,738	20,014
			(7,062)	(69,159)

32. Other expenses

	Workers' welfare fund		-	12,790
	Exchange loss - net		7,914	81,678
	Donations	- note 32.1	52,255	22,002
			60,169	116,470

32.1 The Company made a donation of Rs 28.195 million (2020: Rs 22.001 million) to its related party, Packages Foundation. Following is the interest of the Directors of the Company in the donee during the year:

Name of donee	Directors of the Company	Interest in donee
Packages Foundation	Syed Hyder Ali (Chief Executive)	Trustee
	Towfiq Habib Chinoy	Trustee
	Syed Aslam Mehdi	Trustee

No other directors or their spouses had any interest in any of the donees during the year.

		2021	2020	
		(Rupees in thousand)		
33.	Other income			
	Income on bank deposits		54,750	10,452
	Rental income from investment properties [including Rs 409.530 million (2020: Rs 251.298 million) from related parties]		423,569	261,110
	Profit on disposal of operating fixed assets		1,176	10,117
	Management and technical fee from related parties	- note 33.1	78,702	88,284
	Liabilities no longer payable written back		26,224	15,574
	Reversal of impairment on investments	- note 21.1.5	676,864	-
	Others [including Rs 0.024 million (2020: Rs 4.841 million) from related parties]		8,440	20,796
			1,269,725	406,333

33.1 This represents management fee charged to Flexible Packages Convertors (Pty) Ltd and Packages Lanka (Private) Limited a related party.

		2021	2020	
		(Rupees in thousand)		
34.	Finance cost			
Interest and mark-up including commitment charges on:				
-	Long term finances	- note 34.1	48,206	212,702
-	Short term borrowings - secured		-	390,466
-	Lease liabilities		-	3,267
	Return on preference shares / convertible stock	- note 8.1	155,550	155,550
	Commission on bank guarantees		-	847
	Bank charges		12,041	6,258
	Unwinding of finance cost on long term advances	- note 9	1,277	13,173
			<u>217,074</u>	<u>782,263</u>

34.1 This includes an amount of Rs 46.786 million (2020: Rs 62.267 million) as annual commitment fee on the undisbursed amount of facility availed from IFC as referred to in note 8.4.

		2021	2020	
		(Rupees in thousand)		
35.	Taxation			
Current				
-	For the year		269,328	287,127
-	Prior years		(84,393)	-
			<u>184,935</u>	<u>287,127</u>
	Deferred	- note 10.2	356,959	(270,791)
		- note 35.1	<u>541,894</u>	<u>16,336</u>

35.1 As explained in note 5.1, the Company's provision for taxation (current and deferred) is based on the consolidated results of the Group. The Group taxation has resulted in a reduction of Rs 515.118 million (2020: Rs 206.747 million) in the tax expense of the Company for the year.

		2021	2020
		% age	
35.2	Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate			
	Applicable tax rate	29.00	29.00
Tax effect of:			
-	Amounts that are not deductible for tax purposes	0.21	0.25
-	Amounts that are exempt for tax purposes	(0.49)	(0.89)
-	Amounts that are chargeable to tax at different rates	(4.36)	(5.21)
-	Group taxation as explained in note 5.1	(10.93)	(5.75)
-	Change in prior years' tax	(1.81)	0.00
-	Tax credits utilized	0.00	(16.82)
		<u>(17.38)</u>	<u>(28.42)</u>
Average effective tax rate charged to unconsolidated statement of profit or loss		<u>11.62</u>	<u>0.58</u>

36. Remuneration of Chief Executive, Directors and Executives

36.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive and Non-Executive Directors and Executives of the Company are as follows:

	Chief Executive		Executive Directors		Non-Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	9,448	5,191	1,953	4,196	-	-	51,371	118,135
Housing	8,911	19,735	584	5,681	-	-	19,916	67,650
Utilities	1,872	4,673	130	1,262	-	-	4,047	13,913
Bonus and Incentives	27,903	20,107	379	9,966	-	-	41,081	154,957
Leave passage	776	3,148	-	637	-	-	1,746	5,694
Reimbursement of medical expenses	10,865	9,836	36	111	-	-	1,839	5,071
Directors' meeting fees	-	-	-	-	5,875	6,396	-	-
Technical fees	-	-	-	-	-	855	-	-
Other allowances and expenses	-	81	430	-	-	-	-	-
Other perquisites and benefits	5,298	-	-	-	-	-	11,616	-
	<u>65,073</u>	<u>62,771</u>	<u>3,512</u>	<u>21,853</u>	<u>5,875</u>	<u>7,251</u>	<u>131,616</u>	<u>365,420</u>
Post employment benefits								
Contribution to provident, gratuity and pension funds	3,200	8,650	-	1,452	-	-	8,333	28,642
	<u>68,273</u>	<u>71,421</u>	<u>3,512</u>	<u>23,305</u>	<u>5,875</u>	<u>7,251</u>	<u>139,949</u>	<u>394,062</u>
Number of persons	1	1	1	1	5	8	24	61

36.2 The Company also provides the Chief Executive and some of the directors and executives with Company maintained cars, free transport and utilities.

36.3 Premium charged in the financial statements in respect of directors' indemnity insurance policy, purchased by the Company during the year, amounted to Rs 0.715 million (2020: Rs 0.753 million).

37. Transactions with related parties

The related parties comprise of subsidiaries, joint ventures, associates, related parties on the basis of common directorship, group companies, key management personnel including directors and post-employment staff retirement plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors is disclosed in note 36. Significant related party transactions have been disclosed in respective notes in these unconsolidated financial statements, other than the following:

Relationship with the Company	Nature of transactions	2021 2020 (Rupees in thousand)	
i. Subsidiary companies	Purchase of goods & services	966	2,984,382
	Sale of goods & services	-	1,501,932
	Sale of owned assets	-	17,373
	Rental and other income	400,744	244,123
	Dividend Income	3,078,869	1,232,765
	Management & technical fee	78,702	79,534
ii. Joint ventures	Purchase of goods and services	128	1,042
	Sale of goods and services	-	2,595
	Rental and other income	-	379
	Dividend Income	12,375	-
iii. Associates	Purchase of goods and services	597	1,141,210
	Sale of goods and services	-	2,917
	Insurance premium	26,453	148,512
	Insurance claims received	1,830	3,752
	Rental and other income	9,340	10,970
	Dividend income	169,898	45,099
	Dividend paid	600,912	320,486
iv. Retirement obligations	Expense charged in respect of retirement plans	74,837	152,170
	Dividend paid	63,730	33,989
v. Key management personnel	Salaries and other employee benefits - note 37.1	109,032	154,738
	Dividend paid	60,265	30,832

37.1 This represents remuneration of the Chief Executive, executive director and some of the executives that are included in the remuneration disclosed in note 36 to these unconsolidated financial statements.

All transactions with related parties have been carried out on mutually agreed terms and conditions.

37.2 The related parties with whom the company had entered into transactions or had arrangements/agreements in place during the year have been disclosed below along with their basis of relationship:

Name	Relationship	%age of shareholding in the Company
Packages Lanka (Private) Limited	Subsidiary	N/A
Bulleh Shah Packaging (Private) Limited	Subsidiary	N/A
Tri-Pack Films Limited	Associate	N/A
Packages Real Estate (Private) Limited	Subsidiary	N/A
Flexible Packaging Converters	Subsidiary	N/A
Chantler Packaging	Subsidiary	N/A
IGI Life Insurance Limited	Associate	N/A
Packages Construction (Private) Limited	Subsidiary	N/A
IGI Insurance Limited	Associate	N/A
Packages Convertors	Subsidiary	N/A
Packages Investments	Subsidiary	N/A
Omya Pack (Private) Limited	Joint Venture	N/A
Packages Power (Private) Limited	Subsidiary	N/A
Anemone Holdings Limited	Subsidiary	N/A
DIC Pakistan Limited	Subsidiary	N/A
IGI Holding (Private) Limited	Associate	N/A
IGI Finex	Associate	N/A
Starchpack (Private) Limited	Subsidiary	N/A
IGI FSI	Associate	N/A
Packages Foundation	Common Directorship	N/A
IGI General Insurance Limited	Associate	N/A
IGI Investment (Private) Limited	Associate	29.88%
Packages Limited Employees Gratuity Fund	Post Employment Benefit Plan	0.12%
Packages Limited Management Staff Pension Fund	Post Employment Benefit Plan	0.74%
Packages Limited Employees Provident Fund	Post Employment Contribution Plan	2.31%
Babar Ali Foundation	Common directorship	7.49%
Syed Maratib Ali trust	Common directorship	N/A
Syed Hyder Ali	Chief Executive Officer	2.94%
Towfiq Habib Chinoy	Director	0.11%
Tariq Iqbal Khan	Director	0.01%
Asghar Abbas	Ex- Director	N/A
Syed Aslam Mehdi	Executive Director	0.01%
Syed Shahid Ali	Director	0.17%
Josef Meinred Moeller	Director	0.00%
Imran Khalid Niazi	Director	0.00%
Hasan Askari	Director	0.00%
Saba Kamal	Director	0.00%
Irfan Mustafa	Director	0.00%
Atif Bajwa	Ex- Director	N/A
Shamim Ahmad Khan	Ex- Director	N/A
Syed Asim Shamim	Key Management Personnel	N/A
Numan Noor	Key Management Personnel	N/A
Aftab Ahmad Khan	Key Management Personnel	N/A
Khurram Raza Bakhtayari	Key Management Personnel	N/A
Shaheen Sadiq	Key Management Personnel	N/A
Muhammad Afzal (Ex-employee)	Key Management Personnel	N/A
Hassan Tariq	Key Management Personnel	N/A
Hammad Butt	Key Management Personnel	N/A
Syed Zeeshan Ali	Key Management Personnel	N/A

38. Subsidiaries incorporated outside Pakistan

	Anemone Holdings Limited	Flexible Packages Convertors (Proprietary) Limited	Packages Lanka (Private) Limited	Chantler Packages Inc.
Basis of association	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Country of incorporation / jurisdiction	Republic of Mauritius	South Africa	Sri Lanka	Canada
Registered address	2nd floor, The AXIS, 26 Cyber city, Ebene, Republic of Mauritius	316 Marks Street, Watloo 0184, Pretoria South, Gauteng, RSA	148, Minuwandoga Road, Ekala, Ja-Ela	880 Lakeshore Road East, Mississauga, Ontario
Effective percentage of shareholding	100.00%	63.50%	79.07%	72.07%
Company's shareholding	Direct	Through Anemone Holdings Limited	Direct	Through Packages Lanka (Private) Limited
Amount of investment - foreign currency	USD 11.120 million	No direct investment	SL Rupees 451.417 million	No direct investment
Amount of investment - local currency	Rs 1,651.993 million	No direct investment	Rs 442.938 million	No direct investment
Terms and conditions for which investment has been made	Unconditional equity investment	No direct investment	Unconditional equity investment	No direct investment
Litigations against the investee	None	None	None	None
Default / breach relating to foreign investment	None	None	None	None

38.1 For amount of returns received on these investments, refer note 27.

		2021	2020
		(Rupees in thousand)	
39.	Cash flow information		
39.1	Cash generated from operations		
	Profit before tax	4,664,019	2,835,860
	Adjustments for:		
	- Depreciation on operating fixed assets	14,523	434,705
	- Depreciation on right-of-use assets	-	12,129
	- Depreciation on investment properties	47,675	25,652
	- Liabilities no longer payable written back	(26,224)	(15,574)
	- Amortisation of intangible assets	515	5,881
	- Provision for accumulating compensated absences	13,910	30,164
	- Provision for retirement benefits	37,632	82,132
	- Exchange loss - net	7,914	81,678
	- Net impairment losses on financial assets	(7,062)	(69,159)
	- Provision for obsolete / slow-moving stock-in-trade	-	43,988
	- Stores and spares written off	-	15,466
	- Stock-in-trade written off	-	84,290
	- Capital work-in-progress charged to unconsolidated statement of profit or loss	-	1,578
	- Profit on disposal of operating fixed assets	(1,176)	(10,117)
	- Discounting adjustment of long term advances	(5,748)	-
	- Reversal of impairment on investment	(676,864)	-
	- Finance cost	217,074	782,263
	- Dividend income	(4,195,733)	(1,916,898)
	Profit before working capital changes	90,455	2,424,038
	Effect on cash flow due to working capital changes:		
	- Increase in stores and spares	-	(119,159)
	- Increase in stock-in-trade	-	(1,580,596)
	- Decrease in trade debts	96,750	3,059,803
	- (Increase) / decrease in loans, advances, deposits, prepayments and other receivables	22,590	23,880
	- (Decrease) in trade and other payables	4,953	(1,495,589)
		124,293	(111,661)
		214,748	2,312,377
39.2	Cash and cash equivalents		
	Cash and bank balances	- note 25	368,165
	Short term borrowings - secured	- note 14	(21,136)
			347,029
			(326,482)
40.	Number of employees		
	Total number of employees as at December 31	90	67
	Average number of employees during the year	79	786

41. Rates of exchange

Liabilities in foreign currencies have been translated into Pak Rupees at USD 0.5611 (2020: USD 0.6246), Euro 0.4957 (2020: 0.5059), CHF 0.5127 (2020: 0.5496), GBP 0.4151 (2020: 0.4559) equal to Rs 100. Assets in foreign currencies have been translated into Pak Rupees at USD 0.5611 equal to Rs 100.

		2021	2020
42.	Earnings per share		
42.1	Basic earnings per share		
Profit for the year	Rupees in thousand	4,122,125	2,819,524
Weighted average number of ordinary shares	Number	89,379,504	89,379,504
Basic earnings per share	Rupees	46.12	31.55
42.2	Diluted earnings per share		
Profit for the year	Rupees in thousand	4,122,125	2,819,524
Return on preference shares / convertible stock - net of tax	Rupees in thousand	155,103	154,656
		4,277,228	2,974,180
Weighted average number of ordinary shares	Number	89,379,504	89,379,504
Weighted average number of notionally converted preference shares / convertible stock	Number	8,186,842	8,186,842
		97,566,346	97,566,346
Diluted earnings per share	Rupees	43.84	30.48

43. Financial risk management

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management Programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the BOD. The Company's finance department evaluates and hedges financial risks. The BOD provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company's overall risk management procedures to minimize the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the USD and the Euro. Currency risk arises from future commercial transactions and recognised assets and liabilities. Currency risk arises when future commercial transactions or recognised assets or liabilities or net investments in foreign operations that are denominated in a currency that is not the Company's functional currency. Currently, the Company's currency risk is restricted to cash in hand, amounts receivable and amounts payable to foreign entities.

At December 31, 2021, if the Pak Rupee had strengthened / weakened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been Rs 0.543 million lower / higher (2020: Rs 3.164 million lower / higher), mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

At December 31, 2021, if the Pak Rupee had strengthened / weakened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs 0.719 million lower / higher (2020: Rs 2.136 million higher / lower), mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2021, if the Pak Rupee had strengthened / weakened by 10% against the CHF with all other variables held constant, post-tax profit for the year would have been Rs 0.157 million higher / lower (2020: Rs 2.136 million higher / lower), mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified as fair value through other comprehensive income. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Company's investment strategy is to maximise investment returns.

The Company's certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Company's pre-tax profit for the year and on equity. The analysis is based on the assumption that the KSE-100 index had increased / decreased by 10% with all other variables held constant and all the Company's equity investments moved according to the historical correlation with the index:

	Impact on post-tax profit		Impact on other components of equity	
	2021	2020	2021	2020
	(Rupees in thousand)			
Pakistan Stock Exchange Limited	-	-	986,940	477,361

Post-tax profit for the year would decrease / increase as a result of losses / gains on equity securities classified as at fair value through profit or loss. Other components of equity would decrease / increase as a result of losses / gains on equity securities classified as at fair value through other comprehensive income. As at December 31, 2021 the Company has no investment classified at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises mainly from short term and long-term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

	2021	2020
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	327,564	64,411
Financial liabilities		
Preference shares / convertible stock - unsecured	(932,650)	(932,650)
	(932,650)	(932,650)
Net exposure	(605,086)	(868,239)
Floating rate instruments:		
Financial liabilities		
Short term borrowings	(21,136)	(453,159)
Long term financings	(1,550,000)	-
	(1,571,136)	(453,159)
Net exposure	(1,571,136)	(453,159)

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

At December 31, 2021, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 0.017 million (2020: Rs 9.880 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Company arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to distributors and customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the BOD. The utilisation of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk are as under:

	2021 (Rupees in thousand)	2020
Long term security deposits	5,125	5,344
Trade debts	10,467	74,418
Short term investments	235,000	-
Loans, advances, deposits and other receivables	601,430	1,485,633
Balances with banks	361,995	122,307
	1,214,017	1,687,702

(ii) Impairment of financial assets

The Company's trade debts against local and export sales of inventory are subject to the expected credit loss model. While bank balances, deposits and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade debts

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2021 or 18 months before January 01, 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2021 and December 31, 2020 was determined as follows:

December 31, 2021	(Rupees in thousand)					Total
	Current balances	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	
Expected loss rate	12.90%	11.40%	17.18%	25.40%	100.00%	
Gross carrying amount of trade debts	2,188	1,836	3	-	30,032	34,059
Loss allowance	11	11	-	-	30,032	30,054

December 31, 2020	(Rupees in thousand)					Total
	Current balances	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	
Expected loss rate	7.93%	30.88%	53.28%	85.69%	100.00%	
Gross carrying amount of trade debts	2,238	1,073	19,677	-	51,862	74,850
Loss allowance	177	331	10,484	-	51,862	62,854

(iii) **Credit quality of financial assets**

The credit quality of Company's financial assets that are neither past due nor impaired (mainly bank balances) can be assessed with reference to external credit ratings(if available) or to historical information about counterparty default rate:

	Rating		Agency	2021	2020
	Short term	Long term			
(Rupees in thousand)					
Askari Bank Limited	A1+	AA+	PACRA	-	259
Allied Bank Limited	A1+	AAA	PACRA	3,156	-
Bank Al-Habib Limited	A1+	AAA	Moody's	498	49,780
Citibank N.A.	P1	AA3	JCR-VIS	9	-
Habib Bank Limited	A1+	AAA	JCR-VIS	26,984	2,698
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	60,905	54,750
JS Bank Limited	A1+	AA-	PACRA	26	645
MCB Bank Limited	A1+	AAA	Moody's	2,507	2,933
National Bank of Pakistan	A1+	AAA	PACRA	10	9
Samba Bank Limited	A1	AA	PACRA	1,332	1,332
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	266,567	9,725
Deutsche Bank AG	P1	A2	JCR-VIS	-	176
				361,994	122,307

(c) Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines. At December 31, 2021, the Company had Rs 21.136 million (2020: Rs 453.159 million) available borrowing limits from financial institutions under mark up arrangements and Rs 368.164 (2020: Rs 126.677 million) in cash and bank balances.

Management monitors the forecasts of the Company's cash and cash equivalents (note 39.2) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring unconsolidated statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the unconsolidated statement of financial position to the contractual maturity date.

	(Rupees in thousand)					
	Carrying value	Contractual cashflows	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years
At December 31, 2021						
Long term finances	2,482,650	2,482,650	-	-	-	2,482,650
Short term						
borrowings - secured	21,136	21,136	21,136	-	-	-
Long term advances	16,630	16,630	8,723	1,006	121	6,780
Trade and other payables	1,497,811	1,497,811	1,497,811	-	-	-
Unclaimed dividend	58,875	58,875	58,875	-	-	-
Accrued mark-up	157,496	157,496	157,496	-	-	-
	<u>4,234,598</u>	<u>4,234,598</u>	<u>1,744,041</u>	<u>1,006</u>	<u>121</u>	<u>2,489,430</u>

	(Rupees in thousand)					
	Carrying value	Contractual cashflows	Less than 1 year	Between 1 and 2 years	2 to 5 years	Over 5 years
At December 31, 2020						
Long term finances	932,650	932,650	-	-	-	932,650
Short term						
borrowings - secured	453,159	453,159	453,159	-	-	-
Long term advances	10,336	10,336	2,416	5,851	2,069	-
Trade and other payables	1,507,290	1,507,290	1,507,290	-	-	-
Unclaimed dividend	54,750	54,750	54,750	-	-	-
Accrued mark-up	172,603	172,603	172,603	-	-	-
	<u>3,130,788</u>	<u>3,130,788</u>	<u>2,190,218</u>	<u>5,851</u>	<u>2,069</u>	<u>932,650</u>

The carrying values of following financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at reporting date.

	At fair value through other comprehensive income	At amortised cost	Total
	(Rupees in thousand)		
Assets as per Unconsolidated statement of financial position as at December 31, 2021			
Investments	20,898,758	26,024,118	46,922,876
Long term security deposits	-	5,125	5,125
Short term investments	-	235,000	235,000
Trade debts	-	10,467	10,467
Loans, advances, deposits and other receivables	-	601,430	601,430
Cash and bank balances	-	368,165	368,165
	<u>20,898,758</u>	<u>27,244,305</u>	<u>48,143,063</u>

**Assets as per Unconsolidated statement of financial position
as at December 31, 2020**

Long term loans	-	-	-
Long term security deposits	-	5,344	5,344
Trade debts	-	74,418	74,418
Loans, advances, deposits and other receivables	-	1,485,633	1,485,633
Investments	24,327,299	21,859,103	46,186,402
Cash and bank balances	-	126,677	126,677
	<u>24,327,299</u>	<u>23,551,175</u>	<u>47,878,474</u>

	Financial liabilities at at amortised cost	
	2021	2020
	(Rupees in thousand)	
Liabilities as per Unconsolidated statement of financial position		
Long term finances	2,482,650	932,650
Long term advances	16,630	10,336
Short term borrowings - secured	21,136	453,159
Trade and other payables	1,497,811	1,507,290
Unclaimed dividend	58,875	54,750
Accrued mark-up	157,496	172,603
	<u>4,234,598</u>	<u>3,130,788</u>

43.2 Offsetting financial assets and financial liabilities

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

43.3 Capital management

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

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

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the unconsolidated statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) including bank overdraft less cash and bank balances and liquid investments.

The gearing ratios as at Dec 31, 2021 and 2020 were as follows:

		2021	2020
		(Rupees in thousand)	
Borrowings	- notes 8, 14	2,503,786	1,393,786
Less : Cash and bank balances	- note 25	(368,165)	(126,677)
Net debt		<u>2,135,621</u>	<u>1,267,109</u>
Total equity		48,158,480	49,691,207
Gearing ratio	Percentage	4.25%	2.49%

In accordance with the terms of agreements for long term finances, (as disclosed in note 8.1 to these unconsolidated financial statements), the Company has complied with all the covenants throughout the year.

In accordance with the terms of agreement for preference shares with IFC, (as disclosed in note 8.1 to these unconsolidated financial statements), the Company is required to comply with the following financial covenants:

- the debt service coverage ratio, calculated according to the terms of the above mentioned agreement shall not be less than 1.30.
- the current ratio shall not be less than 1:1. Current assets for the purpose of computing current ratio, as per the terms of the above mentioned agreement, do not include prepayments.
- the debt to equity ratio, as calculated under the terms of the said agreement, must be not more than 60%.

The Company has complied with these covenants throughout the reporting period. As at December 31, 2021, the debt service coverage ratio was 23.86 (2020: 18.06), the current ratio was 2.58:1 (2020: 1.51:1) and the debt to equity ratio was 5.20% (2020: 2.49%).

43.4 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Company's assets that are measured at fair value:

	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
At December 31, 2021				
Recurring fair value measurements				
Assets				
Investments - FVOCI	20,893,733	-	5,025	20,898,758

	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
At December 31, 2020				
Recurring fair value measurements				
Assets				
Investments - FVOCI	24,322,274	-	5,000	24,327,274

Movement in the above mentioned assets has been disclosed in note 21 to these unconsolidated financial statements and movement in fair value reserve has been disclosed in the unconsolidated statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the years. Since the ordinary shares of Coca-Cola Beverages Pakistan Limited and Pakistan Tourism Development Corporation Limited are not listed, therefore these are included in Level 3. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active 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 quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

There were no transfers amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

44. Date of authorisation for issue

These unconsolidated financial statements were authorised for issue on March 29, 2022 by the Board of Directors of the Company.

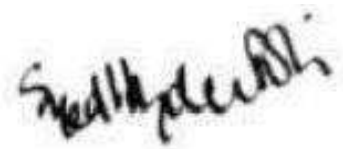
45. Events after the reporting date

45.1 Subsequent to year-end, Mitsubishi Corporation fulfilled all the conditions enumerated in the Share Purchase Agreement as mentioned in note 20 of these unconsolidated financial statements and therefore 7.5 million shares (representing 19.33% stake in TRIPFL were transferred to the Company on February 15, 2022 at a negotiated purchase price of Rs 154.62/share amounting to Rs 1,159.65 million (excluding transaction costs). The Company now has a total shareholding of 69.26% in TRIPF and therefore it is to be considered a Subsidiary as per IFRS 3 and will be consolidated in the consolidated financial statements of the Company for the year ending December 31, 2022.

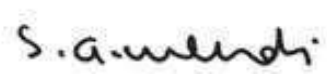
45.2 The BOD has proposed a final cash dividend for the year ended December 31, 2021 of Rs 27.5 per share (2020: Rs 22.5 per share), amounting to Rs 2,457.039 million (2020: Rs 2,011.050 million) at their meeting held on March 29, 2022 for approval of the members at the Annual General Meeting to be held on April 29, 2022.

46. Corresponding figures

As disclosed in note 2, the Company has transferred its manufacturing operations and now dividend income is its main source of revenue. Accordingly corresponding figures are not comparable. Further, dividends received are now shown as cash flows from operating activities in the unconsolidated statement of cash flows.



Chief Executive



Director



Chief Financial Officer

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

The Directors of the Packages Limited (Parent Company) take pleasure in presenting the consolidated financial statements of the Group for the year ended December 31, 2021. Comparison of consolidated results for the year 2021 as against year 2020 is as follows:

	2021	2020
	(Rupees in million)	
Invoiced sales – net	80,322	64,981
Profit from operations - EBIT	10,584	7,561
Share of profit in associates and joint venture	677	340
Investment income	935	639
Profit after tax	7,150	4,536

We are pleased to report that the core manufacturing operations of the group have shown significantly improved performance in a challenging and competitive environment. During the year 2021, the Group achieved net sales of Rs 80,322 million against net sales of Rs 64,981 million achieved during last year representing sales growth of 24% with an operating profit of Rs 7,150 million as compared to 4,536 million generated during last year representing growth of 58%, mainly on account of revenue growth and cost controls.

The Group's finance cost has decreased by Rs 867 million which is mainly attributable to better credit management and decreased rates of borrowing negotiated.

A brief review of the operational performance of the Group subsidiaries is as follows:

PACKAGES CONVERTERS LIMITED

Packages Convertors Limited ('PCL') is an un-listed public limited subsidiary of Packages Limited. In 2019, the Board of Directors and Shareholders of Parent Company approved the internal restructuring of the Parent Company including transfer of its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication & roll covers along with all relevant assets, operations and corresponding liabilities to PCL. The transfer was executed on July 1, 2020.

PCL has achieved net sales of Rs. 29,881 million during the current period of the year 2021 as compared to Rs 11,931 million during 2020. The Company has generated profit before tax of Rs. 2,594 million during the current period of the year 2021 as compared to Rs 806 million during 2020. As mentioned above the corresponding figures are not comparable as the assets and related liabilities of manufacturing business were transferred to Packages Convertors Limited with effect from July 1, 2020.

DIC PAKISTAN LIMITED

DIC Pakistan Limited is an un-listed public limited subsidiary of Packages Limited. It is mainly engaged in manufacturing, processing and selling of industrial inks. The Company achieved net sales of Rs. 6,716 million during the year 2021 as compared to Rs. 5,576 million last year, representing sales growth of 20%. The Company has generated profit before tax of Rs. 950 million during the year 2021 as against Rs. 616 million in 2020, representing a growth of 1.5 times, mainly on account of higher sales and tighter control over fixed costs.

PACKAGES LANKA (PRIVATE) LIMITED

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging. The Company has achieved sales of SLR 2,468 million during the year 2021 as compared to SLR 2,152 million in 2020, representing a 15% increase. The Company has generated profit before tax of SLR 108 million in the year 2021 as compared to loss before tax of SLR 60 million of 2020.

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper and paperboard products. The Company has achieved sales of Rs. 36,938 million during the year ended December 31, 2021 as compared to Rs 28,813 million during 2020, representing sales growth of 28%. The Company has recorded operating profit of Rs 5,215 million during the year 2021 as compared to operating profit of Rs 3,934 million in 2020, primarily due to revenue growth and tighter control over fixed costs.

On February 09, 2022, a fire incident took place at the finishing house and central stores of BSPPL which damaged the building and certain items of property, plant and equipment, stores and spares and stock-in-trade aggregating to Rs 5,700.54 million which were adequately insured. The Group has since filed an insurance claim and the insurer has appointed a surveyor. The surveyor is expected to complete its survey work during the year 2022 and the insurance claim resulting from surveyor's final report will be recognized accordingly.

FLEXIBLE PACKAGES CONVERTORS (PTY) LIMITED

Flexible Packages Convertors (Pty) Limited is a private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. The Company achieved net sales revenue of ZAR 695 million during the year ended December 31, 2021 as compared to ZAR 576 million during 2020. The Company has recorded loss before tax of ZAR 28 million in current year as compared to loss before tax of ZAR 31 million in 2020. This is primarily on account of almost lockdown conditions imposed in South Africa due to corona virus pandemic.

Moving forward, the Company will focus on improving operating results through volume growth and price rationalization.

PACKAGES REAL ESTATE (PRIVATE) LIMITED

Packages Real Estate (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in business of all types of construction activities and development of real estate. It is currently operating “Packages Mall”. The Company has achieved net revenue of Rs. 3,278 million during the year ended December 31, 2021 as compared to Rs 2,660 million during 2020. The Company has recorded operating profit of Rs 1,062 million during the year 2021 as compared to Rs 604 million in 2020.

PACKAGES POWER (PRIVATE) LIMITED

The Company was incorporated on October 20, 2016. It is a wholly owned subsidiary of Packages Limited. The purpose of the Company is to establish, operate and manage electric power generating projects and transmission systems for the generation and supply of electric power.

It was formed as per the requirements of Punjab Power Development Board (‘PPDB’) to explore the development of a hydropower project as advertised by PPDB. A letter of intent was issued by PPDB for development of 2.4 MW hydro power project on BRBD link canal district Kasur and in the year of 2018, application of generation license was submitted with National Electric Power Regulatory Authority (“NEPRA”). During the year NEPRA rejected the application for the said generation license. Ergo the purpose of the Company was changed to establish, operate and manage electric power generating projects and transmission systems for the generation and supply of electric power to the affiliates of the Group in Kasur. Consequently, the Board of Directors of Packages Limited in its meeting held on December 17, 2021 accorded its approval to inject Rs. 1,100 million into it.

STARCHPACK (PRIVATE) LIMITED

StarchPack (Private) Limited is a private company limited by shares incorporated in Pakistan under the Companies Act, 2017. It is a wholly owned subsidiary. It will be principally engaged in the manufacture and sale of corn-based starch products, its derivatives and by-products. During the current period, the Parent Company made an investment of Rs. 1,500 million in pursuance to decision taken by the Board of Directors of Parent Company.

INVESTMENT IN TRI-PACK FILMS LIMITED & REVERSAL OF IMPAIRMENT

During the year, Packages Limited entered into a Share Purchase Agreement (‘Agreement’) with Mitsubishi Corporation to purchase 7,500,000 shares of Tri-pack Films Limited (‘TPFL’) representing a stake of 19.33% in the shareholding. However, this transfer of shares was to be executed after satisfaction of certain pre-conditions mentioned in the Agreement. These conditions have not been met as of December 31, 2021.

The aforementioned agreement came under the ambit of Listed Companies (Substantial Acquisition of Shares and Takeovers) Regulations, 2017 (the ‘Regulations’) as it exceeded the 50% boundary mentioned in the Regulations. Pursuant to these Regulations, the Parent Company was bound to make a public offer to purchase shares of Tri-Pack from the public in accordance with the Regulations.

Consequently, on December 31, 2021, the Parent Company acquired a further 6,438,598 shares from the general public following the conclusion of the public offer which represents 16.59% of shareholding in TPFL.

The consideration paid to acquire the shares was Rs 1,578.744 million against which the fair value of net assets acquired was Rs 1,754.821 million resulting in the bargain purchase gain of Rs 176.077 million which has been recognised as an income and included in 'Share of net profit of associates and joint ventures accounted for using equity method'.

Subsequent to year-end, Mitsubishi Corporation (the "MC") fulfilled all the conditions enumerated in the Agreement as mentioned above and therefore 7.5 million shares (representing 19.33% stake in TPFL) were transferred to the Parent Company on February 15, 2022 at a negotiated purchase price of Rs 154.62/share amounting to Rs 1,159.65 million (excluding transaction costs). The Parent Company now has a total shareholding of 69.26% in TPFL and hence will be deemed a Subsidiary as per applicable financial reporting standards and laws and directives prevailing for the time being in force and will be consolidated in the consolidated financial statements of the company for the year ending December 31, 2022.

During the year, the Group reviewed the carrying amount of its investment in equity instruments of Tri-Pack Films Limited and its recoverability to determine whether there is an indication that the previously recorded impairment loss has decreased or ceased to exist.

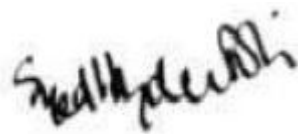
The recoverable amount of investment in Tri-Pack Films Limited has been determined based on 'fair value less costs of disposal'. The 'fair value less costs of disposal' has been worked out using income approach. As the recoverable amount of the investment worked out is higher than the carrying value, therefore, reversal of impairment loss has been recognized in the consolidated financial statements. The recoverable amount of the investment was determined to be higher than the carrying value by Rs 15.05 per share and the carrying amount was accordingly increased by Rs 291.469 million which has been recognised as an income and included in 'Other income'.

INVESTMENT IN ANEMONE HOLDINGS LIMITED

The Parent Company contributed Rs 409.405 million (equivalent to USD 2.486 million) as equity in Anemone Holdings Limited, Mauritius ("AHL"). AHL is a special purpose vehicle established in 2015 for the acquisition of operations of a flexible packaging company in South Africa.



Towfiq Habib Chinoy
(Chairman)
Lahore, March 29, 2022



Syed Hyder Ali
(Chief Executive & Managing Director)
Lahore, March 29, 2022

سال 2021 کے اختتام پر متفقہ مالیاتی بیانات پر ڈائریکٹرز کی رپورٹ

مذکورہ کمپنی کے ڈائریکٹرز سال 2021 کے مجموعی مالیاتی گوشواروں کو پیش کرنے میں خوشی محسوس کرتے ہیں۔ سال 2020 اور 2021 کا مالیاتی موازنہ درج ذیل ہے

2020	2021	
روپے میں		
64,981	80,322	انوائس شدہ فروخت - نیٹ
7,561	10,584	EBIT - آپریشنز سے منافع
340	677	ایسوسی ایٹس اور جوائنٹ وینچر میں منافع کا حصہ
639	935	سرمایہ کاری کی آمدنی
4,536	7,150	ٹیکس کے بعد منافع

ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ سخت مسابقتی ماحول کے باوجود کمپنی کے بنیادی مینوفیکچرنگ آپریشنز نے نمایاں طور پر بہتر کارکردگی دکھائی ہے۔ سال 2020 میں 64,981 ملین روپے کی فروخت ہوئی اور منافع کی شرح 4,536 ملین تھی جو کہ 24 فیصد تھی۔ سال 2021 کے دوران کمپنی نے 80,322 ملین روپے کی فروخت کی جس میں منافع کی شرح 7,150 ملین روپے تھی جو کہ 58 فیصد ہے۔ یہ اس بات کی نمائندگی ہے کہ بنیادی طور پر لاگت اور آمدنی میں اضافہ ہوا ہے جس سے کمپنی کی ترقی ہوئی ہے۔ کمپنی کی مجموعی لاگت میں 867 ملین روپے کی کمی واقع ہوئی ہے جس کی وجہ بنیادی طور پر بہتر کریڈٹ مینجمنٹ اور قرض لینے کی شرح میں کمی ہے۔ کمپنی کے ذیلی اداروں کی آپریشنل کارکردگی کا مختصر جائزہ مندرجہ ذیل ہے۔

پیکجز کنورٹرز لمیٹڈ

پیکجز لمیٹڈ کا ایک غیر فہرست شدہ ذیلی ادارہ ہے۔ 2019 میں بورڈ آف ڈائریکٹرز اور پیرنٹ کمپنی (PCL) پیکجز کنورٹرز لمیٹڈ کے شیئر ہولڈرز نے پیرنٹ کمپنی کی اندرونی تنظیم نو کی منظوری دی جس میں اس کے مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹن، لچکدار پیکجنگ، صارفین کی مصنوعات اور مکینیکل فیبریکیشن اینڈ رول کور کے ساتھ تمام متعلقہ اثاثوں، آپریشنز اور متعلقہ ذمہ داریوں کو پی سی ایل منتقل کر دیا گیا ہے۔ یہ منتقلی 1 جولائی 2020 کو عمل میں لائی گئی۔ پی سی ایل نے 2020 میں 11,931 ملین روپے کی فروخت کی جبکہ 2021 کے دوران 29,881 ملین روپے کی فروخت کی۔ کمپنی نے 2020 کے دوران 806 ملین روپے کا منافع حاصل کیا تھا جو کہ 2021 میں بڑھ کر 2,594 ملین روپے ہو گیا ہے۔ اوپر بتائے گئے اعداد و شمار کا موازنہ نہیں کیا جاسکتا کیونکہ مینوفیکچرنگ کاروبار کے اثاثے اور متعلقہ واجبات یکم جولائی 2020 سے پیکجز کنورٹرز لمیٹڈ کو منتقل کیے گئے تھے۔

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکجز لمیٹڈ کا ایک غیر فہرست شدہ ذیلی ادارہ ہے۔ ان کا زیادہ کاروبار انڈسٹریل سیاہی کی تیاری، پروسیسنگ اور فروخت تک محدود ہے۔ کمپنی نے سال 2020 میں 5,576 ملین روپے کا کاروبار کیا جو کہ سال 2021 میں بڑھ کر 6,716 ملین روپے ہوا۔ 20 فیصد گروتھ کمپنی نے 2020 میں 616 ملین روپے کے مقابلے میں 2021 میں 950 ملین روپے کا منافع حاصل کیا جو کہ ڈیڑھ گنا زیادہ ہے۔ اسکی بنیادی وجہ زیادہ فروخت اور مقررہ اخراجات پر کنٹرول کرنا ہے۔

پیکجز لنکا (پرائیویٹ) لمیٹڈ

پیکجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں پیکجز لمیٹڈ کا ذیلی ادارہ ہے۔ بنیادی طور پر ان کا لچکدار پیکجنگ کی تیاری کا کاروبار ہے۔ کمپنی نے سال 2021 کے دوران 2,468 ملین سری لنکن روپے کی فروخت کی ہے جو کہ 2020 میں 2,152 ملین سری لنکن روپے کے مقابلے میں 15 فیصد زیادہ ہے۔ کمپنی نے سال 2020 میں 60 ملین سری لنکن روپے خسارہ کے مقابلے میں 2021 میں 108 ملین سری لنکن روپے کا منافع کمایا ہے۔

بلھے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ کاغذ اور پیپر بورڈ کی مصنوعات کی تیاری اور تبدیلی کا کاروبار کرتے ہیں۔ سال 2021 میں 36,938 ملین روپے کا کاروبار کیا جبکہ سال 2020 میں 28,813 ملین روپے کا کاروبار کیا۔ سیلز میں 28 فیصد کا اضافہ ریکارڈ کیا گیا۔ سال 2020 میں 3934 ملین روپے کے منافع کے مقابلے میں 2021 میں 5215 ملین روپے کا منافع حاصل کیا۔ اسکی بنیادی وجہ زیادہ فروخت اور مقررہ اخراجات پر کنٹرول کرنا ہے۔

فروری 9، 2022 کو بی ایس پی ایل فنشنگ ہاؤس اور مرکزی اسٹورز میں حادثاتی آگ کی وجہ سے عمارت اور املاک کی بیمہ شدہ اشیاء، پلانٹ اور آلات، اسٹورز، اسپینرز اور اسٹاک ان ٹریڈ کو مجموعی طور پر 5,700.54 ملین روپے کا نقصان پہنچا۔ کمپنی نے اس ضمن میں انشورنس کلیم کا دعویٰ دائر کیا ہے، جبکہ انشورنس کمپنی نے اس حادثے کے جائزے کے لئے سرویئر مقرر کیا ہے۔

فلیکسبل پیکجز کنورٹرز (پی ٹی وائے) لمیٹڈ

فلیکسبل پیکجز کنورٹرز (پی ٹی وائے) لمیٹڈ جنوبی افریقہ کی ایک پرائیویٹ کمپنی ہے۔ ان کا کاروبار فلیکسبل پیکجنگ کی تیاری ہے۔ 2021 میں انہوں نے 695 ملین ساؤتھ افریقن رینڈ کا کاروبار کیا، جبکہ سال 2020 میں 576 ملین افریقن رینڈ کا کاروبار کر سکے تھے۔ 2020 میں ان کو نقصان 31 ملین ساؤتھ افریقن رینڈ ہوا جو 2021 میں کم ہو کر 28 ملین ساؤتھ افریقن رینڈ ہو گیا۔ کورونا وائرس کی وجہ سے لگنے والے لاک ڈاؤن نے کاروبار کو نقصان پہنچایا۔

کمپنی مستقبل میں آپریٹنگ نتائج کو بہتر بنانے کے لئے حجم میں اضافے اور قیمتوں کو معقول بنانے پر توجہ دے گی۔

پیکجز رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ

پیکجز رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ پیکجز لمیٹڈ کا ذیلی ادارہ ہے۔ انکے کاروبار کا تعلق رئیل اسٹیٹ اور تعمیراتی کام سے ہے۔ پیکجز مال کا نظام بھی انہی کے ذمے ہے۔ کمپنی نے 2021 میں 3278 ملین روپے کا حدف پورا کیا جبکہ 2020 میں یہ 2660 ملین روپے تھا۔ کمپنی نے 2020 میں 604 ملین روپے کے منافع کے مقابلے میں 2021 میں 1062 ملین روپے کا ریکارڈ منافع کمایا۔

پیکجز پاور (پرائیویٹ) لمیٹڈ

پیکجز پاور (پرائیویٹ) لمیٹڈ کی بنیاد 20 اکتوبر 2016 میں رکھی گئی۔ یہ پیکجز لمیٹڈ کی ذیلی کمپنی ہے۔ اس کمپنی کا مقصد بجلی کی پیداوار اور فراہمی کے علاوہ الیکٹرک پاور پیدا کرنے والے پروجیکٹس اور ٹرانسمیشن سسٹم قائم کرنا ہے جس میں سسٹم کو چلانا اور پاور سپلائی دینا بھی شامل ہے۔

اسے پنجاب پاور ڈویلپمنٹ بورڈ (پی پی ڈی بی) کی دی گئی ہدایات کے مطابق تشکیل دیا گیا ہے، تاکہ بورڈ کی جانب سے دیئے گئے اشتہار کے مطابق ہائیڈرو پاور پراجیکٹ کو مزید ترقی دی جائے۔ پی پی ڈی بی نے بی آر بی ڈی لنک کنال، ضلع قصور میں 2.4 میگا واٹ کے ہائیڈرو پاور پراجیکٹ کی ترقی کے لئے لیٹر آف انٹنٹ جاری کر دیا تھا۔

اور 2018 میں نیشنل ایلکٹریک پاور ریگولیٹری اتھارٹی (نیپرا) کو جنریشن لائسنس کی درخواست بھی جمع کروا دی تھی۔ اسی سال یہ درخواست مسترد کر دی گئی۔ کمپنی کے بنیادی مقصد کو بدل کر قصور میں ملحقہ گروپوں کو بجلی کی پیداوار اور فراہمی کے علاوہ الیکٹریک پاور پیدا کرنے والے پروجیکٹس، ٹرانسمیشن سسٹم اور سسٹم کو چلانا اور پاور سپلائی دینا قرار پایا۔ 17 دسمبر 2021 میں بورڈ آف ڈائریکٹرز کی میٹنگ میں کمپنی کو 1100 ملین روپے فراہم کرنے کا فیصلہ کیا۔

سٹارچ پیک (پرائیویٹ) لمیٹڈ

سٹارچ پیک (پرائیویٹ) لمیٹڈ ایک پرائیویٹ کمپنی ہے جس کے حصص کمپنیز ایکٹ 2017 کے تحت پاکستان میں ہیں۔ یہ ایک باختیار ذیلی ادارہ ہے۔ اس میں مکئی سے بنے نشاستے کی مصنوعات، انکی تیاری اور فروخت کا کاروبار کیا جائے گا۔ حالیہ وقت میں بورڈ آف ڈائریکٹرز کے فیصلے کے مطابق اس میں 1500 ملین روپے کی انوسٹمنٹ کی گئی ہے۔

ٹرائی پیک فلمز لمیٹڈ میں سرمایہ کاری اور نقصان کا رپورسل

اس سال کے دوران، پیکجز لمیٹڈ نے مٹسوبشی کارپوریشن کے ساتھ مل کر ٹرائی پیک فلمز لمیٹڈ کے 7,500,000 حصص کی خریداری کا معاہدہ کیا جو کہ شیئر ہولڈنگ کے حصص کا 19.33 فیصد حصہ ہے۔ تاہم معاہدے کے مطابق حصص کی منتقلی بیان کردہ شرائط کے مطابق عمل میں لانی تھی لیکن دسمبر 2021 تک یہ شرائط پوری نہیں کی گئی۔

چونکہ ریگولیشنز 50% حد سے زیادہ تجاوز کر گئی تھیں، اسلئے مذکورہ بالا معاہدہ لسٹڈ کمپنیز (حصص کا حصول اور قبضہ) ریگولیشنز، 2017 ('ریگولیشنز') کے تحت کیا گیا۔ ان ریگولیشنز کے مطابق پیکجز لمیٹڈ اس بات کی پابند تھی کہ عوام کو ٹرائی پیک کے حصص خریدنے کی پیشکش کی جائے۔ اسکے لئے 31 دسمبر 2021 -

میں 16.59% TPFL کو عوامی پیشکش کے اختتام پر عوام سے مزید 6,438,598 شیئرز حاصل کیے گئے جو کہ شیئر ہولڈنگ کی نمائندگی کرتے ہیں۔

حصص کے حصول کے لیے 1,578.744 ملین روپے کی رقم ادا کی گئی جبکہ اثاثوں کی قیمت 1,754.821 ملین روپے تھی، جس کی وجہ سے 176.077 ملین روپے کا فائدہ ہوا۔ اسے آمدنی کے طور پر تسلیم کیا گیا جسے ایسوسی ایٹس اور جوائنٹ وینچرز ایکویٹی میتھڈ کے حساب سے منافع کے شیئرز میں شامل کیا گیا ہے۔

جیسا کہ اوپر ذکر کیا گیا ہے کہ سال کے بعد، مٹسوبشی کارپوریشن نے حصص کی خریداری کے معاہدے میں درج تمام شرائط کو پورا کیا اور اس کے لیے 15 فروری 2022 کو پیکجز لمیٹڈ نے ٹی پی ایف ایل میں 7.5 ملین کے جبکہ 19.33 فیصد کو ظاہر کرتے ہیں۔ یعنی کہ سوائے لین دین کے اخراجات کو نکال کے مالیت 1,159.65 ملین روپے ہے جس کے مطابق فی شیئر کی قیمت 154.62 ہے۔

پیکجز لمیٹڈ، ٹی پی ایف ایل میں اب 69.26% فیصد شیئرز کا مالک ہے۔ 31 دسمبر 2021 کے مطابق، قابل اطلاق مالیاتی رپورٹنگ کے معیار اور موجودہ نافذ قوانین اور ہدایات کے مطابق اسے ذیلی ادارہ سمجھا جائے گا اور اسے کمپنی کے مالی بیانات میں شامل کیا جائے گا۔

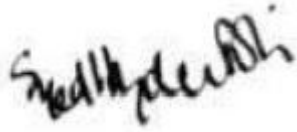
سال کے دوران، پیکجز لمیٹڈ نے ٹرائی پیک فلمز لمیٹڈ کے ایکویٹی آلات میں اپنی سرمایہ کاری کے لئے استعمال ہونے والی رقم اور اس کی وصولی کا جائزہ لیا گیا تا کہ پہلے سے ریکارڈ شدہ خرابی کے نقصان میں کمی بیشی کا تعین کیا جاسکے۔

ٹرائی پیک فلمز لمیٹڈ سے رقم کی وصولی کا تعین کم خرچ بہتر قیمت کی بنیاد پر کیا گیا ہے۔ انکم اپروچ کے نقطہ نظر کو سامنے رکھتے ہوئے کم خرچ بہتر قیمت کو استعمال کیا گیا ہے۔ سرمایہ کاری میں وصول ہونے والی رقم استعمال ہونے والی رقم سے زیادہ ہے۔ لہذا مالیاتی بیانات میں ہونے والے نقصان کے ریروسل کو تسلیم کیا جاتا ہے۔

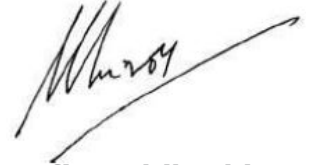
سرمایہ کاری وصول ہونے والی رقم میں 15.05 روپے فی شیئر زیادہ ہونے کا تعین کیا گیا تھا اور اس کے مطابق 291.469 ملین روپے کا اضافہ کیا گیا جسے آمدنی کے طور پر تسلیم کیا گیا ہے اور اسے 'دیگر آمدنی' میں شامل کیا گیا ہے۔

انیمون ہولڈنگز لمیٹڈ میں سرمایہ کاری

پیکجز لمیٹڈ نے انیمون ہولڈنگز لمیٹڈ، ماریشس (اے ایچ ایلک) کو 409.405 ملین روپے (2.486 ملین امریکی ڈالر) بطور ایکویٹی دیا۔ اے ایچ ایل ایک خاص کمپنی ہے جسے 2015 میں جنوبی افریقہ میں فلیکسبل پیکجنگ کمپنی کے آپریشنز کے حصول کے لیے بنایا گیا تھا۔



Syed Hyder Ali
(Chief Executive & Managing Director)
Lahore, March 29, 2022



Towfiq Habib Chinoy
(Chairman)
Lahore, March 29, 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PACKAGES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the annexed consolidated financial statements of Packages Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

BASIS FOR OPINION

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

Emphasis of Matter - Effects of fire

We draw attention to Note 57 of the consolidated financial statements, which describes the effects of a fire in the Group's production facilities at Kasur. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most

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

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was Addressed in our audit
1.	<p>Reversal of impairment of investment in associate</p> <p><i>(Refer note 27 to the annexed consolidated financial statements)</i></p> <p>During the year, the group has reviewed the carrying amount of its equity investment in its associate, Tri-Pack Films Limited (TPFL). This involved estimation techniques and management's judgement to obtain reasonable expected future cash flows of TPFL's business and related discount rate.</p> <p>Management involved an internal expert to perform this valuation. As a result of performing the aforementioned assessment, the recoverable amount of the investment was determined to be higher than its carrying amount which has resulted in the reversal of previously recognized impairment loss.</p> <p>Due to the high level of judgement and estimation required to determine the recoverable amount of the above-mentioned investment, we consider it to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - We considered management's process for identifying the existence of impairment reversal indicators in respect of the Group's investments. - We assessed the valuation methodology used by the management. - Obtained the discounted cash flow model ('model') and checked the mathematical accuracy of the computations. - Obtained an understanding of the work performed by the management on the model for the purpose of valuation. - Examined the professional qualification of management's internal expert and assessed the independence, competence, and experience of the management's internal expert in the field. - Understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations. - Evaluated the cash flow forecast by obtaining an understanding of TPFL's business. - Tested on sample basis, the reasonableness of the input data used by the management. - Checked the adequacy of the disclosures made by the Group with regards to applicable accounting and reporting standards.

S.No. Key audit matters	How the matter was Addressed in our audit
<p>2. Investment in associate <i>(Refer note 27 to the annexed consolidated financial statements)</i></p> <p>On December 31, 2021, the Group acquired additional 6,438,598 shares representing 16.59% shareholding of Tri-pack Films Limited (TPFL) from general public. The consideration paid for acquisition of these shares was Rs. 1,578.744 million against which the fair value of net assets acquired was Rs. 1,754.821 million resulting in the bargain purchase gain of Rs. 176.077 million recognised as other income in the consolidated statement of profit or loss.</p> <p>The acquisition is a significant transaction during the year and estimation involved in determining the fair value of net assets acquired, we consider it to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Examined the public announcement, approval of the Board and members of the Company for acquisition of additional shares in TPFL. - Tested compliance with the relevant laws and regulations. - Traced the amounts paid to general public from the bank statement. - Traced the script less shares acquired in the company's account maintained with Central Depository Company of Pakistan Limited and on a sample basis physically verified the shares acquired in script form. - Obtained an understanding of the work performed by the management for determining the fair value of net assets acquired including the involvement of management's expert. - Evaluated the professional qualification of management's expert and assessed the independence, competence, and experience of the management's expert in the field. - Involved auditor's expert to assess the adequacy of the work performed by the management's expert. - Matched the underlying carrying and fair value with the audited financial statements of TPFL and management's expert report. - Recalculated the bargain purchase gain by deducting carrying values as at December 31, 2021 of TPFL from the fair value of net assets.

S.No.	Key audit matters	How the matter was Addressed in our audit
		<ul style="list-style-type: none"> - Checked the adequacy of the disclosures made by the Group with regards to applicable accounting and reporting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORTS THEREON

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

significant deficiencies in internal control that we identify during our audit.

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

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

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



A. F. Ferguson & Co.
Chartered Accountants

Lahore

APRIL 07, 2022

UDIN: AR202110071cMBbrtPhu

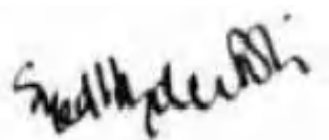
Consolidated Financial Statements

For the year ended December 31, 2021

PACKAGES LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)		Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
EQUITY AND LIABILITIES				ASSETS			
CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorised share capital				Property, plant and equipment	23	31,469,874	27,396,134
-150,000,000 (2020: 150,000,000) ordinary shares of Rs 10 each		1,500,000	1,500,000	Right-of-use assets	24	403,526	614,540
- 22,000,000 (2020: 22,000,000) 10% non-voting preference shares / convertible stock of Rs 190 each		4,180,000	4,180,000	Investment properties	25	11,270,230	10,601,452
		5,680,000	5,680,000	Intangible assets	26	383,154	372,521
Issued, subscribed and paid up share capital				Investments accounted for using the equity method	27	8,787,331	6,627,424
- 89,379,504 (2019: 89,379,504) ordinary shares of Rs 10 each	5	893,795	893,795	Other long term investments	28	20,898,757	24,327,299
- 8,186,842 (2019: 8,186,842) 10% non-voting preference shares / convertible stock of Rs 190 each	8	606,222	606,222	Long term security deposits		145,216	138,822
Other reserves	6	44,748,580	47,604,899	Long term loans	29	561	657
Equity portion of loan from shareholder of the Parent Company	7	277,219	277,219			73,358,649	70,078,849
Revenue reserve: Un-appropriated profits		10,474,905	6,529,599				
Attributable to owners of the Parent Company		57,000,721	55,911,734				
Non-controlling interests		2,025,433	1,864,946				
TOTAL EQUITY		59,026,154	57,776,680				
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Long term finances	8	15,270,036	16,187,100	Stores and spares	30	3,170,406	2,654,272
Loan from shareholder of the Parent Company - unsecured	9	-	260,107	Stock-in-trade	31	21,071,871	13,416,931
Lease liabilities	10	321,560	435,510	Short term investments	32	2,251,000	1,450,000
Security deposits	11	154,637	371,797	Trade debts	33	9,843,484	7,586,305
Deferred income	12	244,082	284,229	Loans, advances, deposits, prepayments and other receivables	34	2,292,705	1,288,232
Deferred government grant	13	230,419	19,459	Income tax receivable	35	4,695,577	4,746,975
Deferred taxation	14	2,267,881	1,612,241	Cash and bank balances	36	1,008,150	638,343
Long term advances	15	154,738	84,071			44,333,193	31,781,058
Employee retirement benefits	16	1,214,217	807,523				
Deferred liabilities	17	378,686	341,975				
		20,236,256	20,404,012				
CURRENT LIABILITIES							
Current portion of non-current liabilities	18	6,285,777	3,516,939				
Short term borrowings - secured	19	18,666,793	9,959,308				
Trade and other payables	20	12,647,371	9,488,819				
Unclaimed dividend		59,238	54,955				
Derivative financial instruments		-	-				
Accrued finance cost	21	770,253	659,194				
Provision for taxation		-	-				
		38,429,432	23,679,215				
CONTINGENCIES AND COMMITMENTS							
	22	117,691,842	101,859,907				
		117,691,842	101,859,907				

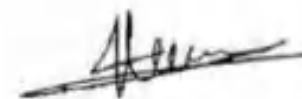
The annexed notes 1 to 58 form an integral part of these consolidated financial statements.



Chief Executive



Director



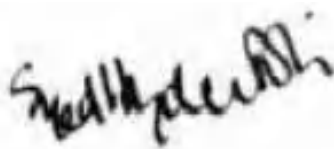
Chief Financial Officer

PACKAGES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 (Rupees in thousand)	2020
Revenue	37	80,322,297	64,981,483
Cost of sales and services	38	(63,612,824)	(51,738,720)
Gross profit		16,709,473	13,242,763
Administrative expenses	39	(2,866,502)	(2,420,183)
Distribution and marketing costs	40	(2,913,840)	(2,690,770)
Reversal of impairment losses on financial assets		75,038	7,372
Other expenses	41	(1,277,554)	(979,042)
Other income	42	857,204	400,718
Investment income	44	934,592	639,298
Share of net profit of associates and joint ventures accounted for using equity method		677,339	340,210
Operating profit		12,195,750	8,540,366
Finance cost	43	(2,588,800)	(3,455,909)
Profit before taxation		9,606,950	5,084,457
Taxation	45	(2,456,799)	(548,753)
Profit for the year		7,150,151	4,535,703
Profit is attributable to:			
Equity holders of the Parent Company		6,856,129	4,518,063
Non-controlling interests		294,022	17,640
		7,150,151	4,535,703
Earnings per share attributable to equity holders of the Parent Company during the year			
- Basic	Rupees 52.1	76.71	50.55
- Diluted	Rupees 52.2	71.41	47.44

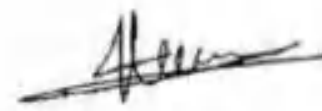
The annexed notes 1 to 58 form an integral part of these consolidated financial statements.



Chief Executive



Director



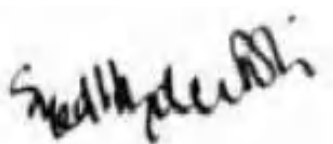
Chief Financial Officer

PACKAGES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 (Rupees in thousand)	2020
Profit for the year		7,150,151	4,535,703
Other comprehensive income / (loss) for the year-net of tax			
Items that will not be subsequently reclassified to profit or loss:			
Change in fair value of investments at fair value through other comprehensive income (FVOCI)		(3,428,541)	(5,054,173)
Remeasurements of retirement benefits		(297,212)	107,883
Tax effect of remeasurements of retirement benefits		181,963	(35,218)
		(3,543,790)	(4,981,508)
Items that may be reclassified subsequently to profit or loss:			
Net exchange differences on translation of foreign operations		6,203	(25,122)
Share of other comprehensive loss of associates and joint venture accounted for using the equity method - net of tax	27.3	(195,814)	(476,263)
		(189,611)	(501,385)
Other comprehensive loss for the year		(3,733,401)	(5,482,893)
Total comprehensive income / (loss) for the year		3,416,750	(947,190)
Total comprehensive income / (loss) for the year attributable to:			
Owners of the Parent Company		3,126,287	(948,217)
Non-controlling interests		290,463	1,027
		3,416,750	(947,190)

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.



Chief Executive



Director



Chief Financial Officer

PACKAGES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

	- Attributable to owners of the Parent Company											Capital and reserves	Non-controlling interests	Total equity
	Issued, subscribed and paid up share capital			Reserves							Total			
	Ordinary share capital	Preference shares / convertible stock reserve	Share premium	Capital reserves			Revenue reserves							
			Exchange differences on translation of foreign operations	FVOCI reserve	Other reserves relating to associates and joint ventures	Transaction with non-controlling interests	Equity portion of loan from shareholder of the Parent Company	Capital redemption reserve	General reserve	Un-appropriated profits				
Balance as on January 1, 2020	893,795	606,222	3,766,738	(143,768)	25,391,540	3,125,196	80,976	277,219	1,615,000	18,310,333	4,009,577	57,932,828	1,967,880	59,900,708
Appropriation of reserves														
Transfer to general reserve	-	-	-	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Total transactions with owners in their capacity as owners, recognised directly in equity														
Final dividend for the year ended December 31, 2019 of Rs 12.00 per share	-	-	-	-	-	-	-	-	-	-	(1,072,554)	(1,072,554)	-	(1,072,554)
Dividends relating to 2019 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(104,284)	(104,284)
Change in ownership interest	-	-	-	-	-	-	(323)	-	-	-	-	(323)	323	-
	-	-	-	-	-	-	(323)	-	-	-	(1,072,554)	(1,072,877)	(103,961)	(1,176,838)
Total comprehensive income / (loss) for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	4,518,063	4,518,063	17,640	4,535,703
Other comprehensive (loss) / income for the year	-	-	-	(10,357)	(5,054,173)	(476,263)	-	-	-	-	74,513	(5,466,280)	(16,613)	(5,482,893)
	-	-	-	(10,357)	(5,054,173)	(476,263)	-	-	-	-	4,592,576	(948,217)	1,027	(947,190)
Balance as on December 31, 2020	893,795	606,222	3,766,738	(154,125)	20,337,367	2,648,933	80,653	277,219	1,615,000	19,310,333	6,529,599	55,911,734	1,864,946	57,776,680
Transfer to general reserve	-	-	-	-	-	-	-	-	-	750,000	(750,000)	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares / convertible stock - note 8.25.1	-	-	-	-	-	-	-	-	-	-	(26,250)	(26,250)	-	(26,250)
Total transactions with owners in their capacity as owners, recognised directly in equity														
Final dividend for the year ended December 31, 2020 Rs. 22.5 per share	-	-	-	-	-	-	-	-	-	-	(2,011,050)	(2,011,050)	-	(2,011,050)
Dividend relating to 2020 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(129,976)	(129,976)
	-	-	-	-	-	-	-	-	-	-	(2,011,050)	(2,011,050)	(129,976)	(2,141,026)
Total comprehensive income / (loss) for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	6,856,129	6,856,129	294,022	7,150,151
Other comprehensive (loss) / income for the year	-	-	-	18,036	(3,428,541)	(195,814)	-	-	-	-	(123,523)	(3,729,842)	(3,559)	(3,733,401)
	-	-	-	18,036	(3,428,541)	(195,814)	-	-	-	-	6,732,606	3,126,287	290,463	3,416,750
Balance as on December 31, 2021	893,795	606,222	3,766,738	(136,089)	16,908,826	2,453,119	80,653	277,219	1,615,000	20,060,333	10,474,905	57,000,721	2,025,433	59,026,154

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

S. G. Mendhi

Chief Executive

S. G. Mendhi

Director

A. S. Mendhi

Chief Financial Officer

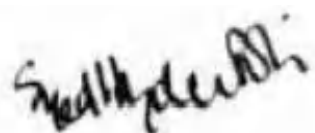
PACKAGES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 (Rupees in thousand)	2020
Cash flows from operating activities			
Cash generated from operations	51.1	6,466,295	11,294,366
Finance cost paid		(2,387,848)	(3,796,819)
Income tax paid		(1,567,798)	(1,180,232)
Settlement of derivative financial instruments		-	(3,505)
Long term loans and deposits - net		(7,668)	1,010
Payments for accumulating compensated absences		(19,213)	(119,130)
Employee retirement benefits paid		(57,118)	(210,199)
Net cash inflow from operating activities		2,426,650	5,985,491
Cash flows from investing activities			
Fixed capital expenditure		(8,857,860)	(2,618,131)
Long term advances - net		95,933	14,861
Investments made in equity securities		(1,578,744)	-
Investments made in short term securities		(761,000)	-
Investments made in debt securities		(40,000)	-
Proceeds from disposal of property, plant and equipment		154,175	101,416
Dividends received		1,122,376	683,234
Net cash outflow from investing activities		(9,865,120)	(1,818,620)
Cash flows from financing activities			
Proceeds from long term finances		4,858,109	3,404,512
Repayment of long term finances		(3,332,230)	(3,040,569)
Participating dividend on preference shares		(26,250)	-
Repayment of lease liabilities		(262,093)	(322,197)
Dividend paid to equity holders of the parent company		(2,006,769)	(1,073,007)
Dividend paid to non-controlling interests		(129,975)	(117,684)
Net cash outflow from financing activities		(899,208)	(1,148,945)
Net increase in cash and cash equivalents		(8,337,678)	3,017,926
Cash and cash equivalents at the beginning of the year		(7,109,965)	(10,888,891)
Cash and cash equivalents at the end of the year	51.2	(15,447,643)	(7,870,965)

Refer note 51.3 for reconciliation of liabilities arising from financing activities.

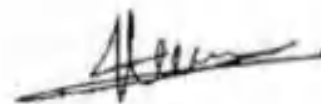
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Chief Executive



Director



Chief Financial Officer

PACKAGES LIMITED AND ITS SUBSIDIARIES

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1. The Group and its operations

Packages Limited (the 'Parent Company') and its subsidiaries, Packages Convertors Limited ('PCL'), Packages Investments Limited ('PIL'), DIC Pakistan Limited ('DIC'), Bulleh Shah Packaging (Private) Limited ('BSPPL'), Packages Lanka (Private) Limited ('PLL'), Linnaea Holdings Inc. ('LHI'), Chantler Packages Inc. ('CPI'), Packages Real Estate (Private) Limited ('PREPL'), Packages Power (Private) Limited ('PPPL'), Anemone Holdings Limited ('AHL'), Starchpack Private Limited ('SPAC') and Flexible Packages Convertors (Proprietary) Limited ('FPCL') (together, the 'Group') are engaged in the following businesses:

- Packaging: Representing manufacture and sale of packaging materials and tissue products.
- Inks: Representing manufacture and sale of finished and semi finished inks.
- Construction: Representing all types of construction activities and development of real estate.
- Power generation: Representing the development and management of hydropower project.
- Paper and paperboard: Representing manufacture and sale of paper and paperboard of all kinds.

The Group also holds investment in companies engaged in the manufacture and sale of biaxially oriented polypropylene ('BOPP') film and cast polypropylene ('CPP') film, plastic, insurance business and production and sale of ground calcium carbonate products.

The registered office of the Group is situated at 4th Floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office and the factory is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan. For further details of addresses of all business units of the Group, refer note 55

2. Basis of preparation

2.1 Statement of compliance

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

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

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

2.2 Initial application of standard, amendments or an interpretation to existing standards

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on January 1, 2021 but does not have any significant impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated financial statements.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Group for the financial year beginning on January 1, 2021. The standard and amendments are not expected to have any material impact on the Group's financial reporting and, therefore, have not been disclosed in these financial statements.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under the historical cost convention except for remeasurement of certain financial instruments at fair value and recognition of certain employee benefit obligations, lease liabilities, government grant and long term advances at present value.

3.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

- i) Useful lives and residual values of property, plant and equipment and investment properties - notes 4.3, 4.4, 22 and 25
- ii) Employee benefits - notes 4.8.2, 16 and 17
- iii) Provision for taxation and deferred tax asset - notes 4.2, 14, 35 and 45
- iv) Impairment of financial assets (other than investments in equity instruments) - notes 4.13 and 33
- v) Lease term and discount rate for leases - notes 4.6 and 10
- vi) Provision for obsolescence of stores, spare parts and stock in trade - notes 4.9, 4.10, 30 and 31
- vii) Provisions, contingent assets and contingent liabilities - notes 4.31 and 22

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

4. Summary of significant accounting policies

The summary of significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Principles of consolidation and equity accounting

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 4.7).

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (refer to note 4.1 (d)), after initially being recognised at cost in the consolidated statement of financial position.

If the fair value of the consideration paid is less than the fair value of the net identifiable assets of the associate acquired, the difference is recognised directly in the consolidated statement of profit or loss as a bargain purchase.

c) Joint arrangements

Under IFRS 11, Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has investments in joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method (refer to note 4.1 (d)), after initially being recognised at cost in the consolidated statement of financial position.

d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and the Group's share of movements in consolidated other comprehensive income of the investee in consolidated other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of profit or loss.

e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss where appropriate.

4.2 Taxation

Income tax expense is recognized in the consolidated statement of profit or loss except to the extent that relates to items recognised directly in consolidated statement of changes in equity or consolidated statement of comprehensive income in which it is recognized directly in equity or in consolidated statements of comprehensive income. Securities and Exchange Commission of Pakistan ("SECP") vide its certificate dated July 30, 2019, has registered the Parent Company, BSPPL, PIL and PCL as a Taxation Group and has also, vide its certificate dated November 6 2019, designated the Taxation Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2022 by the Parent Company, the taxation group will be taxed as one fiscal unit for the tax year 2022

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Parent Company and its subsidiaries and associates operate and generate taxable income.

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred

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

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

Deferred tax liability is not recognized in respect of taxable temporary differences associated with undistributed reserves and exchange translation reserves of subsidiaries, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax liability is recognised in respect of taxable temporary differences associated with undistributed reserves of associates and joint ventures.

Group taxation adjustments

Current and deferred taxes based on the consolidated results of the Taxation Group are allocated within the Taxation Group on the basis of separate return method, modified for determining realizability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Taxation Group on account of group taxation are credited or charged to consolidated statement of profit or loss in the year in which they arise.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets, except freehold land and leasehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Leasehold land is stated at cost less accumulated amortisation and freehold land is stated at cost less any identified impairment loss. Cost of leasehold land is amortised using the straight line method over the period of lease term. An item of property, plant and equipment is recognised as an asset if 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. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on all owned assets is charged to consolidated statement of profit or loss on straight-line method so as to write off the depreciable amount of an asset over its estimated useful life at the following annual rates:

- Leasehold land	1.01% to 10%
- Buildings	3.33% to 20.00%
- Plant and machinery	3.33% to 50.00%
- Other equipments	3.33% to 50.00%
- Furniture and fixtures	10.00% to 33.33%
- Major spare parts and stand-by equipment's	3.33% to 33.33%
- Vehicles	14.29% to 33.33%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual values and useful lives of its owned assets as at December 31, 2021 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to owned assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is derecognized or retired from active use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3.4 to these consolidated financial statements.

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

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

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to owned assets as and when these are available for use.

4.3.3 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Group expects to use them for more than one year. Transfers are made to relevant owned assets category as and when such items are available for use.

4.3.4 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Some of the investment properties are leased to tenants under long term operating leases with rentals, payable monthly. The investment properties of the Group comprise land, buildings and other equipment. The investment properties, except freehold land, are stated at cost less accumulated depreciation and any identified impairment losses. Freehold land is stated at cost less any identified impairment loss.

Depreciation on investment property is charged to consolidated statement of profit or loss on straight-line method so as to write off the depreciable amount of investment property over its estimated useful life at the rates ranging from 2.50% to 20.00% per annum. Depreciation on additions to investment properties is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is derecognized or retired from active use.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual values and useful lives of its investment properties as at December 31, 2021 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3.5 to these consolidated financial statements.

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying value at the date of reclassification becomes its cost for subsequent accounting at the date of change in use.

4.5 Intangible assets

4.5.1 Goodwill

Goodwill arises through acquisitions of subsidiaries and represents the excess of the consideration transferred over the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates and joint ventures is included in 'investments in associates' and 'investments in joint ventures' respectively and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit.

4.5.2 Software

Expenditure incurred to acquire computer software's and SAP Enterprise Resource Planning ('ERP') System and develop websites are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss.

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

4.5.3 Research and development

Research expenditure and development expenditure that do not meet the criteria in 4.5.2 above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

4.5.4 Amortisation methods and periods

Intangible assets are amortised using the straight line method over the estimated useful lives at the rates ranging from 10.00% to 20.00%. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Useful lives of intangible assets are reviewed, at each statement of financial position date and adjusted if the impact of on amortisation is significant. The Group's estimate of the useful lives of its intangible assets as at December 31, 2021 has not required any adjustment as its impact is considered insignificant.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is derecognized or retired from active use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3.4 to these consolidated financial statements.

4.6 Leases

(1) The Group is the lessee:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

(2) The Group is the lessor:

Operating leases

Properties leased / licensed out under operating leases are included in investment property in the statement of financial position as referred to in note 25 . See note 4.22 for the recognition of rental income.

4.7 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of profit or loss.

4.8 Employee benefits

4.8.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

4.8.2 Post employment benefits

Retirement benefits are payable to staff on completion of prescribed qualifying period of service. The main features of the schemes operated by the Group for its employees are as follows:

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method.

(a) Gratuity plan

There are approved funded defined benefit gratuity plans for all permanent employees of the Parent Company, BSPPL, DIC, PCL and PREPL subject to attainment of service of prescribed minimum period. Monthly contributions are made to the funds on the basis of actuarial recommendations at the rate of 4.50 percent per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2021. The actual return on plan assets during the year was Rs 57.003 million (2020: 50.584 million). The eligible employees are entitled to gratuity payments on the basis of their service with the Group and in accordance with the Group policy.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of this scheme:

	2021	2020
Discount rate per annum	11.75% - 12.25%	9.75% - 11.25%
Expected rate per annum of increase in salary level	11.75% - 12.25%	9.50% - 9.75%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return per annum	10.25% - 11.75%	11.25% - 10.25%

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, izafa certificates, treasury bills, sukuk and term deposits with banks.

The Group is expected to contribute Rs 51.613 million to the gratuity funds in the next financial year.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in consolidated statement of profit or loss.

(b) Pension plan

Management and executive staff hired before January 1, 2016 participate in the pension fund of the Parent Company. On December 26, 2012, the Board of Trustees of the pension fund, decided to convert the defined benefit plan to defined contribution plan for all its active employees with effect from January 1, 2013 with no impact on the pensioners appearing on the pensioners' list as of that date. The proposed scheme was approved for implementation by the Commissioner Inland Revenue on February 22, 2013 and employees' consent to the proposed scheme was sought and obtained.

Consequently, the pension fund currently operates two different plans for its members:

- Defined contribution plan for active employees hired before January 1, 2016; and
- Defined benefit plan for pensioners who have retired on or before December 31, 2012.

In respect of the defined contribution plan, the Group contributes 20.00% of members' monthly basic salary to the scheme; whereas, an employee may or may not opt to contribute 6.00% of his monthly basic salary to the scheme.

The obligation in respect of the defined benefit plans are determined by the funds' actuary at each year end. Any funding gap identified by the funds' actuary is paid by the Group from time to time. The last actuarial valuation was carried out as at December 31, 2021.

	2021	2020
Discount rate per annum	11.75%	9.75%
Expected rate of increase in pension level per annum	5.00%	5.00%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return per annum	11.75%	9.75%

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, term finance certificates, izafa certificates, treasury bills, sukuk and term deposits with banks.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for the defined benefit plan are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in consolidated statement of profit or loss.

Pension fund (Defined benefit plan) is a multi-employer plan formed by the Parent Company in collaboration with Tri-Pack Films Limited, an associate of the Group. The Parent Company reports its proportionate share of the plan's commitments, managed assets and costs, after deducting share of Tri-Pack Films Limited, in accordance with guidance provided by IAS 19, 'Employee Benefits', regarding defined benefit plans.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in consolidated statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Parent Company, BSPPL, DIC, PCL, PREPL operate a recognised / approved contributory provident fund for its permanent employees. Equal monthly contributions at the rate of 10.00% per annum of basic salaries plus dearness allowance and cost of living allowance are made by the Parent Company and the employees to the fund. The nature of contributory pension fund has been explained in note 4.8.2 (b) above.

Employees of Packages Lanka (Private) Limited, a subsidiary incorporated in Sri Lanka, are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The contributions are made at the rate of 12.00% and 3.00% per annum of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund, respectively.

4.8.3 Accumulating compensated absences

The Group provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences. The annual leaves can be encashed at the time the employee leaves the Group on the basis of gross salary while no encashment is available for medical leaves. The employees of the Group are entitled to earned annual and medical leaves on basis of their service with the Group and in accordance with the Group policy.

As per the Group's leaves policy, employees are entitled to following earned leaves along with their maximum accumulation.

	Earned leaves entitlement per year (days)	Maximum accumulation of compensated leaves (days)
Service up to 14 years	15	30
Service from 15 to 21 years	21	42
Service of 22 years or more	21	42

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to consolidated statement of profit or loss. The most recent valuation was carried out as at December 31, 2021 using the Projected Unit Credit Method.

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated statement of profit or loss immediately in the period when these occur.

Projected Unit Credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2021	2020
Discount rate per annum	11.75% - 12.25%	9.75%
Expected rate of increase in salary level per annum	11.75% - 12.25%	9.50% - 9.75%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

4.9 Stores and spares

Stores and spares are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow-moving and / or identified as obsolete, adequate provision is made for any excess book value over estimated realisable value on a regular basis. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.10 Stock-in-trade

Stock of raw materials (except for those in transit), work-in-process and finished goods are valued principally at the lower of weighted average cost and net realisable value ('NRV'). Stock of packing material is valued principally at moving average cost. Cost of work-in-process and finished goods comprises cost of direct materials, labour and related production overheads (based on normal operating capacity). It excludes borrowing cost.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the consolidated financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.11 Investments

Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.11.1 Investments in equity instruments of associates and joint ventures

Investments in equity instruments of associates and joint ventures are accounted for using the equity method of accounting as referred to in note 4.1 (d).

4.12 Financial assets

4.12.1 Classification

The Group classifies its financial assets other than investments in subsidiaries in the following measurement

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

i) **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

ii) **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

iii) **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value other than investments in associates and joint ventures. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.13 Impairment of financial assets other than investment in equity instruments

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables while general 3-stage approach for loans, deposits, other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Loans, deposits and other receivables;
- Long term security deposits and loans;
- Bank balances; and
- Short term investments.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, in case of trade debts, the Group considers that default has occurred when a debt is more than 360 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.14 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on 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 derecognized when the obligation under the liability is discharged or 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 or 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 recognized in the consolidated statement of profit or loss.

4.15 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.16 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 Group 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 rate method, less loss allowance.

4.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, short term borrowings and bank overdrafts. Bank overdrafts and short term borrowings are shown within borrowings in current liabilities in the statement of financial position. Book overdrafts are shown within trade and other payables in current liabilities.

4.18 Non-current assets / disposal group held-for-sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

4.19 Borrowings

Borrowings are recognised initially at fair value (proceeds received), net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.20 Trade and other payables

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

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.21 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts accumulated in equity are recognised in consolidated statement of profit or loss in the periods when the hedged item shall effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

4.22 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue is recognised upon satisfaction of performance obligations and specific criteria has been met for each of the Group's activities as described below :

(i) Sales revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer. In case of local sales, revenue is recognized at the time of delivery of goods to the customer. In case of export sales, revenue is recognized at the time of delivery of goods at the port of destination.

No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The Group has no obligation to repair or replace faulty products.

(ii) License fee from operating leases / license is recognized on a straight-line basis over the lease / license term. When the Group provides incentives to its tenants, the cost of incentives is recognized over the lease / license term, on a straight-line basis, as a reduction of rental income.

(iii) Service and management charges are recognized in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

(iv) Ancillary and marketing income is recognized when the event is performed.

(v) Returns on bank deposits are accrued on a time proportion basis by reference to the principal outstanding amount and the applicable rate of return; and

(vi) Dividend income is recognised when right to receive such dividend is established.

4.23 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined. Foreign exchange gains and losses are recognised in the consolidated statement of profit or loss except in case of items recognised in other comprehensive income or equity in which case it is included in other comprehensive income or equity respectively.

c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each consolidated statement of financial position item presented are translated at the closing rate at the date of that consolidated statement of financial position;
- (ii) income and expenses for each item of consolidated statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in consolidated other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in consolidated other comprehensive income.

4.24 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing / finance costs are recognised in consolidated statement profit or loss in the period in which they are incurred.

4.25 Dividend

Dividend distribution to the Group's members is recognised as a liability in the period in which the dividends are approved.

4.26 Compound financial instruments

Compound financial instruments issued by the Group represent preference shares / convertible stock that can be converted into ordinary shares or can be settled in cash.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

4.27 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Makers (the CODMs) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Parent Company.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenses. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

The Group's strategic steering committee, consisting of the Board of Directors of the Parent Company, examines the Group's performance both from a product and geographic perspective and has identified the following reportable segments of its business:

Types of Segments	Nature of business
Packaging	Manufacture and market packing products
Consumer Products	Manufacture and market consumer / tissue products
Ink	Manufacture and market industrial and commercial ink products
Real Estate	Construction and development of real estate
Paper and Board	Manufacture and market paper and board products
Unallocated	Workshop and other general business

4.28 Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.29 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.30 Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.31 Contingent liabilities and assets

Contingent liability is disclosed when:

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

Contingent liabilities are not recognised. A contingent liability is disclosed unless the possibility of an outflow is remote.

Contingent asset is disclosed when an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements since this may result in recognition of income that may never be realised.

Contingent liabilities and assets are generally estimated using:

- The single most likely outcome; or
- A weighted average of all the possible outcomes (the 'expected value' method). This is likely to be the most appropriate method for a large population of similar claims, but can also be applied to a single obligation with various possible outcomes.

4.32 Contract asset and contract liability

A contract asset is recognised for the Group's right to consideration in exchange for goods or services that it has transferred to a customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the amount as a contract asset, excluding any amounts presented as a receivable.

A contract liability is recognised for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the entity shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

4.33 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.

5. Issued, subscribed and paid up share capital - ordinary share capital

2021 (Number of shares)		2020 (Rupees in thousand)	
33,603,295	33,603,295	336,033	336,033
148,780	148,780	1,488	1,488
5,000,000	5,000,000	50,000	50,000
50,627,429	50,627,429	506,274	506,274
89,379,504	89,379,504	893,795	893,795

5.1 26,707,201 (2020: 26,707,201) ordinary shares of the Parent Company are held by the Group's associate, IGI Investments (Private) Limited.

6. Other reserves

Composition of other reserves is as follows:

Capital reserves

		2021 (Rupees in thousand)	2020 (Rupees in thousand)
- Share premium	- note 6.1	3,766,738	3,766,738
- Exchange differences on translation of foreign operations	- note 6.2	(136,089)	(154,125)
- FVOCI reserve	- note 6.3	16,908,826	20,337,367
- Other reserves relating to associates and joint ventures	- note 6.4	2,453,119	2,648,933
- Transaction with non-controlling interests	- note 6.5	80,653	80,653
- Capital redemption reserve	- note 6.6	1,615,000	1,615,000
		<u>24,688,247</u>	<u>28,294,566</u>

Revenue reserve

- General reserve		20,060,333	19,310,333
		<u>44,748,580</u>	<u>47,604,899</u>

6.1 This reserve can be utilised by the Group only for the purposes specified in section 81 of the Companies Act.

6.2 This represents exchange differences arising on translation of the foreign controlled entities that are recognised in other comprehensive income as described in note 4.23 (c). The cumulative amount is reclassified to consolidated statement of profit or loss when the net investment is disposed off.

6.3 This represents the unrealized gain on remeasurement of investments at FVOCI and is not available for distribution.

6.4 This represents Group's share of net other comprehensive income of the associates and joint ventures. The amount shall be transferred to consolidated statement of profit or loss on subsequent reclassification.

6.5 This reserve is used to record the differences described in note 4.1 (e) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

6.6 This reserve was created on account of redemption of 8.5 million preference ` shares / convertible stock of Rs 190 each in 2016 as per the requirements of section 85 of the repealed Companies Ordinance, 1984.

7. Equity portion of loan from shareholder of the Parent Company

This represents equity portion of interest free loan from shareholder of the Parent Company as referred to in note 9.

		2021	2020
		(Rupees in thousand)	
8.	Long term finances		
These are composed of:			
- Local currency loans - secured			
- Long term finance facility I	- note 8.1	3,042,827	3,566,858
- Long term finance facility II	- note 8.2	750,000	-
- Long term finance facility III	- note 8.3	2,496,928	2,845,254
- Long term finance facility IV	- note 8.4	450,000	-
- Long term finance facility V	- note 8.5	370,564	-
- Long term finance facility VI	- note 8.6	190,919	-
- Long term finance facility VII	- note 8.7	583,333	833,333
- Long term finance facility VIII	- note 8.8	1,666,667	2,000,000
- Long term finance facility IX	- note 8.9	2,000,000	2,000,000
- Long term finance facility X	- note 8.10	1,000,000	1,000,000
- Long term finance facility XI	- note 8.11	800,000	-
- Long term finance facility XII	- note 8.12	750,000	-
- Long term finance facility XIII	- note 8.13	2,000,000	2,000,000
- Long term finance facility XIV	- note 8.14	1,400,000	1,800,000
- Long term finance facility XV	- note 8.15	347,788	695,577
- Long term finance facility XVI	- note 8.16	832,074	-
- Long term finance facility XVII	- note 8.17	526,799	531,540
- Long term finance facility XVIII	- note 8.18	601,179	-
- Long term finance facility XIX	- note 8.19	55,618	111,236
		<u>19,864,696</u>	<u>17,383,798</u>
- Foreign currency loans - secured			
- Term finance loan I	- note 8.20	-	243,185
- Term finance loan II	- note 8.21	419,380	565,727
- Term finance loan III	- note 8.22	64,701	149,211
- Term finance loan IV	- note 8.23	-	172,745
- Term finance loan V	- note 8.24	-	30,153
		<u>484,081</u>	<u>1,161,021</u>
- Preference shares / convertible stock - unsecured			
	- note 8.25	932,650	932,650
		<u>21,281,427</u>	<u>19,477,469</u>
Deferred government grant	- note 13	(280,253)	(78,806)
Current portion shown under current liabilities	- note 18	(5,731,138)	(3,211,563)
		<u>15,270,036</u>	<u>16,187,100</u>

8.1 Long term finance facility I

This represents term finance facility of Rs 4,500 million from MCB Bank Limited. The Group's subsidiary PREPL obtained first disbursement in September 2015. As at December 31, 2021 the amount outstanding is Rs 3,042 million (2020: Rs 3,500 million) against term finance. The loan carries mark-up at annual rate of 6 months Karachi Inter Bank Offer Rate ('KIBOR') plus 0.14% and 0.30% during first and last three and half years respectively during the tenure of the loan. Mark-up is payable half yearly in arrears. The tenure of the loan is seven years and it is repayable after a grace period of three and half years from first disbursement date in seven semi-annual instalments commencing from September 30, 2019. However, PREPL made prior year repayments aggregating to Rs 350 million and Rs 500 million during the current year.

- First exclusive charge over all present and future movable fixed assets of PREPL including but not limited to plant, machinery, equipment, fixtures and other installations and such movables of whatsoever nature installed or to be installed at the premises of PREPL located anywhere in Pakistan.

- First exclusive equitable mortgage charge on all that piece and parcel of property owned by the Parent Company, measuring 119 kanals 15 marlas and 62.25 Sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil / District Lahore together with all present and future construction thereon, and present & future fixtures and fittings attached thereto, that are presently and/or in future the property of the Parent Company.

8.2 Long term finance facility II

This represents term finance facility of Rs 1500 million from MCB Bank Limited to finance construction of corporate office project of the Group's subsidiary PREPL. As at December 31, 2021 the amount outstanding is Rs 750 million (2020: Nil) against term finance. The loan carries mark-up at annual rate of 6 months KIBOR. Mark-up is payable half yearly in arrears. This loan is repayable in eight equal half yearly instalments in arrears after expiry of grace period of 4 years starting from January 28, 2026.

First pari passu charge over all present and future movable fixed assets (both imported and local components) of PREPL including but not limited to plant, machinery, equipment, fixtures and other installations and such movables of whatsoever nature installed or to be installed at the premises of the Parent Company located anywhere in Pakistan.

First pari passu charge on all that piece and parcel of property owned by the Parent company, measuring 119 kanals 15 marlas and 62.25 Sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil/District Lahore together with all present and future construction thereon, and present & future fixtures and fittings attached thereto, that are presently and/or in future the property of the Parent company.

8.3 Long term finance facility III

This represents term finance facility of Rs 3,500 million from Allied Bank Limited. The Group's subsidiary PREPL obtained first disbursement in February 2016. As at December 31, 2021 the amount outstanding is Rs 2,500 million (2020: Rs 2,850 million) against term finance. The loan carries mark-up at annual rate of six months KIBOR plus 0.17%. Mark-up is payable half yearly in arrears. The tenure of the loan is seven years and it is repayable after a grace period of three and half years from first disbursement date in seven semi-annual instalments commencing from February 10, 2020. PREPL made repayment amounting to Rs 350 Million during the current year.

- First pari passu charge over all present and future movable fixed assets of PREPL including but not limited to plant, machinery, equipment, machinery in transit, tools, spares, fittings and fixtures and other installations installed or to be installed, stored and kept at the premises of customer located anywhere in Pakistan.

- First pari passu charge on all that piece and parcel of property owned by the Parent Company, measuring 119 kanals 15 marlas and 62.25 Sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil/District Lahore together with all present and future construction thereon, and present & future fixtures and fittings attached thereto, that are presently and/or in future the property of the Parent Company.

8.4 Long term finance facility IV

This represents term finance facility of Rs 750 million from Allied Bank Limited to finance construction of corporate office project of Group's subsidiary, namely PREPL. As at December 31, 2021 the amount outstanding is Rs 450 million (2020: nil) against term finance. The loan carries mark-up at annual rate of 6 months KIBOR during the tenure of the loan. Mark-up is payable half yearly in arrears. This loan is repayable in eight equal half yearly instalments in arrears after expiry of grace period of 4 years commencing from February 06, 2021.

First pari passu charge over all present and future movable fixed assets of PREPL including but not limited to plant, machinery, equipment, fixtures and other installations and such movables of whatsoever nature installed or to be installed at the premises of PREPL located anywhere in Pakistan.

First pari passu charge on all that piece and parcel of property owned by the Parent company, measuring 119 kanals 15 marlas and 62.25 Sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil/District Lahore together with all present and future construction thereon, and present & future fixtures and fittings attached thereto, that are presently and/or in future the property of the Parent company.

8.5 Long term finance facility V

This represents term finance facility of Rs 500 million obtained from Allied Bank Limited to meet Balancing, Modernising and Replacement (BMR) of the plant of Group's subsidiary BSPPL to increase its capacity and efficiency. There have been two disbursements amounting to Rs 370 million in the financial year. It carries mark-up at 3-month KIBOR + 0.2% before State Bank of Pakistan's approval and SBP rate plus 1% after the State Bank of Pakistan gives approval to a disbursement. The loan is repayable in 16 quarterly instalments after a grace period of 2 years from the date of disbursement. It is secured by a joint pari passu charge over plant and machinery with 25% margin.

8.6 Long term finance facility VI

This represents the loan has obtained from MCB Bank Limited to meet Balancing, Modernising and Replacement (BMR) of the plant of Group's subsidiary BSPPL to increase its capacity and efficiency. The aggregate loan amount of this facility is Rs. 5000 million which is convertible to long term financing facility of SBP. There have been four disbursements worth Rs. 190 million in the financial year. It carries mark-up at 6 month KIBOR per annum on demand finance facility. SBP rate + 0.5% will be applicable after the State Bank of Pakistan gives approval to a disbursement. This loan is repayable in 10 years plus a 2 year grace period. The first repayment will start in 2023 and the loan will expire in 2032. It is secured by a joint pari passu and ranking charge over plant and machinery with 25% margin.

8.7 Long term finance facility VII

This loan has been obtained from MCB Islamic Bank Limited against diminishing musharaka agreement to meet the capital expenditure requirements already incurred by the Group's subsidiary, namely BSPPL, from own sources. The aggregate loan amount is Rs 1,000 million. It carries mark-up at three month KIBOR plus 0.10% per annum (2020: three month KIBOR plus 0.10 % per annum). The effective mark-up charged during the year ranges from 7.4% to 8.68% per annum (2020: 7.26% to 13.68% per annum). Mark-up is payable quarterly in arrears.

- It is secured by an aggregate sum of Rs 1,334 million by a joint pari passu hypothecation charge on plant and machinery of BSPPL.

This loan was originally repayable in 4 years including a grace period of 1 year. However as per the State Bank of Pakistan's Banking Policy and Regulations Department's Circular letter No. 14 of 2020, the repayment of this loan has been deferred by 1 year. The balance is repayable in 10 equal quarterly instalments ending August 2023.

8.8 Long term finance facility VIII

This loan has been obtained from HBL Islamic Bank Limited against diminishing musharaka agreement to meet the capital expenditure requirements already incurred by the Group's subsidiary, namely BSPPL, from own sources. The aggregate loan amount is Rs 2,000 million.

It carries mark-up at six month KIBOR plus 0.10% per annum (2020: three month KIBOR plus 0.10% per annum). The effective mark-up charged during the year is 7.35% to 7.77% per annum (2020: 7.35% to 14.18% per annum). Mark-up is payable semi - annually in arrears.

This loan is repayable in 5 years including a grace period of 2 years. The balance is repayable in 6 equal half yearly instalments ending in March 2024.

It is secured by a joint pari passu charge over plant and machinery with 25% margin.

8.9 Long term finance facility IX

This loan has been obtained from Allied Bank Limited for the purpose of re-profiling of statement of financial position and meeting capital expenditure requirements of the Group's subsidiary, namely BSPPL. The aggregate loan amount is Rs 2,000 million. It carries mark-up at six month KIBOR plus 0.10% per annum (2020: six month KIBOR plus 0.10% per annum). The effective mark-up charged during the year ranges from 7.38% to 14.14% per annum (2020: 8.19% to 14.14% per annum). Mark-up is payable semi-annually in arrears.

This loan was originally repayable in 7 years including a grace period of 2 years. However, as per the State Bank of Pakistan's Banking Policy and Regulations Department's Circular Letter No.14 of 2020, the repayment of this loan has been deferred by 1 year. The balance is repayable in 10 equal semi-annual instalments ending in September 2026.

- It is secured by an aggregate sum of Rs 2,667 million by a joint pari passu hypothecation charge on plant and machinery of Group's subsidiary namely BSPPL.

8.10 Long term finance facility X

This loan has been obtained from Allied Bank Limited for the purpose of re-profiling of statement of financial position and meeting capital expenditure requirements of the Group's subsidiary, namely BSPPL. The aggregate loan amount is Rs 1,000 million. It carries mark-up at six month KIBOR plus 0.20% per annum (2020: six month KIBOR plus 0.20% per annum). The effective mark-up charged during the year ranges from 7.50% to 8.04% per annum (2020: 7.5% to 14.11% per annum). Mark-up is payable semi-annually in arrears. This loan is repayable in 5 years including a grace period of 2 years. The balance is repayable in 6 equal semi-annual instalments ending in September 2024.

It is secured by an aggregate sum of Rs 1,334 million by a ranking charge over all the present and future fixed assets i.e. land, building and plant and machinery of BSPPL.

8.11 Long term finance facility XI

This represents a Term Finance Facility (the 'Facility') of Rs 1.5 billion, which has been obtained from Allied Bank Limited to finance the acquisition of Tri-Pack Films Limited by the Parent Company. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company. During the year the Parent Company made a drawdown of Rs 800 million on December 28, 2021. The loan carries mark-up at the rate of six-month Karachi Inter-Bank Offered Rate ('KIBOR') per annum. This loan is repayable in 8 equal semi-annual instalments in 5 years - including a grace period of 1 year. The effective mark-up rate charged during the year 10.97% per annum.

8.12 Long term finance facility XII

This represents a Term Finance Facility (the 'Facility') of Rs 750 million, which has been obtained from Allied Bank Limited to finance equity investment in Starchpack (Private) Limited by the Parent Company. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company. This loan is repayable in 8 equal semi-annual instalments in 5 years - including a grace period of 1 year. The loan carries mark-up at the rate of six-month KIBOR per annum. The effective mark-up rate charged during the year 11.14% per annum.

8.13 Long term finance facility XIII

This represents a Term Finance Facility (the 'Facility') of Rs 2,000 million obtained from Habib Bank Limited to finance the fixed capital expenditure requirements of the Group's subsidiary, namely PCL. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company under a "Share Pledge Agreement". The loan carries mark-up at the rate of six month KIBOR plus 0.10% per annum. The balance is repayable in eight equal semi-annual instalments ending on May 01, 2026. The effective mark-up rate charged during the year ranges from 7.45% to 8.00% per annum (2020: 7.34% to 13.59% per annum).

8.14 Long term finance facility XIV

This represents a Term Finance Facility (the 'Facility') of Rs 2,000 million obtained from Habib Bank Limited to finance the fixed capital expenditure requirements of the Group's subsidiary, namely PCL. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company under a "Share Pledge Agreement". The loan carries mark-up at the rate of six-month Karachi Inter-Bank Offered Rate ('KIBOR') plus 0.10% per annum. The balance is repayable in nine equal semi-annual instalments ending on March 06, 2025. The effective mark-up rate charged during the year ranges from 7.34% to 13.59% per annum.

8.15 Long term finance facility XV

This represents long term loan amounting to Rs 703.84 million obtained under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan ('SBP') by the Group's subsidiary, namely PCL. The unavailed facility as at year end was Rs 8.263 million. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company under a "Share Pledge Agreement". The loan carries mark-up at the rate of 0.5% per annum. The balance is repayable in eight equal semi-annual instalments ending on October 01, 2022.

8.16 Long term finance facility XVI

This represents long term demand financing facility obtained from Askari Bank Limited under State Bank of Pakistan's ('SBP') Refinance Scheme for Temporary Economic Refinance Facility ('TERF') obtained by the group during the period, recognised initially at fair value. The total facility available amounts to Rs 950 million. The balance is repayable in thirty two equal quarterly instalments after a grace period of two years from the date of each disbursement. The facility is secured against charge over present and future fixed assets (excluding land and building) with 25% margin, the collateral for this loan is Rs 1,267 million. The mark-up on the facility is payable quarterly at six-month Karachi Inter-Bank Offered Rate ('KIBOR') plus 1.0% per annum before SBP's approval and SBP rate plus 3.00% per annum after the SBP gives approval to a disbursement. There have been six disbursements worth Rs 832.074 million in the current year and these are unapproved by SBP as at the reporting date of these consolidated financial statements.

8.17 Long term finance facility XVII

This loan has been obtained from Allied Bank Limited under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by SBP by the Group's subsidiary, namely BSPPL. The aggregate amount of loan obtained is Rs 439.007 million. It carries mark-up at 1% per annum with effect from the date it is approved by SBP. The effective mark-up charged during the year ranges from 1% to 7.64% per annum. Mark-up is payable quarterly in arrears. This loan is repayable in eight quarterly instalments ending in November, 2022.

8.18 Long term finance facility XVIII

This loan has been obtained from MCB Bank to meet Balancing, Modernising and Replacement (BMR) of the plant of Group's subsidiary, BSPPL, to increase its capacity and efficiency. The aggregate loan amount of this facility is Rs. 1500 million. There have been twelve disbursements amounting to Rs 862.189 million in the financial year. It carries mark-up semi-annually at 6 month KIBOR before State Bank of Pakistan's approval and SBP rate + 0.47% after the State Bank of Pakistan gives approval to a disbursement. The loan is repayable in 10 years after a grace period of 2 years from the date of disbursement. It is secured by a joint parri passu charge over plant and machinery with 25% margin.

8.19 Long term finance facility XIX

This represents long term financing facility availed from Allied Bank Limited under State Bank of Pakistan's Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme') by the Group's subsidiary, namely DIC. The total facility available amounts to Rs 120 million. The base rate applicable during the period is SBP rate which is 1% per annum.

8.20 Term finance loan I

This represents loan obtained from Habib Bank Limited, Offshore Banking Unit, Bahrain ('HBL Bahrain') of USD 9.5 million to finance the acquisition of Group's subsidiary, namely, FPC. This facility is secured against the Group's shareholding in FPC and has been provided against a guarantee in the form of a Standby Letter of Credit ('SBLC') issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favour of HBL Bahrain as referred to in note 22.1 (iv). SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Parent Company. It carries mark-up at the rate of London Inter Bank Offer Rate ('LIBOR') plus 5.25% per annum and the balance USD 8.8 million is payable in 10 equal semi-annual instalments starting from November 2017 and ending in May 2022.

8.21 Term finance loan II

This represents a term loan from First National Bank South Africa at a prime rate with a sixty month fixed repayment period, against the security of a portion of plant and machinery of the Group's subsidiary, namely FPCL. Refer note 23.1.2.

8.22 Term finance loan III

This term loan has been obtained from MCB Bank Limited, Sri Lanka and is repayable in bi-annual instalments within two years. The loan carries mark-up at Average Weighted Prime Lending Rate ('AWPLR') and is secured against plant and machinery and land and buildings of Group's Subsidiary namely PLL as referred to in note 23.1.3.

8.23 Term finance loan IV

The Group's subsidiary namely FPCL has obtained long term loan amounting to USD 1.5 million from Wesbank under the Asset Finance Facility for financing the acquisition of a new 5 Layer Extrusion machine at a rate of AWPLR minus 0.3% with a 60 months fixed repayment period ending on 01 November 2024, against the security of the 5 Layer Extrusion Machine included in plant and machinery. Refer note 23.1.2.

8.24 Term finance loan V

The Group's subsidiary namely FPCL has obtained long term loan amounting to USD 0.2 million from Wesbank under the Asset Finance Facility for financing the acquisition of a new Wicketed Bag machine at the prime rate with a 48 months fixed repayment period ending on 01 March 2023, against the security of the Wicketed Bag Machine included in plant and machinery. Refer note 23.1.2.

8.25 Preference shares / convertible stock - unsecured

During the year 2009, the Parent Company issued 10.00% local currency non-voting preference shares / convertible stock at the rate of Rs 190 per share amounting to USD 50 million equivalent to Rs 4,120.50 million under "Subscription Agreement" dated March 25, 2009 with IFC.

Terms of redemption / conversion

Each holder of preference shares / convertible stock shall have a right to settle at any time, at the option of holder, either in the form of fixed number of ordinary shares, one ordinary share for one preference share / convertible stock, or cash. The Parent Company may, on its discretion, refuse to purchase the preference shares / convertible stock offered to it for purchase in cash. In case of refusal by the Parent Company, preference shareholders shall have the right to either retain the preference shares / convertible stock or to convert them into ordinary shares. The preference shares / convertible stock can be held till perpetuity if preference shareholders do not opt for the conversion or cash settlement.

Rate of return

The preference share / convertible stock holders have a preferred right of return at the rate of 10.00% per annum on a non-cumulative basis till the date of settlement of preference shares / convertible stock either in cash or ordinary shares. In case the amount of dividend paid to an ordinary shareholder exceeds that paid to a preference shareholder, the preference shareholders have the right to share the excess amount with the ordinary shareholders on an as-converted basis.

Preference shares / convertible stock are recognised in the consolidated statement of financial position as follows:

		2021	2020
		(Rupees in thousand)	
Face value of preference shares / convertible stock			
	[8,186,842 (2020: 8,186,842) shares of Rs 190 each]	1,555,500	1,555,500
Transaction costs		(16,628)	(16,628)
		1,538,872	1,538,872
Equity component - classified under capital and reserves		(606,222)	(606,222)
Liability component - classified under long term finances	- note 8	932,650	932,650
Accrued return on preference shares / convertible stock			
	- classified under accrued finance cost - note 21	155,550	155,550

The fair value of the liability component of the preference shares / convertible stock is calculated by discounting cash flows at a rate of approximately 16.50% till perpetuity which represents the rate of similar instrument with no associated equity component. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity as preference shares / convertible stock.

8.25.1 Transactions with preference shareholders

This represents the additional entitlement of the preference share holders. In addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs 22.50 per share was approved for the year ended December 31, 2020, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

9. Loan from shareholder of the Parent Company - unsecured

This represents loan repayable to Babar Ali Foundation and is interest free. It is being carried at amortized cost using market rate of 16% for a similar instrument.

		2021	2020
		(Rupees in thousand)	
Opening balance		260,107	224,230
Repayment during the year		(350,000)	-
Interest accrued during the year	- note 43	89,893	35,877
		-	260,107

10. Lease liabilities

The Group has obtained vehicles, plant and machinery, equipments, land and buildings on lease from different parties. Reconciliation of the carrying amount is as follows :

		2021 (Rupees in thousand)	2020
Opening balance		598,694	784,002
Adjusted balance		598,694	784,002
Liability recognized during the year		37,815	74,846
Interest on lease liability	- note 43	45,633	61,452
Exchange rate effect		41,247	591
Payments made during the year		(262,093)	(322,197)
		461,296	598,694
Current portion shown under current liabilities	- note 18	(139,736)	(163,184)
Closing balance		321,560	435,510

10.1 Maturity analysis as at December 31, 2021

Gross lease liabilities - minimum lease payments:

Not later than 1 year	161,601	229,057
Later than 1 year but not later than 5 years	369,989	463,105
	531,590	692,162
Future finance charge	(70,294)	(93,468)
Present value of finance lease liabilities	461,296	598,694

11. Security deposits

These represent interest free security deposits from tenants and are repayable on cancellation / withdrawal of the license / lease agreement or on cessation of business with the Group. Gross value received from tenants as at year end is Rs 475 million (2020: Rs 437 million). These have been carried at amortized cost using a market interest rate of 10% - 14% (2020: 10%-14%) per annum for a similar instrument. The gain on initial recognition is recognized as deferred income and would spread over the license lease term. These are not kept in a separate bank account as the Group can utilize the amount for any purpose in accordance with the agreements with tenants.

		2021 (Rupees in thousand)	2020
Cumulative security deposits from tenants		475,424	436,915
Less: cumulative income arising on initial recognition deferred over the lease term		(162,459)	(154,142)
Security deposits recognized		312,965	282,773
Add: Interest on security deposits			
- Prior years		89,024	55,189
- During the year	- note 43	37,375	33,835
		126,399	89,024
Less: current portion of rental security deposits	- note 18	(284,727)	-
		154,637	371,797

		2021	2020
		(Rupees in thousand)	
12.	Deferred income		
	Opening balance	351,254	91,203
	Add: income recognised during the year on receipt of security deposits	-	149,158
	Add: Income recognised during the year	8,318	160,023
	Less: transferred to consolidated statement of profit or loss - note 42	(65,660)	(49,130)
	Deferred income recognised	293,912	351,254
	Income to be recognised in the following year classified under current liabilities - note 18	(49,830)	(67,025)
		<u>244,082</u>	<u>284,229</u>

13. Deferred government grant

This represents deferred government grant recognised in respect of the benefit of below-market interest rate on the facilities availed as explained in notes 8.15, 8.16, 8.17, 8.18 and 8.19.

		2021	2020
		(Rupees in thousand)	
	Opening balance	78,806	-
	Deferred grant recognised during the year	273,367	104,962
	Credited to consolidated profit or loss - note 42	(71,920)	(26,156)
		280,253	78,806
	Current portion shown under current liabilities - note 18	(49,834)	(59,347)
	Closing balance	<u>230,419</u>	<u>19,459</u>

There are no unfulfilled conditions or other contingencies attached to these grants.

14. Deferred taxation

The liability for deferred taxation comprises taxable/(deductible) temporary differences relating to:

Deferred tax liability

Accelerated tax depreciation		3,248,829	2,924,331
Fair value gain on acquisition of subsidiary		-	478,918
Investments in associates and joint ventures		458,000	395,000
Right-of-use assets		49,154	53,613

Deferred tax asset

Minimum tax available for carry forward - note 14.1		-	(789,409)
Unused tax losses - note 14.2		(1,125,180)	(1,045,021)
Intangible assets		(1,031)	(2,853)
Provision for slow moving stock and stores		(23,051)	(56,944)
Lease liabilities		(193,126)	(170,372)
Provision for unfunded defined benefit plan		-	(13,100)
Provision for accumulating compensated absences		(77,490)	(108,833)
Provision for impairment loss on trade debts		(38,021)	(49,879)
Capital Allowances for tax purposes		56,847	
Deferred liabilities		(38,899)	
Provision for doubtful debts		(41,193)	
Long term advances - Staff credit balances		(7,999)	
Others		1,041	(3,210)
		<u>2,267,881</u>	<u>1,612,241</u>

14.1 Deferred tax asset on tax credits representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Group is probable.

14.2 The unabsorbed depreciation loss of Rs 3,218.255 million (2020: Rs 3,218.255 million) is available for set off against income of BSPPL under separate return for indefinite period, but not available under the group taxation model.

14.3 For the purpose of current taxation, unused tax losses available for carry forward to PREPL are Rs 1,442.97 million (2020: Rs 1,469.891 million). PREPL has not recognized any related deferred tax asset based on prudence principle as sufficient tax profits would not be available to set these off in the foreseeable future.

14.4 As at December 31, 2021, AHL had accumulated tax losses of Rs 267.281 million (2020: Rs 239.454 million) which are available for set off against taxable profit of AHL up to the year ending December 31, 2026. No deferred tax assets has been recognised against the tax loss carried forward due to the unpredictability of future profit streams of the AHL.

14.5 The gross movement in net deferred tax liability during the year is as follows:

	2021	2020
	(Rupees in thousand)	
Opening balance	1,612,241	2,237,205
Charged / (credited) to consolidated statement of profit or loss - note 45	751,116	(602,617)
(Credited) / charged to consolidated other comprehensive income	(96,758)	35,218
Exchange loss / (gain)	1,282	(57,565)
Closing balance	2,267,881	1,612,241

15. Long term advances

This represents contributions made by employees for purchase of the Group's vehicles. The vehicles are transferred to employees at the end of six years as per Group policy. The interest free long term advances have been discounted at a rate of 7.05% to 12.46% (2020: 7.05% to 12.28%) per annum to arrive at the present value. The reconciliation of the carrying amount is as follows:

	2021	2020
	(Rupees in thousand)	
Opening balance	99,891	73,869
Additions during the year	119,631	33,109
Deletions during the year	(23,700)	(18,248)
Discounting adjustment - note 42	(20,125)	(5,032)
Unwinding of finance cost of present value - net - note 43	9,553	16,193
	185,250	99,891
Current portion shown under current liabilities - note 18	(30,512)	(15,820)
Closing balance	154,738	84,071

		2021	2020	
		(Rupees in thousand)		
16.	Retirement benefits			
	Classified under non-current liabilities			
	Funded			
	- Pension funds	- note 16.1	495,706	225,877
	- Gratuity funds	- note 16.1	674,841	536,791
			<u>1,170,547</u>	<u>762,668</u>
	Unfunded			
	- Staff gratuity	- note 16.2	43,670	44,854
			<u>1,214,217</u>	<u>807,523</u>

16.1 Amounts recognised in consolidated statement of financial position

	Pension funds		Gratuity funds	
	2021	2020	2021	2020
(Rupees in thousand)				
The amounts recognised in the consolidated statement of financial position are as follows:				
Fair value of plan assets	297,121	537,815	652,017	596,518
Present value of defined benefit obligation	(792,827)	(763,692)	(1,326,858)	(1,133,309)
Liability as at December 31	<u>(495,706)</u>	<u>(225,877)</u>	<u>(674,841)</u>	<u>(536,791)</u>

16.1.1 Movement in net liability for retirement benefits

	Pension funds		Gratuity funds	
	2021	2020	2021	2020
(Rupees in thousand)				
Net liability as at January 1	(225,877)	(316,373)	(536,792)	(499,276)
Charged to consolidated statement of profit or loss	(22,023)	(35,592)	(128,130)	(127,026)
Net remeasurement for the year recorded in consolidated other comprehensive income ('OCI')	(247,806)	126,088	(55,899)	(11,306)
Contribution by the Group	-	-	45,980	41,979
Net transfers	-	-	-	58,838
Net liability as at December 31	<u>(495,706)</u>	<u>(225,877)</u>	<u>(674,841)</u>	<u>(536,791)</u>

16.1.2 Movement in present value of defined benefit obligation

	Pension funds		Gratuity funds	
	2021	2020	2021	2020
	(Rupees in thousand)			
Present value of defined benefit obligation as at January 1	763,692	709,904	1,133,310	1,123,478
Net amount transferred in from associated companies	-	-	-	2,501
Service cost	-	-	76,881	76,057
Interest cost	70,438	75,351	108,252	104,643
Benefits paid	(82,509)	(80,233)	(22,528)	(65,101)
Benefits due but not paid	-	-	(1,311)	(4,625)
Actuarial (gains) / losses from change in financial assumptions	15,371	48,834	2,984	3,513
Experience adjustments	25,835	9,836	29,270	18,127
Liability discharged related to other group companies	-	-	-	(125,284)
Present value of defined benefit obligation as at December 31	<u>792,827</u>	<u>763,692</u>	<u>1,326,858</u>	<u>1,133,309</u>

16.1.3 Movement in fair value of plan assets

Fair value as at January 1	537,815	393,531	596,518	583,237
Interest income on plan assets	48,415	39,759	57,003	53,674
Group contributions	-	-	45,980	82,945
Benefits paid	(82,509)	(80,233)	(22,528)	(65,101)
Benefits due but not paid	-	-	(1,311)	(4,625)
Return on plan assets, excluding interest income	(206,600)	184,758	(23,645)	10,334
Net Liabilities transferred to other group companies	-	-	-	(63,946)
Fair value as at December 31	<u>297,121</u>	<u>537,815</u>	<u>652,017</u>	<u>596,518</u>

16.1.4 Risks faced by the Group on account of gratuity and pension funds

(i) **Final salary risk (linked to inflation risk)** - the risk that the final salary at the time of cessation of service is greater than the assumed salary. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

(ii) **Asset volatility** - Most assets are invested in risk free investments of 3, 5 or 10 year Small Saver Certificates, Regular Income Certificates, Defence Savings Certificates or Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

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

(iv) **Investment risks** - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.

(v) **Risk of insufficiency of assets** - This is managed by making regular contribution to the fund as advised by the actuary.

(vi) Demographic risks:

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

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

16.1.5 Amounts recognised in the consolidated statement of profit or loss

	Pension fund		Gratuity funds	
	2021	2020	2021	2020
	(Rupees in thousand)			
Current service cost	-	-	76,881	76,057
Interest cost for the year	70,438	75,351	108,252	104,643
Interest income on plan asset	(48,415)	(39,759)	(57,003)	(53,674)
Net expense charged to consolidated statement of profit or loss	22,023	35,592	128,130	127,026

16.1.6 Remeasurements charged to consolidated OCI

Actuarial losses from change in financial assumptions	15,371	48,834	2,984	3,513
Experience adjustments	25,835	9,836	29,270	18,127
Return on plan assets, excluding interest income	206,600	(184,758)	23,645	(10,334)
	247,806	(126,088)	55,899	11,306

16.1.7 Plan assets

Plan assets are comprised as follows:

Debt instruments	206,795	321,074	417,249	344,997
Shares and units of mutual funds	89,136	216,741	200,249	217,635
Cash at banks	1,190	-	34,519	33,886
	297,121	537,815	652,017	596,518

16.2 Unfunded retirement benefits - staff gratuity

	2021	2020
	(Rupees in thousand)	
As at the beginning of the year	44,854	31,815
Interest cost	3,431	3,252
Charge for the year	3,463	4,388
Payments made during the year	(2,864)	(1,654)
Actuarial loss	(6,493)	6,899
Exchange adjustment	1,279	154
As at the end of the year	43,670	44,854

16.3 Sensitivity analysis

Year end sensitivity analysis on defined benefit obligation:

	2021		2020	
	Pension (Rupees in thousand)	Gratuity (Rupees in thousand)	Pension (Rupees in thousand)	Gratuity (Rupees in thousand)
Discount rate + 100 bps	1,901,721	936,014	714,675	936,014
Discount rate - 100 bps	2,255,311	1,117,434	819,355	1,117,434
Salary increases / indexation + 100 bps	2,263,087	1,117,369	819,104	1,117,369
Salary increases / indexation - 100 bps	1,919,502	934,523	714,298	934,523

		2021 (Rupees in thousand)	2020 (Rupees in thousand)
17. Deferred liabilities			
This represents provision made to cover the obligation for accumulating compensated absences and retirement benefits			
Opening balance		341,975	398,697
Charged to consolidated statement of profit or loss	- note 17.2	55,924	62,408
		<u>397,899</u>	<u>461,105</u>
Payments made during the year		(19,213)	(119,130)
Closing balance	- note 17.1	<u>378,686</u>	<u>341,975</u>

17.1 Movement in liability for accumulating compensated absences

Present value of obligation as at January 1		341,975	398,697
Current service cost		35,660	26,329
Interest cost on defined benefit obligation		31,063	36,336
Benefits paid during the year		(21,485)	(119,130)
Remeasurement during the year		(22,043)	(1,667)
Experience losses		11,244	1,410
Net liability transferred		2,272	-
Present value of obligation as at December 31		<u>378,686</u>	<u>341,975</u>

17.2 Charges during the year

Current service cost		35,660	26,329
Interest cost		31,063	36,336
Experience losses		11,244	1,410
Remeasurement during the year		(22,043)	(1,667)
Expense charged to the consolidated statement of profit or loss		<u>55,924</u>	<u>62,408</u>

17.3 Sensitivity analysis

Year end sensitivity analyses on defined benefit obligation are as follows:

	2021 Accumulating compensated absences (Rupees in thousand)	2020 Accumulating compensated absences (Rupees in thousand)
Discount rate + 100 bps	337,391	304,652
Discount rate - 100 bps	398,181	361,143
Salary increases + 100 bps	398,156	361,478
Salary increases - 100 bps	337,994	303,851

		2021	2020	
		(Rupees in thousand)		
18.	Current portion of non-current liabilities			
	Current portion of long term finances	- note 8	5,731,138	3,211,563
	Current portion of lease liabilities	- note 10	139,736	163,184
	Current portion of long term advances	- note 15	30,512	15,820
	Current portion of deferred income	- note 12	49,830	67,025
	Current portion of deferred government grant	- note 13	49,834	59,347
	Current portion of rental security deposits	- note 11	284,727	-
			<u>6,285,777</u>	<u>3,516,939</u>

19. Short term borrowings - secured

	Running finances - secured	- note 19.1	7,492,669	7,959,808
	Short term finances - secured	- note 19.2	11,174,124	1,999,500
			<u>18,666,793</u>	<u>9,959,308</u>

19.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under mark-up arrangements amount to Rs 29,150 million (2020: Rs 23,040 million). The rates of mark-up are based on KIBOR plus spread and range from 7.38% to 10.28% (2020: 7.40% to 14.95%) per annum or part thereof on the balances outstanding. In the event the Group fails to pay the balances on the expiry of the quarter, year or earlier demand, mark-up is to be computed at the rate 20% to 22% (2020: 20%) per annum or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts of the Group.

19.2 Short term finances - secured

Facilities for obtaining short term finances of Rs 11,600 million (2020: Rs 11,980 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 19.1. The rates of mark-up are based on KIBOR plus spread ranging from 7.35% to 10.53% (2020: 7.05% to 15.17%) per annum or part thereof on the balances outstanding. The aggregate short term finances are secured by hypothecation of current assets of the Group including stores, spares, stock-in-trade and trade debts, and also pledge of Nestle Pakistan Limited's shares owned by the Parent Company under a "Share Pledge Agreement".

19.3 Letters of credit and bank guarantees

Of the aggregate facilities of Rs 23,450 million (2020: Rs 14,000 million) for opening letters of credit (including Rs 4,400 million available to Group as sub-limit of the running finance facilities referred to in note 19.1) and Rs 1,755 million (2020: Rs 1,455 million) for guarantees, the amounts utilised at December 31, 2021 were Rs 12,510 million (2020: Rs 3,426 million) and Rs 1,473 million (2020: Rs 1,212 million) respectively. The facilities for guarantee are secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

		2021	2020
		(Rupees in thousand)	
20.	Trade and other payables		
Trade creditors	- note 20.1	7,167,167	5,431,788
	- notes 20.2, 20.3		
Accrued liabilities	and 20.4	3,267,584	2,394,697
Bills payable		22,320	43,124
Retention money payable		20,749	2,945
Sales tax withholding payable		62,716	10,122
Withholding income tax payable		25,972	7,795
Contract liabilities	- note 20.5	618,552	249,615
Payable to retirement funds		41,163	37,691
Deposits - interest free repayable on demand	- note 20.7	113,405	22,015
Profit payable on term finance certificate ('TFC')		1,387	1,332
Workers' profit participation fund	- note 20.8	924,437	870,846
Workers' welfare fund	- note 20.9	188,101	113,343
Book overdraft	- note 20.10	-	103,249
Others		193,818	200,257
		<u>12,647,371</u>	<u>9,488,819</u>

20.1 Trade creditors include amount due to related parties as follows:

Plastic Extrusion (Proprietary) Ltd	20,875	8,867
Benda Lutz	2,945	563
PT Pardic Jaya Chemicals	66,890	62,000
DIC Asia Pacific Pte Limited	95,739	62,472
DIC Australia Pty Limited	51	51
DIC Corporation Japan	-	15,609
DIC Graphics (Thailand) Company Limited	10,416	12,242
DIC Graphics Corporation	-	11,344
DIC India Limited	132	132
DIC Malaysia SDN. BHD	6,673	12,175
DIC Corporation Tokyo	2,926	-
DIC Philippines, Inc.	-	2,069
Nantong DIC Color Company Limited	36,093	20,587
PT DIC Graphics	13,917	25,800
IGI General Insurance Limited	20,093	12,700
IGI Holdings Limited	3,967	-
IGI Life Insurance Limited	2,699	763
Michael Hoffman	20,763	-
Nivi investment Pty ltd	4,414	-
Bopa Moruo Private Equity Fund 1 (RF) Pty	8,244	-
Omya Pack (Private) Limited	34,942	39,080
S.C. Johnson & Son of Pakistan (Private) Limited	-	4,018
Sun Chemical AB	2,075	7,570
Sun Chemical AG	48	48
Sun Chemical N.V/S.A	19,302	1,477
Sun Chemical S.P.A	-	934
Sun Chemical SA	9,402	3,239
Tri-Pack Films Limited	174,637	194,333
	<u>557,243</u>	<u>498,073</u>

20.2 Accrued liabilities include amounts in respect of related parties as follows:

	2021 (Rupees in thousand)	2020
IGI Life Insurance Limited	6,047	4,782
IGI General Insurance Limited	8,962	7,306
DIC Corporation Japan	36,041	30,507
DIC Asia Pacific Pte Limited	321	335
Josef Meinrad Muller	1,934	1,934
	53,305	44,864

20.3 On August 13, 2020, the Honourable Supreme Court announced the order relating to the levy imposed under Gas Infrastructure Development Cess Act, 2015 whereby all arrears of Gas Infrastructure Development Cess ('GIDC') that have become due up to July 31, 2020 and have not been recovered so far shall be recovered from the gas consumers in twenty-four equal monthly instalments starting from August 01, 2020 without the component of late payment surcharge ('LPS') on the outstanding balance of GIDC. The LPS shall only become payable for the delays that may occur in the payment of any of the twenty-four instalments. Accrued liabilities include an amount of Rs 86.865 million (2020: Rs 86.865 million) in respect of GIDC prior to the promulgation date of GIDC Act, 2015.

However, on September 18, 2020, the Group obtained a stay order from Honourable Lahore High Court against payment of this GIDC to Sui Northern Gas Pipelines Limited ('SNGPL') on the premise that the matter of the Group is still unresolved at the end of High Level Committee of SNGPL formed under court order number WP No. 31491 of 2016, therefore, till the time High Level Committee of SNGPL resolves the exact liability of the Group, SNGPL cannot recover the same from the Group. The matter was decided in the favour of the Group on June 17, 2021 by the LHC, while SNGPL filed a review petition which is under decision.

Lahore High Court has instructed the Federal Government to make rules for resolution of disputes and manner of recovery of GIDC arrears prior to the promulgation date, under section 6 of the GIDC Act, 2015. Therefore, the amount of unpaid GIDC has not been discounted, since the timing of payment is unknown at the date of financial position.

20.4 Included in accrued liabilities is a provision amounting to Rs 194.002 million (2020: Rs 73.31 million) in respect of rent of land on lease from the Government of the Punjab ('GoPb') for the period from December 2015 to December 2021.

A portion of the land on which the Parent Company's buildings are situated (note 23), measuring 231 kanals and 19 marlas, was leased out to the Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Parent Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. On January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Parent Company was directed to deposit Rs 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Parent Company deposited such amount in compliance with the direction on January 10, 2019. The Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. The surveyors were appointed, who have submitted their independent valuation reports to BoR and the Court. The matter is pending for further action as of the date of the authorization for issue of consolidated financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Parent Company getting the first right of refusal.

The management has, on the basis of assessment of fair value of the said portion of land by independent valuers, as appointed by the Court, and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, recognised an expense of Rs 120.697 million (2020: Rs 41.675 million) in respect of rent for the year from January 2021 to December 2021. The management is confident that the final amount of rent will be in congruence with the provision made in these consolidated financial statements, inter alia based on the fair value determined by the independent valuers and the relevant facts and circumstances.

Furthermore, the management also intends to acquire the title of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

20.5 This represents contract liabilities of the Group towards various parties. Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year amounts to Rs 3.139 million (2020: Nil).

20.6 Employees' provident and management staff pension fund related disclosure

All investments in collective investment schemes, listed equity, and listed debt securities out of provident fund and management staff pension fund have been made in accordance with the provisions of Section 218 of the Act.

20.7 This represents amounts received from suppliers and truckers as per the respective agreements and kept in separate bank account maintained for that purpose as required under Section 217(2) of the Act. These deposits have not been utilized by the Group Company.

		2021	2020
		(Rupees in thousand)	
20.8	Workers' profit participation fund		
	Opening balance	870,846	946,012
	Refund claimed	1,891	1,953
	Provision for the year - note 41	446,820	226,147
		1,319,557	1,174,112
	Payments made during the year	(395,120)	(303,266)
	Closing balance	924,437	870,846

20.8.1 The Parent Company has not discharged the amount of workers' profit participation fund charge to the Workers' Profit Participation Fund in view of certain calculation mechanism of the charge. However, the total amount accrued is sufficient to cover the Parent Company's obligation in case of settlement.

		2021	2020
		(Rupees in thousand)	
20.9	Workers' welfare fund		
	Opening balance	113,343	43,546
	Provision for the year - note 41	170,868	99,667
		284,211	143,213
	Payments made during the year	(96,110)	(29,870)
	Closing balance	188,101	113,343

20.10 This represents book overdraft balances due to unrepresented cheques in respect of current bank accounts.

		2021	2020
		(Rupees in thousand)	
21.	Accrued finance cost		
	Accrued mark-up / interest on:		
	- Long term local currency loans	386,823	361,472
	- Preference shares / convertible stock - note 43	155,550	155,550
	- Short term borrowings	227,880	142,172
		<u>770,253</u>	<u>659,194</u>

22. Contingencies and commitments

22.1 Contingencies other than disclosed elsewhere, in respect of :

- (i) Claims against the Group by ex-employees not acknowledged as debts amounting to Rs 13.540 million (2020: Rs 17.427 million).
- (ii) Guarantees issued in favour of Office of Excise and Taxation Lahore, Total Parco Pakistan Limited and Shell Pakistan Limited amounting to Rs 56.94 million (2020: Rs 30.924 million).
- (iii) Letters of guarantees issued to various parties aggregating to Rs 1097.26 million (2020: Rs 1084.560 million).
- (iv) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Group amounting to USD 1.250 million equivalent to Rs 220.642 million (2020: USD 4.000 million equivalent to Rs 639.338 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company as referred to in note 28.2.
- (v) Parent Company's share in contingencies of associates and joint venture accounted for under equity method is Rs 392.41 million (2020: Rs 375.41 million).
- (vi) For contingencies relating to sales tax and income tax, refer to notes 34 and 35 respectively.

22.2 Commitments

- (i) Letters of credit and contracts for capital expenditure Rs 7,629.950 million (2020: Rs 953.026 million).
- (ii) Letters of credit and contracts other than for capital expenditure Rs 6,791.070 million (2020: Rs 2,836.527 million).

There are no commitments with related parties.

		2021	2020
		(Rupees in thousand)	
23.	Property, plant and equipment		
	Operating fixed assets - note 23.1	24,371,684	24,346,801
	Capital work-in-progress - note 23.2	6,939,724	2,914,827
	Major spare parts and stand-by equipment - note 23.3	158,466	134,506
		<u>31,469,874</u>	<u>27,396,134</u>

23.1 Operating fixed assets

	2021										
	(Rupees in thousand)										
	Cost as at January 1, 2021	Exchange differences	Additions / (deletions)	Transfer in/(out)	Cost as at December 31, 2021	Accumulated depreciation as at January 1, 2021	Exchange differences	Depreciation charge / (deletions) for the year	Transfer in/(out)	Accumulated depreciation as at December 31, 2021	Book value as at December 31, 2021
Freehold land	1,014,002	14,376	51,125	-	1,079,503	-	-	-	-	-	1,079,503
Leasehold land - note 23.1.2	143,117	830	979	(256,121)	(111,195)	29,276	30	48,706	-	78,012	(189,207)
Buildings on freehold land	3,785,276	4,219	19,953	-	3,809,448	982,559	888	164,678	-	1,148,125	2,661,323
Buildings on leasehold land - note 23.1.1	423,971	-	18,844	-	442,815	243,010	482	20,872	-	264,364	178,451
Plant and machinery	32,423,182	87,425	2,641,334 (328,107)	217,317	35,041,151	13,544,737	60,056	2,549,731 (287,190)	122,809	15,990,143	19,051,008
Other equipment's (computers, lab equipment's and other office equipment's)	2,083,357	4,834	480,080 (67,321)	-	2,500,950	1,431,738	3,840	275,272 (66,188)	-	1,644,662	856,288
Furniture and fixtures	220,084	1,845	33,426 (3,048)	-	252,307	132,018	1,046	23,803 (2,980)	-	153,887	98,420
Vehicles	882,204	1,041	214,847 (157,107)	1,599	942,584	265,054	845	82,603 (41,816)	-	306,686	635,898
	40,975,193	114,570	3,460,588 (555,583)	(37,205) -	43,957,563	16,628,392	67,187	3,165,665 (398,174)	122,809 -	19,585,879	24,371,684

	2020										
	(Rupees in thousand)										
	Cost as at January 1, 2020	Exchange differences	Additions / (deletions)	Transfer in	Cost as at December 31, 2020	Accumulated depreciation as at January 1, 2020	Exchange differences	Depreciation charge / (deletions) for the year	Transfer in	Accumulated depreciation as at December 31, 2020	Book value as at December 31, 2020
Freehold land	1,008,488	5,514	-	-	1,014,002	-	-	-	-	-	1,014,002
Leasehold land - note 23.1.2	142,999	-	118	-	143,117	26,038	-	3,238	-	29,276	113,841
Buildings on freehold land	3,672,763	1,198	111,315	-	3,785,276	758,457	(17)	224,119	-	982,559	2,802,717
Buildings on leasehold land - note 23.1.1	423,964	7	-	-	423,971	219,458	627	22,925	-	243,010	180,961
Plant and machinery	30,975,572	40,293	1,515,787 (108,470)	-	32,423,182	11,261,490	59,829	2,331,324 (107,906)	-	13,544,737	18,878,445
Other equipment's (computers, lab equipment's and other office equipment's)	1,750,810	9,299	327,233 (3,985)	-	2,083,357	1,158,163	10,336	266,278 (3,039)	-	1,431,738	651,619
Furniture and fixtures	204,246	755	18,091 (3,008)	-	220,084	109,029	671	24,699 (2,381)	-	132,018	88,066
Vehicles	751,781	2,357	240,189 (131,038)	18,915	882,204	214,164	2,630	89,395 (56,644)	15,509	265,054	617,150
	38,930,623	59,423	2,212,733 (246,501)	18,915 -	40,975,193	13,746,799	74,076	2,961,978 (169,970)	15,509 -	16,628,392	24,346,801

23.1.1 Leasehold land comprises of lands situated in Karachi and Haripur which were obtained by the Group on lease and are being amortized over the term of 49 years and 99 years respectively. The title of lands remains with the lessor at end of the lease term. However, leasehold lands have been included in property, plant and equipment in accordance with clarification issued by Institute of Chartered Accountants of Pakistan through selected opinion issued on IAS 17, 'Leases' on the basis that requirements of the Companies Act, 2017 override the requirements of IFRS.

23.1.2 Plant and machinery of Group's subsidiary namely FPCL amounting to Rs 516,599 million (2020: Rs 1,392.315 million) has been encumbered as security against long term borrowings and lease liabilities as disclosed in note 8 and note 10.

23.1.3 Plant and machinery and Land and Buildings of Group's subsidiary namely PLL amounting to Rs 937.322 million (2020: Rs 1,214 million) has been encumbered as security against long term borrowings as disclosed in note 8.

23.1.4 The cost of fully depreciated assets as at December 31, 2021 is Rs 4,599.180 million (2020: Rs 4,129.335 million).

23.1.5 The depreciation / impairment charge for the year has been allocated as follows:

	Note	2021 (Rupees in thousand)	2020
Cost of sales and services	38	2,948,157	2,764,933
Administrative expenses	39	156,682	117,673
Distribution and marketing costs	40	60,826	72,402
Other expenses	41	-	6,970
		<u>3,165,665</u>	<u>2,961,978</u>

23.1.6 Following are the particulars of the Group's immovable fixed assets:

Location	Usage of immovable property	Total area (In Acres)
Kot Radha Kishan Road, District Kasur, Punjab	Factory site and offices	231.6
Depalpur, Pakpatan Road, District Okara, Punjab	Purchase center for biomass fuel	13
Shahrah-e-Roomi, Lahore, Punjab	Plant site and administrative offices	50.61
Herdo Sehari, Kasur, Punjab	Administrative offices	34.84
Lakho Baryar, Kasur, Punjab	Administrative offices	65.63
No. 148 Minuwangoda Road Ekala, Ja-Ela, Sri Lanka	Freehold land	7.65

23.1.7 Disposal of operating fixed assets

Detail of operating fixed assets sold off during the years 2021 and 2020 is as follows:

Particulars of assets	Sold to	2021		Sale proceeds	Gain / (loss) on disposal	Mode of disposal
		Cost	Book value			
(Rupees in thousand)						
Vehicles	Employees					
	Ahmad Bin Tariq	1,338	1,155	1,066	(89)	- do -
	Ahmad Fazal	2,645	2,359	2,397	38	- do -
	Ahmed Hassan Tariq	1,881	753	1,148	395	- do -
	Ahsan Fayyaz Cheema	2,871	2,799	2,871	72	- do -
	Akhtar Bashir Ahmad	1,375	752	940	188	- do -
	Ali Sajawal Khan	1,903	1,691	1,637	(54)	- do -
	Asad Ur Rehman	1,806	804	1,073	269	- do -
	Athar Riaz	2,451	1,650	2,042	392	- do -
	Daniyal Shaheen	1,267	992	922	(70)	- do -
	Farhan Amin	1,164	840	827	(13)	- do -
	Hafiz M. Bilal	1,901	1,625	1,670	45	- do -
	Hafiz Nabeel Ahmad	840	610	516	(94)	- do -
	Hammad Sadiq	1,468	1,248	1,255	7	- do -
	Haroon Saleem	2,455	2,373	2,395	22	- do -
	Kashif Rauf	1,184	900	892	(8)	- do -
	Mohsin Sarwar	1,535	614	959	345	- do -
	Muhammad Ali Wajid	1,743	1,124	1,208	84	- do -
	Muhammad Bin Shahzad	1,537	884	1,090	206	- do -
	Muhammad Hamza Rao	2,717	2,106	2,023	(83)	- do -
	Muhammad Latif	1,642	657	889	232	- do -
	Muhammad Siddique	1,662	665	693	28	- do -
	Muhammad Tanveer	1,250	702	831	129	- do -
	Muhammad Usman Sabir	2,700	2,097	2,007	(90)	- do -
	Noman Sabir	1,780	1,436	1,554	118	- do -
	Omer Ejaz	2,787	1,909	1,982	73	- do -
	Riaz Hussain	1,949	755	2,410	1,655	- do -
	Rizwan Ahmad	1,250	690	831	141	- do -
	Salman Haider	1,700	1,366	1,307	(59)	- do -
	Salman Javaid Mirza	1,240	508	608	100	- do -
	Shahid Islam	1,069	559	558	(1)	- do -
	Suhail Ahmad Khan	1,240	871	896	25	- do -
	Syed Rehan Javed	2,280	2,109	2,125	16	- do -
	Umair Qadir	1,398	1,244	1,188	(56)	- do -
	Umar Javed	2,059	1,407	1,500	93	- do -
	Waqar Haider	1,429	1,274	1,227	(47)	- do -
	Zafar Ul Islam	1,815	1,649	1,604	(45)	- do -
	Zeeshan Ur Rehman	1,327	692	898	206	- do -
	Zohaib Hassan	1,429	1,346	1,351	5	- do -
	Tariq Mehmood	1,684	943	1,207	264	- do -
	Shiraz Khan	1,537	815	853	38	- do -
	Humaira Shazia	1,822	715	1,880	1,165	- do -
	Jahanzaib	1,238	1,040	892	(148)	- do -

Particulars of assets	Sold to	2021				Mode of disposal
		Cost	Book value	Sale proceeds	Gain / (loss) on disposal	
		(Rupees in thousand)				
	Mahreen Zafar	1,600	1,456	920	(536)	-do-
	Humaira Shazia	2,709	2,433	2,433	-	-do-
	Syed Aslam Mehdi	8,309	3,905	7,114	3,209	-do-
	Muhammad Sohail Iftikhar	2,795	2,539	2,553	14	-do-
	Haris Bin Khalid	1,780	1,647	1,780	133	-do-
	Muhammad Raheel Kamran	1,750	1,633	1,611	(22)	-do-
	Muhammad Amir Janjua	2,684	1,423	1,540	117	-do-
	Muhammad Ali Nazeer	1,600	1,387	1,382	(5)	-do-
	Mohammad Ali	2,503	1,377	1,537	160	-do-
	Sunnainah Zaidi	1,849	1,276	1,473	197	-do-
	Saliha Rashad	1,733	1,196	1,363	167	-do-
	S Khurram Ali Naqvi	1,308	1,177	1,308	131	-do-
	Asma Javed	2,220	888	2,011	1,123	-do-
	Khuram Ejaz	1,075	763	824	61	-do-
	Mohammad Qadeer	1,250	725	833	108	-do-
	Tahir Majeed	1,771	708	782	74	-do-
	Muhammad Nauman Rashid	1,661	681	963	282	-do-
	Ehsan Ul Haq	1,642	657	1,042	385	-do-
	Abid Riaz	1,069	526	674	148	-do-
	Syed Sarosh Sohail	1,512	605	936	331	-do-
	Muhammad Asghar	1,297	519	820	301	-do-
	Aftab Ahmad Khan	3,814	2,961	3,120	159	-do-
	Haroon Naseer	2,171	918	1,108	190	-do-
	Khurram Saeed	1,512	605	570	(35)	-do-
	Muhammad Umar	1,860	1,607	1,472	(135)	-do-
	Muhammad Awais Jawaid	1,282	519	594	75	-do-
	Naveed Ahmad	678	273	256	(17)	-do-
	Sibat Usman	1,325	980	821	(159)	-do-
	Syed M. Uzair	1,323	1,145	978	(167)	-do-
	Syed Omer Hamdani	1,425	1,330	1,289	(41)	-do-
	Ali Hussain	1,715	926	2,260	1,334	Negotiation
	IGI General Insurance Limited	2,700	2,497	2,500	3	Insurance Claim
	IGI General Insurance Limited	1,866	1,819	1,830	11	Insurance Claim
	Items with net book value	618	128	264	136	Negotiation
	Others					
	Mr. Malik Murad Ali	2,212	708	2,300	1,592	As per Company policy
	Ch. Riaz Ahmed	1,270	1,067	1,250	183	- do -
	Nadeem Sharif	1,678	1,158	2,220	1,062	- do -
	Asif Umar	1,308	1,230	1,308	78	- do -
	Khurram Motors	4,169	1,668	3,813	2,145	- do -

Particulars of assets	Sold to	2020		Sale proceeds	Gain / (loss) on disposal	Mode of disposal
		Cost	Book value			
		(Rupees in thousand)				
Vehicles	Key management personnel					
	Nayab Baig	2,353	1,694	1,694	-	As per Company policy
	Employees					
	Attiq ur Rehman	2,333	1,680	1,750	70	- do -
	Muhammad Afzal	2,353	1,577	2,163	586	- do -
	Adnan Tufail	1,603	1,133	1,083	(50)	- do -
	Hadi Ahmad	1,340	1,072	1,069	(3)	- do -
	Waqar Malik	1,375	1,059	1,019	(40)	- do -
	Khizer Kokab	1,184	1,006	974	(32)	- do -
	Mohammad Tariq	1,194	979	942	(37)	- do -
	Zeenia Ather	1,375	962	879	(83)	- do -
	Mashkoor Hussain	2,216	931	1,261	330	- do -
	Adeel Waheed	1,578	805	989	184	- do -
	Waleed Zakria	1,069	802	840	38	- do -
	Muhammad Faizan	871	740	763	23	- do -
	Adeel Yousaf	1,527	737	873	136	- do -
	Uzair Rabbani	840	731	658	(73)	- do -
	Ahmed Butt	950	722	724	2	- do -
	Muhammad Zubair	1,771	709	991	282	- do -
	Hamza Irfan	1,475	664	970	306	- do -
	Sajawal Khan	795	636	574	(62)	- do -
	Iftikhar Alam	1,049	619	666	47	- do -
	Muhammad Ali Farooqi	1,425	570	859	289	- do -
	Muhammad Anas	742	564	536	(28)	- do -
	Hassan Waqar	732	534	450	(84)	- do -
	Ammar Farooq	732	527	450	(77)	- do -
	Asad Javed	1,527	758	945	187	- do -
	Humayun Munir	1,054	580	670	90	- do -
	Dilshad Ali	1,704	801	1,951	1,150	- do -
	Omer Javed	2,162	865	1,865	1,000	- do -
	Muhammad Rizwan	1,733	1,352	1,447	95	- do -
	Sardar Muhammad Aurangzeb	1,933	1,372	1,636	264	- do -
	Iqbal Rabbani	795	596	574	(22)	- do -
	Khawar Ali	795	620	574	(46)	- do -
	Subayyal Najeel	1,537	1,045	1,024	(21)	- do -
	Saad Tariq Siddiquie	1,238	1,127	1,052	(75)	- do -
	Adnan Yousaf	1,518	607	778	171	- do -
	Amir Said	1,770	708	776	68	- do -
	Asma Javed	2,925	2,135	3,734	1,599	- do -
	Hawaisa Waheed	1,537	1,061	1,181	120	- do -
	Hiba Amjad	1,418	567	918	351	- do -
	Mohammad Akram	1,700	680	922	242	- do -
	Muhammad Haroon Saleem	1,270	902	1,020	118	- do -
	Muhammad Sohail Iftikhar	1,277	511	573	62	- do -
	Mustafa Ahmad	1,704	682	929	247	- do -
	Shahid Hafeez	2,922	2,454	2,455	1	- do -
	Syed Atif Tanseer	1,054	538	670	132	- do -
	Yasir Javed	1,390	556	667	111	- do -
	Zunair Shahzad	762	617	560	(57)	- do -
	Sonia Rashid	1,461	1,096	1,181	85	- do -
	Sohail Afzal	1,440	576	715	139	- do -
	Others					
	Omya Pack(Private) Limited - related party (Joint Venture)	2,353	1,341	2,250	909	Negotiation
	Ch. Riaz Ahmed	1,270	1,067	1,250	183	- do -
	Nadeem Sharif	1,678	1,158	2,220	1,062	- do -
	Asif Umar	1,308	1,230	1,308	78	- do -
	Khurram Motors	4,169	1,668	3,813	2,145	- do -

23.2 Capital work-in-progress

	2021 (Rupees in thousand)								
	Cost as at January 1, 2021	Exchange differences	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital work-in-progress	Charged off during the year	Transfers to operating fixed assets	Transfer to investment properties	Balance December as at 31, 2021
Civil works	157,092	214	369,841	4,937	4,937	(174)	(53,045)	-	483,802
Plant and machinery	2,502,462	-	5,468,921	709,203	3,853	(121)	(2,813,361)	-	5,870,957
Advances to suppliers	254,348	-	366,960	53,409	(8,790)	(1,915)	(105,797)	-	558,215
Other	925	-	26,749	-	-	(924)	-	-	26,750
	<u>2,914,827</u>	<u>214</u>	<u>6,232,471</u>	<u>767,549</u>	<u>-</u>	<u>(3,134)</u>	<u>(2,972,203)</u>	<u>-</u>	<u>6,939,724</u>

	2020 (Rupees in thousand)								
	Cost as at January 1, 2020	Exchange differences	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital work-in-progress	Charged off during the year	Transfers to operating fixed assets	Transfer to investment properties	Balance December as at 31, 2020
Civil works	55,486	-	192,347	-	24,000	(6,437)	(108,304)	-	157,092
Plant and machinery	2,101,406	111	1,756,300	-	304,523	(6,962)	(1,650,528)	(2,388)	2,502,462
Advances to suppliers									
Other	424,997	-	122,602	62,059	(328,523)	(3,841)	(15,154)	(7,792)	254,348
	925	-	-	-	-	-	-	-	925
	<u>2,582,814</u>	<u>111</u>	<u>2,071,249</u>	<u>62,059</u>	<u>-</u>	<u>(17,240)</u>	<u>(1,773,986)</u>	<u>(10,180)</u>	<u>2,914,827</u>

23.3 Major spare parts and stand-by equipment

	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Balance at the beginning of the year	134,506	158,969
Additions during the year	55,344	56,381
Depreciation charged	(6,201)	(11,507)
Transfers made during the year	(25,183)	(36,628)
Issuance to production during the year	-	(32,709)
Balance at the end of the year	<u>158,466</u>	<u>134,506</u>

- note 23.3.1

23.3.1 The depreciation charge for the year has been allocated to cost of sales and services.

24. Right-of-use assets

	2021 (Rupees in thousand)								
	Cost as at January 1, 2021	Exchange differences	Additions / (deletions)	Cost as at December 31, 2021	Accumulated depreciation as at January 1, 2021	Exchange differences	Depreciation charge / (deletions) for the year	Accumulated depreciation as at December 31, 2021	Book value as at December 31, 2021
Vehicles	195,101	-	- (195,101)	-	82,804	-	38,102 (120,906)	-	-
Plant and equipment	89,858	3,462	- (59,238)	34,082	35,508	1,784	3,193 (28,131)	12,354	21,726
Land and buildings	644,468	-	16,323 (84,274)	576,517	205,877	-	108,734 (106,624)	207,987	368,530
Equipments	14,215	-	11,996 -	26,211	4,913	-	8,034	12,947	13,264
	943,642	3,462	28,319 (279,375)	636,810 -	329,102 -	1,784	158,063 (227,530)	233,288 -	403,520 -

	2020 (Rupees in thousand)								
	Cost as at January 1, 2020	Exchange differences	Additions / (deletions)	Cost as at December 31, 2020	Accumulated depreciation as at January 1, 2020	Exchange differences	Depreciation charge / (deletions) for the year	Accumulated depreciation as at December 31, 2020	Book value as at December 31, 2020
Vehicles	216,314	(2,298)	- (18,915)	195,101	57,949	1,553	38,812 (15,510)	82,804	112,297
Plant and equipment	88,096	1,762	- -	89,858	26,658	635	8,215	35,508	54,350
Land and buildings	692,924	(9,423)	145,229 (184,262)	644,468	125,912	7,313	109,535 (36,883)	205,877	438,591
Equipments	14,217	(3)	- -	14,215	1,957	319	2,636	4,913	9,302
	1,011,551	(9,962)	145,229 (203,177)	943,642 -	212,476 -	9,820	159,198 (52,393)	329,102 -	614,540 -

24.1 Depreciation charge for the year has been allocated as follows:

Cost of sales and services
Administrative expenses
Distribution and marketing costs

- note 38
- note 39
- note 40

	2021 (Rupees in thousand)	2020 (Rupees in thousand)
	87,193	76,255
	62,141	69,787
	8,729	13,156
	158,063	159,198
	10,108,169	10,588,051
	1,140,009	13,401
	22,052	-
	11,270,230	10,601,452

25. Investment properties

Developed
Under construction
Capital spares

- note 25.1

25.1 Investment property - developed

		2021 (Rupees in thousand)								
		Cost as at January 1, 2021	Additions	Transfer (out) / in	Cost as at December 31, 2021	Accumulated depreciation as at January 1, 2021	Depreciation charge for the year	Transfer out	Accumulated depreciation as at December 31, 2021	Book value as at December 31, 2021
Land	- notes 25.1.2 and 25.1.3	383,364	-	332,618	715,982	-	-	-	-	715,982
Buildings on freehold land		7,958,372	9,072	1,859	7,969,303	1,078,459	299,216	(114)	1,377,561	6,591,742
Buildings on leasehold land		910	5,056	-	5,966	5,559	30	-	5,589	377
Mall equipment		40,209	974	-	41,183	29,277	8,156	-	37,433	3,750
External development		1,187,889	2,940	11,388	1,202,217	144,761	39,628	-	184,389	1,017,828
HVAC system		1,392,417	3,393	-	1,395,810	673,293	186,573	-	859,866	535,944
Electrical system		2,696,229	2,936	-	2,699,165	1,139,990	316,629	-	1,456,619	1,242,546
		<u>13,659,390</u>	<u>24,371</u>	<u>345,865</u>	<u>14,029,626</u>	<u>3,071,339</u>	<u>850,232</u>	<u>(114)</u>	<u>3,921,457</u>	<u>10,108,169</u>

		2020 (Rupees in thousand)								
		Cost as at January 1, 2020	Additions	Transfer out	Cost as at December 31, 2020	Accumulated depreciation as at January 1, 2020	Depreciation charge for the year	Transfers	Accumulated depreciation as at December 31, 2020	Book value as at December 31, 2020
Land	- notes 25.1.2 and 25.1.3	383,364	-	-	383,364	-	-	-	-	383,364
Buildings on freehold land		7,936,517	21,855	-	7,958,372	783,835	294,624	-	1,078,459	6,879,913
Buildings on leasehold land		910	-	-	910	3,833	1,726	-	5,559	(4,649)
Mall equipment		40,209	-	-	40,209	21,235	8,042	-	29,277	10,932
External development		1,187,730	159	-	1,187,889	105,146	39,615	-	144,761	1,043,128
HVAC system		1,385,635	6,782	-	1,392,417	488,137	185,156	-	673,293	719,124
Electrical system		2,678,713	17,516	-	2,696,229	824,575	315,415	-	1,139,990	1,556,239
		<u>13,613,078</u>	<u>46,312</u>	<u>-</u>	<u>13,659,390</u>	<u>2,226,761</u>	<u>844,578</u>	<u>-</u>	<u>3,071,339</u>	<u>10,588,051</u>

25.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Cost of sales and services	- note 38.3	847,947	844,578
Administrative expenses	- note 39	2,285	-
		<u>850,232</u>	<u>844,578</u>

25.1.2 Land of the Parent Company measuring 119 kanals, 15 marlas and 62.25 sq.ft.s situated at Lahore with a book value of Rs 6.149 million (2020: Rs 6.149 million) and all present and future moveable fixed assets and buildings of Packages Real Estate (Private) Limited ('PREPL') in aggregate (the 'Mortgaged Security'), have been mortgaged under a first exclusive equitable charge of Rs 7,333 million (2020: Rs 7,333 million) in favour of MCB Bank Limited against a term finance facility of upto Rs 4,500 million (2020: Rs 4,500 million) and a running finance facility of upto Rs 2,000 million (2020: Rs 2,000 million) provided to PREPL by MCB Bank Limited under a tri-partite agreement between the Parent Company, MCB Bank Limited and PREPL. The Mortgaged Security has also been mortgaged under a first pari passu charge in favour of Allied Bank Limited against a term finance facility of upto Rs 4,667 million (2020: Rs 4,667 million) provided to PREPL by Allied Bank Limited under a tri-partite agreement between the Parent Company, Allied Bank Limited and PREPL.

25.1.3 Following are the particulars of the Groups immovable fixed assets:

Location	Usage of immovable property	Total area (in Acres)
Dullu Kalan, Lahore, Punjab	Rented out	16.48
Depalpur, Punjab	Kept for capital appreciation	17.38
Pakpattan, Punjab	Kept for capital appreciation	21
Faizabad, Punjab	Kept for capital appreciation	8.8
Hujra, Punjab	Kept for capital appreciation	10
Korangi Industrial Area, Karachi, Sindh	Rented out	3.33

25.1.4 Fair value of investment properties

Level 2 fair values

Fair value of certain investment properties, based on the valuation carried out by an independent valuer, as at December 31, 2021 is Rs 25.685 million (2020: Rs 1,309.922 million). The valuation is considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. The different levels have been defined in note 54.2.

Valuation techniques used to derive level 2 fair values

Level 2 fair value of investment property has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.

Level 3 fair values

In the absence of current prices in an active market, the fair value is determined by considering the aggregate of the estimated cash flows expected to be received from licensing / leasing out the property less the costs to complete and the estimated operating expenses. The valuation is considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation. The different levels have been defined in note 54.2. Fair value of such investment properties has been determined to be Rs 17,484 million (2020 : Rs 17,029 million).

Valuation techniques used to derive level 3 fair values

The Group has determined the fair value as on December 31, 2021 by internally generated valuation model instead of involving independent, professionally qualified valuer. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. The major assumptions used in valuation model and valuation result at consolidated statement of financial position date are as follows:

	2021	2020
Gross rentable area (sq ft)	591,030	591,030
Rent rates assumed per sq ft (Rs)	50 - 1,331	50 - 1,250
Inflation in rent and operating costs	6% - 9%	6% - 10%
Discount rate (%)	15.20%	14.25%
Fair value (Rs in million)	17,484	17,029

26. Intangible assets

	Goodwill	Computer (Rupees in thousand)	Total
Year ended December 31, 2021			
Cost			
As at January 1, 2021	219,717	464,798	684,515
Additions during the year	-	38,941	38,941
Exchange differences	3,211	-	3,211
As at December 31, 2021	222,928	503,739	726,667
Accumulated amortisation			
As at January 1, 2021	-	(311,994)	(311,994)
Amortisation for the year	-	(31,519)	(31,519)
As at December 31, 2021	-	(343,513)	(343,513)
Book value as at December 31, 2021	222,928	160,226	383,154
Year ended December 31, 2020			
Cost			
As at January 1, 2020	219,770	464,699	684,469
Additions during the year	-	99	99
Deletions during the year	-	-	-
Exchange differences	(53)	-	(53)
As at December 31, 2020	219,717	464,798	684,515
Accumulated amortisation			
As at January 1, 2020	-	(278,852)	(278,852)
Amortisation for the year	-	(33,142)	(33,142)
As at December 31, 2020	-	(311,994)	(311,994)
Book value as at December 31, 2020	219,717	152,804	372,521

26.1 Impairment test for goodwill

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combination in which the goodwill arises, as follows:

Flexible Packages Convertors (Proprietary) Limited ('FPCL'), South African project

The recoverable amount of the subsidiary is determined on the discounted cash-flow basis.

FPC as a whole is determined to be a segment due to the fact that there are no distinguishable segments.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segments is determined by applying a suitable internal rate of return.

As the goodwill arose as a result of an acquisition of business during the financial period ended December 31, 2015 an impairment test is performed annually.

FPCL tests whether goodwill has suffered any impairment on an annual basis. For the 2021 and 2020 reporting periods, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The key assumptions used for the discounted cash flow calculation are as follows:

	2021	2020
Internal rate of return (IRR)	20.16%	24.00%
Discount rate (pre-tax)	17.40%	15.50%
Growth rate	3.50%	3.50%

Sensitivity analysis

Management has performed a sensitivity analysis over the goodwill balance relating to the CGU. The goodwill sensitivity tests performed for a 0.5% change in growth rate and discount rate do have an impact on the net present value of the future cash flows. However, these do not result in a change in the carrying value of the goodwill balance for the Group.

A reasonable possible change in any of the key assumptions would not result in any impairment. Set out below is the change in the discounted cash flows of applying a 0.5% change in the key assumptions:

Key assumption	Change(%age)	Impact on recoverable amount (Rupees in thousand)
Growth rate	0.50%	101,962
Discount rate	0.50%	157,742

The change in assumption disclosed above will not result in any impairment.

Key assumptions

The calculation of value-in-use is most sensitive to growth rates, terminal gross profit margin, discount rates. Gross margins and profit before tax are based on the forecasted margin. These are increased over the budget period for anticipated efficiency improvement and therefore based on financial forecasts. Discount rates reflect management's estimate of the risks specific to the CGU. The change in assumptions disclosed above will not result in any impairment.

26.2 The amortisation charge for the year has been allocated as follows:

		2021 (Rupees in thousand)	2020
Cost of sales and services	- note 38	17,809	15,548
Administrative expenses	- note 39	11,685	15,660
Distribution and marketing costs	- note 40	2,025	1,934
		<u>31,519</u>	<u>33,142</u>

27. Investments accounted for using the equity method

27.1 Amounts recognised in consolidated statement of financial position

		2021	2020
Investments in associates	- note 27.4	8,239,595	6,133,933
Investment in joint ventures	- note 27.5	547,736	493,491
		<u>8,787,331</u>	<u>6,627,424</u>

27.2 Amounts recognised in consolidated statement of profit or loss

		2021	2020
Investments in associates	- note 27.4	605,962	303,973
Investment in joint ventures	- note 27.5	67,330	37,400
		<u>673,292</u>	<u>341,373</u>

		2021	2020
		(Rupees in thousand)	
27.3	Amounts recognised in consolidated statement of other comprehensive income		
Investments in associates	- note 27.4	(200,615)	(476,594)
Investment in joint ventures	- note 27.5	4,801	331
		<u>(195,814)</u>	<u>(476,263)</u>
27.4	Investments in associates		
Cost		4,965,022	3,386,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		2,747,655	3,149,669
Share of profit from associates - net of tax		429,866	303,973
Share of other comprehensive loss - net of tax		(200,615)	(476,594)
Bargain purchase gain		176,096	-
Impairment reversal / (loss)		291,469	(184,294)
Dividends received during the year		(169,898)	(45,099)
Closing balance		<u>3,274,573</u>	<u>2,747,655</u>
Balance as on December 31		<u>8,239,595</u>	<u>6,133,933</u>
27.4.1	Investments in equity instruments of associates - Quoted		
Tri-Pack Films Limited, Pakistan			
19,371,931 (2020: 12,933,333) fully paid ordinary shares of Rs 10 each			
Equity held 49.93% (2020: 33.33%)			
Market value - Rs 3,933.471 million (2020: Rs 2,105.029 million)	- note 27.4.1.2	4,149,998	1,831,036
IGI Holdings Limited, Pakistan			
15,033,041 (2020: 15,033,041) fully paid ordinary shares of Rs 10 each			
Equity held 10.54% (2020: 10.54%)			
Market value - Rs 2,309.526 million (2020: Rs 3,006.908 million)	- note 27.4.1.1	4,089,597	4,302,897
		<u>8,239,595</u>	<u>6,133,933</u>

27.4.1.1 The Group's investment in IGIHL is less than 20.00% but it is considered to be an associate as per the requirement of IAS 28, 'Investments in Associates' because the Group has significant influence over the financial and operating policies through representation on the board of directors of IGIHL. Consequently, following subsidiaries of IGIHL have also been considered as associates of the Group:

- IGI General Insurance Limited
- IGI Life Insurance Limited
- IGI Investments (Private) Limited
- IGI Finex Securities Limited

27.4.1.2 During the year ended December 31, 2021, the Parent Company entered into a Share Purchase Agreement ('Agreement') with Mitsubishi Corporation to purchase 7,500,000 shares of Tri-Pack Films Limited ('TPFL') representing a stake of 19.33% in the shareholding. However this transfer of shares was to be executed after satisfaction of certain pre-conditions mentioned in the Agreement. These conditions have not been met as of December 31, 2021.

The aforementioned Agreement came under the ambit of Listed Companies (Substantial Acquisition of Shares and Takeovers) Regulations, 2017 (the 'Regulations') as it exceeded the 50% boundary mentioned in the Regulations. Pursuant to these Regulations the Parent Company was bound to make a public offer to purchase shares of Tri-Pack from the public in accordance with the Regulations. Consequently on December 31, 2021 the Parent Company concluded the following transaction.

On December 31, 2021, the Parent Company acquired a further 6,438,598 shares from the general public following the conclusion of the public offer which represent 16.59% of shareholding in Tri-Pack Films Limited.

The consideration paid to acquire the shares was Rs 1,578.744 million against which the fair value of net assets acquired was Rs 1,754.821 million resulting in the bargain purchase gain of Rs 176.077 million.

Further, during the year, the Group reviewed the carrying amount of its investment in equity instruments of Tri-Pack Films Limited and its recoverability to determine whether there is an indication that the previously recorded impairment loss has decreased or ceased to exist. The events that indicated an increase in the recoverable amount of the equity instruments of TPFL were :

- Increase in the economic performance of Tri-Pack Films Limited; and
- Significant favourable changes in the economic conditions.

The recoverable amount of investment in Tri-Pack Films Limited has been determined based on 'fair value less costs of disposal'. The 'fair value less costs of disposal' has been worked out using income approach. As the recoverable amount of the investment worked out is higher than its carrying value, therefore, reversal of impairment loss has been recognized in these consolidated financial statements. The recoverable amount of the investment was determined to be higher than its carrying amount by Rs 15.05 per share and the carrying amount was accordingly increased by Rs 291.469 million which has been recognised as an income and included in 'Other income'.

27.5 Investment in joint ventures		2021	2020
		(Rupees in thousand)	
Cost		1,531,670	1,531,670
Post acquisition share of profit and reserves			
Opening balance		(1,038,179)	(1,075,910)
Share of profit from joint ventures - net of tax		67,330	37,400
Share of other comprehensive income from joint ventures - net of tax		4,801	331
Dividends received during the year		(17,886)	-
Closing balance		(983,934)	(1,038,179)
Balance as on December 31	- note 27.5.1	<u>547,736</u>	<u>493,491</u>
27.5.1 Investments in equity instruments of joint ventures - Unquoted			
Plastic Extrusions (Proprietary) Limited, South Africa			
500 (2020: 500) fully paid ordinary shares of ZAR 1 each	- note 27.5.1.1		
Equity held 50.00% (2020: 50.00%)		38,909	24,437
OmyaPack (Private) Limited, Pakistan			
49,500,000 (2020: 49,500,000) fully paid ordinary shares of Rs 10 each			
Equity held 50.00% (2020: 50.00%)		508,827	469,054
		<u>547,736</u>	<u>493,491</u>

27.5.1.1 Joint venture incorporated outside Pakistan

Plastic Extrusions Proprietary Limited

Basis of association	Joint Venture
Country of incorporation / jurisdiction	South Africa
Effective percentage of shareholding	31.75%
Company's shareholding	Through Flexible Packages Convertors (Proprietary) Limited
Amount of investment - foreign currency	USD 1.37 million
Amount of investment - local currency	Rs 10.799 million
Terms and conditions for which investment has been made	Unconditional equity investment
Litigations against the investee	None
Default / breach relating to foreign investment	None

28. Other long term investments

Quoted

Nestle Pakistan Limited

3,649,248 (2020: 3,649,248) fully paid ordinary shares of Rs 10 each
Equity held 8.05% (2020: 8.05%)
Cost - Rs 5,778.896 million (2020: Rs 5,778.896 million)

- notes 28.1 and 28.2

Unquoted

- note 28.3

Coca-Cola Beverages Pakistan Limited

500,000 (2020: 500,000) fully paid ordinary shares of Rs 10 each
Equity held 0.0185% (2020: 0.0185%)

Pakistan Tourism Development Corporation Limited

2,500 (2020: 2,500) fully paid ordinary shares of Rs 10 each

Orient Match Company (Private) Limited

1,900 (2020: 1,900) fully paid ordinary shares of Rs 100 each

	2021 (Rupees in thousand)	2020
Quoted		
Nestle Pakistan Limited		
3,649,248 (2020: 3,649,248) fully paid ordinary shares of Rs 10 each Equity held 8.05% (2020: 8.05%) Cost - Rs 5,778.896 million (2020: Rs 5,778.896 million)	20,893,732	24,322,274
Unquoted		
Coca-Cola Beverages Pakistan Limited		
500,000 (2020: 500,000) fully paid ordinary shares of Rs 10 each Equity held 0.0185% (2020: 0.0185%)	5,000	5,000
Pakistan Tourism Development Corporation Limited		
2,500 (2020: 2,500) fully paid ordinary shares of Rs 10 each	25	25
Orient Match Company (Private) Limited		
1,900 (2020: 1,900) fully paid ordinary shares of Rs 100 each	-	-
	5,025	5,025
	<u>20,898,757</u>	<u>24,327,299</u>

28.1 Nestle Pakistan Limited is an associated undertakings of the Group as per the Act. However, for the purpose of measurement, investments in others have been classified as held at FVOCI as referred to in note 4.12.3. Investments in associated companies have been made in accordance with the requirements under the Act.

28.2 As of December 31, 2021, an aggregate of 2,630,000 (2020: 1,600,000) shares of Nestle Pakistan Limited having market value of Rs 15,058,039 million (2020: 1,0664.016 million) have been pledged in favour of Habib Bank Limited and Allied Bank Limited.

Out of aggregate shares pledged 1,600,000 shares having a market value of Rs 9,160,784 million are pledged in favour of HBL Pakistan. Out of the shares pledged, 186,000 (2020: 182,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 22.1 (iv) and the remaining 1,418,000 shares (2020: 1,418,000) are pledged against the short term borrowings of the Group from HBL as referred to in note 19 and long term loans from HBL.

Out of aggregate shares pledged 1,030,000 shares having a market value of Rs 5,897,255 million are pledged in favour of Allied Bank Limited. Out of the shares pledged, 800,000 shares are pledged against the long term financing obtained to finance the acquisition of Tri-Pack Films Limited by the Parent Company and the remaining 230,000 are pledged against the long term financing obtained to finance equity investment in Starchpack (Private) Limited by the Parent Company as referred to in note 8 to these consolidated financial statements.

28.3 This represents investment in the ordinary shares of Coca-Cola Beverages Pakistan Limited (CCBPL) that is principally engaged in the production, distribution and sale of sparkling and still beverages. CCBPL is currently classified as a Level 3 financial asset and is measured at fair value on the reporting date using income approach. Fair value of investment in the ordinary shares of CCBPL has been determined at the reporting date however it was not recorded in these consolidated financial statements as the impact was immaterial.

		2021 (Rupees in thousand)	2020 (Rupees in thousand)
28.4	Cumulative fair value gain on FVOCI financial assets		
	Balance as at beginning of the year	20,337,367	25,391,540
	Changes in FVOCI	(3,428,541)	(5,054,173)
	Balance as at end of the year	<u>16,908,826</u>	<u>20,337,367</u>
29.	Long term loans		
	Loans to employees - considered good	780	992
	Current portion shown under current assets	(219)	(335)
		<u>561</u>	<u>657</u>

29.1 These represent interest free loans to employees for purchase of motor cycles and cycles and are repayable in monthly instalments over a period of 60 to 260 months. These long term loans have not been carried at amortised cost since the effect of discounting is immaterial in the context of these consolidated financial statements.

		2021 (Rupees in thousand)	2020 (Rupees in thousand)
30.	Stores and spares		
	Stores [including in transit Rs 97.689 million (2020: Rs 41.994 million)]	1,391,884	1,107,764
	Spares [including in transit Rs 51.569 million (2020: Rs 25.303 million)]	1,778,680	1,546,983
		3,170,564	2,654,747
	Provision for obsolete / slow-moving stores and spares	(158)	(475)
		<u>3,170,406</u>	<u>2,654,272</u>

30.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

30.2 The movement in provision for obsolete / slow-moving stores and spares during the year is as follows:

		2021 (Rupees in thousand)	2020 (Rupees in thousand)
	Balance as at January 1	475	15,882
	Reversal of provision for the year	(317)	(15,407)
	Balance as at December 31	<u>158</u>	<u>475</u>

31. Stock-in-trade

Raw materials [including in transit Rs 4,703.338 million (2020: Rs 1,2433.797 million)]	- note 31.1	13,422,223	7,423,866
Work-in-process	- note 31.2	1,707,221	1,212,575
Finished goods	- notes 31.3 & 31.4	5,714,539	4,685,109
Goods purchased for resale	- note 31.5	312,600	173,497
		21,156,583	13,495,047
Provision for obsolete / slow-moving stock-in-trade	- note 31.6	(84,712)	(78,116)
		<u>21,071,871</u>	<u>13,416,931</u>

31.1 Raw materials amounting to Rs 256.915 million (2020: Rs 153.375 million) are in the possession of various vendors of the Group for further processing into semi-finished and finished goods to be supplied to the Group.

31.2 Work-in-process amounting to Rs 13.154 million (2020: Rs 16.898 million) is in the possession of various vendors of the Group for further processing into other semi-finished and finished goods to be supplied to the Group.

31.3 Finished goods amounting to Rs 7.268 million (2020: Rs 0.899 million) are in the possession of various customers of the Group that are yet to be sold by the Group to these customers.

31.4 Finished goods with a cost of Rs 2,113.582 million (2020: Rs 1,254.755 million) are being valued at net realizable value ("NRV") of Rs 1,921.842 million (2020: 1,110.110 million).

31.5 Goods purchased for resale amounting to Rs 190.743 million (2020: Rs 100.862) are in the possession of third parties. Furthermore, goods purchased for resale costing Rs 34.707 million (2020: Rs 3.468 million) are carried at their NRV amounting to Rs 33.679 million (2020: Rs 0.299 million) and the resulting NRV write down expense amounting to Rs 1.028 million (2020: Rs 1.212 million) has been charged to cost of sales.

31.6 The movement in provision for obsolete / slow-moving stock-in-trade during the year is as follows:

		2021	2020
		(Rupees in thousand)	
Opening balance		78,116	94,583
Provision for the year	- note 38.1	43,316	40,309
Stocks written off against provision		(36,720)	(56,776)
Closing balance		84,712	78,116

32. Short term investments

These represent the investment in following Term Deposit Receipts (TDRs) of different financial institutions:

	2021	Profit rate	Maturity Date
	(Rupees in thousand)		
- TDR 1	90,000	7.12%	15-Jan-22
- TDR 2	20,000	7.12%	15-Jan-22
- TDR 3	40,000	7.50%	6-May-22
- TDR 4	85,000	8.50%	14-Mar-22
- TDR 5	50,000	7.50%	15-Apr-22
- TDR 6	66,000	6.75%	1-Apr-22
- TDR 7	500,000	11.84%	29-Jan-22
- TDR 8	300,000	9.40%	29-Jan-22
- TDR 9	800,000	11.84%	28-Jan-22
- TDR 10	20,000	8.60%	1-Mar-22
- TDR 11	280,000	8.60%	25-Feb-22
	2,251,000		

		2021	2020
		(Rupees in thousand)	
33.	Trade debts		
	Considered good		
	- Related parties - unsecured	- notes 33.1 and 33.4	99,286
	- Others	- note 33.2	7,785,098
			10,031,822
	Loss allowance	- note 33.3	(188,338)
			9,843,484
			7,586,305

33.1 Related parties - unsecured

Plastic Extrusions (Proprietary) Limited	76,464	21,555
Omya Pack (Private) Limited	843	-
Tri-Pack Films Limited	3,595	11,758
DIC Lanka (Private) Limited	3,410	-
Ceylon Tea Services Limited	-	3,276
Dilmah Ceylon Tea Company PLC	12,165	
SC Jhonson & Son Pakistan (Private) Limited	2,809	6,012
	99,286	42,601

33.1.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 76.465 million (2020: Rs 94.031 million).

33.2 Includes trade debts of Rs 210.67 million (2020: Rs 247.711 million) which are secured by way of inland letters of credit.

33.3 The reconciliation of loss allowance during the year is as follows:

		2021	2020
		(Rupees in thousand)	
	Opening balance	241,394	249,755
	Impairment loss recognised during the year	(54,123)	(8,312)
	Bad debts written off	-	(49)
	Exchange gain	1,067	-
	Closing balance	188,338	241,394

33.4 The aging analysis of trade receivables from related parties as at statement of financial position date is as follows:

		2021	2020
		(Rupees in thousand)	
	Neither past due nor impaired	15,032	29,870
	Past due but not impaired:		
	Up to 90 days	80,843	10,339
	90 to 180 days	3,411	2,392
	181 to 365 days	-	-
		84,254	12,731
		99,286	42,601

34. Loans, advances, deposits, prepayments and other receivables		2021	2020
		(Rupees in thousand)	
Current portion of loans to employees	- note 29	219	335
Advances			
- To employees	- note 34.1	8,394	3,548
- To suppliers		108,280	108,995
		116,674	112,543
	- notes 34.2		
Due from related parties - unsecured	and 34.3	57,360	43,893
Deposits with bank	- note 34.4	-	90,000
Trade deposits		188,657	78,534
Profit receivable on deposits		7,612	10,924
Security deposits		6,025	22,701
Prepayments	- note 34.5	380,266	144,707
Balances with statutory authorities			
- Customs duty		152,079	82,729
- South African Revenue Service - VAT (Sales tax recoverable)		5,419	-
	- notes 34.6, 34.7, 34.8		
- Sales tax recoverable	34.9 and 34.10	829,734	378,635
		987,232	461,364
Other receivables	- note 34.11	548,660	323,231
		2,292,705	1,288,232

34.1 Included in advances to employees are amounts due from executives of Rs 1.756 million (2020: Rs 0.321 million).

34.2 Due from related parties - unsecured		2021	2020
		(Rupees in thousand)	
Omya Pack (Private) Limited		28,842	9,689
IGI Finex Securities Limited		28	-
IGI Holdings Limited		-	2,945
IGI General Insurance Limited		2,528	3,379
IGI Investments (Private) Limited		-	4,906
PT DIC Graphics		676	-
IGI Life Insurance Limited		17,035	18,436
Tri-Pack Films Limited		7,501	4,086
Packages Foundation		750	452
		57,360	43,893

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

34.3 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 59.762 million (2020: Rs 69.004 million).

34.4 This represented the amount held as 100% cash margin against letter of guarantee facility from a commercial bank being availed by the Group.

34.5 Prepayments include Rs 30.096 million (2020: Rs 3.322 million) made to IGI Life Insurance Limited, a related party (associate).

34.6 The Deputy Commissioner Inland Revenue ('DCIR') through order dated June 24, 2015 alleged that in respect of tax periods from 2008 to 2012, the Group had incorrectly adjusted input sales tax credit amounting to Rs 146.107 million on purchases of raw materials from certain suppliers who were subsequently blacklisted / suspended and disallowed the same along with levy of default surcharge and penalty thereon with the total demand aggregating to Rs 292.214 million. In 2016, the taxation authorities adjusted an amount of Rs 292.214 million from income tax refunds of the Group against the said demand.

However, the Appellate Tribunal Inland Revenue ('ATIR'), through order dated August 28, 2017, has decided the case in favour of the Group. The Group has filed an application before the respective authorities to give effect to the order, the outcome of which is still pending. The tax authorities have filed an appeal in High Court of Sindh in the year 2018 against the decision of the ATIR and the case is pending adjudication. Since the case has been decided in the Group's favour on merits by ATIR, no provision for the above amount of Rs 292.214 has been made in these consolidated financial statements. The Case is pending before Sindh High Court.

34.7 The sales tax authorities have raised various demands aggregating to Rs 49.820 million against the Group for the tax periods from 2011 to 2016 that primarily pertain to disallowance of input sales tax on certain payments and alleged default on charging of output sales tax on certain goods delivered and services rendered by the Group. During the previous years, the Group made aggregate advance payments amounting to Rs 41.980 million against such demands. While the Group's appeals in this respect are presently pending adjudication at the CIR(A), ATIR and High Court of Sindh, the Group has not made any provision against the above demands nor the advance payments as the management is confident that the ultimate outcome of the appeals would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and legal counsel and the relevant law and facts.

34.8 In respect of tax periods from 2014 to 2016, the Additional Commissioner, Punjab Revenue Authority, through his order dated August 8, 2018 has created a demand of Rs 757.841 million against the Group in respect of alleged default on withholding of Punjab Sales Tax on various heads of accounts along with penalty thereon. The Group has filed an appeal against the above order with the Commissioner (Appeals) on December 13, 2018, the outcome of which is still pending. The appeal against the impugned order has been filed on the basis of following major grounds:

- the relevant section of the Punjab Sales Tax on Services Act, 2012 has been wrongly applied retrospectively to the alleged period of default;
- the heads of accounts include multiple line items on which Punjab Sales Tax is not applicable; and
- it has been wrongly assumed that all the expenses disclosed in the consolidated financial statements under the identified heads have actually been paid during the said tax periods.

In 2019, Commissioner (Appeals) ordered an inquiry under section 64(5) of The Punjab Sales Tax on Services Act, 2012 which was conducted by Additional Commissioner Enforcement-III and the inquiry report was submitted to Commissioner (Appeals) on May 27, 2019 whereby the demand was reduced to Rs 457.570 million upon verification of the documents provided by the Group. The final outcome of the appeal is still awaited.

The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

34.9 In respect of tax period from January 2016 to December 2016, the Deputy Commissioner Inland Revenue, Federal Board of Revenue, through his order dated December 28, 2018 has created a demand of Rs 493.391 million in respect of disallowance of input tax claimed by the Group, alleged default on charging of output sales tax and default on withholding of General Sales Tax along with penalty thereon. The Group appealed against the assessment order in the office of CIR(A) and the CIR(A) remanded back the case to DCIR. The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the order would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

34.10 In respect of the tax periods July 2017 to June 2018, the Deputy Commissioner Inland Revenue ['DCIR'], Unit-3, Audit-III, Large Taxpayers Office, through order dated October 28, 2020 raised an additional sales tax demand of Rs 239.48 million (2020: Rs 239.48 million) along with default surcharge and penalty. The sales tax demand primarily pertains to disallowance of input tax claimed by the Group's subsidiary BSPPL. The matter was appealed by the Group before the Commissioner Inland Revenue (Appeals) which is currently pending adjudication. The management, in consultation with their legal advisor, is of the view that these sales tax matters will eventually be decided in the favour of BSPPL; therefore no provision has been made in these consolidated financial statements.

34.11 Other receivables include Rs 0.0315 million (2020: Rs 1.9 million) in respect of claim receivable for shredder machinery destroyed in fire from IGI General Insurance Limited, associate of the Parent Company. It is neither past due, nor impaired.

		2021	2020	
		(Rupees in thousand)		
35.	Income tax receivable			
	Income tax refundable	- note 35.1	4,659,564	4,710,962
	Income tax recoverable	- note 35.2	36,013	36,013
			<u>4,695,577</u>	<u>4,746,975</u>

35.1 In 1987, the then Income Tax Officer ('ITO') re-opened the Parent Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Parent Company under section 107 of the repealed Income Tax Ordinance, 1979. The tax credit amounting to Rs 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Parent Company's undertaking which did not qualify for tax credit under this section in view of the Parent Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years.

The Group filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) ['CIT(A)'], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal ('ITAT'). The ITAT has, in its order issued in 1996, maintained the order of CIT(A). The assessing officer, after the receipt of the appellate order passed by CIT(A), issued notices under section 65 of the repealed Income Tax Ordinance, 1979 for reopening of the assessments for said tax years. The Group filed a writ petition for setting aside the aforesaid notices with the High Court of Sindh in 2011, the outcome of which is still pending.

The amount recoverable of Rs 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The Group has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the writ petition would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

35.2 In respect of tax year 2007 the department rejected the Parent Company's claim for interest / additional payment for delayed refunds for the tax years from 1983-84 to 2003 amounting to Rs 64.616 million and adjusted the Parent Company's tax liability for the said year accordingly. The Group being aggrieved of the said order filed an appeal with CIR(A). CIR(A) through his order dated January 26, 2009 maintained the rejection. An appeal against the said order was filed by the Group with ATIR. ATIR through its order dated February 23, 2010 maintained the rejection. The Group has now filed an appeal in the High Court of Sindh against ATIR's order on June 28, 2010, the outcome of which is still pending. However, the Group has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advices of the tax consultant and legal counsel, the relevant law and facts.

35.3 In respect of tax year 2014, the department, against taxable loss of Rs 706.039 million as per return filed by the Parent Company, assessed a taxable income of Rs 2,614.710 million and amended the deemed order for the year raising a tax demand of Rs 606.328 million. In this order, among other issues, the income tax department did not accept the Group's contention for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred.

Further, certain other disallowances inter alia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs 1,200 million, were also made by the department in respect of previous tax years.

The Group being aggrieved of this order filed an appeal before the CIR(A). CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Group except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirement benefits on accrual basis thereby reducing the tax refundable claimed by the Parent Company from Rs 352.953 million to Rs 273.986 million. The Group has filed an appeal against the above order before ATIR on May 4, 2018, the outcome of which is still pending. The Group has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

35.4 In respect of tax year 2016, the department, against taxable income of Rs 1,157.926 million as per return filed by the Parent Company, assessed a taxable income of Rs 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs 464.187 million. The Group being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Group except the allowability of provision for workers' profit participation fund on payment rather than accrual basis and remanded back credit for minimum tax thereby reducing the tax demand to Rs 86.864 million. The Group has filed an appeal against the above order before ATIR on January 9, 2018, the outcome of which is still pending. The Group has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

35.5 In respect of tax year 2016, the Department of Inland Revenue Services (the 'department') has by an order dated April 30, 2018, against a taxable loss of Rs. 3,309.505 million as per return filed by the BSPPL, assessed a taxable income of Rs. 773.450 million and amended the deemed order for the year raising a tax demand of Rs 89.824 million. In this order, among other issues, the department disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million against the taxable income of the said year on the grounds that the contention of the Parent Company in respect of tax year 2014 for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001 has been rejected in the assessment order dated May 28, 2016 passed by the department for the Parent Company, thereby taxing such transfer as capital gain on the value of assets transferred. The Group has filed an appeal against the above order before the ATIR on May 4, 2018, the outcome of which is still pending.

Further, certain other disallowances were made by the department inter alia including refund adjustment pertaining to tax year 2014 of Rs 141.323 million claimed by BSPPL, on the grounds that return of income for the tax year 2014 was amended by the department via an order dated February 28, 2017, thereby eliminating the amount of tax refundable claimed by BSPPL for the tax year 2014.

The Group being aggrieved of the order dated April 30, 2018 filed the appeal before CIR(A). CIR(A), through order dated July 6, 2018, has accepted some contentions of the Group, remanded back few contentions to the department, disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million and disallowed the refund adjustment pertaining to tax year 2014 of Rs 141.324 million. The Group has filed an appeal dated August 7, 2018 before Appellate Tribunal Inland Revenue against the CIR(A)'s disallowances and has not made any provision against the above disallowances as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultants of the Group and the relevant law and the facts.

		2021	2020
		(Rupees in thousand)	
36.	Cash and bank balances		
At banks:			
- On deposit accounts [including ZAR NIL (2020: ZAR 318,264)]	- note 36.1	-	783
- On savings accounts	- note 36.2	686,062	236,243
- On current accounts	- note 36.3	312,242	392,504
		998,304	629,530
In hand [including USD 2,693 (2020: USD 2,602) EURO Nil (2020: 11,035)]			
		9,846	8,813
		1,008,150	638,343

36.1 The balances in saving accounts bear mark-up which ranges from 5.5% to 7.75% (2020: 5.50 % to 11.25%) per annum.

36.2 Included in these are restricted funds of Rs 7.348 million (2020: Rs 8.693 million) in respect of deposits that are repayable on demand.

36.3 Included in these are total restricted funds of Rs 1.332 million (2020: Rs 1.332 million) held as payable to TFC holders.

		2021	2020
		(Rupees in thousand)	
37.	Revenue		
The Group derives the following types of revenue:			
Sale of goods	- note 37.1	76,871,949	62,321,192
Services	- note 37.2	3,450,348	2,660,291
		80,322,297	64,981,483
37.1	Sale of goods		
Local sales			
- Own manufactured		89,219,713	71,199,783
- Purchased for resale		265,362	660,466
		89,485,075	71,860,249
Export sales			
		1,038,025	592,798
		90,523,100	72,453,047
- Sales tax		(12,766,724)	(9,566,961)
- Trade discount		(671,000)	(554,087)
- Commission		(213,427)	(10,807)
		(13,651,151)	(10,131,855)
		76,871,949	62,321,192
37.2	Services		
License fee	- note 37.2.1	2,230,710	1,577,338
Service and management charges	- note 37.2.2	933,419	844,801
Advertisements and parking income	- note 37.2.3	286,219	238,152
		3,450,348	2,660,291

		2021	2020
		(Rupees in thousand)	
37.2.1	The future aggregate minimum rentals / license receivable under non-cancellable operating leases are as follows:		
	- Not later than one year	1,075,667	2,136,802
	- Later than one year and not later than five years	1,074,523	3,100,771
		<u>2,150,190</u>	<u>5,237,573</u>

37.2.2 It includes Rs 933.42 million (2020: Rs 844.801 million) chargeable to sales tax and it is exclusive of sales tax of Rs 154.24 million (2020: Rs 143.616 million).

37.2.3 This is net of waivers of Rs 197.03 million to tenants due to COVID-19. Variable license fee recognized during the year as income was Rs 127.04 million (2020: Rs 83.432 million). License fee also includes Rs 34.19 million (2020: Rs 33.394 million) in respect of amortisation of deferred income.

38. Cost of sales and services		2021	2020
		(Rupees in thousand)	
Cost of sales - own manufactured	- note 38.1	61,153,312	49,589,897
Cost of sales - purchased for resale	- note 38.2	544,633	420,571
Cost of services	- note 38.3	1,914,879	1,728,252
		<u>63,612,824</u>	<u>51,738,720</u>

38.1 Cost of sales - own manufactured

Materials consumed		42,201,482	32,815,585
Salaries, wages and amenities	- notes 38.1.1 and 38.1.2	4,793,788	4,325,225
Travelling and conveyance		85,467	79,666
Fuel and power		6,873,630	4,979,876
Production supplies consumed		1,822,429	1,408,497
Rent, rates and taxes		25,341	119,271
Insurance		227,126	195,765
Repairs and maintenance		1,429,153	1,134,774
Packing expenses		1,035,010	946,076
Depreciation on operating fixed assets	- note 23.1.5	2,948,157	2,764,933
Depreciation charged on major spare parts		6,201	-
Depreciation on right-of-use assets	- note 24.1	49,091	38,153
Amortisation of intangible assets	- note 26.2	17,809	15,548
Safety equipment		43,361	28,268
Technical fee and royalty	- note 38.1.3	153,522	119,143
Provision for obsolete / slow-moving stock-in-trade	- note 31.3	43,316	40,309
Material handling charges		287,142	189,919
Medical expenses		51,177	41,732
Other expenses		556,992	625,197
		<u>62,650,194</u>	<u>49,867,937</u>
Opening work-in-process		1,212,575	1,197,511
Closing work-in-process		(1,073,285)	(1,212,575)
Cost of goods manufactured	- note 38.1.4	<u>62,789,484</u>	<u>49,852,873</u>
Opening stock of finished goods		4,677,644	4,414,668
		<u>67,467,128</u>	<u>54,267,541</u>
Closing stock of finished goods		(6,313,816)	(4,677,644)
		<u>61,153,312</u>	<u>49,589,897</u>

38.1.1 Salaries, wages and amenities include Rs 241.694 million (2020 : Rs 224.578 million) in respect of retirement benefits.

38.1.2 Salaries, wages and amenities include Rs 1,076.670 million (2020: Rs 162.828 million) in respect of services rendered by manpower contractors during the year.

38.1.3 This represents royalty charged by a related party, DIC Corporation, Japan (having its registered office at DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan).

38.1.4 Cost of goods manufactured includes an amount of Rs 5,101.361 million (2020: Rs 2,550.653 million) for stores and spares consumed. It also include amounts of Rs 162.357million (2020: Rs 156.541 million), Rs 15.814 million (2020: Rs 33.742 million) and Rs 55.671 million (2020: Rs 46.047 million) for raw material, stores and spares and finished goods written off respectively.

	2021	2020
	(Rupees in thousand)	
38.2	Cost of sales - purchased for resale	
Purchases	683,736	462,626
Opening stock of goods purchased for resale	173,497	131,442
Closing stock of goods purchased for resale	(312,600)	(173,497)
	544,633	420,571
38.3	Cost of services	
Salaries, wages and benefits	88,236	119,941
Depreciation on investment properties	847,947	844,578
Depreciation on right-of-use assets	38,102	38,102
Fuel and power	420,937	347,320
Rent, rates and taxes	200,078	139,860
Insurance	34,799	35,342
Consultancy	4,372	2,085
Mall operating expenses	280,408	201,024
	1,914,879	1,728,252

38.3.1 Salaries, wages and benefits include Rs 0.93 million (2020: Rs 1.808 million) in respect of accumulated compensated absences. It also include expense charged in respect of gratuity of Rs 1.07 million (2020: Rs 5.508 million)

		2021	2020
		(Rupees in thousand)	
39.	Administrative expenses		
Salaries, wages and amenities	- notes 39.1 and 39.2	1,411,029	1,314,091
Travelling and conveyance		86,027	41,519
Rent, rates and taxes		174,456	86,933
Insurance		40,075	44,033
Printing, stationery and periodicals		41,226	28,513
Postage, telephone and telex		42,292	37,898
Medical expenses		5,904	6,049
Entertainment expenses		1,178	3,710
Motor vehicles running		21,663	19,214
Computer charges		90,735	81,037
Training expenses		770	306
Professional services	- note 39.3	214,347	240,068
Consultancy and transaction advisory fee		155,695	45
Repairs and maintenance		52,961	54,748
Depreciation on operating fixed assets	- note 23.1.5	156,682	117,673
Depreciation on right-of-use assets	- note 24.1	62,141	69,787
Amortisation of intangible assets	- note 26.2	11,685	15,660
Depreciation on investment properties	- note 25.1.1	2,285	-
Security services		-	5,582
Other expenses		295,351	253,317
	- note 39.4	<u>2,866,502</u>	<u>2,420,183</u>

39.1 Salaries, wages and amenities include Rs 144.833 million (2020 : Rs 133,014 million) in respect of retirement benefits.

39.2 Salaries, wages and amenities include Rs 183.435 million (2020: 84.66 million) in respect of services rendered by manpower contractors during the year.

		2021	2020
		(Rupees in thousand)	
39.3	Professional services		
The charges for professional services include the following in respect of auditors' services (excluding sales tax) for:			
Statutory audit		25,801	14,009
Statutory report certification		210	-
Half yearly review		4,630	3,731
Tax services		21,781	16,776
Reporting to group auditors		702	-
Advisory services		-	16,201
Special assignment		1,192	-
Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges		-	1,663
Out of pocket expenses		3,532	2,489
		<u>57,848</u>	<u>54,869</u>

39.4 Administrative expenses include Rs 110.110 million (2020: Rs 113.9 million) for stores and spares consumed.

		2021	2020
		(Rupees in thousand)	
40.	Distribution and marketing costs		
Salaries, wages and amenities	- notes 40.1 and 40.2	943,734	874,442
Travelling and conveyance		77,412	67,846
Rent, rates and taxes		13,105	12,848
Freight and distribution		1,048,514	859,646
Insurance		58,135	52,989
Electricity		-	1,073
Postage, telephone and telex		217	369
Advertisement and sales promotion		547,520	496,732
Depreciation on operating fixed assets	- note 23.1.5	60,826	72,402
Amortisation on intangible assets	- note 26.2	2,025	1,934
Depreciation on right-of-use assets	- note 24.1	8,729	13,156
Repairs and maintenance		-	94
Consultancy		-	100
Bad debts written off		3,453	-
Other expenses		150,170	237,139
	- note 40.3	2,913,840	2,690,770

40.1 Salaries, wages and amenities include Rs 50.681 million (2020 : Rs 55.172 million) in respect of retirement benefits.

40.2 Salaries, wages and amenities include Rs 74.129 million (2020: Rs 30.47 million) in respect of labour contractors for services rendered during the year.

40.3 Distribution and marketing costs include Rs 7.570 million (2020: Rs 12.3 million) for stores and spares consumed.

		2021	2020
		(Rupees in thousand)	
41.	Other expenses		
Worker's profit participation fund	- note 20.8	446,820	226,147
Workers' welfare fund	- note 20.9	170,868	99,667
Impairment on investments	- note 27.4.1	-	184,294
Advance written off		1,077	-
Loss on disposal of operating fixed assets		9,435	-
Capital expenditure written off		4,136	41,805
Exchange loss - net		463,958	301,108
Impairment of property, plant and equipment		-	6,970
Donations	- note 41.1	181,260	119,051
		1,277,554	979,042

41.1 The Parent Company made a donation of Rs 28.195 million (2020: Rs 22.001 million) to its related party, Packages Foundation. Following is the interest of Directors of the Parent Company in the donee during the year:

Name of donee	Director of the Parent Company	Interest in donee
Packages Foundation	Syed Hyder Ali (Chief Executive Officer)	Trustee
	Towfiq Habib Chinoy	Trustee
	Syed Aslam Mehdi	Trustee

No other directors and their spouses had any interest in the donee during the year.

42. Other income	2021 2020 (Rupees in thousand)		
	Income on bank deposits	86,387	22,781
Reversal of impairment on property, plant and equipment	130,000	-	
Rental income from investment properties	26,763	88,199	
Profit on disposal of operating fixed assets	-	24,885	
Service fees	-	7,339	
Scrap sales	36,701	28,697	
Liabilities, no longer payable, written back	54,265	105,810	
Management and technical fee	45,272	18,429	
Amortization of deferred government grant	- note 13	71,920	26,156
Amortization of deferred income	- note 12	65,660	15,736
Reversal of impairment on associate accounted for using equity method	- note 27	291,469	-
Discounting adjustment on long term advances	- note 15	20,125	5,032
Rebate income	-	-	8,680
Others	-	28,642	48,974
		<u>857,204</u>	<u>400,718</u>

43. Finance cost			
Interest and mark-up including commitment charges on			
- Long term finances			
- Local currency	- note 43.1	1,282,478	1,846,204
- Foreign currency		105,014	123,330
- Short term borrowings - secured		797,028	1,106,782
- Loan from shareholder of Parent Company	- note 9	89,893	35,877
- Lease liabilities	- note 10	45,633	61,452
Return on preference shares / convertible stock	- note 8.25	155,550	155,550
Interest on security deposits	- note 11	37,375	33,835
Unwinding of finance cost on long term advances	- note 15	9,553	16,193
Commission on guarantees		-	13,575
Bank charges		66,276	63,111
		<u>2,588,800</u>	<u>3,455,909</u>

43.1 This includes an amount of Rs 46.786 million (2020: Rs 62.267 million) as annual commitment fee on the undisbursed amount of facility availed from International Finance Corporation ('IFC').

44. This represents dividend income from other long term investments as referred to in note 28.

		2021	2020
		(Rupees in thousand)	
45.	Taxation		
Current			
- Current year	- note 45.1	1,783,225	1,165,224
- Prior years		(77,542)	(13,854)
		1,705,683	1,151,370
Deferred			
	-note 14	751,116	(602,617)
		2,456,799	548,753

45.1 As explained in note 4.1, the Parent Company's provision for taxation (current and deferred) is based on the consolidated results of the Group. The Group taxation has resulted in a reduction of Rs 515.118 million (2020: Rs 206.747 million) in the tax expense of the Parent Company for the year.

		2021	2020
		% age	
Numerical reconciliation between the average effective tax rate and the applicable tax rate			
Applicable tax rate		29.00	29.00
Tax effect of amounts that are:			
- Associates and joint ventures results reported net of tax		0.60	10.50
- Not deductible for tax purposes		6.85	-
- Deductible for tax purposes		-	2.84
- Exempt for tax purposes		(0.22)	(1.66)
- Chargeable to tax at different rates		-	(2.93)
Effect of change in prior years' tax		(0.72)	(0.25)
Group taxation as explained in note 4.2		(4.85)	(3.38)
Effect of changes in tax rate		(2.04)	-
Adjustments of brought forward losses		(0.07)	0.12
Deductible temporary differences in respect of which no deferred tax asset has been recognised		0.83	1.10
Tax effect under presumptive tax regime and others		0.05	0.44
Tax credits and losses recognised during the year		(0.07)	(9.42)
Tax effect of impairment reversal in respect of which no deferred tax asset has been recognised		(2.54)	-
Deferred tax asset not recognized		(0.02)	(0.43)
Temporary differences in respect of foreign subsidiaries		0.57	-
Tax calculated at domestic rates		(0.86)	-
Minimum tax		0.15	0.41
Effect of allowance against property income		(0.66)	(1.23)
Unrecognised minimum tax recognised during the year		-	(2.03)
Investment tax credit		-	(12.29)
		(3.00)	(18.21)
Average effective tax rate charged to consolidated statement of profit or loss		26.00	10.79

46. Remuneration of Chief Executive, Directors and Executives

46.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive and Non-Executive Directors of the Parent Company and Executives of the Group are as follows:

	Chief Executive		Executive Director		Non-Executive Directors		Executives	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	9,448	38,451	1,953	17,350	-	-	414,644	649,423
Housing	8,911	19,735	584	5,681	-	-	143,395	175,319
Utilities	1,872	4,673	130	1,262	-	-	31,669	37,782
Bonus and incentives	27,903	36,206	379	9,966	-	-	298,642	384,412
Leave passage	776	3,148	-	637	-	-	12,319	16,125
Reimbursement of medical expenses	10,865	9,836	36	111	-	-	13,057	16,677
Directors' meeting fees	-	-	-	-	5,875	6,396	20	-
Technical fees	-	-	-	-	-	855	-	-
Other allowances and expenses	-	81	430	-	-	-	50,200	42,498
	5,298	-	-	-	-	-	-	-
	65,073	112,130	3,512	35,007	5,875	7,251	963,946	1,322,236
Post employment benefits								
Contribution to provident, gratuity and pension funds	3,200	12,995	-	1,452	-	-	78,173	91,184
	68,273	125,125	3,512	36,459	5,875	7,251	1,042,119	1,413,420
Number of persons	1	1	1	1	5	8	120	199

46.2 The Group also provides the Chief Executive and some of the directors and executives with Group maintained cars, free transport and utilities.

46.3 Premium charged in the consolidated financial statements in respect of directors' indemnity insurance policy, purchased by the Group during the year, amounted to Rs 0.715 million (2020: Rs 0.753 million).

47. Transactions with related parties

The related parties includes the joint ventures, investor, group companies, associates, directors, key management personnel, staff retirement plans and other related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 46. Significant related party transactions have been disclosed in respective notes in these consolidated financial statements, other than the following:

Relationship with the Group	Nature of transactions	2021	2020
		(Rupees in thousand)	
i. Joint ventures	Purchase of goods and services	443,075	359,317
	Sale of goods and services	436,577	283,586
	Rental income	4,608	4,338
	Dividend income	12,375	-
ii. Associates	Purchase of goods and services	2,304,087	2,224,460
	Sale of goods and services	45,539	20,316
	Dividend income	30,936	45,099
	Rental and other income	169,898	25,896
	Insurance claims	116,828	116,828
	Commission earned	25,637	-
	Insurance Premium	549,922	523,138
	Management and technical fee	21,270	-
	Dividend paid	600,912	327,986
iii. Other related parties	Purchase of goods and services	1,356,162	949,870
	Sale of goods and services	237,439	176,388
	Commission earned	744	994
	Repayment of loan	-	-
	Commission expense	448	1,680
	Royalty and technical fee - expense	71,587	68,993
	Dividend paid	129,808	96,784
	Donations	52,273	22,002
	Rental and other income	1,912	2,480
iv. Retirement funds	Expense charged in respect of retirement plans	355,613	185,967
	Dividend paid	63,730	33,989
v. Key management personnel	Salaries and other employee benefits- note 47.1	407,851	271,779
	Dividend paid	60,265	30,832

47.1 This represents remuneration of the Chief Executive, executive director and some of the executives that are included in the remuneration disclosed in note 46 to these consolidated financial statements.

All transactions with related parties have been carried out on mutually agreed terms and conditions.

There are no transactions with key management personnel other than under the terms of employment.

47.2 The related parties with whom the Group had entered into transactions or had arrangements/agreements in place during the year have been disclosed below along with their basis of relationship:

Name	Basis of relationship	Aggregate % of shareholding in the Parent Company
DIC Asia Pacific Pte Limited	Group company	N/A
DIC Corporation Japan	Group company	N/A
Tetra Pak Pakistan Limited	Group company	N/A
PT Pardic Jaya Chemicals, Indonesia	Group company	N/A
DIC Malaysia SDN. BHD	Group company	N/A
DIC India Limited	Group company	N/A
DIC Graphics (Thailand) Company Limited	Group company	N/A
DIC Australia Pty Limited	Group company	N/A
PT DIC Graphics	Group company	N/A
DIC Lanka (Private) Limited	Group company	N/A
Tri-Pack Films Limited	Associate	N/A
IGI Life Insurance Limited	Associate	N/A
IGI Insurance Limited	Associate	N/A
Omya Pack(Private) Limited	Joint venture	N/A
IGI Holding (Private) Limited	Associate	N/A
IGI Finex Securities Limited	Associate	N/A
IGI General Insurance Limited	Associate	N/A
IGI Investments (Private) Limited	Associate	29.88%
Packages Limited Employees Gratuity Fund	Post Employment Benefit Plan	0.12%
Packages Limited Management Staff Pension Fund	Post Employment Benefit Plan	0.74%
Packages Limited Employees Provident Fund	Post Employment Benefit Plan	2.31%
Packages Foundation	Common directorship	N/A
Babar Ali Foundation	Common directorship	7.49%
Syed Maratib Ali Trust	Common directorship	N/A
S.C. Johnson & Son of Pakistan (Private) Limited	Group company	N/A
Benda Lutz	Group company	N/A
Ceylon Tea Services Limited	Group company	N/A
DIC Graphics Corporation	Group company	N/A
DIC Performance Resins Gmbh	Group company	N/A
DIC Philippines, Inc.	Group company	N/A
Sun Chemical AB	Group company	N/A
Sun Chemical AG	Group company	N/A
Sun Chemical N.V/S.A	Group company	N/A
Sun Chemical S.P.A	Group company	N/A
Sun Chemical SA	Group company	N/A
Syed Hyder Ali	Chief Executive Officer	2.94%
Towfiq Habib Chinoy	Director	0.11%
Tariq Iqbal Khan	Director	0.01%
Asghar Abbas	Ex- Director	N/A
Syed Aslam Mehdi	Executive Director	0.01%
Syed Shahid Ali	Director	0.17%
Josef Meinred Moeller	Director	0.00%
Imran Khalid Niazi	Director	0.00%
Hasan Askari	Director	0.00%
Saba Kamal	Director	0.00%
Irfan Mustafa	Director	0.00%
Atif Bajwa	Ex- Director	N/A
Shamim Ahmad Khan	Ex- Director	N/A
Syed Asim Shamim	Key Management Personnel	N/A
Numan Noor	Key Management Personnel	N/A
Aftab Ahmad Khan	Key Management Personnel	N/A
Khurram Raza Bakhtayari	Key Management Personnel	N/A
Shaheen Sadiq	Key Management Personnel	N/A
Muhammad Afzal (Ex-employee)	Key Management Personnel	N/A
Hassan Tariq (Ex-employee)	Key Management Personnel	N/A
Waqas Munir	Key Management Personnel	N/A
Syed Zeeshan Ali	Key Management Personnel	N/A

48. Capacity and production - tones

	Capacity		Actual production	
	2021	2020	2021	2020
Paper and paperboard produced	306,400	281,400	247,400	231,039
Paper and paperboard converted	59,979	56,760	43,399	20,326
Plastics all sorts converted	32,000	32,200	22,913	11,085
Inks produced	16,102	13,275	10,168	9,650
Flexible packaging material - meters '000'	231,428	139,684	118,147	69,535
Corrugator	96,000	96,000	94,155	91,069

The variance of actual production from capacity is primarily on account of production planned as per market demand.

49. Number of employees

Total number of employees as at December 31

Average number of employees during the year

	2021	2020
Total number of employees as at December 31	3,271	3,228
Average number of employees during the year	3,294	3,315

50. Rates of exchange

Liabilities in foreign currencies have been translated into PKR at USD 0.5611 (2020: USD 0.6219), EURO 0.4957 (2020: EURO 0.5059), CHF 0.5127 (2020: CHF 0.5484), SEK 11.059 (2020: SEK 5.0710), GBP 0.4151 (2020: GBP 0.4567), SGD 0.762 (2020: SGD 0.8221), YEN 64.825 (2020: YEN 64.1519), LKR 114.986 (2020:116.2791) and ZAR 9.042 (2020: 9.1205) equal to Rs 100. Assets in foreign currencies have been translated into PKR at USD 0.5632 (2020: USD 0.6458) and LKR 121.470 (2020: 117.6471) equal to Rs 100.

51. Cash flow information**51.1 Cash generated from operations**

Profit before tax

Adjustments for:

- Depreciation on operating fixed assets
- Depreciation on right-of-use assets
- Depreciation on investment properties
- Depreciation charged on major spare parts
- Discounting adjustment on long term advances
- Reversal / recognition of impairment - associates
- Impairment of property, plant and equipment
- Amortisation on intangible assets
- Amortisation of deferred income
- Amortisation of deferred government grant
- Provision for accumulating compensated absences
- Provision for retirement benefits
- Reversal of impairment losses on financial assets
- Exchange adjustments - net
- Profit on disposal of operating fixed assets
- Loss on disposal of operating fixed assets
- Liabilities no longer payable written back
- Unwinding of finance cost of present value
- Interest cost on lease liability
- Reversal of provision for obsolete / slow-moving stores and spares
- Provision for obsolete / slow-moving stock-in-trade
- Finance cost
- Dividend income
- Share of profit of investments accounted for under equity method - net of tax

Profit before working capital changes

Effect on cash flow due to working capital changes:

- Increase in stores and spares
- Increase in stock-in-trade
- Increase in trade debts
- Decrease/ (increase) in loans, advances, deposits, prepayments and other receivables
- Increase in rental security deposits
- Increase in trade and other payables

	2021 (Rupees in thousand)	2020
Profit before tax	9,606,950	5,084,456
Adjustments for:		
- Depreciation on operating fixed assets	3,165,665	2,955,008
- Depreciation on right-of-use assets	158,063	159,198
- Depreciation on investment properties	850,232	844,578
- Depreciation charged on major spare parts	6,201	
- Discounting adjustment on long term advances	(20,125)	(5,032)
- Reversal / recognition of impairment - associates	(291,469)	184,294
- Impairment of property, plant and equipment	-	6,970
- Amortisation on intangible assets	31,519	33,142
- Amortisation of deferred income	(57,342)	(15,736)
- Amortisation of deferred government grant	(71,920)	(26,156)
- Provision for accumulating compensated absences	55,924	62,408
- Provision for retirement benefits	157,047	170,258
- Reversal of impairment losses on financial assets	(75,038)	(7,372)
- Exchange adjustments - net	459,612	301,108
- Profit on disposal of operating fixed assets	-	(24,885)
- Loss on disposal of operating fixed assets	9,435	-
- Liabilities no longer payable written back	(54,265)	(105,810)
- Unwinding of finance cost of present value	9,553	-
- Interest cost on lease liability	45,633	-
- Reversal of provision for obsolete / slow-moving stores and spares	-	41,805
- Provision for obsolete / slow-moving stock-in-trade	(317)	(15,407)
- Finance cost	43,316	40,309
- Dividend income	2,588,800	3,455,909
- Share of profit of investments accounted for under equity method - net of tax	(934,592)	(639,298)
	(677,339)	(340,210)
Profit before working capital changes	15,005,543	12,159,538
Effect on cash flow due to working capital changes:		
- Increase in stores and spares	(515,817)	(306,211)
- Increase in stock-in-trade	(7,698,256)	(2,425,729)
- Increase in trade debts	(2,182,141)	(550)
- Decrease/ (increase) in loans, advances, deposits, prepayments and other receivables	(1,004,474)	359,717
- Increase in rental security deposits	67,567	271,035
- Increase in trade and other payables	2,793,873	1,236,566
	(8,539,248)	(865,172)
	6,466,295	11,294,366
51.2 Cash and cash equivalents		
Cash and bank balances	1,008,150	638,343
Short term borrowings - secured	(18,666,793)	(9,959,308)
Short term investments	2,211,000	1,450,000
	(15,447,643)	(7,870,965)
51.3 Reconciliation of liabilities arising from financing activities		

Cash and bank balances

- note 36

Short term borrowings - secured

- note 19

Short term investments

- note 32

51.3 Reconciliation of liabilities arising from financing activities

	Opening balance as at January 1, 2021	Cash flows	Other changes *	Closing balance as at December 31, 2021
		(Rupees)		
Long term finances	19,477,469	1,525,879	278,079	21,281,427
Loan from shareholder of Parent Company	260,107	-	(260,107)	-
Lease liabilities	598,694	(262,093)	124,695	461,296
	20,336,270	1,263,786	142,667	21,742,723

* Other changes represent non-cash movements.

		2021	2020
52.	Earnings per share		
52.1	Basic earnings per share		
Profit for the year	Rupees in thousand	6,856,129	4,518,063
Weighted average number of ordinary shares	Numbers	89,379,504	89,379,504
Basic earnings per share	Rupees	76.71	50.55
52.2	Diluted earnings per share		
Profit for the year	Rupees in thousand	6,856,129	4,518,063
Return on preference shares / convertible stock - net of tax	Rupees in thousand	110,833	110,833
	Rupees in thousand	<u>6,966,962</u>	<u>4,628,896</u>
Weighted average number of ordinary shares	Numbers	89,379,504	89,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	8,186,842	8,186,842
		<u>97,566,346</u>	<u>97,566,346</u>
Diluted earnings per share	Rupees	71.41	47.44

53. Segment Information

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. The Group's operation comprises of following main business segment types:

Types of segments	Nature of business
Packaging	Manufacture and market packing products
Consumer Products Division	Manufacture and market consumer / tissue products
Ink	Manufacture and market industrial and commercial ink products
Real Estate	Construction and development of real estate
Paper and Board	Manufacture and market paper and board products
Unallocated	Workshop and other general business

	(Rupees in thousand)													
	Packaging Division		Consumer Products Division		Ink Division		Real Estate		Paper and Board		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total revenue	43,867,525	36,216,298	7,075,141	5,666,529	6,716,486	5,576,475	3,243,455	2,626,898	25,733,798	19,758,757	603,448	137,219	87,239,853	69,982,176
Intersegment revenue	(520,676)	(712,671)	(159,607)	(86,145)	(1,219,158)	(1,039,118)	-	(638)	(4,862,076)	(3,195,514)	(156,040)	-	(6,917,557)	(5,034,086)
Revenue from external customers	43,346,849	35,503,627	6,915,534	5,580,384	5,497,328	4,537,357	3,243,455	2,626,260	20,871,722	16,563,243	447,408	137,219	80,322,296	64,948,090
%age of revenue	54%	55%	9%	9%	7%	7%	4%	4%	26%	26%	1%	0%	100%	100%
Interest revenue	-	-	-	-	-	-	15,459	9,639	-	-	70,928	13,142	86,387	22,781
Interest expense	(841,232)	(794,115)	(136,187)	(135,661)	(89,415)	(132,732)	(608,667)	(807,202)	(714,094)	(1,128,354)	(199,205)	(516,862)	(2,588,800)	(3,514,926)
Depreciation and amortisation	(1,397,880)	(1,429,315)	(175,678)	(199,254)	(58,629)	(56,692)	(906,623)	(913,872)	(1,544,646)	(1,456,756)	(135,337)	(131,118)	(4,218,793)	(4,187,007)
Segment profit / (loss) before tax	2,841,243	2,122,116	1,126,840	819,707	949,878	616,223	453,514	(203,166)	2,935,839	1,553,065	4,231,488	1,222,449	12,538,802	6,130,394
Segment taxation	(281,248)	75,486	-	-	(266,033)	(189,697)	(274,024)	(105,127)	(790,023)	(99,769)	(1,286,627)	(223,325)	(2,897,955)	(542,432)
Segment profit/ (loss) after tax	2,559,995	2,197,602	1,126,840	819,707	683,845	426,526	179,490	(308,293)	2,145,816	1,453,296	2,955,561	999,124	9,640,847	5,587,962
%age of profit / (loss) after tax	27%	39%	12%	15%	7%	8%	2%	-6%	22%	26%	31%	18%	100%	100%
Segment assets	24,393,190	20,387,100	3,611,890	2,756,080	3,725,317	2,988,716	12,693,625	12,773,266	32,639,257	25,772,238	38,541,902	38,160,819	115,605,181	102,838,219
Segment liabilities	7,969,802	5,909,525	702,126	466,407	2,069,234	1,722,426	9,259,974	9,517,434	4,806,077	3,362,561	35,824,909	26,702,682	60,632,122	47,681,035

	2021	2020
	(Rupees in thousand)	
53.1 Reconciliation of segment profit		
Total profit for reportable segments	12,538,802	6,130,394
Net income from associates and joint ventures	662,773	9,637
Intercompany adjustment	(3,594,625)	(1,055,574)
Profit before tax as per consolidated statement of profit or loss	9,606,950	5,084,457

53.2 Reconciliation of segment assets		
Total assets for reportable segments	115,605,181	102,838,219
Intersegment assets	(18,459,503)	(19,474,013)
Other corporate assets	20,546,164	18,495,701
Total assets as per consolidated statement of financial position	117,691,842	101,859,907

Segment assets are measured in the same way as in the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Investment in shares (classified as FVOCI, amortised cost or financial assets at fair value through profit or loss) held by the Group are not considered to be segment assets, but are managed by the treasury function.

	2021	2020
	(Rupees in thousand)	
53.3 Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	24,807,213	20,978,353
Intersegment liabilities	(1,966,433)	(3,637,808)
Unallocated liabilities	35,824,908	26,742,682
Total liabilities as per consolidated statement of financial position	58,665,688	44,083,227

Segment liabilities are measured in the same way as in the consolidated financial statements. These liabilities are allocated based on the operations of the segment. The Group's borrowings are not considered to be segment liabilities, but are managed by the treasury function.

	2021	2020
	(Rupees in thousand)	
53.4 Reconciliation of segment taxation		
Total tax expense for reportable segments	(2,897,955)	(542,432)
Intercompany adjustment	441,156	(6,321)
Tax as per consolidated statement of profit or loss	(2,456,799)	(548,753)

		2021	2020
		(Rupees in thousand)	
53.5	Reconciliation of segment profit after tax		
	Total profit after tax for reportable segments	9,640,847	5,587,962
	Intercompany adjustment for loss before tax	(2,931,852)	(1,045,938)
	Intercompany adjustment for taxation	441,156	(6,321)
	Profit as per consolidated statement of profit or loss	7,150,151	4,535,703

53.6 Information by geographical area

	Revenue		Non-current assets	
	2021	2020	2021	2020
(Rupees in thousand)				
Afghanistan	68,157	37,486	-	-
Angola	-	1,075	-	-
Australia	23,621	16,549	-	-
Bahrain	8,412	1,764	-	-
Bangladesh	6,204	4,875	-	-
Botswana	-	265	-	-
Canada	809	107,752	72,785	74,612
Kenya	33,572	12,992	-	-
Kwaluseni	10,786	-	-	-
Mauritius	201,395	3,369	-	-
Mozambique	2,020	14,065	-	-
Namibia	-	589	-	-
Nigeria	77,974	26,292	-	-
Oman	-	9,799	-	-
Pakistan	69,659,578	64,609,669	69,610,177	66,124,338
Qatar	108,274	65,283	-	-
Saudi Arabia	-	9,341	-	-
South Africa	7,367,652	545	2,780,182	2,966,717
Srilanka	2,625,730	10,293	895,505	913,181
Tanzania	-	-	-	-
UAE	2,830	14,299	-	-
UK	4,719	-	-	-
USA	-	8,002	-	-
Windhoek	7,529	-	-	-
Zimbabwe	5,167	16,295	-	-
	80,322,297	64,981,483	73,358,649	70,078,848

Sales are allocated to geographical areas according to the country of receiving the goods or providing services.

53.7 Information about major customers

Included in the total revenue is revenue from six (2020 : six) customers of the Group from the packaging, Paper & board and corrugator (2020 : packaging) segment which represents approximately Rs 25,925,638 million (2020: Rs 20,152.126 million) of the Group's total revenue. The Group's revenue from other segments is earned from a large mix of customers.

54. Financial risk management

54.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and Other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors (the 'Board'). The Group's finance department evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's overall risk management procedures to minimize the potential adverse effects of financial market on the Group's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Euro, Swiss Franc, South African Rand and the Sri Lankan Rupee. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities or net investments in foreign operations that are denominated in a currency that is not the Group's functional currency.

At December 31, 2021, if the Rupee had strengthened / weakened by 10% against the US dollar with all other variables held constant, profit for the year would have been Rs 1,176.597 million lower / higher (2020: Rs 1,560.652 million) higher / lower, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

At December 31, 2021, if the Rupee had strengthened / weakened by 10% against the Euro with all other variables held constant, profit for the year would have been Rs 75.743 million lower / higher (2020: Rs 16.269 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of Euro-denominated financial assets and liabilities.

At December 31, 2021, if the Pak Rupee had strengthened / weakened by 10% against the CHF with all other variables held constant, profit for the year would have been Rs 30.242 million higher / lower (2020: Rs 51.193 million higher / lower), mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2021, if the Rupee had strengthened / weakened by 10% against the Sri Lankan Rupee with all other variables held constant, other component of equity would have been Rs 77.649 million higher/ lower (2020: Rs 55.860 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of net assets of Packages Lanka (Private) Limited, denominated in Sri Lankan Rupee.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity securities price risk because of investments held by the Group and classified as fair value through other comprehensive income. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximize investment returns.

The Group's certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited ('PSX').

The table below summarizes the impact of increases / decreases of the KSE-100 index on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the Karachi Stock Exchange ('KSE') had increased / decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

	Impact on post-tax profit		Impact on other components of equity	
	2021	2020	2021	2020
	(Rupees in thousand)			
Pakistan Stock Exchange	-	-	986,940	477,361

Post-tax profit for the year would decrease / increase as a result of losses / gains on equity securities classified as at fair value through profit or loss. Other components of equity would decrease / increase as a result of losses / gains on equity securities classified as at fair value through other comprehensive income. As at December 31, 2021 the Company has no investment classified at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Group has no significant floating interest rate assets, the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

	2021	2020
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	686,062	236,243
Financial liabilities		
Preference shares / convertible stock - unsecured	(932,650)	(932,650)
Lease liabilities	(461,296)	(598,694)
	(1,393,946)	(1,531,344)
Net exposure	(707,884)	(1,295,101)

	2021	2020
	(Rupees in thousand)	
Floating rate instruments:		
Financial liabilities		
Long term finances	(20,348,777)	(18,544,819)
Short term borrowings	(18,666,793)	(9,959,308)
	(39,015,570)	(28,504,127)
Net exposure	<u>(39,015,570)</u>	<u>(28,504,127)</u>

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

At December 31, 2021, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, profit for the year would have been Rs 360.003 million (2020: Rs 629.320 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to distributors and customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the BOD. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk are as under:

	2021	2020
	(Rupees in thousand)	
Long term loans	561	657
Long term security deposits	145,216	138,822
Trade debts	9,843,484	7,586,305
Short term investments	2,251,000	1,450,000
Loans, advances, deposits and other receivables	808,533	569,618
Balances with banks	998,304	629,530
	<u>14,047,098</u>	<u>10,374,932</u>

(ii) Impairment of financial assets

The Group's trade debts against local and export sales of inventory are subject to the expected credit loss model. While bank balances and debt investments carried at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade debts

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2021 or 18 months before January 01, 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2021 and December 31, 2020 was determined as follows:

(Rupees in thousand)						
December 31, 2021	Current balances	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
Expected loss rate	0.03%	1.67%	23.06%	65.11%	100.00%	
Gross carrying amount of trade debts	8,135,264	1,368,501	457,454	37,420	33,183	10,031,822
Loss allowance	2,441	22,861	105,489	24,364	33,183	188,338

(Rupees in thousand)						
December 31, 2020	Current balances	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
Expected loss rate	0.10%	2.27%	18.15%	47.90%	100.00%	
Gross carrying amount of trade debts	5,527,120	1,931,770	166,272	78,131	124,406	7,827,699
Loss allowance	5,527	43,858	30,178	37,425	124,406	241,394

(iii) **Credit quality of financial assets**

The credit quality of Group's financial assets that are neither past due nor impaired (mainly bank balances) can be assessed with reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2021	2020
	Short term	Long term		(Rupees in thousand)	
Absa Bank	-	BA1	PACRA	1,072	-
Allied Bank Limited	A1+	AAA	PACRA	108,730	499
Askari Bank Limited	A1+	AA+	PACRA	-	435
Bank Al-Habib Limited	A1+	AAA	PACRA	9,140	64,564
Bank Islami	A1+	A+	PACRA	17	-
Bank of Punjab	A1+	AA+	PACRA	3	10
Bidvest Bank	-	BA2	PACRA	958	134
Citibank N.A.	P1	AA3	JCR-VIS	9	-
Deutsche Bank AG, Pakistan	P-1	A2	Moody's	39	492
Faysal Bank Limited	A1+	AA	PACRA	184	52,628
First National Bank Limited	-	BA1	PACRA	114	-
Habib Bank Limited	A1+	AAA	VIS	326,367	268,969
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	60,905	54,756
Industrial & Commercial Bank of China	F1+	A	Fitch	62	82
Sri Lanka Industrial and Commercial Bank	-	AA-	Fitch	-	13,602
JS Bank Limited	A1+	AA-	PACRA	41	645
MCB Bank Limited	A-1+	AAA	PACRA	107,092	126,153
MCB Islamic Bank Limited	A1	A	PACRA	352	-
Meezan Bank Limited	A1+	AAA	VIS	140	52
National Bank of Pakistan	A-1+	AAA	PACRA	8,114	17,842
National Development Bank, Sri Lanka	-	A+	Fitch	-	13,890
Nedbank Limited	-	BA1	PACRA	2,144	11
Samba Bank Limited	A1	AA	PACRA	1,332	1,333
Commercial Bank of Ceylon Limited, Sri Lanka	-	A+	Fitch	104,093	7
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	267,343	13,264
United Bank Limited	A1+	AAA	VIS	53	162
				<u>998,304</u>	<u>629,530</u>

(c) **Liquidity risk**

Liquidity risk represents the risk that the Group shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's businesses, the Group's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Group's cash and cash equivalents (note 51.2) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

At December 31, 2021	(Rupees in thousand)				
	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	21,001,174	3,700,981	4,052,126	9,206,957	4,041,110
Security deposits	439,364	299,058	8,031	132,275	-
Short term borrowings	18,666,793	18,666,793	-	-	-
Trade and other payables	12,055,264	12,055,264	-	-	-
Unclaimed dividend	59,238	59,238	-	-	-
Accrued finance cost	770,253	770,253	-	-	-
	<u>52,992,086</u>	<u>35,551,587</u>	<u>4,060,157</u>	<u>9,339,232</u>	<u>4,041,110</u>

At December 31, 2020	(Rupees in thousand)				
	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	19,477,469	2,282,721	2,083,452	13,128,646	1,982,650
Security deposits	371,797	-	-	371,797	-
Long term loan from shareholder of the parent company - unsecured	260,107	-	-	260,107	-
Short term borrowings	995,930	9,959,308	-	-	-
Trade and other payables	9,229,082	9,229,082	-	-	-
Unclaimed dividend	54,955	54,955	-	-	-
Accrued finance cost	659,194	659,194	-	-	-
	<u>40,011,912</u>	<u>22,185,260</u>	<u>2,083,452</u>	<u>13,760,550</u>	<u>1,982,650</u>

54.2 Financial instruments by categories

The carrying values of following financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at reporting date.

Financial assets as at December 31, 2021	At fair value through other comprehensive income		
	At fair value through other comprehensive income	At amortised cost	Total
	(Rupees in thousand)		
Long term loans	-	780	780
Long term deposits	-	145,216	145,216
Trade debts	-	9,843,484	9,843,484
Loans, advances, deposits and other receivables	-	808,533	808,533
Investments	20,898,757	-	20,898,757
Short term investments	-	2,251,000	2,251,000
Cash and bank balances	-	1,008,150	1,008,150
	<u>20,898,757</u>	<u>14,057,163</u>	<u>34,955,920</u>

Financial assets as at December 31, 2020

	At fair value through other comprehensive income	At amortised cost	Total
	(Rupees in thousand)		
Long term loans	-	992	992
Long term deposits		138,822	138,822
Trade debts	-	7,586,305	7,586,305
Loans, advances, deposits and other receivables	-	569,618	569,618
Investments	24,327,298	-	24,327,298
Short term investments	-	1,450,000	1,450,000
Cash and bank balances	-	638,343	638,343
	<u>24,327,298</u>	<u>10,384,080</u>	<u>34,711,378</u>

Financial liabilities as at December 31, 2021

	At fair value through profit or loss	At amortised cost	Total
	(Rupees in thousand)		
Long term finances	-	21,281,427	21,281,427
Lease liabilities	-	321,560	321,560
Security deposits	-	154,637	154,637
Short term borrowings - secured	-	18,666,793	18,666,793
Trade and other payables	-	11,966,103	11,966,103
Unclaimed dividend	-	59,238	59,238
Accrued finance cost	-	770,253	770,253
	-	<u>53,220,011</u>	<u>53,220,011</u>

Financial liabilities as at December 31, 2020

	At fair value through profit or loss	At amortised cost	Total
	(Rupees in thousand)		
Long term finances	-	19,477,469	19,477,469
Lease liabilities	-	435,510	435,510
Security deposits	-	371,797	371,797
Long term loan from shareholder of the parent company - unsecured	-	260,107	260,107
Short term borrowings - secured	-	9,959,308	9,959,308
Trade and other payables	-	9,229,082	9,229,082
Unclaimed dividend	-	54,955	54,955
Accrued finance cost	-	659,194	659,194
	-	<u>40,447,422</u>	<u>40,447,422</u>

The following table presents the Group's assets that are measured at fair value:

	(Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
At December 31, 2021				
Recurring fair value measurements				
Assets				
Investments - FVOCI	20,893,732	-	5,025	20,898,757
At December 31, 2020				
Recurring fair value measurements				
Assets				
Investments - Available-for-sale	24,322,274	-	5,000	24,327,274

Valuation techniques used to measure fair values

Fair valuation of investment properties for disclosure purposes has been disclosed in note 25.1.3 to these consolidated financial statements and movement in fair value reserve has been disclosed in the consolidated statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the year. Since the ordinary shares of Coca-Cola Beverages Pakistan Limited are not listed, therefore these are included in Level 3. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in Level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active 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 quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

54.3 Offsetting financial assets and financial liabilities

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

54.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) including bank overdraft less cash and bank balances and liquid investments.

The gearing ratios as at December 31, 2021 and 2020 were as follows:

		2021 (Rupees in thousand)	2020
Borrowings	- notes 8,15 and 20.10	39,948,220	29,540,026
Less : Cash and bank balances	- note 36	(1,008,150)	(638,343)
Net debt		38,940,070	28,901,683
Total equity		57,000,721	55,911,734
Total capital		95,940,791	84,813,417
Gearing ratio	Percentage	41%	34%

In accordance with the terms of agreement with the lenders of long term finance facilities (as disclosed in note 8 to these financial statements), the Group is required to comply with financial covenants. The Group has complied with these covenants throughout the reporting period except for the following covenants:

PREPL has complied with all the covenants throughout the reporting period except for that required to maintain current ratio criteria. However, this is not considered a material adverse event under the terms of the loan and consequently does not trigger an event of default.

54.5 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

55. Interests in other entities

55.1 Subsidiaries

The Group's principal subsidiaries at December 31, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities	Registered address	Principle place of business	Manufacturing units and offices
		2021	2020	2021	2020				
		%							
Bulleh Shah Packaging (Private) Limited	Pakistan	100.00%	100.00%	0.00%	0.00%	Manufacturing and sale of paper, paperboard and corrugated boxes.	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	416-422, G-20, The Forum, Block - 9, Khayaban -e-Jami, Clifton Karachi and G.D. Arcade, 2nd Floor, 73-E, Fazal-ul-Haq Road, Blue Area, Islamabad – 44000, Pakistan	7 km, Kot Radha Kishan Road, Off 4 km Kasur-Raiwind Road, District Kasur & Main Korangi Road, Sector 28, Landhi Town, Karachi
Anemone Holdings Limited	Mauritius	100.00%	100.00%	0.00%	0.00%	Intermediate holding company of FPC	2nd floor, The AXIS, 26 Cyber city, Ebene, Republic of Mauritius	2nd floor, The AXIS, 26 Cyber city, Ebene, Republic of Mauritius	None
DIC Pakistan Limited	Pakistan	54.98%	54.98%	45.02%	45.02%	Manufacturing and sale of inks	G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore and Plot No. 6, Sector No. 28, Korangi Industrial Area, Karachi	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore and Plot No. 6, Sector No. 28, Korangi Industrial Area, Karachi
Flexible Packages Convertors (Proprietary) Limited	South Africa	63.50%	63.50%	36.50%	36.50%	Manufacturing and sale of flexible packaging	316 Marks Street, Watloo 0184, Pretoria South, Gauteng, RSA	316 Marks Street, Watloo 0184, Pretoria South, Gauteng, RSA	316 Marks Street, Watloo 0184, Pretoria South, Gauteng, RSA
Packages Lanka (Private) Limited	Sri Lanka	79.07%	79.07%	20.93%	20.93%	Manufacturing and sale of flexible packaging	148, Minuwandoga Road, Ekala, Ja-Ela	148, Minuwandoga Road, Ekala, Ja-Ela	148, Minuwandoga Road, Ekala, Ja-Ela

Name of Entity	Place of business / country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities	Registered address	Principle place of business	Manufacturing units and offices
		2021	2020	2021	2020				
		%							
Linnaea Holdings Inc.	Canada	79.07%	79.07%	20.93%	20.93%	Intermediate holding company of CPI	880 Lakeshore Road East, Mississauga, Ontario	880 Lakeshore Road East, Mississauga, Ontario	None
Chantler Packages Inc. ('CPI')	Canada	72.07%	72.07%	27.93%	27.93%	Manufacturing and sale of flexible packaging	880 Lakeshore Road East, Mississauga, Ontario	880 Lakeshore Road East, Mississauga, Ontario	880 Lakeshore Road East, Mississauga, Ontario
Packages Real Estate (Private) Limited	Pakistan	75.16%	75.16%	24.84%	24.84%	Development and construction of real estate	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore
Packages Power (Private) Limited	Pakistan	100.00%	100.00%	0.00%	0.00%	Generation and sale of electricity	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	None
Packages Convertors Limited	Pakistan	100.00%	0.00%	0.00%	0.00%	Manufacturing and sale of packaging material and tissue products	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore
Packages Investments Limited	Pakistan	100.00%	0.00%	0.00%	0.00%	Holding of investments in various companies	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	None
Starchpack (Private) Limited	Pakistan	100.00%	0.00%	0.00%	0.00%	Manufacturing and sale of corn based starch products, its derivatives and by products	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	None

55.1.1 In addition to the sales offices mentioned above, the Group has following sales offices :

- 2nd Floor, G.D. Arcade, 73-E, Fazal-ul-Haq Road, Blue Area, Islamabad, Pakistan; and
- C-2, Hassan Arcade Nusrat Road, Multan Cantt., Pakistan.

55.2 Non-controlling interests ('NCI')

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized statement of financial position

	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited and its subsidiaries		Packages Real Estate (Private) Limited	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Current assets	3,333,021	2,686,288	2,503,047	2,119,798	1,332,105	1,218,110	2,025,542	2,376,070
Current liabilities	1,966,597	1,585,193	3,199,077	2,644,743	1,329,093	1,327,934	4,669,468	3,288,646
Current net assets / (liabilities)	1,366,424	1,101,095	(696,030)	(524,945)	3,012	(109,824)	(2,643,926)	(912,576)
Non-current assets	392,296	302,428	2,759,045	2,965,868	968,290	987,793	10,668,084	10,397,195
Non-current liabilities	102,637	137,234	678,583	822,240	194,808	319,374	4,590,507	6,228,789
Non-current net assets	289,659	165,194	2,080,462	2,143,628	773,482	668,419	6,077,577	4,168,406
Net assets	1,656,083	1,266,289	1,384,432	1,618,683	776,494	558,595	3,433,651	3,255,830
Accumulated NCI	739,802	566,124	282,660	387,115	154,309	107,527	852,919	808,749

Summarized statement of comprehensive income

	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited and its subsidiaries		Packages Real Estate (Private) Limited	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Revenue	6,716,486	5,576,476	7,701,992	5,634,239	2,758,464	2,569,275	3,277,643	2,660,291
Profit / (loss) for the year	683,845	426,526	(239,792)	(208,983)	138,981	(76,837)	179,490	(308,293)
Other comprehensive income / (loss)	(5,355)	2,232	(130,902)	(96,331)	79,477	25,080	(1,671)	841
Total comprehensive income / (loss)	678,490	428,758	(370,694)	(305,314)	218,458	(51,757)	177,819	(307,452)
Total comprehensive income / (loss) allocated to NCI	173,673	188,062	(104,455)	(76,289)	47,099	(17,553)	44,170	(76,580)
Dividends paid to NCI	129,975	96,784	-	-	-	-	-	7,500

Summarized cash flows	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited and its subsidiaries		Packages Real Estate (Private) Limited	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Cash flows from operating activities	274,656	744,621	290,855	455,602	140,686	(74,302)	1,185,533	254,077
Cash flows from investing activities	(95,831)	(65,072)	(138,594)	(137,217)	(13,885)	(16,847)	(963,923)	(48,098)
Cash flows from financing activities	(365,956)	(135,414)	(381,947)	(333,542)	(92,020)	41,544	(62,028)	(436,715)
Net (decrease) / increase in cash and cash equivalents	(187,131)	544,135	(229,686)	(15,157)	34,781	(49,605)	159,582	(230,736)

55.3 Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at December 31, 2021 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Entity	Place of business / country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Quoted fair value		Carrying amount	
		2021	2020			2021	2020	2021	2020
		%	%			Rupees in thousand			
Tri-Pack Films Limited	Pakistan	49.33%	33.33%	Associate	Equity method	3,933,471	2,105,029	4,149,998	1,831,036
IGI Holdings Limited	Pakistan	10.54%	10.54%	Associate	Equity method	2,309,526	3,006,908	4,089,597	4,302,897
Plastic Extrusions (Proprietary) Limited	South Africa	50.00%	50.00%	Joint venture	Equity method	(*)	(*)	38,909	24,437
OmyaPack (Private) Limited	Pakistan	50.00%	50.00%	Joint venture	Equity method	(*)	(*)	508,827	469,054
Total equity accounted investments								8,787,331	6,627,424

Tri-Pack Films Limited is in the business of manufacture and sale of biaxially oriented polypropylene (BoPP) film and cast polypropylene (CPP) films.

IGI Holdings Limited (formerly IGI Insurance Limited) is engaged in investment business.

Plastic Extrusions (Proprietary) Limited is engaged in the manufacture and sale of plastics.

OmyaPack (Private) Limited is engaged in manufacture and sale of high quality ground calcium carbonate products.

(*) These are privately held entities for which no quoted price is available.

55.3.1 There are no commitments and contingent liabilities of the Group in respect of associates and joint ventures.

55.3.2 Summarized financial information for associates

The table below provides summarized financial information of those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts:

Summarized statement of financial position	Tri-Pack Films Limited		IGI Holdings Limited	
	2021	2020	2021	2020
	(Rupees in thousand)			
Current assets	9,818,225	6,113,366	18,029,495	21,083,120
Non-current assets	6,913,199	7,039,744	64,263,001	60,857,823
Total assets	16,731,424	13,153,110	82,292,496	81,940,943
Current liabilities	8,743,854	6,264,771	14,546,041	13,275,504
Non-current liabilities	3,280,079	3,012,414	19,723,000	19,469,313
Total liabilities	12,023,933	9,277,185	34,269,041	32,744,817
Net assets	4,707,491	3,875,925	48,023,455	49,196,126
Reconciliation to carrying amounts:				
Opening net assets	3,875,925	3,259,360	49,196,126	53,714,904
Profit / (loss) for the year	1,041,860	614,111	2,473,557	1,720,791
Other comprehensive income / (loss) for the year	(16,294)	2,454	(2,647,814)	(5,811,677)
Dividends paid	(194,000)	-	(998,414)	(427,892)
Other adjustments	-	-	-	-
Closing net assets	4,707,491	3,875,925	48,023,455	49,196,126
Group's share - %	49.33%	33.33%	10.54%	10.54%

	(Rupees in thousand)			
Group's share	4,149,998	1,831,036	4,089,597	4,302,897
Carrying amount	4,149,998	1,831,036	4,089,597	4,302,897

Summarized statement of comprehensive income	Tri-Pack Films Limited		IGI Holdings Limited	
Revenue	19,054,464	15,089,802	12,661,524	11,497,868
Profit for the year	1,041,860	614,111	2,473,557	1,720,791
Other comprehensive (loss) / income	(16,294)	2,454	(2,647,814)	(5,811,677)
Total comprehensive (loss)/income	1,025,566	616,565	(174,257)	(4,090,886)
Dividends received from associates	64,667	-	105,231	45,100

55.3.3 Summarized financial information for joint ventures

The table below provides summarized financial information of those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts. These have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy:

Summarized statement of financial position	OmyaPack (Private) Limited	
	2021	2020
	Rupees in thousand	
Current assets		
Cash and cash equivalents	60,898	180,235
Other current assets	435,496	303,898
Total current assets	496,394	484,133
Non-current assets	1,081,682	914,723
Current liabilities		
Financial liabilities (excluding trade payables)	45,409	43,172
Other current liabilities	264,407	233,369
Total current liabilities	309,816	276,541
Non-current liabilities		
Financial liabilities	223,397	178,762
Other non-current liabilities	27,184	5,420
Total non-current liabilities	250,581	184,182
Net assets	1,017,679	938,133

	OmyaPack (Private) Limited	
	2021	2020
	Rupees in thousand	
Reconciliation to carrying amounts:		
Opening net assets	938,133	884,270
Transaction with owners in their capacity as owners (dividend paid)	(24,750)	-
Profit / (loss) for the year	105,527	53,202
Other comprehensive income	(1,231)	661
Closing net assets	1,017,679	938,133

Group's share - %	50.00%	50.00%
Group's share	508,840	469,067
Carrying amount	508,827	469,054

Summarized statement of comprehensive income

Revenue	819,543	580,712
Interest income	10,218	8,718
Depreciation and amortisation	83,678	75,459
Interest expense	19,952	25,584
Income tax (expense) / income	(35,303)	(13,837)
Profit / (loss) for the year	105,527	53,202
Other comprehensive income	(1,231)	661
Total comprehensive Income	104,296	53,863

55.3.3.1 Individually immaterial joint ventures

In addition to the interests in joint ventures disclosed above, the Group also has interests in individually immaterial joint venture, Plastic Extrusions (Proprietary) Limited, that is accounted for using the equity method:

	2021	2020
	(Rupees in thousand)	
Aggregate carrying value of individually immaterial associates and joint ventures	38,909	24,437
Aggregate amounts of the Group's share of:		
Profit from continuing operations	10,799	10,799
Other comprehensive income	-	-
Total comprehensive income	10,799	10,799

56. Date of authorization for issue

These consolidated financial statements were authorized for issue on March 29, 2022 by the Board of Directors.

57. Events after the reporting date

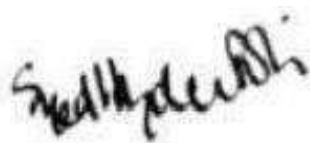
57.1 The Board of Directors has proposed a final cash dividend for the year ended December 31, 2021 of 27.5 per share (2020: Rs 22.5 per share), amounting to Rs 2,457.039 million (2020: Rs 2,011.039 million) at their meeting held on March 29, 2022 for approval of the members at the Annual General Meeting to be held on April 29, 2022.

57.2 Subsequent to year-end, Mitsubishi Corporation (the "MC") fulfilled all the conditions enumerated in the Share Purchase Agreement as mentioned in note 27 of these consolidated financial statements and therefore 7.5 million shares (representing 19.33% stake in TPFL were transferred to the Company on February 15, 2022 at a negotiated purchase price of Rs 154.62/share amounting to Rs 1,159.65 million (excluding transaction costs). The Parent Company now has a total shareholding of 69.26% in TPFL therefore it is to be considered a Subsidiary as per IFRS 3 and will be consolidated in the consolidated financial statements of the Group for the year ending December 31, 2022.

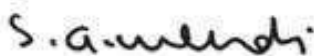
57.3 On February 09, 2022, a fire incident took place at the finishing house and central stores of BSPPL which damaged the building and certain items of property, plant and equipment, stores and spares and stock-in-trade aggregating to Rs 5700.54 million which were adequately insured. The Group has since filed an insurance claim and the insurer has appointed a surveyor. The surveyor is expected to complete its survey work during the year 2022 and the insurance claim resulting from surveyor's final report will be recognized accordingly.

58. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. However, no significant rearrangements have been made.



Chief Executive



Director



Chief Financial Officer

PACKAGES LIMITED



Request Form for Electronic Transmission of Annual Report Notice

Pursuant to the allowance granted through SRO 787(I)/2014 dated September 8, 2014, by the Securities and Exchange Commission of Pakistan, the Company can circulate its Audited Financial Statements along with the Company's Notice of Annual General Meetings etc., through email to its shareholders. Those shareholders who wish to receive the Company's Annual Reports via email are requested to provide a completed consent form to the Company's Share Registrar, FAMCO Associates (Pvt) Limited.

PLEASE NOTE THAT RECEIPT OF THE ANNUAL REPORTS VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

ELECTRONIC TRANSMISSION CONSENT FORM

The Share Registrar

FAMCO Associates (Pvt) Limited
8F, Block 6, PECHS, Nursery,
Next to Hotel Faran, Shahrah-e-Faisal,
Karachi.

Date: _____

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(I)/2014 dated September 8, 2014,

Mr./Ms. _____

S/o, D/o, W/o _____ hereby consent to have Packages Limited's Audited Financial Statements and Notice of Annual General Meetings etc., delivered to me via email on my email address provided below:

Name of Member/ Shareholder	
Folio/ CDC Account Number	
Email Address:	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of Annual General Meetings etc.

Signature of the Member/ Shareholder



پیکیز ملٹڈ

درخواست فارم برائے ترسیل سالانہ رپورٹ/نوٹس

سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ایس آر او 787(1)/2014 مورخہ 8 ستمبر 2014 کے ذریعہ حاصل اختیارات کے مطابق کمپنی اپنے آڈٹ شدہ مالیاتی حسابات بشمول کمپنی کے سالانہ اجلاس عام کے نوٹس وغیرہ اپنے شیئر کو بذریعہ ای میل ارسال کرسکتی ہے۔ وہ شیئر ہولڈرز جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل وصول کرنے کے خواہشمند ہیں، ان سے درخواست ہے کہ وہ مکمل اجازت نامہ کمپنی کے شیئر رجسٹرار فیمکو ایسوسی ایٹس (پرائیویٹ) ملٹڈ کو فراہم کردیں۔

برائے مہربانی آگاہ رہیں کہ سالانہ رپورٹس جکی بذریعہ ای میل وصولی اختیاری ہے اور لازمی نہیں ہے۔

الیکٹرونک ٹرانسمیشن کانسنٹ فارم

شیئر رجسٹرار

فیمکو ایسوسی ایٹس (پرائیویٹ) ملٹڈ

ایف 8، بلاک 6، پی ای سی ایچ ایس، نرسری

متصل ہوٹل فاران، شاہراہ فیصل، کراچی

تاریخ: _____

سیکورٹیز اینڈ ایکسچینج آف پاکستان کی جانب سے ان کے ایس آر او 787(1)/2014 مورخہ 8 ستمبر 2014 کے ذریعے دی گئی ہدایات یک مطابق میں جناب / محترمہ: _____ ولد / دختر / زوجہ: _____ بذریعہ ہذا اجازت دیتا/دیتی ہوں کہ پیکیز ملٹڈ کے آڈٹ شدہ مالیاتی حسابات اور سالانہ اجلاس عام کے نوٹس وغیرہ مجھے بذریعہ ای میل ذیل میں فراہم کردہ ای میل ایڈریس پر ارسال کردیئے جائیں۔

ممبر / شیئر ہولڈر کا نام:	
فولیو / سی ڈی سی اکاؤنٹ نمبر:	
ای میل ایڈریس:	

آگاہ کیا جاتا ہے کہ مذکورہ بالا فراہم کردہ معلومات درست اور حقیقی ہیں اور میں اپنے ای میل ایڈریس میں کسی تبدیلی یا کمپنی کے آڈٹ شدہ مالیاتی حسابات اور سالانہ اجلاس عام کے نوٹس وغیرہ کے ای میل پر ترسیل کے بارے میں اپنا اجازت نامے کے بارے میں تحریری طور پر کمپنی اور اس کے شیئر رجسٹرار کو آگاہ کر دوں گا/گی۔

ممبر / شیئر ہولڈر کے دستخط

PROXY FORM

67TH ANNUAL GENERAL MEETING



I/We _____

of _____ being a member of Packages Limited and
holder of _____ Ordinary Shares as per **Share Register Folio No** _____
(Number of Shares)

and/or **CDC Participant I.D. No** _____ and **Sub Account No.** _____

hereby appoint Mr./Ms _____ of _____

Or failing him Mr./Ms _____ of _____

Or failing him Mr./Ms _____ of _____

as my/our proxy in my/our absence to vote for me/us and on my/our behalf at the 67th Annual General Meeting of the Company to be held on Friday, April 29, 2022 at 11.00 a.m. at Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue Clifton, Karachi and at any adjournment thereof.

Signed thisday of.....2022

WITNESSES:

1. Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport No _____

Signature: _____

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

2. Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport No _____

Note:

Proxies must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.



تشکیل نیابت داری 67 واں سالانہ اجلاس عام

PROXY FORM

میں/ہم ساکن _____ بطور پیکجز لمیٹڈ _____
رکن و حامل _____ عام حصص مطابق شیئر رجسٹر فولیو نمبر _____
(حصص کی تعداد)
اورذیلی کھاتہ نمبر _____ ساکن _____
یا بصورت دیگر _____ ساکن _____
یا بصورت دیگر _____ ساکن _____

کو اپنی جگہ بروز جمعہ 29 اپریل 2022 بوقت 11:00 بجے صبح بمقام انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی اے سی پی)، چارٹرڈ اکاؤنٹنٹس ایوینیو، بلاک کلفٹن، کراچی 8 میں منعقد یا منتوی ہونے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

دستخط کئے گئے مورخہ _____ 2022

گواہان:

1- دستخط: _____

نام: _____

پتہ: _____

سی این آئی سی: _____

پاسپورٹ نمبر: _____

2- دستخط: _____

نام: _____

پتہ: _____

سی این آئی سی: _____

پاسپورٹ نمبر: _____

نوٹ:

پراکسیز کے مؤثر ہونے کے لئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کارکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر ائرزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

Electronic Dividend Credit Mandate Form

We wish to inform you that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your dividends directly in your Bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your CNIC to the Registrar of the Company M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

In case your shares are held in CDC then you must submit this dividend mandate form directly to your Broker/Participant/CDC Account Services.

Yours sincerely,
For PACKAGES LIMITED


Iqra Sajjad
Company Secretary

SHAREHOLDER'S SECTION:

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder:		
Folio No. / CDC Participant ID & A/C No.		Company name: Packages Limited
Contact number of shareholder	Landline	
Name of Bank		
Bank branch & full mailing address		
IBAN Number (See Note below)		
Title of Account		
CNIC No. (copy attached)		
NTN (in case of corporate entity)		

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company /Participant/CDC Investor Account Services informed in case of any change in the said particulars in future.

Shareholder's Signature

CNIC NO. _____
(Copy attached)

Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed on the basis of the account number alone. Your company is entitled to rely on the account number as per your instructions. The company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the company.

الیکٹرونک ڈیوڈنٹ کریڈٹ کے مینڈیٹ کا فارم

ہم آپ کو مطلع کرنا چاہتے ہیں کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کے مطابق ایک لسٹڈ کمپنی کے لئے یہ ضروری ہے کہ وہ اپنے شیئر ہولڈرز کو نقد منافع منقسمہ کی ادائیگی صرف بذریعہ الیکٹرونک طریقہ کار براہ راست استحقاق کے حامل شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں کرے۔

اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصولی کی غرض سے برائے مہربانی ذیل میں درج کوائف کو مکمل کریں اور اس لیٹر کو باقاعدہ دستخط کر کے اپنے سی این آئی سی کی کاپی کے ہمراہ کمپنی کے رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-ایف، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی کو جمع کرا دیں۔

اگر آپ کے شیئرز سی ڈی میں جمع ہیں تو آپ کو لازماً منافع منقسمہ کے مینڈیٹ کے اس فارم کو براہ راست اپنے بروکر / پارٹنر / سی ڈی سی اکاؤنٹ سروسز کو جمع کرانا ہوگا۔



اقراء سجاد

کمپنی سیکریٹری

آپ کی مخلص

پیکیز لمیٹڈ

شیئر ہولڈرز پر کریں:

میں بذریعہ اطلاع دیتا ہوں کہ آئندہ میں اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں درج ذیل تفصیل کے مطابق وصول کروں گا۔

کمپنی کا نام: پیکیز لمیٹڈ		شیئر ہولڈر کا نام
لینڈ لائن نمبر	فولیو نمبر / سی ڈی سی پارٹنر / سی ڈی سی اکاؤنٹ نمبر	شیئر ہولڈر کا رابطہ نمبر
	بینک کا نام	بینک برانچ اور ڈاک کا مکمل پتہ
	آئی بی اے این نمبر (نیچے درج نوٹ ملاحظہ فرمائیں)	اکاؤنٹ کا ٹائٹل
	سی این آئی سی نمبر (کاپی منسلک کریں)	این ٹی این (کارپوریٹ ادارے کی صورت میں)

آگاہ کیا جاتا ہے کہ میری جانب سے فراہم کردہ مذکورہ بالا کوائف درست اور رمیری معلومات کے عین مطابق ہیں اور میں آئندہ ان کوائف میں کسی بھی تبدیلی کی صورت میں کمپنی / پارٹنر / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مطلع کرتا رہوں گا۔

سی این آئی سی نمبر

شیئر ہولڈر کے دستخط

(کاپی منسلک کریں)

برائے مہربانی مکمل آئی بی اے این اپنی متعلقہ برانچ سے چیک کرنے کے بعد فراہم کریں تاکہ الیکٹرونک کریڈٹ براہ راست آپ کے بینک اکاؤنٹ میں مکمل ہوسکے۔

نقد منافع منقسمہ کی ادائیگی صرف اکاؤنٹ نمبر کی بنیاد پر عمل میں لائی جائے گی۔ آپ کی کمپنی آپ کی ہدایات کے مطابق اکاؤنٹ نمبر پر انحصار کرنے کا استحقاق رکھتی ہے۔ کمپنی ایسے کسی بھی نقصان، ضیاء، مالی ذمہ داری یا دعویٰ کے لئے پبلواسطہ یا بلاواسطہ قطعاً ذمہ دار نہ ہوگی جو کسی غلطی، تاخیر ایسی کسی مالی ادائیگی کی پرفارمنس میں ناکامی کی صورت میں سامنے آئے جو ادائیگی کی غلطی اور رنا مناسب ہدایات کی وجہ سے ہو اور/یا کسی ایسے واقعے کے باعث پیش آئے جس پر کمپنی کا کوئی اختیار نہ ہو۔