

Annual Report 2022



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FUTURE REIMAGINED



Address: Plot # 21 Maqboolabad,
Jinnah Cooperative Housing
Society (J.C.H.S.), Tipu Sultan
Road, Karachi, Pakistan





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The country continues to be faced with the aftermath of the floods due to which 1/3 of Pakistan's land mass is inundated, more than one million houses have been destroyed and damaged and over 32 million Pakistanis have been displaced. This unprecedented calamity underscores in no uncertain terms the risks posed by climate change to our eco systems and individual and collective survival.

Macpac Films Ltd has always prioritized social responsibility which remains an integral part of the company's mission statement. The company is committed to "Be ethical in practice and fulfil our social responsibilities by contributing towards the environment as good corporate citizens".

To this end the company focuses on conservation and operational efficiencies using resources in an accountable and responsible manner.

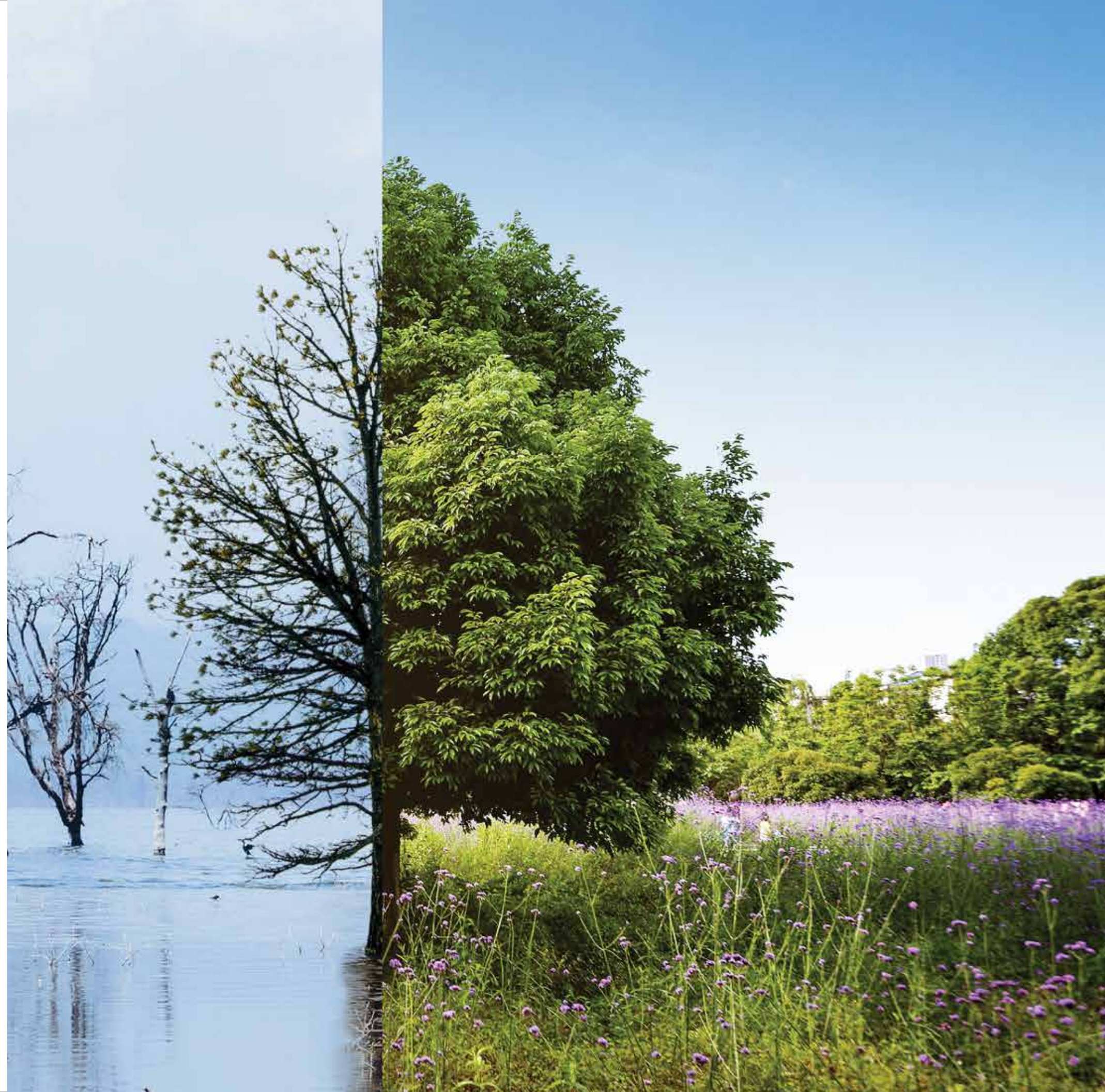
This year the company saved approximately 839,704 gallon/year water by reusing rejection water of cooling towers and BOPP line.

Different energy saving methods resulted in reduction of approximately 15-20% / year energy losses in different chilled water circuits at the plant.

The company received the 19th Annual Environmental Excellence Award 2022 from National Forum for Environment and Health (NFEH). In addition to prioritizing environment and health and safety the company continued its focus on CSR, this year supporting a school with the Citizen's Foundation and has launched a new initiative focused on recycling and reuse.

Conservation and recycling are important not just for the long-term sustainability of Macpac Films Ltd but, are critical to safeguard, the future of this planet for our coming generations. Businesses have to make this paradigm shift to recalibrate the shape of our collective future.

Macpac Films Ltd remains committed to reimagining this future inline with its core values of integrity and accountability.





JHEEL SAIF UL MALOOK

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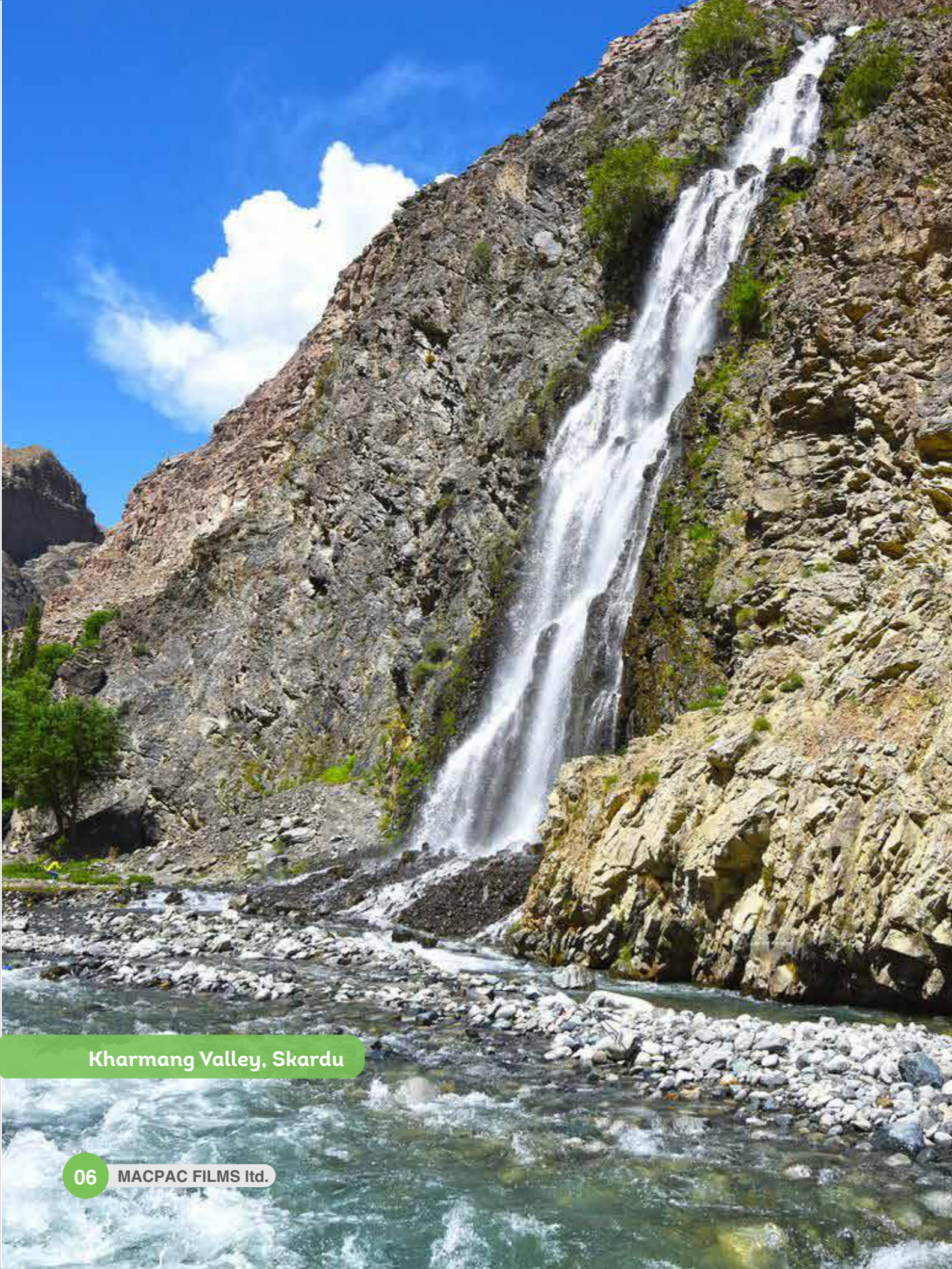


MR. NAJM-UL-HASSAN
CEO

“The Journey of Macpac Films Limited (Macpac) started in 1993 when the Company was incorporated by Mr. Maqbool Elahi Shaikh who is considered not just as the founder of the Company but also introduced this product to Pakistan.”

He was a visionary and laid the foundation of this industry in Pakistan. Macpac is a pioneer in the BOPP and CPP films category in Pakistan and a leader in the field of different value addition films. Our work is seamlessly woven into the lives of everyday people, in invisible yet, vital ways. We help make products everywhere safe and durable through affordable film-based packaging. It is this ubiquity coupled with innovation and a customer centric approach that makes us the nation's favorite and most advanced packaging company.

It is an honor for me to lead this company with such professional and dedicated team members. We, as management, believe that our people can and are actually doing wonders. I am also happy that Macpac being a socially responsible company, is contributing to the maximum at this difficult time when the Nation is faced with floods and other economic challenges. I am also grateful to all the stake holders for their trust and confidence and assure you all of our strong commitment to meet the expectations, you have from this first mover and best in class company.



Kharmang Valley, Skardu

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Naeem Ali Muhammad Munshi (Chairman)
Mr. Najm-ul-Hassan (Chief Executive Officer)
Mr. Ehtesham Maqbool Elahi (Managing Director)
Mr. Shariq Maqbool Elahi (Non-Executive Director)
Mr. Fahad Munshi (Non-Executive Director)
Mr. Muhammad Omer Sabir (Independent Director)

AUDIT COMMITTEE OF THE BOARD

Mr. Muhammad Omer Sabir (Committee Chairman)
Mr. Naeem Ali Muhammad Munshi (Member)
Mr. Shariq Maqbool Elahi (Member)

HR & REMUNERATION COMMITTEE

Mr. Shariq Maqbool Elahi (Committee Chairman)
Mr. Ehtesham Maqbool Elahi (Member)
Mr. Naeem Ali Muhammad Munshi (Member)

ACTING CHIEF FINANCIAL OFFICER

Mr. M. Faisal Panawala

AUDITORS

KPMG Taseer Hadi Chartered Accountants

LEGAL ADVISOR

Abdul Ghaffar Khan F-72/1, KDA Scheme 5,
Kehkashan, Clifton, Karachi

SHARE REGISTRAR

Central Depository Company Pakistan Ltd CDC
House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400
Customer Support
Service: 0800-CDCPL (23275) Fax: (92-21)
34326053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

BANKERS

(IN ALPHABETICAL ORDER)

Al Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Al Habib Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metro Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Soneri Bank Limited
United Bank Limited

REGISTERED OFFICE

Plot # 21 Maqboolabad, Jinnah Cooperative
Housing Society (J.C.H.S.), Tipu Sultan Road,
Karachi, Pakistan

EMAIL

info@macpacfilms.com

WEBSITE

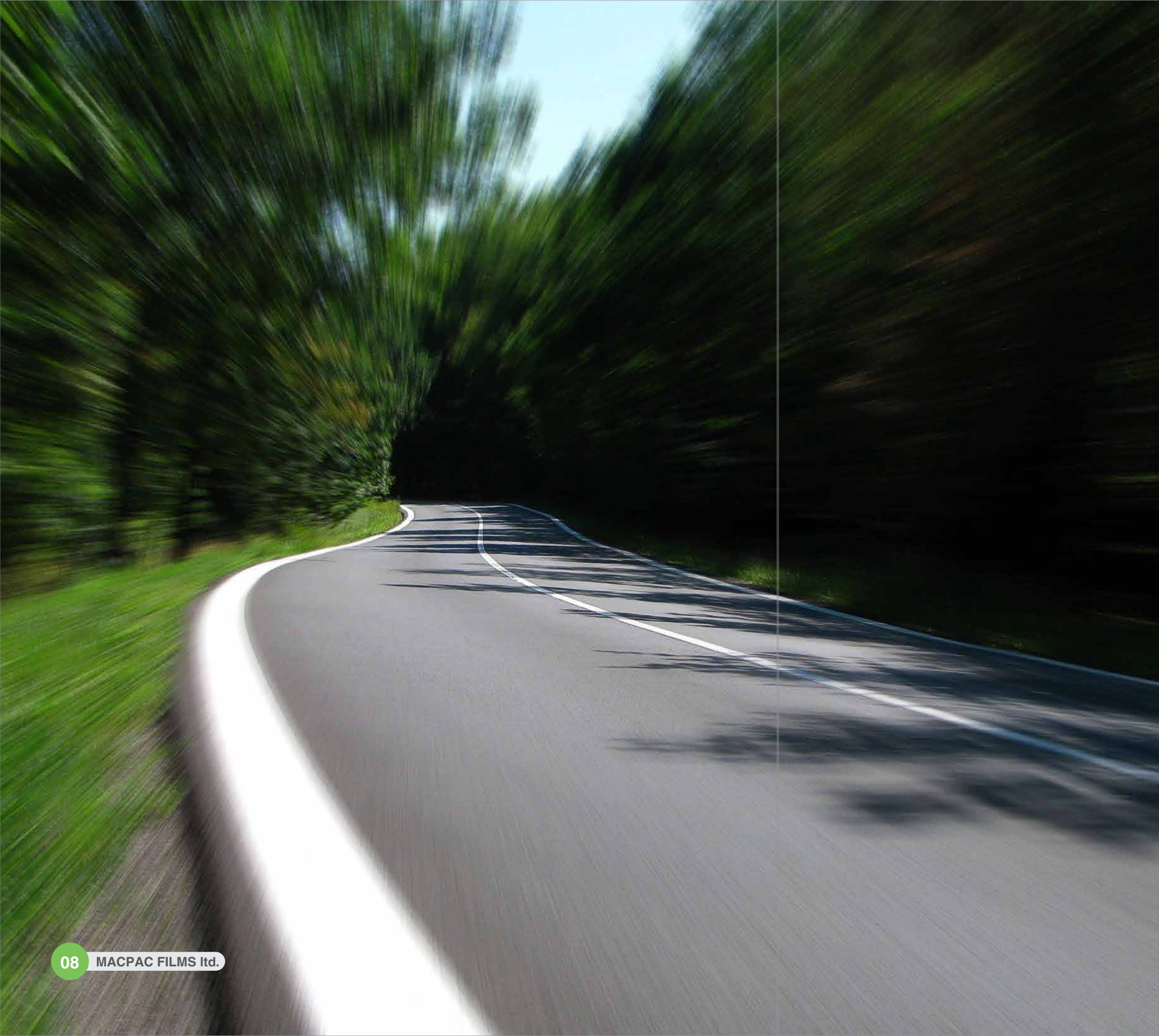
www.macpacfilms.com

FACTORY

Plot No. EZ/1/P-10 Eastern Industrial Zone Port
Qasim Area, Karachi, Pakistan

UAN

+92-21-111-MFL(635)-111



VISION

To be the market leader recognized locally and internationally as a premium quality manufacturer of multilayered packaging materials.

MISSION

Gain the confidence of our stakeholders by earning a reputation of a responsible and progressive enterprise that is prepared to change for them.

Maintain the highest level of quality in the manufacture of our products, thereby adding value for all our stakeholders.

Focus on the changing customers' needs and requirements and strive to improve and innovate the product line for the benefit of our customers.

Be ethical in practice and fulfill our social responsibilities by contributing towards the environment as good corporate citizens.

THE YEAR AT A GLANCE

Production Volumes - Tons

18,126 | 15,762
FY22 | FY21



Sales Volumes - Tons

16,850 | 14,594
FY22 | FY21



Sales Revenue - PKR Mn

4,172 | 3,025
FY22 | FY21



Gross Profits - PKR Mn

611 | 495
FY22 | FY21



Cash & Bank - PKR Mn

79 | 16
FY22 | FY21



Equity - PKR Mn

1,577 | 1,395
FY22 | FY21



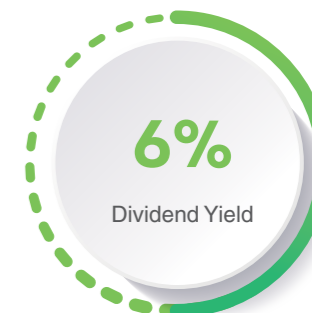
Earnings per share

3.11_{/share} | 3.15_{/share}
FY22 | FY21



Dividend Announced

1_{Re./share} | -
FY22 | FY21





CORE VALUES



Integrity

We are open, honest, transparent, and committed to doing what's best for our stakeholders.



Passion

We strive for perfection, go the extra mile and have fun in what we do.



Accountability

We act with high sense of responsibility and hold ourselves accountable.



Values our People

We treat all people with dignity and value the collective power of teamwork, trust and respect each other.



Excellence

We strive to deliver the highest quality and value possible through simple, easy and relevant solution.



Innovation

We develop and apply world-class technology. We listen. We learn and seek out the best ideas.

STATEMENT OF ETHICS

Macpac Films Ltd will conduct its business honestly and ethically.

Personal interests must never be permitted to conflict, or appear to conflict, with the interests of the Company, its clients or its affiliates.

All applicable laws and regulations including labor laws and equal opportunity must be complied with.

Directors, officers and employees must respect and act responsibly with others in all of their dealings.

All Company policies and procedures including Company's Code of Conduct must be followed.

The Company's core values must be upheld at all times.

BUSINESS STRENGTHS



Macpac is the Pioneer of BOPP and CPP films in Pakistan, having rich expertise, a strong brand identity and a customer centric focus.

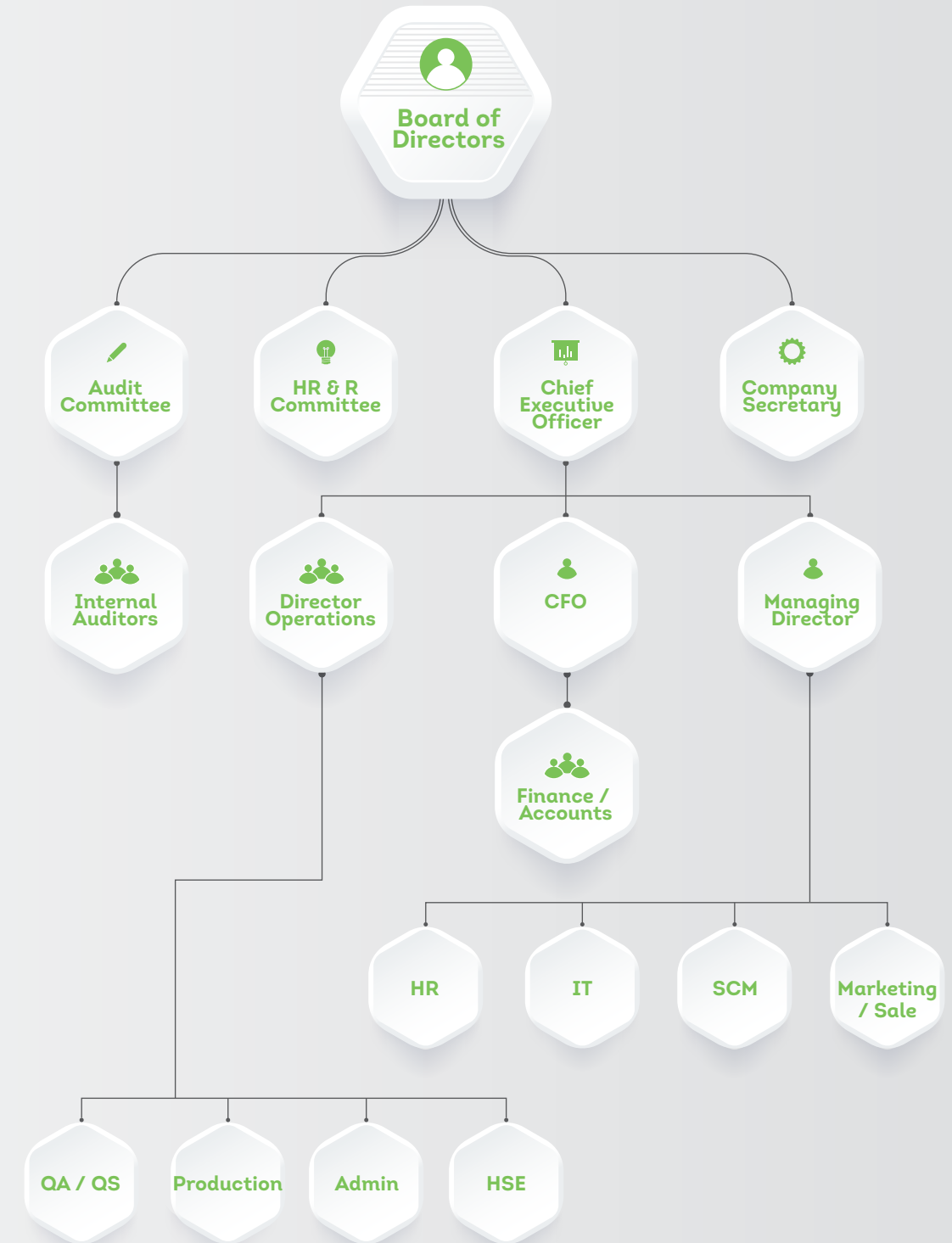
Complete automated Bruckner and SML high-performance extrusion plants, which produce superior quality films with minimum wastage and higher accuracy.

Research and Development remain a key strength. We work to obtain new knowledge and technology in order to develop best quality films to serve our customers. The goal is to strengthen the company's bottom line and long term sustainability.

The company maintains strong relationships with its stakeholders. Our suppliers are committed to provide quality services with minimum lead time. Our HR remains our pride as Macpac has a professional and focused team which is always in search of improvement and innovation.

We strongly emphasize on customer relationship management by creating a 360° view of the customer, capturing their needs through interactions with the business, and by analyzing the information needed to better serve our customers.

ORGANIZATION STRUCTURE

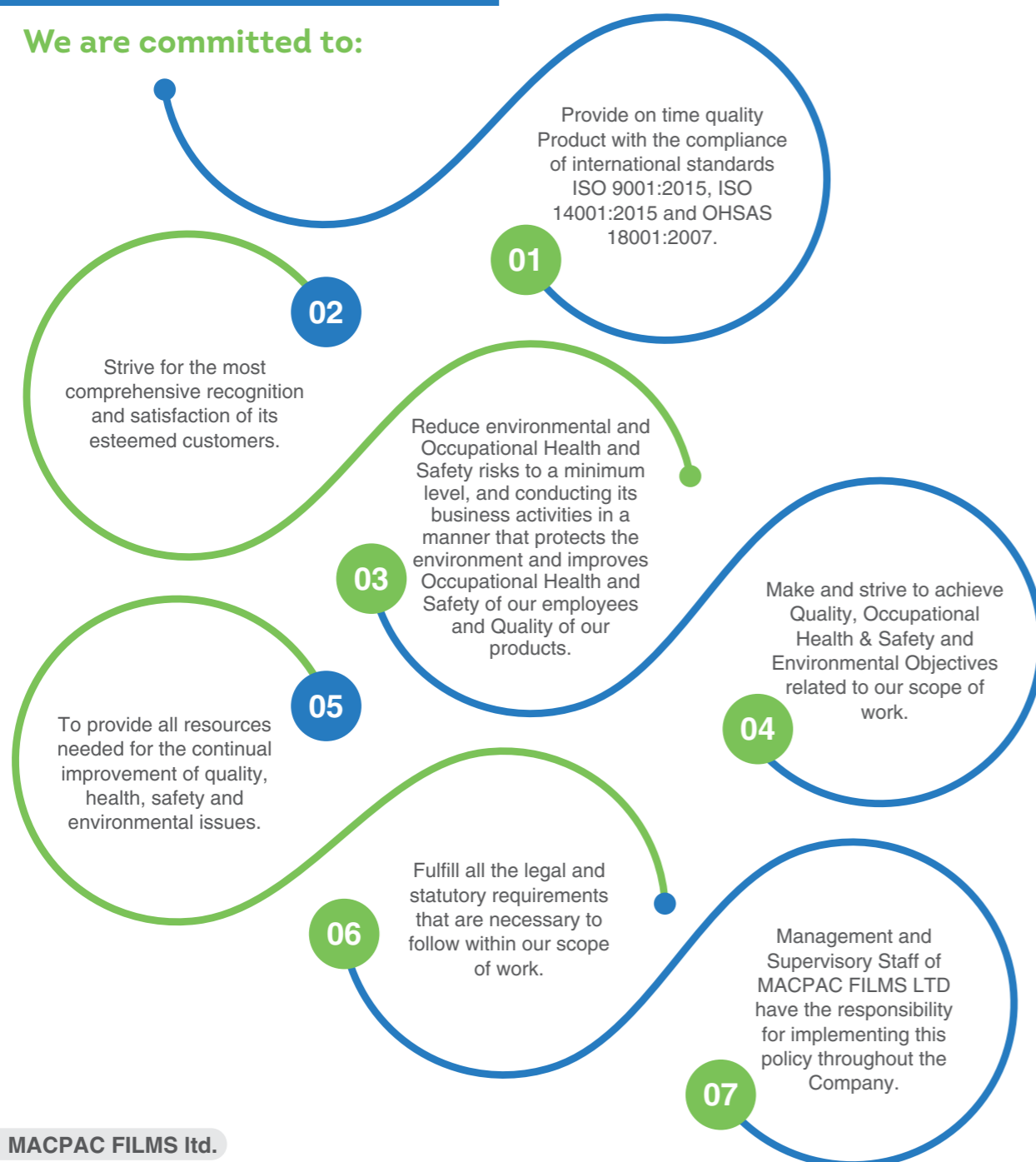


INTEGRATED MANAGEMENT SYSTEM (IMS) POLICY

MACPAC FILMS LTD emphasizes on excellence in all aspects of business activities.

The Company constantly strives to maintain its reputation as a successful, dynamic and responsible organization.

We are committed to:



WHISTLE BLOWING POLICY



MACPAC Films Ltd is committed to conducting its business and dealing with all stakeholders including staff, suppliers, customers, and shareholders in a manner that is lawful, ethical and accountable.

Therefore, Whistle blowing Policy has been issued which enables parties to speak up wherever it is genuinely believed that the Company's business is being administered in an inappropriate manner or in violation of applicable laws, Company's policies, procedures and statement of Ethics.

Actions covered under the Policy

This Policy covers any action which ends up, or is probably going to result, in any misconduct which acts against Company's values, like fraud, financial malfeasance, breach of statement of ethics, theft, any action endangering the health and/or safety of any person, etc.

Method of filing Whistle blowing complaint

Various modes of Whistle blowing are available and email can be sent to, whistle.blowing@macpacfilms.com

Confidentiality and Protection Mechanism

The Policy assures that every single complaint is to be handled in complete confidence. Anonymous complaints will also be investigated and if a named complaint is received, it will be ensured that the complainant is not subjected to any prejudicial treatment or retaliation.

Success of the Policy and its implementation

All stakeholders are liable for the success of this Policy and may use it to disclose suspected wrongdoing. If a person has any question regarding the content or application of this Policy, he or she may contact the Internal Audit Department for getting necessary clarification.

SOCIAL RESPONSIBILITY



The Company's utmost priority has always been conducting ethical and sustainable business with an aim to build stronger relations with its stakeholders and to make contributions for the welfare of society. The goal of our CSR is to behave responsibly for the Company's actions and create a positive impact through its activities on the environment, employees, communities and stakeholders.

Being socially responsible is more than just a corporate requirement for us; the Company continuously takes multifaceted initiatives to fulfill this ethical obligation.

Employee Welfare

Macpac Films Ltd respects the dignity and rights of its human capital. The work environment is friendly and steps are taken to ensure a family-like environment. To uplift the living standards of our employees and improve their lives is our aim. We provide interest-free loans and medical facility to our employees and their families. Training and development is considered to be an integral part of our Human Resource Policy. Apart from on-the-job training, we encourage our employees to attend seminars, workshops, short courses and lectures. We are an equal opportunity employer and provide employment opportunities to young graduates with an aim to nurture a highly talented cohort of future leaders for the country.

Safety and Health

We are committed to the health and safety of our employees, subcontractors, customers and the

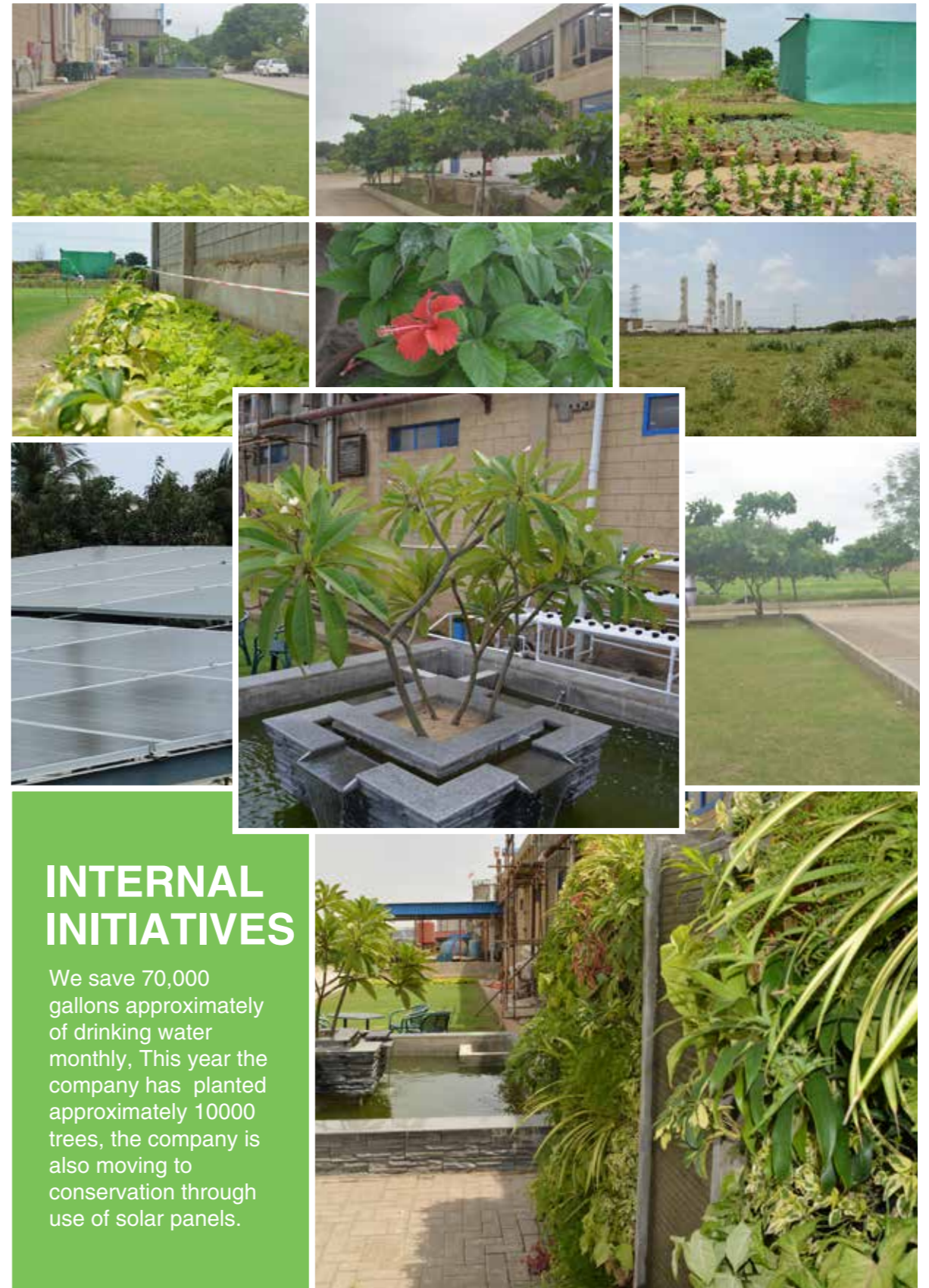
general public. We are also dedicated to safeguard our natural environment. Our health, safety and environment objectives are equal in status to our other business activities. Line management and supervision is responsible for implementing these objectives. Regular workshops and trainings are conducted to educate our employees about the various safety and health issues.

Social Services

Keeping in line with the values of the Company, we also make philanthropic contributions to institutions that are making significant efforts to help the underprivileged, e.g., Shaukat Khanum Hospital, The Citizens Foundation, Heart Care Society, Civil Hospital etc. Apart from such institutions, a significant contribution is made every year towards various educational organizations as part of our CSR initiatives. This year the company has also donated and participated in flood relief efforts.

Conservation

We save water by aggressively implementing water conservation projects. We educate our employees through in house and external trainings and we have successfully reduced water consumption by approximately 1 million gallons per year. We further plan to reduce our consumption by implementing efficient systems and recovery of boring water through reverse osmosis plant in the upcoming year.



INTERNAL INITIATIVES

We save 70,000 gallons approximately of drinking water monthly, This year the company has planted approximately 10000 trees, the company is also moving to conservation through use of solar panels.



OUR BOARD

***Mr. Muhammad Omer Sabir**
(Independent Director)

Mr. Shariq Maqbool Elahi
(Non-Executive Director)

Mr. Ehtesham Maqbool Elahi
(Managing Director)

Mr. Naeem Ali Muhammad Munshi
(Chairman)

Mr. Najm-ul-Hassan
(Chief Executive Officer)

Mr. Fahad Munshi
(Non-Executive Director)

Mr. Habib Elahi
(Operation Director)

*Left to Right

THE BOARD

MR. NAEEM ALI MUHAMMAD MUNSHI CHAIRMAN

He has been serving as a Non-Executive Director at Macpac Films Ltd ever since its inception and currently holds the office of CEO at Hilal Food (Pvt) Ltd. A graduate of Sindh University, Hyderabad, his experience of successfully managing one of the largest confectionery businesses gives Macpac an integral insight deep into the customer demands and trends of the end users. He is also the member of the HR & Remuneration Committee and a member of the Audit Committee of the Board.

MR. EHTESHAM MAQBOOL ELAHI MANAGING DIRECTOR

A graduate of American University in Dubai and a certified director from PICG, having years of experience of senior level managerial positions, He is a Highly organized, skilled and self-motivated managing director with a futuristic mindset to accomplish new levels of success. A mentor for the organization, a leader to follow. He is also a member of the HR and Remuneration Committee of the board.

MR. NAJMUL HASSAN CHIEF EXECUTIVE OFFICER

A qualified CMA and having a master's degree from IBA, he is the CEO of MACPAC. He has extensive executive level experience of over two decades in different industries and great decision making skills. Being the backbone of the company, with his timely decision, he has always led the company for the forefront.

MR. SHARIQ MAQBOOL ELAHI NON-EXECUTIVE DIRECTOR

He is the technical mind of the Board pertaining to the packaging industry. Serving as a Non-Executive Director and a Chairman of the HR & Remuneration Committee, he adds immense value to the Board by his understanding of the business from his first-hand experience of printing and packaging.

MR. MUHAMMAD OMER SABIR INDEPENDENT DIRECTOR

Mr. Omer Sabir is serving as an independent director and having vast experience and knowledge in handling business and marketing affairs. He is also serving as director on the board of a private limited company.

MR. FAHAD MUNSHI NON-EXECUTIVE DIRECTOR

He is serving as a Non-Executive Director at Macpac Films Limited. After completing his graduation from Bentley University in Waltham, Massachusetts, he joined Hilal Food (Pvt) Ltd as a Director. Having a dynamic personality and an achievement-oriented approach, he started off his career in management operations with a focus towards process improvement and innovation. With his determination and inherent passion, he developed himself in human resource management.

COMPANY LEADERSHIP

MR. HABIB MAQBOOL ELAHI OPERATIONS DIRECTOR

Trained as a management professional with almost 10 years of experience in a leadership position, Habib Elahi is leading the company's operations as Director Operations.

He adds value to the organisation by his Out-of-the-box, visionary thinking who champions innovative solutions to elevate organizational performance, cutting costs, streamlining operations, new business development and increasing productivity. He is talented in developing partnerships, overseeing personnel and developing tactical plans to meet strategic goals.

MR. MUHAMMAD FAISAL PANAWALA ACTING CHIEF FINANCIAL OFFICER

Mr. Faisal Panawala has over 18 years of senior level financial planning, controlling and management reporting experience in manufacturing and power sectors. Before joining Macpac Films, Mr. Faisal spearheaded the FP&A and Controlling function at Lucky Cement Ltd, and contributed towards various feasibility studies, acquisitions and sustainability measures. He also played an instrumental role in system transformation to SAP S/4 HANA.

Mr. Faisal Panawala is a Fellow Management Accountant (FCMA) and holds MBA degree with Major in Finance from Hamdard University. Furthermore, he is pursuing Level II of the CFA exam.

MS. UM-E-FARWA HEAD OF INTERNAL AUDIT

Ms. Um-e-Farwa has been associated with Macpac Films Limited since 2014. A Professional Accountant committed to financial accountability and transparency. She is an associate member of Institute of Cost & Management Accountants of Pakistan (ICMAP) & Institute of Certified Public Accountants of Pakistan (ICPAP).

MR. ZAFFAR ULLAH MANAGER PRODUCTION

A qualified chemical engineer from UET Lahore, Mr. Zaffar carries with him experience of more than one decade including 5 years international experience as well. He is very keen to provide quality product by using his expertise.

MS. MEHREEN SHAH KHALID MANAGER HUMAN RESOURCES

An MBA in human resource management, MA in economics, and a certified Human resource practitioner. Ms. Mehreen is an HR professional with a proven record of generating and building relationships, along with more than 10+ years of experience in the same capacity. Skilled in building cross-functional teams, demonstrating exceptional communication skills, and making critical decisions during challenges. Creating effective presentation and developing opportunities that further establish organizational goals.

BOARD COMMITTEES

AUDIT COMMITTEE

Ms. Amna Daudi (Committee Chairperson)
(Till October 2021)

Mr. Muhammad Omer Sabir (Chairman)

Mr. Shariq Maqbool Elahi (Member)

Mr. Naeem Ali Muhammad Munshi (Member)

Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities for the:

1. Integrity of the Company's financial statements
2. Company's compliance with legal and regulatory requirements
3. Independent auditor's qualifications and independence
4. performance of the Company's Internal audit function and independent auditors

Authority

The Audit Committee has the authority to conduct or authorize investigations into any matter within its scope of responsibility. It is empowered to:

- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision by external auditors of any service to the Company in addition to audit of the financial statements.
- Resolve any disagreements between management and the external auditors regarding financial reporting.
- Meet with Company officers, external auditors, or outside counsel, as necessary
- Seek any information it requires from any employee (and all employees are directed to

cooperate with any request made by the Audit Committee) and external parties.

- Obtain outside legal or other professional advice.

Meetings

The Audit Committee shall meet at least once every quarter of the financial year. The provisions of the Code of Corporate Governance 2019 shall be complied with in this regard.

Responsibilities

In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

- Determination of appropriate measures to safeguard the Company's assets
- Review of preliminary announcements of results prior to publication
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - The going concern assumption
 - Any change in accounting policies and practices
- Compliance with applicable accounting standards
- Compliance with listing regulations and other statutory and regulatory requirements
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)

- Review of Management Letter issued by external auditors and management's response thereto
- Ensuring coordination between the internal and external auditors of the Company
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company
- Consideration of major findings of internal investigations and management's response thereto
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective
- Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors
- 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 and to consider remittance of any matter to the external auditors or to any other external body
- Determination of compliance with relevant statutory requirements
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof

HR & REMUNERATION COMMITTEE

Mr. Shariq Maqbool Elahi (Committee Chairman)

Mr. Ehtesham Maqbool Elahi (Member)

Mr. Naeem Ali Muhammad Munshi (Member)

Purpose

The HR & Remuneration Committee is appointed by the Board to assist the Board in fulfilling its responsibilities relating to leadership development and compensation of the Company's directors, executive officers and other key management personnel.

Composition

The HR & Remuneration Committee shall have at least three members comprising a majority of non-executive directors.

Responsibilities

The HR & Remuneration Committee has the following responsibilities:

- Recommend significant human resource management policies to the Board
- Recommend to the Board, the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO
- Recommend to the Board, the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit
- Consider and approve, on recommendation of the CEO, matters regarding key management positions which report directly to the CEO or COO
- Consider and approve recommendations of the HR Executive Committee
- Report regularly to the Board following meetings of the Committee

Meetings

The Committee shall meet on a needs basis or when directed by the Board. The Company Secretary sets the agenda, time, date and venue of the meeting in consultation with the Chairman of the Committee. The Secretary of the Committee shall submit the minutes of the meeting duly signed by its Chairman to the Company Secretary. These minutes are then circulated within the Board.



**REIMAGINING
THE FUTURE
THROUGH**

ROBUST GROWTH

The company maintained its growth momentum delivering higher sales volume and profitability.

The impact of the economic downturn was managed with dexterity so that the earnings trajectory was maintained, whilst keeping focus on production efficiencies cost control and environmentally sustainable practices.



CHAIRMAN'S REVIEW REPORT

Dear Stakeholders: I am pleased to present the review on Annual Report of the Company for the year ended June 30, 2022.

Pakistan's economy has shown remarkable resilience in overcoming the odds and noted an impressive GDP growth rate of 5.97% despite being in the midst of fall in domestic currency, inflationary pressure due to commodity super cycle and recent global warming related floods. During FY 2021-22, the packaging industry maintained upward trend in demand for BOPP & CPP due to increase care towards health and safety and overall growth momentum in the economy.

In FY 2021-22, your Company achieved highest ever sales volumes and highest ever revenues. During the year, the Company witnessed an increase in volume by 15.4% as compared to last year. Net profit after tax of the company was Rs. 184 million despite of forex loss due to PKR devaluation and impact of super tax. Company also have been able to increase its footprints in exports market and its turnover outside the country amounted Rs. 59 Million.

Going forward, the Company will continue to explore new product offerings remaining firmly committed to customer centricity and innovation. We believe that there are niche markets and your Company is well positioned to deliver on future opportunities that exists in local and international markets.

We remain committed to good Corporate Governance in the broadest sense not only in terms of compliance but also with respect to CSR and sustainability. I am pleased to report that the Board has fulfilled its responsibilities diligently and to a high standard which has helped in effective steering of the Company during the year. The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also cognizant of its strategic role in achieving the Company's key objectives and is focused on enriching the returns for its shareholders and other stakeholders and shall continue contributing through sustained supply of premium quality products to its valued Customers.

Mr. Naeem Ali Muhammad Munshi
Chairman

Date: September 20, 2022

DIRECTORS' REPORT TO THE SHAREHOLDERS

In the name of Allah, the Most Gracious, the Most Benevolent and the Most Merciful

Assalam-o-Alaikum

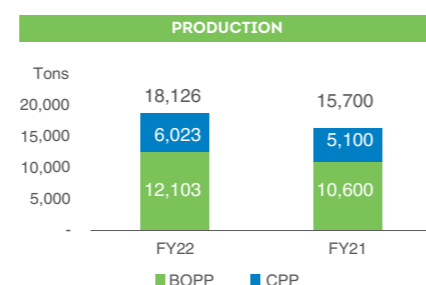
Dear valued Members,

The Directors of your Company are pleased to present their Report and Audited Financial Statements of the Company for the year ended June 30, 2022.

Production

The Company's BOPP and CPP Production during the year was 12,103 metric tons and 6,023 metric tons respectively as compared to the production of 10,600 metric tons and 5,100 metric tons respectively last year.

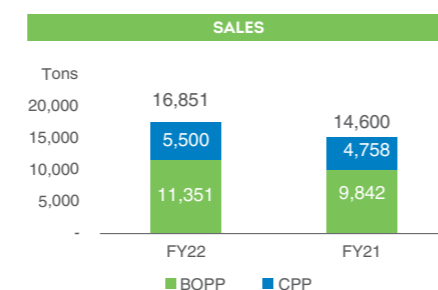
Overall production volume grew by 15.4% which also increased the capacity utilization.



Sale Performance

The Company's sales for the year ended on 30 June 2022 was 16,851 metric tons as compared to 14,600 metric tons for the year ended on 30 June 2021.

The increase of 14.5% in sales volume is the result of effective business strategies adopted by the company to increase its market share and contributed towards increased profitability as well.



Gross Profit

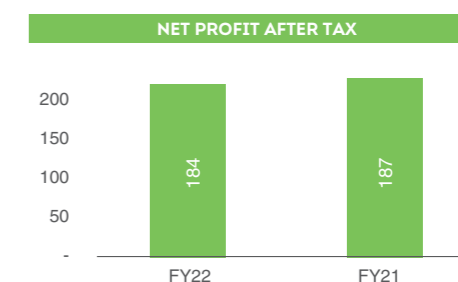
The gross profit of the Company is Rs. 611 Million for the current year as compared to Rs. 495 Million last year with a growth of 23.4%.

This is mainly due to an increase in sales volumes that enables the absorption of overhead costs.



Net Profit

The net profit before tax for the year under review is Rs. 263 Million as compared to Rs. 274 Million during the same period last year. The decline is mainly due to higher exchange losses of Rs. 76.9 Million in the current year compared to Rs. 9.3 Million exchange gains last year. Similarly, the net profit after tax for the year ended stood at Rs. 184 Million compared to Rs. 187 Million last year after taking impact of super tax of Rs. 8.8 million.



Comparative Financial Results

Broad comparative financial results for two years are given hereunder. Key performance indicators for the last six years are also annexed to the report.

	2022		2021	
	PKR Million	% of Sales	PKR Million	% of Sales
Sales (net)	4,174		3,025	
Gross Profit	611	14.6%	495	16.4%
Profit / (Loss) before Tax	263	6.3%	274	9.1%
Profit / (Loss) after Tax	184	4.4%	187	6.2%
EPS	3.11		3.15	

Earnings per Share

The earnings per share for the current year is Rs. 3.11 as compared to Rs. 3.15 past year.

Dividend

Your Company is committed to provide sustainable return to its shareholders over a longer term, and therefore, the Directors of the Company have proposed a dividend of Re. 1 per share for the year ended June 30, 2022.

Future Outlook

The recent havoc due to catastrophic floods poses extreme challenges on the macroeconomic front. Further, the widening current account deficit which has resulted in a sharp decline in the value of Pak Rupee against USD, falling foreign exchange reserve, and continuous increase in food inflation due to the global commodity super cycle which is further exacerbated due to Russia-Ukraine war will impact the overall macro-economic factors and may result into further tightening in monetary policy which could add more pressure on different sectors of the economy.

Despite the challenges posed, the Company maintained its performance and should deliver to expectations with improved efficiencies supported by a highly committed workforce, effective product mix, entry into new market segments, increased investment in information systems, research and development.

By focusing on these measures, the Company should be able to retain momentum on bottom-line profitability, increase market share and deliver growth in bottom line. In Sha Allah.

Impact on Environment

Macpac has always prioritized conservation of water and energy focusing on solar power for energy efficiency and fuel conservation, and effective water utilization for manufacturing requirements. Further, educating and training its team, suppliers, and customers towards essentials of environmental conservation through opting for sustainable solutions. The Company is also looking at recycling of waste materials.

Being a socially and ethically responsible corporation, Macpac continues to work toward minimizing environmental impact.

Principal Activity

The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

Principle risks and uncertainties:

The principal risk and uncertainties include the risk of currency devaluation, increase in interest rates, and changes in government policies.

Geographical location and address of business:

The registered office of the company is situated at plot # 21, Maqboolabad, Jinnah Cooperative Housing Society (J.C.H.S), Tipu Sultan Road, Karachi, the production plants are located at Eastern Industrial Zone, Port Qasim, Karachi and North Sales office is situated at Lahore Center, Gulberg Lahore Pakistan.

Major Capital Expenditure

For details on addition in property, plant and equipment note 9 to the financial statements.

Composition of Board of Directors

1. The total number of Directors as on 30th June 2022 were as following:

- | | |
|------------|---|
| a. Male: | 6 |
| b. Female: | - |

During the period under reference one independent director on the Board resigned. This casual vacancy has now been filled.

2. The composition of board as on June 30, 2022 is as follows:

Category	Name
a) Independent Director	1. Mr. Muhammad Omer Sabir
b) Non-Executive Director	1. Mr. Naeem Ali Muhammad Munshi 2. Mr. Shariq Maqbool Elahi 3. Mr. Fahad Munshi
c) Executive Director	1. Mr. Najmul Hassan 2. Mr. Ehtesham Maqbool Elahi

Names of persons who, at any time during the financial year were directors of the Company

S. No.	Name	Title
1	Mr. Naeem Ali Muhammad Munshi	Chairman
2	Mr. Najmul Hassan	Chief Executive Officer
3	Mr. Ehtesham Maqbool Elahi	Managing Director
4	Mr. Shariq Maqbool Elahi	Non-Executive director
5	Ms. Amna Daudi	Independent director (till Oct 28, 2021)
6	Mr. Fahad Munshi	Non-Executive director
7	Mr. Muhammad Omer Sabir	Independent director

Audit Committee of the Board

S. No.	Name	Title
1	Mr. Muhammad Omer Sabir	Chairman
2	Ms. Amna Daudi	Chairperson (till Oct 28, 2021)
3	Mr. Naeem Ali Muhammad Munshi	Member
4	Mr. Shariq Maqbool Elahi	Member

HR & Remuneration Committee

S. No.	Name	Title
1	Mr. Shariq Maqbool Elahi	Chairman
2	Mr. Ehtesham Maqbool Elahi	Member
3	Mr. Naeem Ali Muhammad Munshi	Member

Directors' Remuneration

As per current remuneration policy approved by the board, non-executive and independent directors are paid Rs. 25,000 for attending boarding meeting.

Appropriate disclosure of the remuneration paid during the year to Directors and Chief Executive has been provided in Note 39 of the Financial Statements.

Auditor

The existing Auditors; M/s. KPMG Taseer Hadi & Co., Chartered Accountants retired and have offered themselves for re-appointment for the year June 30, 2023. The reappointment has also been recommended by the Audit Committee of the Board.

Compliance with the Code of Corporate Governance

The statement of compliance with the Code of Corporate Governance is annexed herewith.

Statement of Ethics and Business Practices

The Board has prepared and adopted 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.

Compliance With the Code of Corporate Governance Statement on Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows, and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act), and provisions of and directives under the Act, have been followed in the preparation of financial statements.
- The Company has in-house internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the Company.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- All members of the Audit Committee are independent/ non-executive Directors.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The key operating & finance data for the last 6 years are annexed to the report.

During the year, the Board of Directors held 5 meetings and the attendance of the Directors was as follows:

S. No.	Name of Directors	Meeting Attended
1	Mr. Naeem Ali Muhammad Munshi	5
2	Mr. Najmul Hassan	5
3	Mr. Ehtesham Maqbool Elahi	5
4	Mr. Shariq Maqbool Elahi	5
5	Mr. Fahad Munshi	2
6	Mr. Omer Sabir	2
7	Ms. Amna Daudi	2

During the year, the Audit Committee held 5 meetings and the attendance of the Directors was as follows:

S. No.	Name of Directors	Meeting Attended
1	Ms. Amna Daudi	2
2	Mr. Naeem Ali Muhammad Munshi	4
3	Mr. Shariq Maqbool Elahi	4

During the year the Human Resource and Remuneration Committee (HRRC) held 1 meeting and attendance of the Directors was as follows:

S. No.	Name of Directors	Meeting Attended
1	Mr. Shariq Maqbool Elahi	1
2	Mr. Ehtesham Maqbool Elahi	1
3	Mr. Naeem Ali Muhammad Munshi	1

Audit Committee and Internal Control System

The management of your Company believes in good corporate governance, implemented through a well-defined and efficiently applied system of checks and balances and the provision of transparent, accurate, and timely financial information. The Board of Directors has established a system of sound internal control including effective financial controls which are implemented at all levels within the Company.

The Board has formed an Audit Committee which comprises three (3) members; all are non-executive directors including the Chairman of the Committee, who is an independent director. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

HR and Remuneration Committee

The Board has formed an HR and Remuneration Committee. It comprises of three (3) members, including two non-executive directors and one executive director. The Chairman of the Committee is a non-executive director.

Corporate Social Responsibility (CSR)

We believe in giving back to society and are committed to improving the quality of life of our stakeholders, communities, and the underprivileged the society. The Company takes pride in its CSR activities conducted during the year. The details of CSR activities and initiatives are mentioned in detail on page no 18 of the Annual report.

Human Capital and Employee Relations

The human capital of the Company is a vital asset in any organization. Here at Macpac Films Ltd, we take pride in how we integrate human resources with other resources like equipment and technology systems, to produce the performance desired by the Company. The directors of the Company wish to express their gratitude for the relentless efforts put in by the Company's employees in achieving the objectives during the year.

In an increasingly demanding and competitive business environment, the challenges we face are multifaceted. Effective human resource management requires constant analysis of the quality of human capital in the Company. We ensure that no stone is left unturned when it comes to initiatives involving the development of our human capital.

Related Party Transactions

All transactions with related parties have been carried out in the normal course of business at agreed terms and have been disclosed in the financial statements under relevant notes.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2022, along with necessary disclosures as required under the Code of Corporate Governance, is disclosed in the Annual Report 2022.

Acknowledgment

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, the shareholders, partners, customers, government authorities, autonomous bodies, financial institutions, and bankers for their co-operation and continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the staff of the Company.

For and on behalf of the Board



NAJMUL HASSAN
Chief Executive Officer



EHTESHAM MAQBOOL ELAHI
Director

Karachi
September 20, 2022



REIMAGINING THE FUTURE THROUGH

INNOVATION

The company has always prioritized quality product offering and has focused on providing customer centric solution. This has not only enhanced the relationship of Macpac with its customers but has also enabled the technical team to remain agile and focused on innovation.

Inline with its Environment consciousness and commitment to innovative technology, the company is using its product understanding to develop recycling and reuse solutions for plastic waste, which will lead to future business opportunities.

HEALTH, SAFETY AND ENVIRONMENT

As a part of our core values and business ethics, Macpac Films Ltd provides a safe and healthy working environment which ensures an atmosphere of minimal accidents and work-related illnesses. The organization is certified with ISO 9001:2015 certification.

We believe that a safe and healthy workplace is a fundamental right of every person and also a business imperative. All of our workplaces are fully equipped with modern safety gear, fire safety equipment and safety attire, as per international safety requirements.

The HSE policy has been designed to ensure compliance with applicable laws. It aims to concurrently achieve continuous performance improvement, aligned with QMS 9001.

It is our policy that we are committed to the health and safety of employees, subcontractors, hired personnel, customers and general public. We are also committed to safeguard our natural environment.

HSE Objectives

Remaining within the framework of the Health, Safety and Environment policy, Pakistan's legislative requirements and standards required from our customers, we progressively strive to:

- Prevent all production incidents
- Prevent other incidents/accidents at our business sites, machines and installations
- Prevent all occupational diseases and promote the health of our employees and the people who work with us

- Minimize the impact of our operation on the environment
- Adopt work practices that are safe and environment-friendly
- Develop systems and individual personal responsibilities for health, safety and environment
- Encourage involvement of employees in health, safety and environmental affairs.

BOPP ADVANTAGES



BOPP ADVANTAGES Macpac is known to invest in Environmentally Sustainable technology.

Therefore Macpac has usually invested in PP based, or multi-layer films so that products are either recyclable, bio degradable (if the client requires) or at least reusable film. Our BOPP films products have important advantages over comparable BoPet films which are following:

BOPP ADVANTAGES OVER BOPET

Recyclable
Biodegradable Ready
Wide sealing range
Diversified products for special application
High water vapor / moisture barrier
Low process cost (Ink)

In Pakistan Alone, the FMCG industry using BOPET Substrates for printing of Laminates can replace the same with BOPP Substrates and promote recyclability mainly promoting recycle through encouraging mono structure.

Estimated:

Over 500 tons (monthly) minimum of Bopet Films can be replaced with PP based film or specifically BOPP in the Biscuits, Cake and Chips industry alone.

Macpac Films Ltd. Positioned itself as a supplier of choice of BOPP films.

PRODUCT PROFILE

Macpac produces co-extruded multiple grades of BOPP Films which conform to international standards of processing involving biaxial orientation of the films at high speed. We focus on various applications:

- Food (confectionery, biscuits, cookies, snacks, tea, baked products)
- Labels (opaque and transparent)
- Other Applications (overwrapping, textile bags, tobacco, decorative purpose, pharmaceutical items, adhesive tapes, etc.)

Macpac is committed to leading edge product quality. To meet that commitment the objective of its team of experts is to create value-added products for its valuable customers and to provide them with innovative and effective solutions that allow them to succeed in their businesses.

Keeping in view the needs of our customers, Transparent, Matte, Pearlized & Metallized films are produced in different varieties and thickness ranging from 10 to 60 microns. We also make specialized films having unique characteristics to be used in specialized applications thereby creating a niche market. We excel in producing the following grades:

- Plain
- Overwrap
- Sealable
- Matte
- Pearlized
- Metallized
- Medical Grade
- Metallizable
- Pearl white for labels
- Biodegradable BOPP
- Hologramable
- Sheet Lamination

The most valuable property of our film is its versatility as a packaging carrier. We carefully craft our films to ensure good barrier properties against moisture, gas and odors. Excellent optical properties distinguish our films from others. Trouble free printing and sealability makes our products, the first choice of converters.

Packaging is the first introduction of a product to its consumer; we produce and deliver high quality films in the market having following key features:

- Excellent Optic (High Gloss & Clarity)
- Good Barrier to Water Vapor
- Improved Stiffness
- Excellent Performance on High Speed Machines
- Good Dimension Stability and Flatness
- Good Scuff Resistance and Great Acid Resistance
- Excellent resistance to UV light
- Not affected by moisture and does not wrinkle or shrink with environmental changes
- High Tensile Strength
- Good puncture and flex-crack resistance over a wide range of temperatures
- Biodegradable
- Low Electrostatic Charge
- Excellent Chemical and Abrasion Resistance
- Recyclable and Reusable

We therefore strengthen the brand proposition of our customers through our high quality packaging.

PRODUCT PROFILE

Product Profile



Over Wrapping Item



Confectionery Item



We also manufacture customized products as per customers' requirements.

CPP Films



Cast Polypropylene (CPP) films intend to offer high performance, attractive and easily transformable film for flexible packaging and other applications. It is a mono oriented film based on polypropylene polymers. CPP film forms the basis for a variety of packaging as it possesses excellent salability and transparency for subsequent printing or lamination. It also offers minimal gauge variation and a low gel level for better metallizing. We excel in producing the following grades:

- Transparent
- Opaque/ Milky
- Metalized
- And other specialized films

CPP films are also produced from a combination of various grades of PP polymer. Various

constructions of CPP are available (multi-layer options) which are used to cater several applications in general packaging, as a sealant layer in conjunction with other plastic substrates for packaging of food products, twist wrap usage in candies, etc. Key characteristics of CPP films are:

- High Clarity, Smoothness and Gloss
- Higher seal strength
- Good hot tack strength
- Good anchoring of inks and adhesive to Treated Surface
- Good machinability on Packaging line
- Resistance to grease and oil
- Good resistance to tears & puncture
- Good moisture barrier
- Low static properties

- Can be metal processing
- Higher than the PE film stiffness
- Multi-functional, composite materials can be used as the base film.

Macpac Films Ltd. conforms to global quality standards and with our in-house R&D facilities it seeks to provide product development that satisfies customer's requirements. Macpac's diverse portfolio of BOPP films and multi-layered CPP film, combined with knowledge, technology and analytical capabilities provides the opportunity to develop new products targeting highly customized applications. We believe that this will enhance efforts to differentiate our customer from competition. Our CPP production process is accomplished with the contribution of the most sophisticated and advanced technologies to produce a wide range of Cast Poly Propylene films. The art machinery supplied by S.M.L – Certified European manufactures, is a

high end 5-layer machine that is capable of making diverse range of barrier films as well. Our production facility is led by the team of experts that ensure high production quality that meet customer's demand. We offer a wide range of multi layered CPP films, including: Metalized, lamination, Milky/White (micron range: 15-200). The high barrier range comprises of EVOH and Nylon based film that provides excellent barrier properties.



PRODUCT CATEGORIES

BOPP

- Sealable Films
- Plain Films
- Metalized Films
- Matte Films
- Pearlized Films
- White Films

CPP

- Opaque/ Milky Films
- Transparent Films
- Specialized Films
- Metalized Films

HUMAN RESOURCE DEVELOPMENT

Human resources at Macpac Films Ltd is the central hub for everything related to the employment of a company's workforce.

Our HR Department understands that company culture, employee development, and career opportunities play a huge role in employee engagement and retention. We ensure to find the motivating factors that drive the employees to become better at what they do. Our main focus is to nurture and further improve our teams through our exemplary HR policies, development programs, and compensation packages.



Recruitment and Selection

The process reflects our company's professionalism and portrays the organization's maturity in attracting and hiring the right talent.

Merit Based Selection with competitive salary enables us to acquire quality workforce.



Training and Development

Macpac provides the employee with the support and training to grow and develop because we recognize the crucial part every employee plays in our success.

We are fully embedded in external training affiliated by top institutes and universities along with international exposure and mentorship for our employees.



Performance Appraisals

Annual appraisals are aimed to align employee skills with the company's strategic objectives; a benchmark has been set to compare performance of each employee.

A two way feedback is followed to build necessary respect and trust leading to better performance.



Compensation & Benefits

Annual appraisals are aimed to align employee skills with the company's strategic objectives; a benchmark has been set to compare performance of each employee.

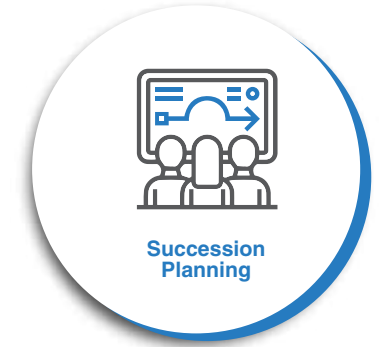
A two way feedback is followed to build necessary respect and trust leading to better performance.



Health and Safety

Eliminating hazards, protecting workers, and continuously improving workplace safety and health is our core objective.

Providing sufficient resources to implement and maintain the safety and health. Visibly demonstrate and communicate safety and health commitment to all employees.



Succession Planning

It is considered to be an HR priority for key positions to ensure employees' development and a sustainable leadership model.

At Macpac we invest in hires that can both fill the needs in the present and support the future growth of our organization for the talent management process.

Employee Engagement Activities

Fun at Macpac is a key element of employee happiness, a sense of fun helps to build a more positive mindset, enjoy higher levels of well-being, and have better mental health. Employee engagement is our strategic business objective because engaged employees lead to long-term employee retention, higher employee performance, and improved quality of work leading to organizational success.



Incorporating a rewards and recognition program helps increase employee engagement and create a positive overall workplace.



Corporate beach events boost creativity level, keeping employees happy and eventually promoting our company morale.



Having workplace celebrations gives our employees a chance to bond and get to know each other resulting in people working better together.

ANNUAL FUNCTION 2021



EMPLOYEE ENGAGEMENT AND CSR ACTIVITIES 2022



Beach Cleanup



Blood Donation



SOS Village



TCF school



Flood Relief



Tree Plantation

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of the company: MACPAC FILMS LIMITED
Year ended: Year ended June 30, 2022

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 6 as per the following:
 - a. Male: 6
 - b. Female: 0
2. The composition of Board is as follows:

a)	Category	Name
	Independent Director	1. Mr. Muhammad Omer Sabir
b)	Non-Executive Director	1. Mr. Naeem Ali Muhammad Munshi 2. Mr. Shariq Maqbool Elahi 3. Mr. Fahad Munshi
c)	Executive Director	1. Mr. Najmul Hassan 2. Mr. Ehtesham Maqbool Elahi
3. The directors have confirmed that none of them is serving as 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 the dates on which they were approved or amended has been maintained by the Company.
6. All the powers of the Board have been duly exercised and decision on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. The Board has arranged Directors' Training program for the following:

Ehtesham Maqbool Elahi – Executive Director
Najmul Hassan – Executive Director
Shariq Maqbool Elahi – Non-Executive Director
10. The Board has approved appointment of Head of Internal Audit, including its remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

a) Audit Committee of the Board

S. No.	Name	Title
1	Mr. Naeem Ali Muhammad Munshi	Member
2	Mr. Shariq Maqbool Elahi	Member

b) HR & Remuneration Committee

S. No.	Name	Title
1	Mr. Shariq Maqbool Elahi	Chairman
2	Mr. Ehtesham Maqbool Elahi	Member
3	Mr. Naeem Ali Muhammad Munshi	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

Name	Title
Audit Committee	4 meetings were held during the year. The meetings of the Audit Committee are held on a quarterly basis
HR and Remuneration Committee	1 meeting was held during the year. The meeting of the HR and Remuneration Committee is held on a yearly basis.

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all of their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners 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 regulation 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulation have been complied with, other than those listed below:

Regulation 6(1) and 7

Regulation 6(1) states that it is mandatory that each listed company shall have at least two or one third of its members of the Board, whichever is higher, as an independent directors and Regulation 7 states that the Company shall have at least one female director.

Explanation:

An Independent female director was elected in the 26th Annual General Meeting dated 28th October 2021 but resigned during the year. The casual vacancy has been filled subsequent to the year end in the Board of Directors' meeting dated 20th September 2022.

After filing of the casual vacancy, among other directors now the Company has one female director and two independent directors. Moreover, the number of independent directors has not been rounded up since the two (2) elected independent directors have requisite competency, knowledge and experience to discharge and execute their responsibilities as per applicable laws and regulations.

Regulation 27(1)(i) and (ii)

Regulation 27 (1) and (2) states that the Board shall establish an audit committee of at least three members comprising of non-executive directors and at least one independent director; the chairman of the committee shall be an independent director, who shall not be the chairman of the Board.

Explanation:

This non-compliance arise due to the casual vacancy on the board occurred during the year. However, subsequently, the board has reconstituted the committee by appointing independent director Mr. Omer Sabir as chairman of the committee.

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

Regulation 11(2)

Regulation 11 (2) states that notice for board meeting is to be circulated seven days prior to the meeting. The Company has complied with the said regulation except in two instances where the notice was circulated six days prior to meeting due to error.

Regulation 20

Chief Financial Officer and Company Secretary resigned during the year dated 10th December 2021 and 27th December 2021 respectively. Currently, the Company has acting Chief Financial Officer and Company Secretary. The Company is in the process of hiring the persons in their place.

Regulation 28(2)

Regulation 28 (1) and (2) states that there shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director and the Chairman of the Human Resource and Remuneration Committee (HRRC) shall be an independent director. The HR and remuneration committee comprises of a majority of non-executive directors. However, the compliance has been made after filling the casual vacancy of independent director in Board of Director's meeting dated 20th September 2022, by reconstituting HRRC.



NAEEM ALI MUHAMMAD MUNSHI
Chairman



NAJMUL HASSAN
Chief Executive Officer



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of MACPAC Films 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 MACPAC Films Limited ("the Company") for the year ended 30 June 2022 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 30 June 2022.

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



KPMG Taseer Hadi & Co.

Note / paragraph:

S. No.	Regulation #	Explanation
1	Regulation 6(1) and 7	Regulation 6(1) states that it is mandatory that each listed company shall have at least two or one third of its members of the Board, whichever is higher, as an independent directors and Regulation 7 states that the Company shall have at least one female director. An Independent female director was elected in the 26th Annual General Meeting dated 28th October 2021 but resigned during the year. The casual vacancy has been filled subsequent to the year end in the Board of Directors' meeting dated 20th September 2022.
2	Regulation 27(1)(i) and (ii)	Regulation 27 (1) and (2) states that the Board shall establish an audit committee of at least three members comprising of non -executive directors and at least one independent director; the chairman of the committee shall be an independent director, who shall not be the chairman of the Board. This non-compliance arise due to the casual vacancy on the board occurred during the year. However, subsequently, the board has reconstituted the committee by appointing independent director Mr. Omer Sabir as chairman of the committee.
3	Regulation 11 (2)	Regulation 11 (2) states that notice for board meeting is to be circulated seven days prior to the meeting. The Company has complied with the said regulation except in two instances where the notice was circulated six days prior to meeting due to error.
4	Regulations 20	Chief Financial Officer and Company Secretary resigned during the year dated 10th December 2021 and 27th December 2021 respectively. Currently, the Company has acting Chief Financial Officer and Company Secretary. The Company is in the process of hiring the persons in their place.



KPMG Taseer Hadi & Co.

5	Regulations 28 (2)	Regulation 28 (2) states that there shall be a human resource and remuneration committee of at least three members comprising a majority of non - executive directors of whom at least one member shall be an independent director and the Chairman of the Human Resource and Remuneration Committee (HRRC) shall be an independent director. The HRRC comprises of a majority of non -executive directors. However, the compliance has been made subsequent to year end after filling the casual vacancy of independent director in Board of Director's meeting dated 20th September 2022, by reconstituting HR RC.
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Date: 23 September 2022

Karachi

UDIN: CR202210106XStz8Cnql


KPMG Taseer Hadi & Co.
Chartered Accountants



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of **MACPAC Films Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **MACPAC Films Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit and the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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.



KPMG Taseer Hadi & Co.

Key Audit Matters

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

S. No.	Key audit matters	How the matters were addressed in our audit
1.	<p>Revenue Recognition</p> <p>Refer notes 7.10 & 30 to the financial statements.</p> <p>The Company generates revenue from sale of plastic packaging films.</p> <p>We identified revenue recognition as key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process relating to recognition of revenue and tested the design and operating effectiveness of key controls over recognition of revenue; • Compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, gate pass and other relevant underlying documentation; and • Compared a sample of revenue transactions recorded before and after the reporting date with sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess whether the related revenue was recorded in the correct accounting period.



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S. No.	Key audit matters	How the matters were addressed in our audit
2.	<p>Valuation of Stock-in-Trade</p> <p>Refer notes 7.4 & 12 to the financial statements.</p> <p>As at 30 June 2022, the Company's stock-in-trade amounted to Rs 1,063.39 million.</p> <p>We identified the valuation of stock-in-trade as a key audit matter because determining an appropriate write-down as a result of net realizable value</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of internal controls over valuation of stock in trade and tested, on a sample basis, their design, implementation and operating effectiveness; • Obtained an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete
3.	<p>Contingencies</p> <p>Refer note 29 to the financial statements.</p> <p>The Company has various contingent liabilities.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company regarding disclosure, recognition and measurement of any provision that may be required against such contingencies in the financial statements.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's processes over litigations through meetings with the management and review of the minutes of the Board of Directors and Board's Audit Committee ; • Reviewed correspondence of the Company with regulatory departments, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Company's external counsel. Where relevant, also assessed external legal / tax advices obtained by the Company; • Involved internal tax specialists to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax / legal advisors engaged by the Company;



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S. No.	Key audit matters	How the matters were addressed in our audit
	Due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.	<ul style="list-style-type: none"> • Obtained and checked confirmations from the Company's external legal / tax advisor for their views on the probable outcome of the legal matters, open tax assessments and other legal and tax related contingencies; and • Assessed the adequacy of related disclosures made in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;



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- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Date: 23 September 2022

Karachi

UDIN: AR202210106ywEgYQFWp

KPMG Taseer Hadi

KPMG Taseer Hadi & Co.
Chartered Accountants



REIMAGINING THE FUTURE THROUGH

FOCUS ON SUSTAINABILITY

Our solar panel installations have allowed us to reduce comparative coal usage by 2.17 tons, and reduce our carbon dioxide consumption by 2.58 tons.

Macpac has saved approximately 839,704 gallons of water for the year by reusing rejection water of the cooling towers and BOPP lines.

Macpac planted 10,000 trees this year at various company's locations.

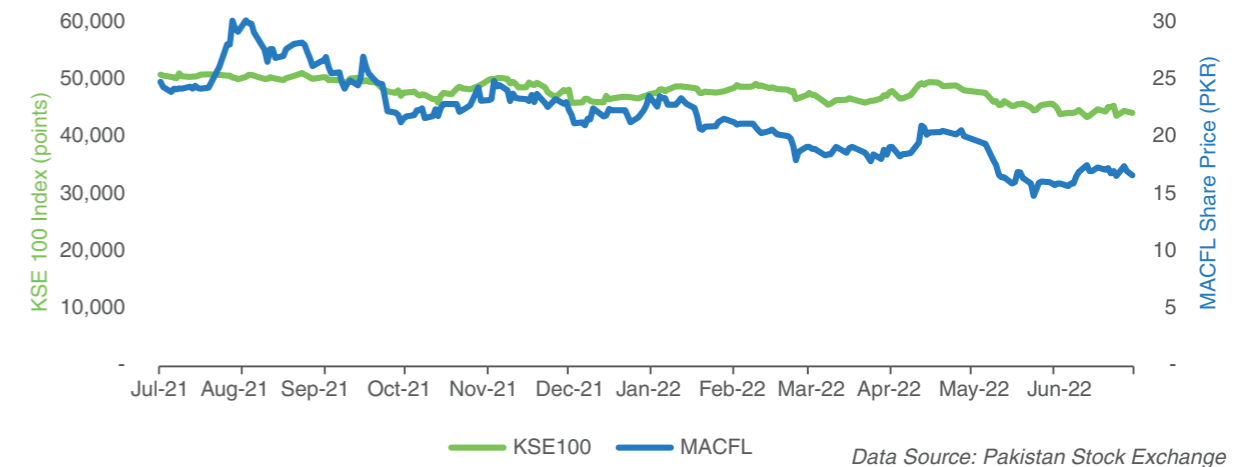
SHAREHOLDERS' INFORMATION

<p>REGISTERED OFFICE</p> <p>Plot# 21, Maqboolabad, Jinnah Cooperative Housing Society (J.C.H.S) , Tipu Sultan Road, Karachi Tel: 021-34305811-13 Fax: 021-34305810 Email: info@macpacfilms.com</p>	<p>LISTING ON STOCK EXCHANGES</p> <p>Shares of Macpac Films Limited are listed on Pakistan Stock Exchange</p>
<p>STOCK CODE</p> <p>The stock code for dealing in equity shares of Macpac Films Limited at PSX is 'MACFL'</p>	<p>CONTACT INFO</p> <p>Email: info@macpacfilms.com Tel: +92-21-111-MFL-111</p>

SHARES REGISTRAR

Central Depository Company Pakistan Limited
 CDC House, 99-B, Block B, S.M.C.H.S.,
 Main Shahra-e-Faisal, Karachi-74400
 Tel: Customer Support Services (Toll Free)
 0800-CDCPL (23275)
 Fax: (92-21) 34326053
 Email: info@cdcpak.com
 Website: www.cdcpakistan.com

SHARE PRICE SENSITIVITY ANALYSIS



Macpac Films Limited shares (MACFL) are traded on Pakistan Stock Exchanges. Our free float is 35% and market capitalization at the end of day of fiscal year was PKR 928 million. There are many factors, which might positively or adversely affect the share price of our Company, few of which are listed below.

Stock Market

The share price depends on overall market performance, investor confidence and the fundamentals of the economy. Positive sentiments and news flows prevailing in the market may result in an appreciation of the share price of the Company.

Commodity Prices

The Company's performance is mainly dependent upon the availability of raw material and any fluctuation in major input price (raw material tariffs, power and overhead) can positively or negatively affect the margins and the EPS which in turn can drive the market share price upwards or downwards.

Regulations and Government Policies

The share price is also sensitive to any changes in policies by the government and regulatory authorities', both specific to the packing sector and overall business activities may affect the market share price either positively or negatively, depending on whether the policy is in favor of or against the industry.

Exchange Rate

The volatility in currency exchange rates can also affect the market share price as the Company is involved in both export and import (exports of BOPP and import of raw materials). The margins can be affected positively or adversely.

Political Stability

The stable political situation in the Country improves the industry and investor confidence and also encourages foreigners to invest in local companies in the Country, which may have a positive impact on share price and vice versa.

PATTERN OF SHAREHOLDING

As of June 30, 2022

# Of Shareholders	Shareholdings'Slab		Total Shares Held
152	1	to 100	2,002
415	101	to 500	198,874
223	501	to 1000	206,121
292	1001	to 5000	797,667
91	5001	to 10000	742,637
31	10001	to 15000	411,829
21	15001	to 20000	382,250
12	20001	to 25000	284,288
8	25001	to 30000	235,276
3	30001	to 35000	91,500
5	35001	to 40000	195,950
3	40001	to 45000	131,500
6	45001	to 50000	295,500
1	50001	to 55000	51,500
1	55001	to 60000	56,000
4	60001	to 65000	254,574
1	65001	to 70000	66,289
1	70001	to 75000	73,500
1	75001	to 80000	80,000
2	85001	to 90000	179,212
1	90001	to 95000	93,500
1	95001	to 100000	100,000
1	100001	to 105000	104,000
1	115001	to 120000	120,000
1	130001	to 135000	133,900
1	135001	to 140000	137,250
1	140001	to 145000	143,000
2	145001	to 150000	300,000
1	210001	to 215000	211,500
1	240001	to 245000	241,000
1	250001	to 255000	253,000
1	275001	to 280000	277,768
1	280001	to 285000	282,500
1	285001	to 290000	289,500
1	390001	to 395000	394,441
1	445001	to 450000	450,000
2	455001	to 460000	917,500
1	700001	to 705000	700,125
2	760001	to 765000	1,525,000
1	770001	to 775000	775,000
1	805001	to 810000	810,000
1	1000001	to 1005000	1,000,671
1	1045001	to 1050000	1,050,000
1	1105001	to 1110000	1,107,519
1	1165001	to 1170000	1,169,692

PATTERN OF SHAREHOLDING

As of June 30, 2022

# Of Shareholders	Shareholdings'Slab		Total Shares Held
1	1295001	to 1300000	1,295,500
1	1680001	to 1685000	1,682,500
1	4665001	to 4670000	4,666,000
2	8400001	to 8405000	16,801,925
1	8425001	to 8430000	8,428,107
1	9100001	to 9105000	9,103,783
1,308			59,301,150

CATEGORIES OF SHAREHOLDERS

As of June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government of Pakistan			
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	4,666,000	7.87
Directors and their spouse(s) and minor children			
SHARIQ MAQBOOL ELAHI	3	9,163,375	15.45
EHTESHAM MAQBOOL ELAHI	3	9,845,404	16.60
MAQBOOL ELAHI SHAIKH	1	89,212	0.15
NAEEM ALI MOHAMMAD MUNSHI	1	9,103,783	15.35
NAJMUL HASSAN	1	133,900	0.23
MUHAMMAD OMAR SABIR	1	4,000	0.01
FAHAD MUNSHI	1	500	0.00
Associated Companies, undertakings and related parties			
	-	-	-
NIT & ICP			
	-	-	-
Banks Development Financial Institutions, Non Banking Financial Financial Institutions.			
	1	6,500	0.01
Insurance Companies			
	-	-	-
Modarabas and Mutual Funds			
	3	1,032,671	1.74
General Public			
a. Local	1251	24,036,374	40.53
b. Foreign	26	210,555	0.36
OTHERS			
	15	1,008,876	1.70
Total	1308	59,301,150	100.00

Share holders holding 10% or more	Shares Held	Percentage
EHTESHAM MAQBOOL ELAHI	9,845,404	16.60
SHARIQ MAQBOOL	9,163,375	15.45
HABIB ELAHI	9,163,462	15.45
NAEEM ALI MOHAMMAD MUNSHI	9,103,783	15.35

SIX YEAR ANALYSIS

STATEMENT OF FINANCIAL POSITION

	2022	2021	2020	2019	2018	2017
	Figures in PKR					
Property, Plant and Equipment	1,948,072,161	1,913,023,144	1,935,662,870	1,415,678,086	1,177,261,267	808,213,675
Intangible assets	408,566	510,708	638,385	797,985	907,435	1,134,294
Other non-current assets	20,026,285	15,095,485	11,537,730	6,401,418	10,118,273	9,981,451
Deferred tax asset - net	-	-	1,318,676	-	-	-
Current assets	2,078,322,205	1,282,503,689	1,024,794,484	1,073,282,055	1,043,934,040	741,461,399
Total assets	4,046,829,217	3,211,133,026	2,973,952,145	2,496,159,544	2,232,221,015	1,560,790,819

Share capital	593,011,500	593,011,500	593,011,500	593,011,500	593,011,500	388,860,000
Reserves	173,566,620	173,566,620	173,566,620	173,566,620	173,566,620	79,930,000
Unappropriated profits / (losses)	186,920,457	5,443,251	(177,791,039)	(113,939,276)	138,524,948	124,687,909
Surplus on revaluation of PPE	623,040,000	623,040,000	623,040,000	-	-	-
Non-current liabilities	258,034,006	394,234,183	421,226,007	446,942,396	149,717,278	168,233,792
Current liabilities	2,212,256,635	1,421,837,472	1,340,899,057	1,396,578,305	1,177,400,669	799,079,118
Total equity and liabilities	4,046,829,217	3,211,133,026	2,973,952,145	2,496,159,544	2,232,221,015	1,560,790,819

Vertical Analysis

	Percentage					
Property, Plant and Equipment	48.1	59.6	65.1	56.7	52.7	51.8
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.1
Other non-current assets	0.5	0.5	0.4	0.3	0.5	0.6
Deferred tax asset - net	-	-	0.0	-	-	-
Current assets	51.4	39.9	34.5	43.0	46.8	47.5
Total assets	100.0	100.0	100.0	100.0	100.0	100.0

Share capital	14.7	18.5	19.9	23.8	26.6	24.9
Reserves	4.3	5.4	5.8	7.0	7.8	5.1
Unappropriated profits / (losses)	4.6	0.2	(6.0)	(4.6)	6.2	8.0
Surplus on revaluation of PPE	15.4	19.4	20.9	-	-	-
Non-current liabilities	6.4	12.3	14.2	17.9	6.7	10.8
Current liabilities	54.7	44.3	45.1	55.9	52.7	51.2
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0

Horizontal Analysis

	Percentage					
Property, Plant and Equipment	1.8	(1.2)	36.7	20.3	45.7	1.1
Intangible assets	(20.0)	(20.0)	(20.0)	(12.1)	(20.0)	(13.4)
Other non-current assets	32.7	30.8	80.2	(36.7)	1.4	(4.3)
Deferred tax asset - net	-	(100.0)	100.0	-	-	-
Current assets	62.1	25.1	(4.5)	2.8	40.8	(0.6)
Total assets	26.0	8.0	19.1	11.8	43.0	0.3

Share capital	-	-	-	-	52.5	-
Reserves	-	-	-	-	117.1	-
Unappropriated profits / (losses)	3,334.0	103.1	(56.0)	(182.3)	11.1	46.5
Surplus on revaluation of PPE	-	-	100.0	-	-	-
Non-current liabilities	(34.5)	(6.4)	(5.8)	198.5	(11.0)	(49.8)
Current liabilities	55.6	6.0	(4.0)	18.6	47.3	19.6
Total equity and liabilities	26.0	8.0	19.1	11.8	43.0	0.3

STATEMENT OF PROFIT OR LOSS

	2022	2021	2020	2019	2018	2017
Figures in PKR						
Net sales	4,174,142,183	3,025,322,805	2,164,953,856	2,415,339,316	2,125,159,243	1,515,691,745
Cost of sales	3,563,376,080	2,530,517,212	2,107,605,178	2,311,924,882	1,902,336,855	1,263,002,642
Gross profit	610,766,103	494,805,593	57,348,678	103,414,434	222,822,388	252,689,103
Marketing and selling expenses	69,243,641	62,955,826	26,941,488	29,607,769	24,832,852	22,678,984
Administrative expenses	139,397,353	113,564,094	88,211,804	89,002,331	78,339,177	71,102,447
Operating profit / (loss)	402,125,109	318,285,673	(57,804,614)	(15,195,666)	119,650,359	158,907,672
Finance Costs	93,909,807	91,710,220	157,005,124	88,709,026	22,533,650	26,643,492
Other income	79,074,644	62,059,520	203,348,947	20,020,390	7,390,107	6,267,715
Other expenses	124,651,152	14,622,408	149,947,663	116,788,605	38,424,138	12,438,732
Profit / (loss) before taxation	262,638,794	274,012,564	(161,408,454)	(200,672,907)	66,082,678	126,093,163
Taxation	(78,390,417)	(87,347,510)	98,553,356	(33,244,793)	(11,234,120)	(47,821,598)
Net profit / (loss) for the year	184,248,377	186,665,054	(62,855,098)	(233,917,700)	54,848,558	78,271,565

Vertical Analysis

	Percentage					
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	85.4	83.6	97.4	95.7	89.5	83.3
Gross profit	14.6	16.4	2.6	4.3	10.5	16.7
Marketing and selling expenses	1.7	2.1	1.2	1.2	1.2	1.5
Administrative expenses	3.3	3.8	4.1	3.7	3.7	4.7
Operating profit / (loss)	9.6	10.5	(2.7)	(0.6)	5.6	10.5
Finance Costs	2.2	3.0	7.3	3.7	1.1	1.8
Other income	1.9	2.1	9.4	0.8	0.3	0.4
Other expenses	3.0	0.5	6.9	4.8	1.8	0.8
Profit / (loss) before taxation	6.3	9.1	(7.5)	(8.3)	3.1	8.3
Taxation	(1.9)	(2.9)	4.6	(1.4)	(0.5)	(3.2)
Net profit / (loss) for the year	4.4	6.2	(2.9)	(9.7)	2.6	5.2

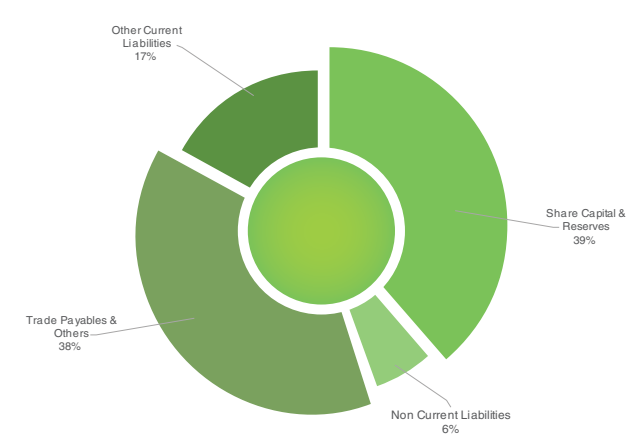
Horizontal Analysis

	Percentage					
Net sales	38.0	39.7	(10.4)	13.7	40.2	15.7
Cost of sales	40.8	20.1	(8.8)	21.5	50.6	16.9
Gross profit	23.4	762.8	(44.5)	(53.6)	(11.8)	10.2
Marketing and selling expenses	10.0	133.7	(9.0)	19.2	9.5	0.3
Administrative expenses	22.7	28.7	(0.9)	13.6	10.2	25.3
Operating profit / (loss)	26.3	650.6	(280.4)	(112.7)	(24.7)	6.0
Finance Costs	2.4	(41.6)	77.0	293.7	(15.4)	14.7
Other income	27.4	(69.5)	915.7	170.9	17.9	(3.8)
Other expenses	752.5	(90.2)	28.4	203.9	208.9	(27.1)
Profit / (loss) before taxation	(4.2)	269.8	19.6	(403.7)	(47.6)	8.6
Taxation	10.3	(188.6)	396.4	(195.9)	76.5	(60.6)
Net profit / (loss) for the year	(1.3)	397.0	73.1	(526.5)	(29.9)	(9.4)

COMPOSITION OF BALANCE SHEET

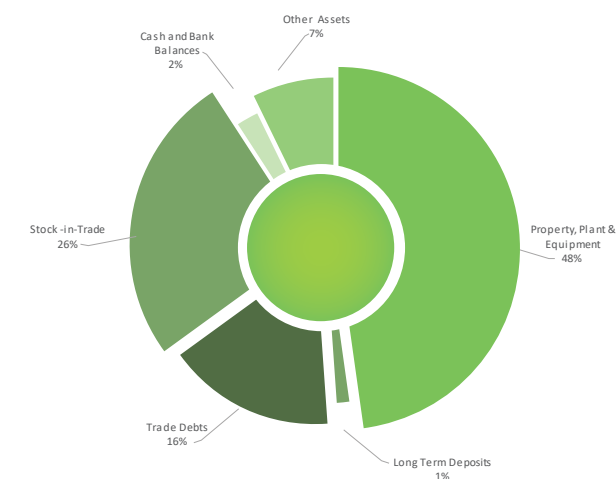
EQUITY AND LIABILITIES - (Percentage)

FY 2022

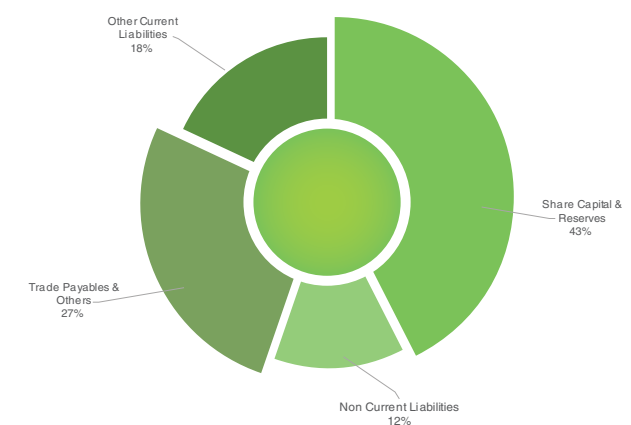


ASSETS - (Percentage)

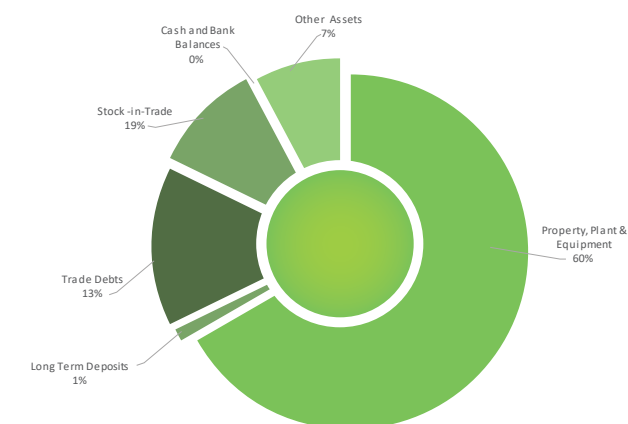
FY 2022



FY 2021

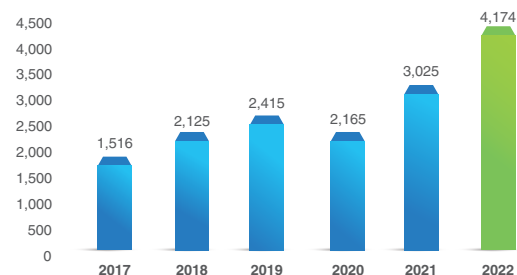


FY 2021

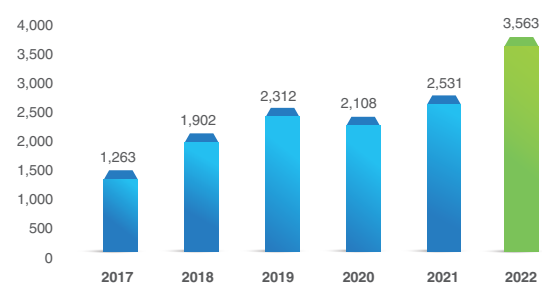


FINANCIALS AT A GLANCE

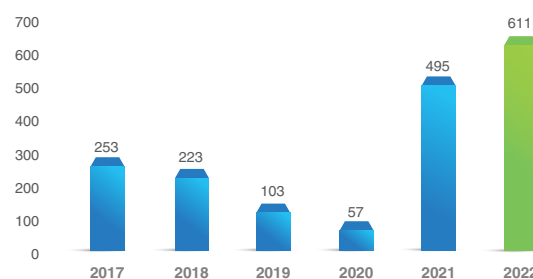
Sales Revenue (PKR in Million)



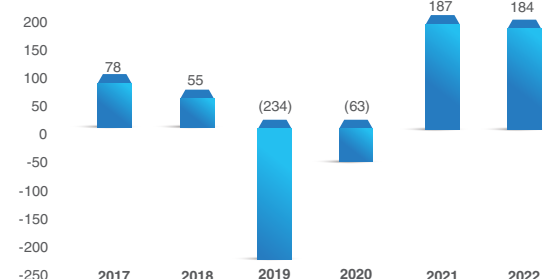
Cost of Sales (PKR in Million)



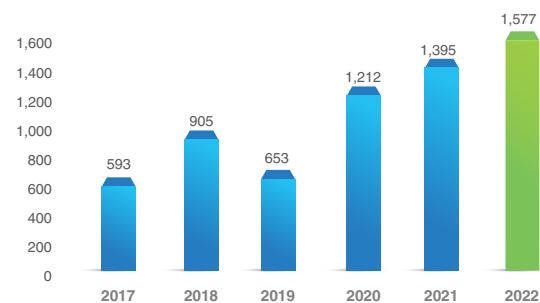
Gross Profit (PKR in Million)



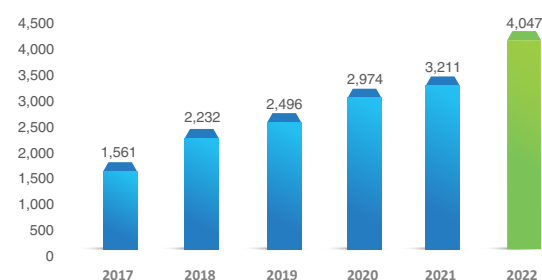
Net Profit (PKR in Million)



Shareholders' Equity (PKR in Million)



Total Assets (PKR in Million)



ANALYSIS OF FINANCIAL STATEMENTS

	2022	2021	2020	2019	2018	2017
Profitability Ratios						
Gross Profit to Sales	%	15%	16%	3%	4%	10%
Operating Profit to Sales	%	10%	11%	-3%	-1%	6%
Net Profit to Sales	%	4%	6%	-3%	-10%	3%
EBITDA Margin to Sales	%	13%	15%	3%	3%	9%
Operating leverage ratio	times	0.69	16.37	-27.05	-8.25	-0.61
Return on Equity	%	12%	13%	-5%	-36%	6%
Return on Capital employed	%	11%	11%	-5%	-25%	7%
Return on Fixed Assets	%	9%	10%	-3%	-17%	5%
Liquidity Ratios						
Current ratio	times	0.94	0.90	0.76	0.77	0.89
Quick ratio	times	0.46	0.47	0.52	0.50	0.47
Cash to Current Liabilities	times	0.04	0.01	0.01	0.04	0.03
Cash to Current Assets	%	3.79%	1.22%	1.78%	4.94%	3.24%
Cash flow from Operations to Sales	%	13%	10%	9%	8%	23%
Turnover/Management Efficiency Ratios						
Inventory turnover ratio	times	4.26	5.48	5.99	5.33	4.07
No. of Days in Inventory	days	84	66	60	67	88
Debtor turnover ratio	times	7.25	8.06	5.74	5.44	6.21
No. of Days in Receivables	days	50	45	63	66	58
Creditor turnover ratio	times	3.36	4.03	2.86	2.73	3.30
No. of Days in Creditors	days	107	89	126	132	109
Operating Cycle	days	134	110	123	134	146
Cash conversion Cycle	days	27	21	-3	2	37
Total Assets turnover ratio	times	1.03	0.94	0.73	0.97	0.95
Fixed Assets turnover ratio	times	2.14	1.58	1.12	1.71	1.81
Market Ratios						
Earnings per share (EPS)	Rs.	3.11	3.15	-1.06	-3.94	0.99
Price Earnings ratio	times	5.04	7.28	-21.78	-3.45	29.72
Price to Book ratio	times	0.23	0.42	0.46	0.32	0.73
Break-up value per share	Rs.	26.59	23.53	20.44	11.01	16.41
Capital Structure Ratios						
Net Assets per share	Rs.	26.59	23.53	20.44	11.01	16.41
Financial leverage ratio	times	0.25	0.36	0.50	0.60	0.02
Debt to Equity ratio	times	0.085	0.215	0.308	0.446	0.03

SUMMARY OF CASH FLOWS

	2022	2021	2020	2019	2018	2017
Rupees						
Cash & cash equivalents - Opening	15,687,101	18,194,200	42,995,225	25,620,515	5,562,050	13,243,508
Net cash flows from Operating activities	346,294,426	216,928,343	(16,490,770)	(13,655,596)	397,123,139	70,634,959
Net cash flows (used in) Investing activities	(173,365,856)	(96,508,554)	(14,636,362)	(404,758,370)	(442,506,424)	(79,308,674)
Net cash flows (used in) generated from Financing activities	(109,921,253)	(122,926,888)	6,326,109	435,788,678	73,656,542	(9,007,639)
Changes in cash & cash equivalents	63,007,316	(2,507,099)	(24,801,023)	17,374,712	28,273,257	(17,681,355)
Cash & cash equivalents - Closing	78,694,417	15,687,101	18,194,200	42,995,227	33,835,307	(4,437,847)



REIMAGINING THE FUTURE THROUGH

EDUCATION / CSR

The only way forward is through education of our girls and boys. Macpac Films Ltd. feel blessed to be associated with The Citizen foundation (TCF) and has taken responsibility for the education of 209 children at a TCF school in Malir, Steel Town Karachi.

This is one of a number of initiatives being taken by Macpac Films Ltd. The company has contributed to the effort of Karachi Down Syndrome (KDSP), The Shahid Afridi Foundation & Indus hospital. This year we have also participated whole heartedly in flood relief effort directly and through Non-profit organizations working in the field.

STATEMENT OF FINANCIAL POSITION

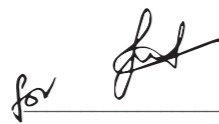
As at June 30, 2022

	Note	2022 (Rupees)	2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,948,072,161	1,913,023,144
Intangible assets	10	408,566	510,708
Long-term deposits	11	20,026,285	15,095,485
		1,968,507,012	1,928,629,337
CURRENT ASSETS			
Stock-in-trade	12	1,063,391,314	608,560,160
Trade debts-net	13	654,943,026	432,680,148
Loans and advances-unsecured, considered good	14	53,632,107	35,650,689
Short-term deposits, prepayments and other receivables	15	80,337,467	67,053,953
Tax refund due from Government - net	16	147,323,874	122,871,638
Cash and bank balances	17	78,694,417	15,687,101
		2,078,322,205	1,282,503,689
		4,046,829,217	3,211,133,026
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
70,000,000 (2021: 70,000,000) ordinary shares of Rs.10/- each		700,000,000	700,000,000
Issued, subscribed and paid-up capital	18	593,011,500	593,011,500
Capital reserve	19	173,566,620	173,566,620
Revenue reserve	19	186,920,457	5,443,251
Surplus on revaluation of property, plant and equipment	19	623,040,000	623,040,000
		1,576,538,577	1,395,061,371
NON-CURRENT LIABILITIES			
Diminishing musharika arrangement	20	72,763,158	163,289,035
Lease liabilities	21	-	862,364
Deferred income	22	-	2,183,380
Deferred taxation - net	23	61,608,317	43,265,543
Staff Retirement Benefits - Staff Gratuity	24	61,936,775	48,502,400
Provision for Gas Infrastructure Development Cess	25	61,725,756	136,131,461
		258,034,006	394,234,183
CURRENT LIABILITIES			
Trade and other payables	26	1,543,463,545	852,442,340
Short-term borrowings	27	396,653,938	359,890,485
Accrued mark-up	28	11,220,483	7,737,980
Unclaimed dividend		735,322	735,322
Current portion of non-current liabilities	20,21 & 25	260,183,347	201,031,345
		2,212,256,635	1,421,837,472
CONTINGENCIES AND COMMITMENTS			
	29		
		4,046,829,217	3,211,133,026

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF PROFIT OR LOSS

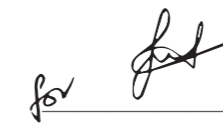
For the Year ended June 30, 2022

	Note	2022 (Rupees)	2021
Sales - net	30	4,174,142,183	3,025,322,805
Cost of sales	31	(3,563,376,080)	(2,530,517,212)
Gross profit		610,766,103	494,805,593
Administrative expenses	32	(139,397,353)	(113,564,094)
Marketing and selling expenses	33	(69,243,641)	(62,955,826)
Finance costs	34	(93,909,807)	(91,710,220)
Other operating expenses	35	(121,394,929)	(14,622,408)
Impairment loss on trade debts	13.1	(3,256,223)	-
Other income	36	79,074,644	62,059,520
Profit before taxation		262,638,794	274,012,565
Taxation	37	(78,390,417)	(87,347,510)
Profit after taxation		184,248,377	186,665,055
Earning per share - basic and diluted	38	3.11	3.15

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

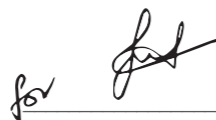
For the Year ended June 30, 2022

	Note	2022 (Rupees)	2021
Profit / (loss) after taxation		184,248,377	186,665,053
Other comprehensive income			
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods - net of tax:			
Re-measurement loss on defined benefit plan	24.2	(3,903,059)	(4,832,061)
Tax effect		1,131,887	1,401,298
		(2,771,172)	(3,430,763)
Total comprehensive income for the year - net of tax		181,477,205	183,234,290

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF CHANGES IN EQUITY

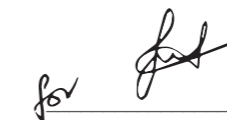
For the Year ended June 30, 2022

	Reserves				Total equity	
	Capital reserves	Revenue reserves	Total			
Issued, subscribed and paid - up capital	Capital reserve - share premium	Surplus on revaluation of property, plant and equipment	Revenue reserves - unappropriated profit / (loss)	Total reserves		
(Rupees)						
Balance as at July 01, 2020	593,011,500	173,566,620	623,040,000	(177,791,039)	618,815,581	1,211,827,081
Profit after tax	-	-	-	186,665,053	186,665,053	186,665,053
Other comprehensive income for the year - net of tax	-	-	-	(3,430,763)	(3,430,763)	(3,430,763)
Total comprehensive income for the year - net of tax	-	-	-	183,234,290	183,234,290	183,234,290
Balance as at June 30, 2021	593,011,500	173,566,620	623,040,000	5,443,251	802,049,871	1,395,061,371
Balance as at July 01, 2021	593,011,500	173,566,620	623,040,000	5,443,251	802,049,871	1,395,061,371
Profit after tax	-	-	-	184,248,377	184,248,377	184,248,377
Other comprehensive loss for the year - net of tax	-	-	-	(2,771,172)	(2,771,172)	(2,771,172)
Total comprehensive income for the year - net of tax	-	-	-	181,477,205	181,477,205	181,477,205
Balance as at June 30, 2022	593,011,500	173,566,620	623,040,000	186,920,457	983,527,077	1,576,538,577

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



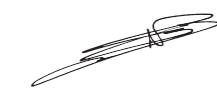
DIRECTOR

STATEMENT OF CASH FLOWS

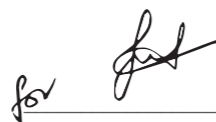
For the Year ended June 30, 2022

	Note	2022 (Rupees)	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	524,219,196	296,769,470
Long term deposit paid		(4,930,800)	(3,557,755)
Income tax - net received / (paid)	16.1	(76,333,537)	38,806,473
Gratuity paid	24.2	(6,233,129)	(14,751,813)
Finance costs paid		(90,427,304)	(100,338,032)
		(177,924,770)	(79,841,127)
Net cash generated from operating activities		346,294,426	216,928,343
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets expenditure		(174,065,856)	(121,873,849)
Proceeds from disposal of fixed assets		700,000	25,365,295
Net cash used in investing activities		(173,365,856)	(96,508,554)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) / proceeds from diminishing musharika arrangement		(89,814,521)	(93,950,817)
Repayment of lease liabilities-net		(20,106,733)	(28,827,772)
Dividend paid		-	(148,299)
Net cash used in financing activities		(109,921,253)	(122,926,888)
Net increase/(decrease) in cash and cash equivalents		63,007,316	(2,507,099)
Cash and cash equivalents at the beginning of the year		15,687,101	18,194,200
Cash and cash equivalents at the end of the year	48	78,694,417	15,687,101

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

1 LEGAL STATUS AND OPERATIONS

1.1 Macpac Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability company under the repealed Companies Ordinance, 1984 [now Companies act, 2017 (the Act)] and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Plot no. 21, Maqboolabad, Jinnah Cooperative Housing Society, (J.C.H.S), Tipu Sultan Road, Karachi. The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

2 Geographical location and address of business unit/plant is as follows:

Location and address	Purpose
Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society, Tipu Sultan Road, Karachi.	Head Office
Plot # Ez/1/P-10 East Industrial Zone, Karachi	Production Plant
Room # 21, Second floor, Lahore Centre, Gulberg	North Sales Office

3 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under the Companies Act 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

4 BASIS OF PREPARATION

4.1 Basis Of Measurement

These financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets, leasehold land stated at its fair values determined by an independent valuer.

4.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All amounts have been rounded off to the nearest rupees.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

5 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
 - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

6 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these financial statements:

- (a) determining the impairment, residual values, revaluation of land, useful lives, method of depreciation of property, plant and equipment and intangible assets (notes 7.1, 9.1 & 10.1);
- (b) provision for expected credit loss of certain financial assets (note 7.9 & 13);
- (c) recognition of staff retirement benefits (note 7.8 & 24);
- (d) recognition of taxation and deferred tax (notes 7.5, 16 & 23);
- (e) estimation of net realizable value of stock in trade (note 7.4 & 12);
- (f) Contingencies (note 29).
- (g) leases (note 7.14 & 21).
- (h) Provsion (note 7.11)

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, which is stated at revalued amounts less accumulated impairment losses, if any.

Depreciation is charged to statement of profit or loss using the reducing balance method at the rates specified in note 9 to the financial statements. Depreciation on additions are charged from the month the assets are available for use while no depreciation is charged for the month in which the asset is derecognized.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

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

An item of operating fixed assets is derecognized upon disposal or when no future economic benefit are expected to arise from continued use of asset. Gain or losses on disposal or retirement of an asset represent the difference between the sale proceed and the carrying amount is charged to statement of profit or loss.

Capital work-in progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their erection, acquisition and installation. The assets are transferred to relevant category of operating fixed assets or intangible assets when they are available for use.

7.2 Surplus on revaluation of property, plant and equipment

Property, plant and equipment are measured at fair value less accumulated depreciation and accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the surplus on revaluation of property, plant and equipment in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the surplus on revaluation of property, plant and equipment.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

7.3 Intangible assets

Intangible assets are measured on initial recognition at cost. Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefit beyond one year are recognized as intangible assets. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization on additions is charged from the month in which the assets are put to use while no amortization is charged in the month in which the assets are disposed off.

Assets residual values, useful lives and method of amortization are reviewed and adjusted prospectively, if appropriate at each reporting date.

7.4 Stock-in-trade

These are valued at the lower of net realizable value (NRV) and cost of the stock-in-trade which is determined using weighted average cost method.

Weighted average cost in relation to work in process and finished goods constitute average manufacturing cost including direct material, labour and proportionate share of related direct overheads.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

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

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

Scraps are valued at estimated realisable value.

7.5 Taxation

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

Current

Provision for current taxation is based on taxability of certain income streams under final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. Provision of current tax is determined using the tax rate enacted at the reporting date.

Deferred

Deferred tax is recognized using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

7.6 Cash and cash equivalents

These are carried at cost. Cash and cash equivalents comprise of cash in hand and current and deposit accounts held with banks, which are subject to insignificant risk of change.

7.7 Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

7.8 Staff retirement benefits

Defined benefit plan - staff gratuity scheme

The Company operates a defined benefit gratuity scheme for management and non-management staff which are unfunded. The gratuity plans are final salary plans. The contributions to the unfunded gratuity scheme are made in accordance with the independent actuarial valuation. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

An actuarial valuation of defined benefit scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income.

All past service costs are recognized at the earlier of when the amendment or curtailment occurs and when the Company has recognized related restructuring or termination benefits.

7.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

7.9.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i) Financial assets at amortised cost (debt instruments);
- ii) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- iii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- iv) Financial assets at fair value through profit or loss.

i) Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

ii) Financial assets designated at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to statement of profit or loss.

The Company does not have any debt instruments at fair value through OCI investments during the current and last year and as of reporting date.

iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any equity instruments at fair value through OCI investments during the current and last year and as of reporting date.

iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. 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.

For trade debts and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

7.9.2 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include long term financing, short term borrowings, due to related parties, accrued mark-up and trade and other payables.

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

ii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

7.9.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

7.10 Revenue recognition

The Company is in the business of manufacturing packing products. The revenue is recognized on delivery of the products to the customers. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the rendering of services, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

Performance obligations

Information about the Company's performance obligations are summarized below:

The performance obligation is satisfied when the product is delivered to the customer.

Interest on bank deposits are recognized on effective interest rate basis.

Miscellaneous income, if any, is recognised on an accrual basis.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

7.11 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

7.12 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistani Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported using the exchange rate as of the reporting date, except where forward exchange purchases have been made for payment of liabilities, in that case the contracted rates are applied. Exchange gains and losses on transactions are included in statement of profit or loss in the year in which it occurs.

7.13 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are declared / approved. However, if these are approved after the reporting period but before the financial statement are authorized for issue, disclosure is made in the financial statements.

7.14 Leases

The Company assess at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases of 12 months or less and leases of low value assets (if any). The Company recognises lease liability to make lease payments and right-of-use assets (ROU assets) representing the right to use the underlying assets.

i) Right-of-use assets (ROU assets)

The Company recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred (if any), and lease payments made at or before the commencement date less lease incentives received (if any). Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option (if any) reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

The Company has the option, under its lease arrangements to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). Any change is accounted for change in estimate and applied prospectively with corresponding change in ROU assets and lease liabilities.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

7.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for the shareholders. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

7.16 Contingent liabilities

A contingent liabilities is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, at one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation can not be measured with sufficient reliability.

8 DETAILS OF RELATED PARTIES OF THE COMPANY

Details of related parties with whom the Company has entered into transactions with or has arrangements / agreements in place during the year are as follows:

Name of related party	Basis of relationship
Hilal Foods (Private) Limited	Common Directorship
Kings Foods (Private) Limited	Common Directorship
Shalimar Foods Products	Common Directorship
Toyo Packaging (Private) Limited	Common Directorship
Mr. Najm ul Hassan (Chief Executive Officer)	Key management personnel
Mr. Ehtesham Maqbool Elahi (Executive Director)	Key management personnel
Mr. Habib Elahi (Director Operations)	Key management personnel

9	PROPERTY, PLANT AND EQUIPMENT	Note	2022	2021
			(Rupees)	
	Operating fixed assets	9.1	1,837,188,144	1,754,334,959
	Right-of-use assets	9.6	839,412	109,762,435
	Capital work-in-progress	9.8	110,044,604	48,925,750
			<u>1,948,072,161</u>	<u>1,913,023,144</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

9.1 Operating fixed assets

Leasehold land	OWNED (Rupees)										Total
	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Electric installations	Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles		
640,000,000	153,246,233	832,303,219	4,557,895	4,970,286	4,772,419	68,737,208	9,879,258	1,777,144	34,091,298		1,754,334,960
-	3,618,082	70,034,605	930,616	3,916,108	1,663,979	85,095,732	2,667,378	1,265,387	11,002,250		95,120,405
-	-	7,551,224	-	-	-	-	-	-	4,693,522		97,344,478
-	-	(84,393,286)	(466,711)	(615,009)	(523,585)	(6,674,498)	(36,525)	(577,624)	(115,065)		(151,590)
-	(7,454,871)	825,295,762	5,021,800	8,275,385	5,932,814	147,162,442	11,410,930	2,464,907	42,214,661		(109,460,108)
640,000,000	149,409,444	825,295,762	5,021,800	8,275,385	5,932,814	147,162,442	11,410,930	2,464,907	42,214,661		1,837,188,145
640,000,000	205,200,233	1,867,443,895	10,601,866	10,166,861	10,057,446	169,646,096	18,853,931	7,796,028	90,492,084		3,033,480,440
-	(56,790,789)	(1,042,148,134)	(5,580,066)	(1,911,476)	(4,124,633)	(22,685,654)	(7,443,002)	(5,331,121)	(46,277,423)		(1,196,292,295)
640,000,000	149,409,444	825,295,761	5,021,800	8,275,385	5,932,814	147,162,442	11,410,928	2,464,907	42,214,661		1,837,188,145
	5%	10%	10%	10%	10%	10%	10%	25%	20%		

Net carrying value basis

Opening net book value (NBV) as at July 01, 2021
Additions/transfers (at cost) *
Transfers from ROU assets
Revaluation
Disposals (at NBV)
Depreciation charge (Note 9.3)
Net book value (NBV) as at June 30, 2022

Gross carrying value basis

Cost / Revalued amount
Accumulated depreciation
Net book value (NBV) as at June 30, 2022

Rate of depreciation

* Additions to building on leasehold land, plant and machinery and refrigeration and air conditioning include transfer from capital work-in-progress.

Leasehold land	OWNED (Rupees)										Total
	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Electric installations	Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles		
640,000,000	161,311,824	894,890,047	4,493,462	4,295,450	4,195,064	62,215,509	9,499,075	1,492,220	22,707,550		1,805,100,201
-	-	34,239,796	542,406	1,158,535	1,016,725	12,746,821	1,413,761	752,237	27,339,634		79,210,115
-	-	(6,070,076)	-	-	-	-	-	-	(9,868,049)		(15,938,125)
-	(8,065,591)	(90,756,549)	(477,973)	(483,699)	(439,369)	(6,225,122)	(1,033,579)	(467,313)	(6,088,037)		(114,037,232)
640,000,000	153,246,233	832,303,219	4,557,895	4,970,286	4,772,420	68,737,208	9,879,258	1,777,144	34,091,298		1,754,334,959
640,000,000	204,582,151	1,789,658,066	9,671,250	6,268,753	8,373,467	84,748,364	16,223,078	6,530,641	74,911,377		2,841,167,147
-	(51,335,916)	(957,554,848)	(5,113,355)	(1,298,467)	(3,601,047)	(16,011,156)	(6,343,821)	(4,753,457)	(40,820,079)		(1,086,832,188)
640,000,000	153,246,233	832,303,218	4,557,895	4,970,286	4,772,420	68,737,208	9,879,258	1,777,144	34,091,298		1,754,334,959
	5%	10%	10%	10%	10%	10%	10%	25%	20%		

Net carrying value basis

Opening net book value (NBV) as at July 01, 2021
Additions/transfers (at cost) *
Revaluation
Disposals (at NBV)
Depreciation charge (Note 9.3)
Net book value (NBV) as at June 30, 2021

Gross carrying value basis

Cost
Accumulated depreciation
Net book value (NBV) as at June 30, 2021

Rate of depreciation

* Additions to building on leasehold land, plant and machinery and refrigeration and air conditioning include transfer from capital work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

9.2 The Company had revalued its leasehold land using the market comparable method during prior year. The valuations had been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the date of revaluation, the leasehold land's fair values are based on valuations performed by Sipra & Company (Pvt) Ltd., an accredited independent valuer certified by State Bank of Pakistan who has valuation experience for similar assets. A net gain from the revaluation of the leasehold land of Rs. 623 million was recognised in OCI last year. Fair value measurement disclosures for the revalued leasehold land are provided in note 43.

Had there been no revaluation, the carrying value of the property, plant and equipment would be as follows:

	Note	2022 (Rupees)	2021
Leasehold land		16,960,000	16,960,000
9.2.1 Forced sales value of leasehold land is Rs. 512 million.			
9.3 Allocation of depreciation expense			
Cost of sales	31	106,278,199	110,219,960
Administrative expenses	32	2,224,980	2,224,980
Marketing and selling expenses	33	956,930	1,592,293
		109,460,109	114,037,233

9.4 The details of immovable assets (i.e. land and building) of the Company as at June 30, 2022 are as follows:

Location	Address	Usage	Covered Area (sq. ft)
Karachi	Plot # Ez/1/P-10 East Industrial Zone, Karachi	Production facility	697,017

9.5 Right-of-use assets

The carrying amounts of right-of-use assets recognised and the movements during the year are as follows:

	Office Premises	Plant and machinery	Generators and fittings	Motor vehicles	Total
As at July 1, 2021	1,253,550	8,390,249	94,251,733	5,866,903	109,762,435
Additions	5,568	-	-	-	5,568
Transfer to Owned Asset	-	(7,551,224)	(85,099,732)	(4,693,522)	(97,344,478)
Depreciation expense	(419,706)	(839,025)	(9,152,001)	(1,173,381)	(11,584,113)
As at June 30, 2022	839,412	-	-	-	839,412
As at June 30, 2022	1,253,550	8,390,249	94,251,733	5,866,903	109,762,435
Rate of depreciation	33%	10%	10%	20%	

9.7 Allocation of depreciation expense

	Note	2022 (Rupees)	2021
Cost of sales	31	11,046,216	12,871,390
Marketing and selling expenses	33	537,898	626,775
		11,584,114	13,498,165

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

	Balance as at 01 July 2021	Additions	Transfers	Balance as at 30 June 2022
	(Rupees)			
9.8 Capital work-in-progress				
Building and civil works	12,700,921	32,978,935	28,445,534	17,234,322
Plant and machinery	35,356,123	103,476,585	46,891,132	91,941,576
Generators	868,706	-	-	868,706
	48,925,750	136,455,520	75,336,666	110,044,604
	Balance as at 01 July 2020	Additions	Transfers	Balance as at 30 June 2021
	(Rupees)			
Building and civil works	7,520,902	5,180,019	-	12,700,921
Plant and machinery	1,285,585	50,500,141	16,429,603	35,356,123
Generators	-	13,615,527	12,746,821	868,706
	8,806,487	69,295,687	29,176,424	48,925,750

	Note	2022	2021
		(Rupees)	
10 INTANGIBLE ASSETS			
Computer software	10.1	408,566	510,708
10.1 Computer software			
Net carrying value basis			
NBV as on July 01		510,708	638,385
Amortization	10.2	(102,142)	(127,677)
NBV as at June 30		408,566	510,708
Gross carrying value basis			
Cost		1,985,738	1,985,738
Accumulated amortization		(1,577,172)	(1,475,030)
NBV as at June 30		408,566	510,708

10.2 Amortization charge of 20% per annum has been allocated to administrative expenses (Note 32).

	Note	2022	2021
		(Rupees)	
11 LONG-TERM DEPOSITS			
Security deposits			
Margin against bank guarantee	11.1	7,250,200	7,250,200
Other deposits		12,776,085	7,845,285
		20,026,285	15,095,485

11.1 Represents cash margin against guarantee issued by Faysal Bank Limited in favor of Sui Southern Gas Company Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

	Note	2022	2021
		(Rupees)	
12 STOCK-IN-TRADE			
Raw material:			
In hand	12.1 & 31	336,010,436	178,169,034
In transit		306,120,042	172,916,453
In bonded warehouse		322,016,789	169,687,800
		964,147,267	520,773,287
Work in process	31	88,488,789	80,241,250
Finished goods	31	10,755,258	7,545,623
		99,244,046	87,786,873
		1,063,391,314	608,560,160

12.1 This includes raw material provided by third parties for toll manufacturing amounting to Rs. 122 million (2021: Rs. 146.6 million).

	Note	2022	2021
		(Rupees)	
13 TRADE DEBTS-NET			
Considered good			
- Related parties	13.2 & 13.3	148,384,271	137,999,039
- Other than related parties	13.4	506,558,755	294,681,109
		654,943,026	432,680,148
Considered doubtful	13.4	33,332,851	30,076,628
		688,275,877	462,756,776
Less: Allowance for expected credit losses (ECL)	13.1	(33,332,851)	(30,076,628)
		654,943,026	432,680,148

13.1 Allowance for expected credit losses

Balance as at 1 July	30,076,628	30,076,628
Impairment loss on trade debts	3,256,223	-
Balance as at 30 June	33,332,851	30,076,628

13.2 Represents balances due from related parties which are as follows:

Description	2022	2021
Hilal Foods (Private) Limited	1,230,443	6,128,784
Kings Foods (Private) Limited	632,650	632,650
Shalimar Foods Products	1,994,231	1,394,788
Toyo Packaging (Private) Limited	144,526,947	129,842,817
	148,384,271	137,999,039

13.3 The related parties from whom the maximum amount outstanding at any time during the year calculated by reference to month-end balances are as under:

	2022	2021
	(Rupees)	
Hilal Foods (Private) Limited	1,230,443	6,718,838
Kings Foods (Private) Limited	632,650	632,650
Shalimar Foods Products	1,994,231	3,015,218
Toyo Packaging (Private) Limited	144,526,947	129,842,817

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

13.4 Ageing of trade debts as at the reporting date is as under:

	Total	Neither past due nor impaired	Past due but not impaired			
			> 30 days up to 60 Days	> 60 days upto 90 days	>90 days upto180 Days	>180 days
----- (Rupees) -----						
Related parties						
Hilal Foods (Private) Limited	1,230,443	-	1,230,443	-	-	-
Kings Foods (Private) Limited	632,650	-	-	-	-	632,650
Shalimar Foods Products	1,994,231	-	599,444	1,394,787	-	-
Toyo Packaging (Private) Limited	144,526,947	21,030,623	20,018,497	27,695,922	48,958,849	26,823,056
	148,384,271	21,030,623	21,848,384	29,090,709	48,958,849	27,455,706
Other than related parties						
2022	539,891,607	359,302,379	33,173,774	2,999,928	80,952,235	63,463,291
	688,275,878	380,333,002	55,022,158	32,090,637	129,911,084	90,918,997

	Total	Neither past due nor impaired	Past due but not impaired			
			> 30 days up to 60 Days	> 60 days upto 90 days	>90 days upto180 Days	>180 days
----- (Rupees) -----						
Related parties						
Hilal Foods (Private) Limited	6,128,784	1,776,876	4,351,908	-	-	-
Kings Foods (Private) Limited	632,650	-	-	-	-	632,650
Shalimar Foods Products	1,394,788	-	-	504,670	890,117	-
Toyo Packaging (Private) Limited	129,842,817	7,493,786	10,548,131	10,893,147	25,695,793	75,211,960
	137,999,039	9,270,662	14,900,039	11,397,817	26,585,910	75,844,610
Other than related parties						
2021	294,681,109	199,769,857	49,540,752	8,119,481	6,141,035	31,109,984
	432,680,148	209,040,519	64,440,791	19,517,298	32,726,945	106,954,594

14 LOANS AND ADVANCES - unsecured, considered good	Note	2022	2021
		(Rupees)	(Rupees)
Loans			
Employees	14.1	3,356,333	2,407,920
Advances			
- Suppliers and contractors		39,622,297	26,810,454
- Employees	14.2	10,653,477	6,432,315
		50,275,774	33,242,769
		53,632,107	35,650,689

14.1 Represents interest free loans given to the employees in accordance with the Company's policy.

14.2 Represents advances given to employees for business expenses and are settled as and when the expenses are incurred.

15 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES	Note	2022	2021
		(Rupees)	(Rupees)
Trade deposits - unsecured, considered good			
- Containers		27,458,546	18,747,820
- Nazir High Court	29.1.3	9,525,757	9,525,757
- Others		7,803,220	5,270,577
		44,787,523	33,544,154
Short-term prepayments	15.1	1,803,534	309,799
Other receivables	15.2	33,746,410	33,200,000
		80,337,467	67,053,953

15.1 Represents prepayments made for the internet connection, mobile bills and fuel cards given to employees.

15.2 Represents receivable against the sale of leasehold land.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

16 TAX REFUND DUE FROM GOVERNMENT- NET	Note	2022	2021
		(Rupees)	(Rupees)
Income tax refundable	16.1	134,972,110	119,818,104
Sales tax refundable		12,351,764	3,053,534
		147,323,874	122,871,638

16.1 Income tax refundable	2022	2021
As at July 01	119,818,104	199,986,571
Provision for current year tax	(60,820,966)	(46,191,576)
Reversal/(Charge) for prior year	(358,565)	4,829,582
Refund received	-	(80,290,295)
Advance tax paid during the year	76,333,537	41,483,822
As at June 30	134,972,110	119,818,104

17 CASH AND BANK BALANCES	2022	2021
Cash in hand	285,638	226,239
Cash at banks – current accounts	78,408,779	15,460,862
	78,694,417	15,687,101

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	2022	2021	2022	2021
	(Number of Shares)	(Number of Shares)		
Authorised share capital				
70,000,000	70,000,000	Ordinary shares of Rs. 10 each	700,000,000	700,000,000

Issued, subscribed and paid up share capital

	2022	2021	Fully paid ordinary shares of Rs. 10/- each	2022	2021
25,986,000	25,986,000	- Issued for cash	259,860,000	259,860,000	
12,900,000	12,900,000	- Issued as fully paid bonus shares	129,000,000	129,000,000	
20,415,150	20,415,150	- Issued as right shares at a premium	204,151,500	204,151,500	
59,301,150	59,301,150		593,011,500	593,011,500	

18.1 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of cash, bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

19 RESERVES	Note	2022	2021
		(Rupees)	(Rupees)
Share premium on issue of ordinary shares		173,566,620	173,566,620
Surplus on revaluation of property, plant and equipment	19.1	623,040,000	623,040,000
Unappropriated profit		186,920,457	5,443,251
		983,527,077	802,049,871

19.1 Surplus on revaluation of property, plant and equipment

The movement in surplus on revaluation of property, plant and equipment is as follows:

	Note	2022	2021
		(Rupees)	(Rupees)
Opening balance		623,040,000	623,040,000
Surplus on revaluation recognised during the year	9.1	-	-
		623,040,000	623,040,000

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

20 DIMINISHING MUSHARIKA ARRANGEMENT	Note	2022	2021
		(Rupees)	
Outstanding	20.1	167,428,183	257,242,703
Current portion		(94,665,025)	(93,953,668)
Long Term		<u>72,763,158</u>	<u>163,289,035</u>

20.1 The Company had obtained a diminishing musharika facility from a financial institution for plant and machinery aggregating to Rs. 368 million for a period of 5 years. The rate of return used as the discounting factor is 3 months KIBOR plus 2.25 percent. Musharika units are to be purchased in 5 years in 20 quarterly installments latest by June 2024 and are secured against the specific charge over plant and machinery with 25% margin.

21 LEASE LIABILITIES

21.1 The Company entered into a finance lease agreement with financial institutions in respect of gas generator. The rate of returns used as the discounting factor is 1 year KIBOR plus 3.25 percent. Overdue rental payments are subject to additional charge up to 3 percent per month. Purchase option can be exercised by the lessee at the expiry of the lease term.

21.2 The Company had entered into a finance lease agreement with financial institutions in respect of motor vehicles. The rate of return used as the discounting factor is 3 months KIBOR plus 2 percent. Purchase option can be exercised by the lessee at the expiry of the lease term.

21.3 The Company had also entered into a finance lease agreement with financial institutions in respect of plant and machinery. The rate of return used as the discounting factor is 1 year KIBOR plus 3.25 Percent. Purchase option can be exercised by the lessee at the expiry of the lease term.

21.4 The carrying amounts of lease liabilities and the movement during the period are as follows:

	Note	2022	2021
		(Rupees)	
As at 1 July		20,550,664	47,874,017
Re-measurement		-	1,504,419
Addition		5,568	-
Interest	34	1,792,176	4,853,301
Payments		(21,898,909)	(33,681,073)
As at 30 June		<u>449,499</u>	<u>20,550,664</u>
Current		449,499	19,688,300
Non-Current		-	862,364
		<u>449,499</u>	<u>20,550,664</u>

The Company also has a leased asset with lease terms of 12 months or less. The Company applies the 'short-term' lease recognition exemption for such lease.

	Note	2022	2021
		(Rupees)	
Depreciation expense of right-of-use assets	9.6	11,584,113	13,498,166
Interest expense on lease liabilities	34	1,792,176	4,853,301
Expense relating to short-term leases	32	10,740,000	6,420,000
		<u>24,116,289</u>	<u>24,771,467</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

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

	2022		2021	
	Minimum Lease Payments (MLP)	Present Value of MLP	Minimum Lease Payments	Present Value of MLP
(Rupees)				
Within one year	462,194	449,499	21,210,398	20,191,634
After one year but not more than five years	-	-	451,153	359,030
Total minimum lease payments	462,194	449,499	21,661,551	20,550,664
Less: Finance charges	(12,695)	-	(1,110,887)	-
Present value of minimum lease payments	449,499	449,499	20,550,664	20,550,664
Less: Current portion	(449,499)	(449,499)	(19,688,300)	(19,688,300)
	<u>-</u>	<u>-</u>	<u>862,364</u>	<u>862,364</u>

22 DEFERRED INCOME	Note	2022	2021
		(Rupees)	
Opening balance		2,183,380	6,511,668
Less: amortization for the year	36	(2,183,380)	(4,328,288)
		<u>-</u>	<u>2,183,380</u>

23 DEFERRED TAXATION-NET	Note	2022	2021
		(Rupees)	
Taxable temporary differences arising due to:			
- accelerated tax depreciation		203,932,919	168,122,569
- accelerated tax amortization		(49,865)	(29,105)
- right-of-use assets		243,429	31,831,106
- OCI Impact of gratuity		1,131,887	-
- provision for GIDC		(130,354)	3,127,487
		<u>205,128,016</u>	<u>203,052,057</u>
Deductible temporary differences arising due to:			
- lease liabilities		-	(6,383,630)
- provision for staff retirement benefits – gratuity		(17,961,665)	(14,065,696)
- provision for expected credit losses		(9,666,527)	(8,722,222)
- unrealized exchange losses		(5,836,800)	(737,449)
- deferred income		-	(633,180)
- unutilized tax losses		(40,142,208)	(75,182,519)
- alternate corporate tax		-	(45,782,535)
- minimum tax		(69,912,499)	(8,279,283)
		<u>(143,519,699)</u>	<u>(159,786,514)</u>
	23.1	<u>61,608,317</u>	<u>43,265,543</u>

23.1 Deferred tax expenses amounting to Rs.17.21 million (2021: Rs. 45.986 million) has been recognised in statement of profit or loss (Note 37).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

	Note	2022 (Rupees)	2021
24 STAFF RETIREMENT BENEFITS - STAFF GRATUITY			
24.1 The amount recognized in the statement of financial position is as follows:			
Present value of defined benefit obligation	24.2	<u>61,936,775</u>	<u>48,502,400</u>
24.2 Changes in the present value of defined benefit obligation are as follows:			
As at July		48,502,400	41,526,179
Charge for the period	24.3	15,764,445	17,087,969
Re-measurement loss recognized in other comprehensive income		3,903,059	4,640,065
Benefits paid		(1,238,431)	(8,733,879)
Advances paid		(4,994,698)	(6,017,934)
As at June		<u>61,936,775</u>	<u>48,502,400</u>
24.3 Charge for the year recognized in the statement of profit or loss is as follows:			
Current service cost		11,243,281	13,688,398
Interest cost		4,521,164	3,399,571
		<u>15,764,445</u>	<u>17,087,969</u>
24.4 The Charge for the year has been allocated as follows:			
Cost of sales	31.1	10,117,486	8,108,459
Administrative expenses	32.1	5,339,144	7,807,435
Marketing and selling expenses	33.1	307,815	1,172,075
		<u>15,764,445</u>	<u>17,087,969</u>
24.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2022 using the 'Projected Unit Credit' method are as follows:			
		2022	2021
Expected rate of increase in salary level		<u>12% p.a</u>	8.25% p.a
Discount rate		<u>13.25% p.a</u>	10.25% p.a
24.6 Impact of changes in assumption on defined benefit scheme is as follows:			
Assumption		1% increase	1% decrease
Discount rate		<u>(6,737,838)</u>	(6,737,838)
Salary increase		<u>8,441,285</u>	8,441,285
24.7 Maturity profile of the defined benefit obligation:		2022	2021
Weighted average duration - in number of years		<u>7.86</u>	12.92

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

24.8 Description of the risks to the Company

The defined benefit plan exposes the Company to the following risks:

Mortality risks – The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Final salary risks – The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

24.9 Comparison of five years:

As at June 30	2022	2021	2020	2019	2018
	----- (Rupees) -----				
Present value of defined benefit obligation	<u>61,936,775</u>	48,502,400	41,526,179	25,411,876	25,343,572
Deficit	<u>61,936,775</u>	48,502,400	41,526,179	25,411,876	25,343,572

	Note	2022 (Rupees)	2021
25 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS			
Gas Infrastructure Development Cess		226,794,579	223,520,838
Less: Current portion shown under current liabilities		(165,068,823)	(87,389,377)
		<u>61,725,756</u>	<u>136,131,461</u>
26 TRADE AND OTHER PAYABLES			
Trade creditors		594,088,818	243,735,869
Import bills for goods and fixed asset		597,178,193	291,395,119
Accrued liabilities		22,432,278	33,587,541
Advances from customers - unsecured (contract liabilities)		98,919,806	67,693,470
Workers' Profits Participation Fund	26.1	177,504,501	166,987,775
Workers' Welfare Fund		17,674,019	15,916,918
Withholding tax payable		27,390,473	29,926,025
Others		8,275,457	3,199,623
		<u>1,543,463,545</u>	<u>852,442,340</u>
26.1 Workers' Profits Participation Fund			
Balance at the beginning of the period		166,987,775	146,105,978
Charged for the year	35	13,794,218	13,667,041
Interest on Workers' Profits Participation Fund	34	10,389,549	7,214,756
Paid during the year		(13,667,042)	-
		<u>177,504,500</u>	<u>166,987,775</u>
27 SHORT-TERM BORROWING - secured			
Finance against LCs	27.1	-	206,780,485
Istisna arrangement	27.2	396,653,938	153,110,000
		<u>396,653,938</u>	<u>359,890,485</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

27.1 Represents running finance facility (financing against trust receipts - FATR) and finance against LCs availed from commercial banks for post import requirements of LCs and to meet working capital requirements during the year which is payable on demand carrying markup of 1 month KIBOR plus 3 percent and 3 month KIBOR plus 2.5 percent respectively and are secured against joint Pari Passu charge over current assets amounting to Rs.387 million and Rs. 150 million, fixed assets amounting to Rs. 200 million. The Company has fully availed finance against LC's during the year.

27.2 Represents Islamic financing facility of Rs. 396.1 million obtained from an Islamic bank which is payable within four months carrying markup of 6 months KIBOR plus 1.75% and is secured against Joint Pari Passu charge of Rs. 528 million over current assets, joint Pari Passu charge of Rs. 349 million over plant and machinery of the Company and joint Pari Passu charge of Rs. 180 million over leasehold land and building of the Company. The Company has fully availed Istisna arrangement during the year.

	2022	2021
	(Rupees)	
28 ACCRUED MARK-UP		
Diminishing musharika arrangement	4,277,792	4,380,970
Running finance under FATR and finance against LCs	-	2,336,610
Istisna arrangement	6,942,691	1,020,400
	<u>11,220,483</u>	<u>7,737,980</u>

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 The Company was allowed tax holiday under Clause 118-C to the Second Schedule of the Income Tax Ordinance, 1979 for a period of eight years from the assessment year 1995-96 i.e. 1st July 1995. The Company claimed tax holiday up to December 2003. The Deputy Commissioner of Income Tax reopened the assessment initially for the assessment year 1995-96 alleging that the Company was not entitled to the Tax Holiday earlier allowed under the above clause. Being aggrieved by the notice under section 65 of the Income Tax Ordinance, 1979, the Company filed a writ petition before the Honorable High Court of Sindh which was dismissed allegedly on account of non-maintainability. A petition for leave to appeal was filed against the dismissal of the writ petition which has been granted by the Honorable Supreme Court of Pakistan, the Honorable Supreme Court of Pakistan has also suspended the judgment of the Honorable High Court of Sindh and ordered maintenance of status quo.

The Deputy Commissioner of Income Tax then reopened the cases for the assessment years 1996-97 to 1998-99 and proceeded to finalize the assessment for the assessment year 1999-2000 under Section 62 of the Income Tax Ordinance, 1979. The writ against these notices was dismissed by the Honorable High Court of Sindh whereas the civil petition for leave has been granted by the Honorable Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan has also stayed the proceedings for these years.

Although the Honorable Supreme Court of Pakistan has accepted the petition for leave to appeal and the Company's lawyers are very hopeful that the tax holiday will be restored. While finalizing the orders the assessing officers have made various mistakes, for which rectification applications have been made. Subject to appeal and assuming that the Deputy Commissioner of income tax does not make any other addition for these years, a liability of Rs.67,938,844 will arise for which no provision has been made by the Company in these financial statements. As at last year end, these civil appeals were at the stage of final arguments and were still pending before the Supreme Court of Pakistan.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

In September 2018 the above review petition of the Company to set aside the show cause was dismissed by the Honorable Supreme Court of Pakistan and the notice from the office of Deputy Commissioner of Income Tax for the calling of information is awaited by the Company after which required information will be submitted by the Company for the show cause notice to be decided in its favor. Accordingly, the management of the Company based on the opinion of its legal advisor, is confident of favorable outcome after the information is submitted as may be required, therefore no provision is made in these financial statements.

29.1.2 NIB Bank Limited, formally PICIC Commercial Bank Limited has claimed Rs.1.3 million against termination of lease finance facility on account of all delayed rentals / late payment charges. The Company's management is confident that the dues will be settled amicably and accordingly, no provision has been made in these financial statements.

29.1.3 In August 2015, Sui Southern Gas Company (SSGC) increased rates of natural gas on the basis of notification dated 31 August 2015 issued by Oil and Gas Regulatory Authority (OGRA) whereby prices for natural gas for industrial sector have increased from Rs. 488 to Rs. 600 per MMBTU whereas those for the captive power sector have been increased from Rs. 573 to Rs. 600 per MMBTU and the Company falls in the category of captive power. The Company challenged the OGRA notification and filed writ petition in the HCS in Suit No. 2419 of 2015. Thereafter, HCS vide its order dated May 18, 2016, decided the case in Company's favor and concluded that the OGRA notification lacks the sanctity of law and it cannot be validated in terms of Section 7 and 8 of the Oil and Gas Regulatory Authority Ordinance 2002. SSGC filed an appeal in the HCS which was dismissed on August 15, 2017. Subsequently, SSGC has taken the matter to the Supreme Court of Pakistan and filed petition to appeal against the order dated August 15, 2017.

Further, OGRA in suppression of its Notification No. SRO 876(1)2015 dated August 31,2015 notified the sale price and minimum charges, in respect of natural gas to industrial customers with effect from December 15, 2016 being flat rate of Rs.600 per MMBTU. The Company challenged the impugned notification dated December 30, 2016 before the HCS. HCS has passed ad-interim orders dated January 20, 2017 suggesting stay on the rates aforementioned, while ordering plaintiffs to deposit the differential amount in terms of impugned notification as security till further orders. Accordingly, the Company has deposited the security to Nazir of High Court as disclosed in note 15 to financial statements.

However, due to the inherent uncertainties involved in the matter, the management based on the opinion of their legal advisor, has not accounted for increase in tariff rate amounting to Rs. 8.33 million as of 30 June 2018 as the management is confident that the decision of the case will be in their favor.

29.1.4 In December 2015, High Court of Sindh impugned the insertion of Tariff Heading 9830.0000 in the second schedule to the Sindh Sales Tax on Services Act 2011, through the Finance Act 2013 and subsequent show cause notice issued by the Sindh Revenue Board on the basis of this tariff heading and the said heading reads "Services provided in the matter of manufacturing or processing for others on toll basis".

The Company filed a suit before the Honorable High Court of Sindh and the Court granted an ad interim order in favour of Company, which is still in operation. The suit is still pending before the High Court of Sindh and Company has reasonable probability of success in this suit.

Accordingly, the management of the Company is confident of favorable outcome, therefore no provision is made in these financial statements.

29.1.5 As per the legal advice, Suit Nos. 2493 & 2494 of 2016 before the High Court of Sindh and the Federal Board of Revenue's Show Cause Notices dated 22 August 2016 to the company under Section 122(5A) of the Income Tax Ordinance, 2001 for the Tax Years 2011 and 2012 with regard to the treatment of its Toll Manufacturing receipts as the provision of a service under Section 153(1)(c) of the Income Tax Ordinance, 2001 rather than the supply of goods under Section 153(1)(a).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

Based on Company's withdrawal, these cases were dismissed by the Honorable High Court of Sindh, since then there has been no update on this matter

29.1.6 An appeal against order passed under section 11(4) & 25 of the Sales Tax Act, 1990 for tax year 2011 is pending with the Commissioner Inland Revenue – Appeals against demand of Rs. 753,219/-. The management is expecting a favorable outcome of this appeal and hence no provision has been made in this regard.

29.1.7 In the year 2017, sales tax audit for the tax year 2015 of the Company was selected and an order was passed by the Deputy Commissioner Inland Revenue dated July 19, 2017 for a demand of Rs. 27,309,762/- against the Company. An appeal against the above order has been filed before the Commissioner Inland Revenue - Appeals II by the Company and during the year, the Commissioner Inland Revenue Authority (CIRA) has set aside the issues pertaining to sales tax amounting to Rs. 22,189,972/- and forward the same for further examination to Deputy Commissioner Inland Revenue.

Since then, no sales tax demand stands payable as of today unless re-examined / reassessed by the DCIR as per the direction of CIRA. Therefore, company based on advice of its tax consultants has not made any provision in these financial statements

29.1.8 The Finance Act, 2019 introduced an amendment to sub-section (1) of section 65B of the Income Tax Ordinance, 2001 whereby tax credit under the said section was reduced from 10% to 5% for the tax year 2019. The Company being aggrieved, filed a petition with the Honourable Sindh High Court bearing CP no.8503/2019 pleading the allowance of differential 5% tax credit in the annual return for the tax year 2019. The honourable Sindh High Court vide order dated 28-12-2019 allowed the Company to claim full amount of tax credit. Provided that in case of adverse decision by the Honourable Sindh Court in the aforementioned case, the balance amount of 5% will be paid/adjusted by the Company within fifteen days from the date of the order. There has been no advancement on the case since then and the management expects a favourable outcome in this case.

		2022	2021
	Note	(Rupees)	
29.2 COMMITMENTS			
29.2.1 Outstanding bank guarantees		11,873,412	11,873,412
29.2.2 Outstanding letters of credit	29.2.3	98,149,509	133,819,668
29.2.3 The aforesaid letter of credit is secured against lien over import documents.			
		2022	2021
	Note	(Rupees)	
30 SALES- NET			
Gross Sales			
- Local		4,844,716,007	3,507,876,180
- Exports		59,172,891	51,930,864
		4,903,888,898	3,559,807,044
Less: Sales tax		(729,746,715)	(534,484,239)
	30.1	4,174,142,183	3,025,322,805

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

		2022	2021
	Note	(Rupees)	
31 COST OF SALES			
Opening stock of raw material		178,169,034	92,002,828
Purchases during the year		2,901,879,812	1,876,008,893
		3,080,048,846	1,968,011,721
Closing stock of raw material	12	(328,872,517)	(178,169,034)
Raw material consumed		2,751,176,329	1,789,842,687
Manufacturing expenses			
Salaries, wages and other benefits	31.1	188,146,775	162,633,808
Oil and lubricants / diesel		10,283,808	9,285,603
Packing material consumed		94,731,218	72,061,534
Consumable stores		9,819,586	15,704,550
Water charges		8,128,377	5,274,802
Repairs and maintenance		52,371,351	44,606,350
Vehicle running and maintenance		7,948,003	5,135,533
Utilities		276,742,525	258,540,833
Gas Infrastructure Development Cess (GIDC)		-	2,581,376
Insurance		10,828,878	9,768,803
Telephone		907,229	1,827,769
Staff welfare		11,125,267	7,257,584
Security charges		2,836,538	2,834,774
Depreciation	9.3 & 9.7	117,324,414	123,091,350
Transportation		14,226,231	26,613,495
Rent, rates and taxes	31.2	1,551,420	2,382,107
Others		16,685,305	4,727,038
		823,656,924	754,327,310
		3,574,833,254	2,544,169,997
Opening work-in-process		80,241,250	61,011,913
		3,655,074,504	2,605,181,909
Closing work-in-process	12	(88,488,789)	(80,241,250)
Cost of goods manufactured		3,566,585,715	2,524,940,659
Finished goods			
Opening stock		7,545,623	13,122,176
Closing stock	12	(10,755,258)	(7,545,623)
		(3,209,635)	5,576,553
		3,563,376,080	2,530,517,212

31.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 10.117 million (2021: Rs. 8.108 million).

31.2 This represents charges paid to Port Qasim Authority in respect of administration and maintenance.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

32 ADMINISTRATIVE EXPENSES	Note	2022 (Rupees)	2021
Salaries, wages and other benefits	32.1	50,262,016	44,461,237
Directors' remuneration		22,749,896	24,789,423
Vehicle maintenance		8,121,261	5,056,061
Legal and professional		4,236,424	7,394,173
Traveling and accommodation		1,740,559	311,562
Insurance		782,032	568,515
Fees and subscription		15,049,941	4,885,276
Rent, rates and taxes	32.2	10,740,000	6,420,000
Advertisement		350,571	155,800
Postage and stationery		1,207,478	821,552
Donation	32.3	502,000	1,600,000
Telephone		1,459,562	753,855
Newspaper and periodicals		8,835	5,160
Transportation		12,000	-
Amortization	10.2	102,142	127,677
Fuel and power		1,758,637	1,968,453
Auditors' remuneration	32.4	2,450,366	2,076,000
Depreciation	9.3	2,224,980	2,224,980
Repair and maintenance		2,338,408	2,987,787
Staff welfare		9,088,059	2,569,107
Security		1,857,001	1,901,588
Water		130,827	118,721
Others		2,224,357	2,367,168
		<u>139,397,353</u>	<u>113,564,095</u>

32.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 5.339 million (2021: Rs. 7.807 million).

32.2 This represents expense relating to short term lease.

32.3 Details of donations given to single party are as follows:

	Note	2022 (Rupees)	2021
Shahid Afridi Foundation		-	1,000,000
The Citizen Foundation		500,000	-

32.4 Auditors' remuneration

	Note	2022 (Rupees)	2021
Audit fee		1,233,991	1,121,810
Fee for review of half yearly		275,000	302,940
Fee for review of code of corporate governance		82,775	75,250
Out of pocket expenses		633,600	576,000
		<u>2,450,366</u>	<u>2,076,000</u>

33 MARKETING AND SELLING EXPENSES

	Note	2022 (Rupees)	2021
Salaries, wages and other benefits	33.1	19,202,492	20,699,532
Vehicle running and maintenance		2,045,836	1,449,153
Travelling and accommodation		394,506	16,000
Cartage and Octroi		41,840,381	36,655,801
Postage and stationery		289,887	152,277
Telephone		268,185	257,149
Power / electricity		69,036	54,994
Staff welfare		64,949	110,401
Sales promotion		3,158,834	992,215
Depreciation	9.3&9.7	1,494,828	2,219,068
Insurance		245,790	218,881
Others		168,917	130,355
		<u>69,243,641</u>	<u>62,955,826</u>

33.1 Salaries, wages and other benefits includes staff retirement benefit amounting to Rs. 0.307 million (2021: Rs. 1.172 million).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

34 FINANCE COSTS	Note	2022 (Rupees)	2021
Mark-up on:			
- diminishing musharika arrangements		23,748,652	29,301,871
- lease liabilities	21.4	1,792,176	4,853,301
- letters of credit		7,926,895	20,838,494
- GIDC		6,367,082	15,620,982
- short-term loan		-	3,566,699
- istisna arrangement		35,455,523	6,709,888
- running finance under FATR and finance against LCs		-	-
		<u>75,290,328</u>	<u>80,891,235</u>
Interest on Workers' Profits Participation Fund	26.1	10,389,549	7,214,756
Bank charges		8,229,929	3,604,229
		<u>18,619,479</u>	<u>10,818,985</u>
		<u>93,909,807</u>	<u>91,710,220</u>

35 OTHER OPERATING EXPENSES

Worker's Profit Participation Fund		13,794,218	13,667,041
Workers Welfare Fund		1,838,529	-
Exchange loss - net		76,861,876	-
Surcharge on annual maintenance charges		955,368	955,368
Others Expenses		27,944,938	-
		<u>121,394,929</u>	<u>14,622,409</u>

36 OTHER INCOME

Income from non-financial assets:

Scrap sales		15,456,014	10,187,309
Exchange gain - net		-	9,288,782
Gain on sale of operating fixed assets		584,935	9,656,073
Amortization of deferred income	22	2,183,380	4,328,288
Others		60,850,315	28,599,068
		<u>79,074,644</u>	<u>62,059,520</u>

37 TAXATION

Current		60,820,966	46,191,576
Prior		358,565	(4,829,582)
Deferred		17,210,887	45,985,516
		<u>78,390,417</u>	<u>87,347,510</u>

37.1 The income tax assessment of the Company has been finalized up to tax year 2021.

37.2 Relationship between income tax expense and accounting profit:

Profit / (loss) for the year		262,638,794	274,012,563
Tax at the enacted tax rate 29% (2021: 29%)		76,165,250	79,463,643
Final tax regime		(591,729)	(409,041)
Prior year tax		358,565	(4,829,582)
Effect of rate difference		-	(32,881,508)
Super Tax @ 3%		8,792,121	-
Effect of income subject to minimum tax not adjustable		(6,333,790)	-
Deferred tax		-	45,985,516
Others		-	18,481
		<u>78,390,417</u>	<u>87,347,510</u>
Effective tax rate		<u>30%</u>	<u>32%</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

	2022	2021
38 EARNING PER SHARE-BASIC AND DILUTED		
Profit / (Loss) attributable to ordinary shareholders	184,248,377	186,665,053
	(Rupees)	
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	59,301,150	59,301,150
	(Rupees)	
Earnings per share - basic and diluted	3.11	3.15

There were no convertible dilutive potential ordinary shares outstanding as at 30 June 2022 and 30 June 2021.

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

The aggregate amount charged in these financial statements for the period in respect of remuneration and benefits to the chief executive, directors and executives of the Company were as follows:

	Chief Executive		Director		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees)		(Rupees)		(Rupees)	
Remuneration	16,043,253	14,616,667	11,237,333	9,566,667	75,044,953	56,219,764
Medical allowance	1,263,213	1,484,815	1,195,016	1,119,958	2,157,215	1,469,263
Other perquisites (Motor vehicle maintenance etc.)	225,542	401,721	678,657	215,323	4,211,154	2,842,287
	17,532,008	16,503,203	13,111,006	10,901,948	81,413,322	60,531,314
Number of person(s)	1	1	1	1	19	16

Executives means employees other than chief executive and directors whose basic salary exceeds Rs 1,200,000 per financial year.

In addition, the Chief Executive, directors and certain executives are also provided with use of the Company's maintained cars and other benefits in accordance with their terms of employment for official use.

Aggregate amount charged in the financial statements for fees to non-executive director is Rs. 0.1 million (2021: 0.35) against attending the board meetings.

40 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies, major shareholders, directors, key management personnel. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. The transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

	2022	2021
Directors and Key Management Personnel		
	(Rupees)	
Remuneration	59,735,858	37,148,457
Office rent charged	10,740,000	6,420,000
Office rent received	2,617,200	-
Office rent paid	10,740,000	6,420,000

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

	2022	2021
Common Directorship		
	(Rupees)	
Toyo Packaging (Private) Limited		
Sale of goods / processing charges	205,544,477	124,903,724
Receipts against sale of goods / processing charges	191,066,220	70,700,695
Hilal Foods (Private) Limited		
Sale of goods	32,579,869	25,406,759
Receipts against sale of goods	37,061,840	20,709,517
Shalimar Food Products		
Sale of goods	8,839,692	4,591,380
Receipts against sale of goods	8,240,246	4,591,380
Mac Business Solutions (Private) Limited		
Sale of goods	188,193,998	-
Receipts against sale of goods	193,991,450	-

40.1 The related parties status of outstanding receivables, if any, as at June 30, 2022 and 30 June 2021 are disclosed in respective notes to these financial statements.

41 CASH GENERATED FROM OPERATIONS

	Note	2022	2021
		(Rupees)	
Profit / (loss) before taxation		262,638,794	274,012,563
Adjustments for non-cash and other items:			
Depreciation	9.3&9.7	121,044,222	127,535,399
Amortization	10.1	102,142	127,677
Provision for gratuity	24.2	15,764,445	17,087,969
Finance costs	34	93,909,807	91,710,220
Provision for ECL	13.1	3,256,223	-
Gas Infrastructure Development Cess	31&35	-	2,581,376
Exchange loss - unrealized	35	20,126,895	2,542,926
Gain on disposal of operating fixed assets	36	(584,935)	(18,312,649)
Deferred income	36	(2,183,380)	4,328,288
		251,435,419	227,601,206
		514,074,214	501,613,769
Working capital changes	41.1	10,144,982	(204,844,299)
		524,219,196	296,769,470

41.1 Working capital changes

(Increase) / decrease in current assets			
Stock-in-trade		(454,831,153)	(280,022,531)
Trade debts		(225,519,101)	(174,353,246)
Loans and advances		(17,981,418)	(21,956,009)
Short trade deposits, prepayments and other receivables		(13,283,514)	124,946,597
Sales tax refundable		(9,298,231)	11,000,418
		(720,913,416)	(340,384,771)
(Decrease) / increase in current liabilities			
Short term borrowings		36,763,452	3,542,997
Trade and other payables		691,021,205	117,320,037
Gas Infrastructure Development Cess payable		3,273,741	14,677,438
		10,144,982	(204,844,299)

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

42 FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments.

42.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The maximum exposure to credit risk at the reporting date is:

	Note	2022 (Rupees)	2021
Long-term deposits	11	20,026,285	15,095,485
Trade debts	13	654,943,026	432,680,148
Loans and advances	14	53,632,107	35,650,689
Trade deposits and other receivables	15	78,533,932	66,744,154
Bank balances	17	78,408,779	15,460,862
		<u>885,544,129</u>	<u>565,631,338</u>

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counterparty default rates as shown below:

	2022 (Rupees)	2021
Bank balances		
A1+ (PACRA)	32,242,718	9,588,304
A1 (PACRA)	-	43,206
A-1 JCR VIS	4,661,564	-
A-1+ (JCR VIS)	41,500,269	5,825,124
A-2 (JCR VIS)	4,228	4,228
	<u>78,408,779</u>	<u>15,460,862</u>

42.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures with an acceptable range.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk in respect of Company's short-term financing arrangements at floating interest rates to meet its business operations and working capital requirements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax (through impact on floating rate borrowings). This analysis excludes the impact of movement in market variables on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have a symmetric impact on the Company's result.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

		Increase / decrease in basis points	Effect on loss before tax (Rupees)
2022	+	100	5,757,521
	-	100	<u>(5,757,521)</u>
2021	+	100	6,450,628
	-	100	<u>(6,450,628)</u>

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign currency exchange rates primarily relates to the Company's operating activities. The Company manages its currency risk by effective fund management and timely repayment of its current liabilities. The Company, however, has not hedged its foreign currency liabilities as the management has assessed that it will not be cost beneficial.

The Company's exposure to foreign currency risk in major currencies at their gross values is as follows:

	2022 (US Dollars)	2021
Creditors	<u>2,551,198</u>	1,498,443
Creditors	<u>221,634</u>	394,013

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all currencies applied to assets and liabilities as at 30 June 2022 represented in foreign currencies, with all other variables held constant, of the Company's loss before tax.

	Change in exchange rate (%)	Effect on Loss before tax (Rupees)
30-Jun-22	+10%	56,938,592
	-10%	<u>(56,938,592)</u>
30-Jun-21	+10%	30,984,752
	-10%	<u>(30,984,752)</u>

(iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Company is not exposed to other price risk as the Company does not have any investment in equity shares.

42.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's liquidity risk management implies maintaining sufficient cash and also involves projecting cash flows and considering the level of liquid assets necessary to meet these. As of June 30, 2022 the Company's current liabilities exceed its current assets by Rs. 139.934 million, but the Company based on its future plans is confident that it will have sufficient cash flows to meet its financial obligations in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

Table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equals to their carrying balances as the impact of discounting is not significant:

	On demand	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
(Rupees)						
June 30, 2022						
Lease liabilities	-	449,499	-	-	-	449,499
Diminishing musharika	-	36,381,579	36,381,579	94,665,025	-	167,428,183
Trade and other payables	-	1,542,728,223	735,322	-	-	1,543,463,545
Accrued mark-up	11,220,483	-	-	-	-	11,220,483
Short-term borrowings	-	396,653,938	-	-	-	396,653,938
	11,220,483	1,976,213,238	37,116,901	94,665,025	-	2,119,215,646
June 30, 2021						
Lease liabilities	-	14,718,832	5,395,618	436,214	-	20,550,664
Diminishing musharika	-	46,976,834	46,976,834	163,289,035	-	257,242,703
Trade and other payables	-	851,707,017	735,322	-	-	852,442,340
Accrued mark-up	7,737,980	-	-	-	-	7,737,980
Short-term borrowings	206,780,486	153,110,000	-	-	-	359,890,486
	214,518,466	1,067,248,006	53,107,774	163,725,249	-	1,498,599,495

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

42.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Short term borrowing used for cash management purpose	Lease liabilities including diminishing musharika	Revenue reserve	Total
(Rupees)				
Balance as at 1 July	359,890,485	277,793,366	5,443,251	643,127,104
Changes from financing cash flows:				
Repayment of borrowing	(206,780,485)	-	-	(206,780,485)
Proceeds from borrowing	243,543,938	-	-	243,543,938
Lease rentals paid	-	(89,814,521)	-	(89,814,521)
Total changes from financing activities	36,763,452	(89,814,521)	-	(53,051,069)
Other changes:				
Finance cost	43,382,418	25,540,829	-	68,923,246
Finance cost paid	(46,739,428)	(16,610,199)	-	(63,349,626)
Total loan related other changes	(3,357,010)	8,930,629	-	5,573,620
Total equity related other changes	-	-	181,477,205	181,477,205
Balance as at 30 June 2022	393,296,928	196,909,475	186,920,457	777,126,859

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measure using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants at in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted market price
- Level 2: Valuation techniques (market observable); and
- Level 3: Valuation techniques (non-market observables)

As of reporting date, the Company has no financial assets carried at fair value other than as disclosed in note 9.2 to these financial statements.

44 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue 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 monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and reserves. The gearing ratio as at 30 June 2022 and 30 June 2021 are as follows:

	2022	2021
(Rupees)		
Lease liabilities	449,499	20,550,664
Accrued mark-up	11,220,483	7,737,980
Diminishing musharika arrangement	167,428,183	257,242,703
Short-term borrowings	396,653,938	359,890,485
Total debts	575,752,103	645,421,832
Less: Cash and bank balances	(78,694,417)	(15,687,101)
Net debt	497,057,685	629,734,731
Share capital	593,011,500	593,011,500
Reserves	983,527,077	802,049,871
Total equity	1,576,538,577	1,395,061,371
Total capital	2,073,596,261	2,024,796,102
Gearing ratio	23.97%	31.10%

45 OPERATING SEGMENTS

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

46 NUMBER OF EMPLOYEES

	2022	2021
At year end	177	176
Average employees during the year	177	168

47 CAPACITY AND PRODUCTION

	2022		2021	
	Rated Capacity	Actual production	Rated Capacity	Actual production
(Metric Tons)				
Operational capacity				
BOPP – Port Qasim Authority	15,000	12,103	15,000	10,655
CPP – Port Qasim Authority	7,000	6,023	7,000	5,107

Actual production was below capacity due to low demand and therefore the plant capacity was utilized to the extent of orders received from customers.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended June 30, 2022

48	CASH AND CASH EQUIVALENTS	Note	2022	2021
			(Rupees)	
	Cash and bank balances	17	<u>78,694,417</u>	<u>15,687,101</u>

49 SUBSEQUENT EVENTS

The Board of Directors of the Company in their meeting held on 20th Sep 2022 have recommended cash dividend @ 10% amounting to Rs. 1 (2021: Nil)

50 CORRESPONDING FIGURES

For better presentation the following reclassification have been made and accordingly, corresponding figures have been reclassified:

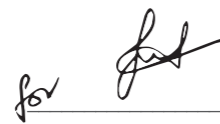
From	To	30 June 2021 (Rupees)
Cost of Sales -cartage and octroi	Sales & Marketing -cartage and octroi	36,655,801

51 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 20, 2022 by the Board of Directors of the Company.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

NOTICE OF THE 27TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of the Company will be held on Friday, October 14, 2022 at 11:00 AM at the head office of the Company at 21 Maqboolabad, J.C.H.S, Tipu Sultan Road, Karachi:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2022, together with the Chairman's Review Report, Report of the Directors and Auditors thereon.
2. To appoint Auditors for the year 2022-23 and to fix their remuneration. The present auditors – M/s KPMG Taseer Hadi, Chartered Accountants, being eligible, have offered themselves for reappointment.
3. To consider and, if thought fit, approve as recommended by the Board of Directors, the final cash Dividend at the rate of Rs. 1.00 per share i.e., 10% for the year June 30, 2022.
4. To transact any other business with the permission of the Chair.

Karachi
Dated: September 23, 2022

By Order of the Board

NOTES:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 07, 2022 to October 14, 2022 (both days inclusive). Transferred received with the Registrar of the Company M/s. CDC Share Registrar Services, House-99-B, Block B, S.M.C.H.S, Sharae Faisal Karachi. Tel: +92-21-111-111-500 Fax: +92-21-34326053 at the close of business October 06, 2022 will be treated in time. All the Members holding the shares through the CDC are requested to update their addresses and Zakat statuses with their Participants.

2. Participation in the Meeting

Members whose names appearing in the Register of Members as of October 06, 2022, are entitled to attend and vote at the Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.

An instrument of proxy applicable for the Meeting is being provided with the Notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours.

An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar, CDC Share Registrar Services.

In view of the current situation on the spread of COVID-19, the Company has also provided the opportunity to attend the meeting online. The shareholder can participate in the AGM through video-link, i.e. <http://zoom.us/download>.

For this purpose, shareholders are requested to get their following particulars registered with the Company by send email to cdcsr@cdcsrsl.com. Video-link and login credentials will be shared with only those shareholders / proxies whose email, containing all the information required below, received via email to later than 48 hours before the meeting.

Shareholder Name	CNIC#	Folio / CDC No	Cell No	Registered email ID

The shareholders can also provide their comments / suggestion for the proposed agenda items of the AGM by using the above given email.

The login facility will be opened at 10:30 AM on October 14, 2022 enabling the participants to join the proceedings which will start at 11:00 AM sharp.

3. Guidelines for Central Depository Company of Pakistan Limited ("CDC") Account Holders

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For Attending the Meeting:

- I. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC/SNIC or original passport at the time of attending the Meeting.
- II. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- I. In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the requirement.

- II. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- III. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- IV. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- V. In case of corporate entities, Board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.
- VI. Form of proxy is enclosed.

4. Distribution of Annual Report Through Email

Company is circulating annual balance sheet and profit and loss account, auditor's report and directors report etc. (annual audited accounts) along with the notice of annual general meeting (Notice) through CD/DVD to all members at their registered addresses, as permitted by Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 2016, in continuation with the SRO 787(I)/2014 dated September 08, 2014. The approval of the same has also been obtained by the member in annual general meeting held on October 31, 2016.

Shareholders of the Company who wish to receive the hardcopy of Company's Annual Report and Notice of Annual General Meeting are requested to provide the complete Standard Request Form (available at the Company's Website) to the Company's Share Registrar, CDC Share Registrar Services, 99-B, Block B, S.M.C.H.S, Shakra-e-Faisal, Karachi.

5. Submission of CNIC/SNIC/NTN (Mandatory)

Pursuant to the directives of the SECP, the dividend of shareholders whose CNIC/SNIC or NTN (in case of corporate entities), are not available with the Share Registrar could be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Share Registrar, CDC Share Registrar Services, 99-B, Block B, S.M.C.H.S, Shakra-e-Faisal, Karachi.

6. Dividend Mandate (Mandatory)

In accordance with the provisions of Section 242 of the Companies Act, 2017, and the Companies (Distribution of Dividend) Regulations, 2017, a listed company is required to pay any dividend payable in cash only through electronic mode directly into the bank account designated by the entitled shareholders. In this matter, Company's Registrar has already requested and sent letters vide reference no. CDC/RTA/MACPAC/Letter/17 dated September 25, 2017 to members to provide their International Bank Account Number (IBAN).

The members who have still not provided their IBAN are once again requested to provide information as per below format and send it duly signed along with copy of valid CNIC to Company's Registrar. Members who hold share in electronic form are advised to send it to concerned participant/CDC.

Member's detail
Name Folio no./CDC Account No. CNIC No. Contact No.
Bank detail
Title of Bank Account their International Bank Account Number (IBAN) Name of Bank Branch name and address

7. Deposit of Physical Shares in CDC account

As per section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book-entry form. Therefore, the shareholders having physical shares requested to convert the shares into book entry.

8. Availability of Annual Audited Financial Statements on the Company's website:

In accordance with the provisions of Section 223(7) of the Companies Act 2017, the audited financial statements of the Company for the year ended June 30, 2022, are available on the Company's website.

PROXY FORM

MACPAC FILMS LTD

27th Annual General Meeting

I/We, _____ of _____, being member(s) of Macpac Films Ltd, holding _____ ordinary shares, hereby appoint _____ of _____ or failing him/her _____ of _____, who is/are also member(s) of Macpac Films Ltd, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting of the company to be held at 11:00am on 14th October 2022 at the registered office of the company: Plot #21 Maqboolabad, Jinnah Cooperative Housing Society (J.C.H.S.), Tipu Sultan Road, Karachi-75400, Pakistan, and at any adjournment thereof.

Witness my/our hand(s) this _____ day of _____, 2022

Signed by the said _____

Witnesses:

1. Signature _____
Name _____
Address _____

1. Signature _____
Name _____
Address _____

CNIC or Passport No. _____

CNIC or Passport No. _____

Folio/CDC Account No.

Signature on revenue
stamp of Rs. 5/-

Note:

1. This Proxy Form must be deposited at the Company's share registrar office as soon as possible but not later than 48 hours before the time of holding of meeting. Failing to do so would render the Proxy Form invalid.
2. No person shall act as a proxy unless he/she is a member of the Company.



MACPAC FILMS LIMITED

Registrar:

Central Depository Company of Pakistan,
Share Registrar Department, CDC
House, 99-B, Block-B, S.M.C.H.S, Main
Shahra-e-Faisal, Karachi.

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پراکسی فارم میک فلز لمیٹڈ

میں مسماة / مسماة ساکن
ضلع بحیثیت ممبر میک پیک فلز لمیٹڈ، مسماة ساکن کو
بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری طرف سے کمپنی کو اجلاس عام / سالانہ / غیر معمولی اجلاس (یاد بھی صورت حال ہو) جو بتاریخ
14 اکتوبر 2022 11:00am منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

نوٹ

- 1- یہ پراکسی فارم کمپنی کے شیئرز رجسٹررار آفس کو مینٹنگ کے کم از کم 48 گھنٹوں پہلے جمع کرانا لازمی ہے۔ بصورت دیگر یہ پراکسی فارم قابل قبول نہ ہوگا۔
- 2- کسی غیر ممبر کو پراکسی کے طور پر نامزد نہیں کیا جاسکتا ہے۔

دستخط



اعتراف

کمپنی کے ڈائریکٹرز ان کے تعاون اور مسلسل تعاون کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، حصص یافتگان، شراکت داروں، شراکت داروں، صارفین، سرکاری حکام، خود مختار اداروں، مالیاتی اداروں، اور بینکروں کا شکریہ ادا کرنے کا موقع اٹھانا چاہیں گے۔

ڈائریکٹرز کمپنی کے عملے کے ذریعے پیش کردہ قیمتی اور ناقابل کوششوں اور خدمات کی تعریف کو ریکارڈ کرنے پر بھی خوش ہیں

بورڈ کے لئے اور اس کی طرف سے

مختصم مقبول الہی
مہنگ ڈائریکٹر

مختصم الحسن
چیف ایگزیکٹو آفیسر

کراچی
تاریخ: 20 ستمبر 2022ء

سال کے دوران ہیومن ریسورس اینڈ معاوضہ کمیٹی (ایچ آر آرسی) نے ڈائریکٹرز کی 1 اجلاس اور حاضری اس طرح کی تھی:-

نمبر شمار	ڈائریکٹرز کے نام	حاضری میٹنگ
1	شارق مقبول الہی	2
2	احتشام مقبول الہی	4
3	نعیم منشی	4

آڈٹ کمیٹی اور داخلی کنٹرول سسٹم

آپ کی کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس پر یقین رکھتی ہے، جو چیک اور بیلنس کے ایک بہتر اور موثر انداز میں لاگو نظام اور شفاف، درست اور بروقت مالی معلومات کی فراہمی کے ذریعے نافذ ہے۔ بورڈ آف ڈائریکٹرز نے صوتی داخلی کنٹرول کا ایک ایسا نظام قائم کیا ہے جس میں موثر مالیاتی کنٹرول شامل ہیں جو کمپنی کے اندر ہر سطح پر نافذ کیے جاتے ہیں۔

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جس میں تین (3) ممبران شامل ہیں۔ سبھی غیر ایگزیکٹو ڈائریکٹر ہیں جن میں کمیٹی کے چیئرمین بھی شامل ہیں، جو ایک آزاد ڈائریکٹر ہیں۔ کمیٹی کے پاس اپنے حوالہ کی شرائط ہیں جو بورڈ آف ڈائریکٹرز کے ذریعے لسٹنگ کے ضوابط میں فراہم کردہ رہنما خطوط کے مطابق طے کی گئیں۔

ایچ آر اور معاوضہ کمیٹی

بورڈ نے ایک ایچ آر اور معاوضہ کمیٹی تشکیل دی ہے۔ اس میں تین (3) ممبران شامل ہیں، جن میں دونوں ایگزیکٹو ڈائریکٹر اور ایک ایگزیکٹو ڈائریکٹر شامل ہیں۔ کمیٹی کے چیئرمین نان ایگزیکٹو ڈائریکٹر ہیں۔

کارپوریٹ سماجی ذمہ داری (CSR)

ہم معاشرے کو واپس دینے میں یقین رکھتے ہیں اور اپنے اسٹیک ہولڈرز، برادر یوں اور انڈرمرعات یافتہ معاشرے کے معیار زندگی کو بہتر بنانے کے لئے پرعزم ہیں۔ کمپنی سال کے دوران کی جانے والی اپنی CSR سرگرمیوں پر فخر محسوس کرتی ہے۔ سی ایس آر کی سرگرمیوں اور اقدامات کی تفصیلات کو سالانہ رپورٹ کے صفحہ نمبر 18 پر تفصیل سے ذکر کیا گیا ہے۔

انسانی سرمائے اور ملازمین کے تعلقات

کمپنی کا انسانی دارالحکومت کسی بھی تنظیم میں اہمیت کا حامل ہے۔ یہاں میک پی اے سی فلمز لمیٹڈ میں ہیں، ہم اس بات پر فخر کرتے ہیں کہ کمپنی کے ذریعہ مطلوبہ کارکردگی پیدا کرنے کے لئے ہم انسانی وسائل جیسے سامان اور ٹکنالوجی سسٹم جیسے دیگر وسائل کے ساتھ کس طرح ضم کرتے ہیں۔ کمپنی کے ڈائریکٹر سال کے دوران مقاصد کے حصول میں کمپنی کے ملازمین کی طرف سے لگائے جانے والی لاتعداد کوششوں کے لئے اظہار تشکر کرنا چاہتے ہیں۔

اس وقت جو مطالبہ مسابقتی کاروباری ماحول کا ہے اور جن چیلنجوں کا ہمیں سامنا کرنا پڑتا ہے وہ کثیرالجہتی ہیں۔ موثر انسانی وسائل کے انتظام کے لئے کمپنی میں انسانی سرمائے کے معیار کے مستقل تجزیہ کی ضرورت ہے۔ ہم اس بات کو یقینی بناتے ہیں کہ جب ہمارے انسانی سرمائے کی نشوونما میں شامل اقدامات کی بات کی جائے تو کوئی کسر باقی نہیں ہے۔

متعلقہ پارٹی لین دین

متعلقہ فریقوں کے ساتھ تمام لین دین منفقہ شرائط پر کاروبار کے معمول کے مطابق کیا گیا ہے اور متعلقہ نوٹ کے تحت مالی بیانات میں انکشاف کیا گیا ہے۔

شیئر ہولڈنگ کا نمونہ

کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت ضروری انکشافات کے ساتھ، 30 جون، 2022 تک شیئر ہولڈنگ کا نمونہ، سالانہ رپورٹ 2022 میں انکشاف کیا گیا ہے۔

نمبر شمار	نام	عہدہ
1	شارق مقبول الہی	چیئر مین
2	احتشام مقبول الہی	ممبر
3	نعیم منشی	ممبر

ڈائریکٹرز کا معاوضہ:

بورڈ کی طرف سے منظور شدہ موجود معاوضے کی پالیسی کے مطابق، نان ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ مینٹنگز میں شرکت کے لیے 25 ہزار دیئے جاتے ہیں۔

ڈائریکٹرز اور چیف ایگزیکٹو کو سال کے دوران ادا کیے جانے والے معاوضے کا مناسب انکشاف مالیاتی بیانات کو نوٹ 39 میں دیا گیا ہے۔

آڈیٹر

موجودہ آڈیٹر: مسز کے پی ایم جی تسیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ ریٹائر ہوئے اور انہوں نے 30 جون، 2023 کو سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل

اس کے ساتھ ہی کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل کے بیان کو الحاق کیا گیا ہے۔

اخلاقیات اور کاروباری طریقوں کا بیان

بورڈ نے ضابطہ اخلاق تیار اور اپنایا ہے اور اس بات کو یقینی بنایا ہے کہ اس کی معاون پالیسیوں اور طریقہ کار کے ساتھ ساتھ پوری کمپنی میں اس کو پھیلائے کے لئے مناسب اقدامات اٹھائے گئے ہیں۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک پر کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل:-

☆ کمپنی کی انتظامیہ کے ذریعے تیار کردہ مالی بیانات جو اس کی حالت کو منصفانہ طور پر پیش کرتے ہیں، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلی۔

☆ اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔

☆ مناسب اور دانشمندانہ فیصلے کی بنیاد پر مالی بیانات اور اکاؤنٹنگ کے تخمینے کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیاں مستقل طور پر لاگو کی گئیں۔

☆ بین الاقوامی فنانشل رپورٹنگ معیارات (IFRS) بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز بورڈ (IASB) کے ذریعے جاری کردہ کمپنیوں ایکٹ،

2017 (ایکٹ) کے تحت مطلع کیا گیا ہے، اور اس ایکٹ کے تحت اور ہدایت کی دفعات کو مالی بیانات کی تیاری میں بیرونی کیا گیا ہے۔

☆ کمپنی کے اندر اندرون ملک داخلی آڈٹ فنکشن ہے جو مقصد کے لئے مناسب اور تجربہ کار سمجھا جاتا ہے اور وہ کمپنی کی پالیسیوں اور طریقہ کار کے ساتھ تبادلہ خیال کرتے ہیں۔

☆ داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور اس پر موثر انداز میں عمل درآمد اور نگرانی کی گئی ہے۔

☆ آڈٹ کمیٹی کے تمام ممبر آزاد/نان ایگزیکٹو ڈائریکٹرز ہیں۔

☆ کمپنی کے جاری رہنے کی صلاحیت پر کوئی خاص شک نہیں ہے

☆ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

☆ گذشتہ 6 سالوں سے کلیدی آپریٹنگ اور فنانش ڈیٹا کو رپورٹ سے منسلک کیا گیا ہے۔

سال کے دوران بورڈ آف ڈائریکٹرز نے 15 اجلاس کا انعقاد کیا اور ڈائریکٹرز کی حاضری مندرجہ ذیل تھی:-

نمبر شمار	ڈائریکٹرز کے نام	حاضری میٹنگ
1	نعیم منشی	5
2	نجم الحسن	5
3	احتشام مقبول الہی	5
4	شارق مقبول الہی	5
5	فہد منشی	2
6	عمر صابر	2
7	آمنہ داؤدی	2

سال کے دوران آڈٹ کمیٹی نے 14 اجلاسوں کا انعقاد کیا اور ڈائریکٹرز کی حاضری مندرجہ ذیل تھی:-

نمبر شمار	ڈائریکٹرز کے نام	حاضری میٹنگ
1	آمنہ داؤدی	2
2	نعیم منشی	4
3	شارق مقبول الہی	4

چیلنجوں کا سامنا کرنے کے باوجود، کمپنی نے اپنی کارکردگی کو برقرار رکھا اور انہیں توقعات کو بہتر کارکردگی کا مظاہرہ کرنا چاہئے جس کی مدد سے ایک انتہائی پرعزم افرادی قوت، موثر پروڈکٹس، نئے مارکیٹ طبقات میں داخلہ، انفارمیشن سسٹم میں سرمایہ کاری میں اضافہ، تحقیق اور ترقی کی مدد سے مدد کی جائے۔

ان اقدامات پر توجہ مرکوز کر کے، کمپنی کو نیچے لائن منافع پر رفتار برقرار رکھنے، مارکیٹ شیئر میں اضافہ کرنے اور نیچے کی لائن میں نمو کی فراہمی کے قابل ہونا چاہئے۔ انشاء اللہ

ماحول پر اثر:-

میک پی اے سی نے توانائی کی بچت اور ایندھن کے تحفظ کے لئے شمسی توانائی پر توجہ مرکوز کرتے ہوئے پانی اور توانائی کے تحفظ کو ہمیشہ ترجیح دی ہے، اور مینوفیکچرنگ کی ضروریات کے لئے پانی کے موثر استعمال کو ترجیح دی ہے۔ مزید یہ کہ پائیدار حلوں کا انتخاب کرتے ہوئے اپنی ٹیم، سپلائرز اور صارفین کو ماحولیاتی تحفظ کے لوازمات کی طرف تعلیم اور تربیت دینا۔ کمپنی فضلہ کے مواد کی ری سائیکلنگ کو بھی دیکھ رہی ہے۔

معاشرتی اور اخلاقی طور پر ذمہ دار کارپوریشن ہونے کے ناطے، میک پی اے سی ماحولیاتی اثرات کو کم سے کم کرنے کی سمت کام کرتا ہے۔

پرنسپل سرگرمی

کمپنی کی اصل سرگرمی پلاسٹک پیکیجنگ فلموں کی تیاری، تیار، خریدنا اور فروخت کرنا ہے۔

اصول کے خطرات اور غیر یقینی صورتحال:

بنیادی خطرہ اور غیر یقینی صورتحال میں کرنسی کی قدر میں کمی، سود کی شرحوں میں اضافے اور حکومتی پالیسیوں میں تبدیلی شامل ہیں۔

جغرافیائی محل وقوع اور کاروبار کا پتہ:

کمپنی کا رجسٹرڈ آفس پلاٹ نمبر: 21، مقبول آباد، جناح کوآپریٹو ہاؤسنگ سوسائٹی (جے سی ایچ ایس)، ٹیپو سلطان روڈ، کراچی، مشرقی صنعتی زون، پورٹ قاسم، کراچی اور نارٹھ ویل آفس میں واقع پروڈکشن پلانٹ میں واقع ہے۔ لاہور سینٹر، گلبرگ لاہور، پاکستان۔

بڑے سرمائے کے اخراجات

مالی بیانات میں جائیداد، پلانٹ اور سامان میں اضافے کے بارے میں تفصیلات نوٹ نمبر 9 میں ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل:-

1- 30 جون 2022ء کو ڈائریکٹرز کی کل تعداد مندرجہ ذیل تھی۔

(الف) مرد 6

(ب) خواتین _____

حوالے کے تحت مدت کے دوران بورڈ میں ایک آزاد ڈائریکٹر نے استعفیٰ دے دیا۔ اب یہ آرام دہ اور پرسکون خالی جگہ بھری ہوئی ہے۔

2- 30 جون 2022ء تک بورڈ کی تشکیل مندرجہ ذیل ہے:-

کمیٹی/ی/قسم

نام

- (الف) آزاد ڈائریکٹر 1- جناب محمد عمر صابر
- (ب) غیر ایگزیکٹو ڈائریکٹر 1- جناب نعیم منشی
- 2- جناب شارق مقبول الہی
- 3- جناب فہد منشی
- (ج) ایگزیکٹو ڈائریکٹر 1- جناب نجم الحسن
- 2- جناب احتشام مقبول الہی

ان افراد کے نام جو مالی سال کے دوران کمپنی کے ڈائریکٹر تھے

نمبر شمار	نام	عہدہ
1	نعیم منشی	چیئر مین
2	نجم الحسن	چیف ایگزیکٹو آفیسر
3	احتشام مقبول الہی	ایگزیکٹو ڈائریکٹر
4	شارق مقبول الہی	غیر ایگزیکٹو ڈائریکٹر
5	آمنہ داؤدی	آزاد ڈائریکٹر (2021-10-28 تک)
6	فہد منشی	غیر ایگزیکٹو ڈائریکٹر
7	محمد عمر صابر	آزاد ڈائریکٹر

بورڈ آف آڈٹ کمیٹی

نمبر شمار	نام	عہدہ
1	محمد عمر صابر	چیئر مین
2	آمنہ داؤدی	آزاد ڈائریکٹر (2021-10-28 تک)
3	نعیم منشی	ممبر
4	شارق مقبول الہی	ممبر

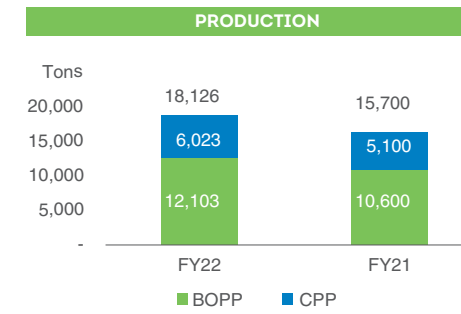
حصص یافتگان کو ڈائریکٹرز کی اطلاع

شروع اللہ کے نام سے جو بڑا مہربان نہایت رحم کرنے والا ہے
السلام علیکم!

معزز ممبران:-

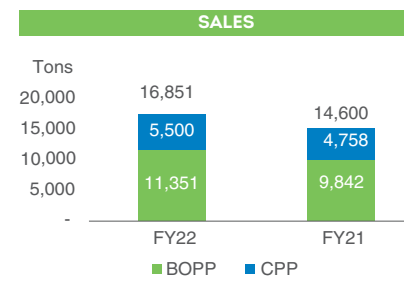
آپ کی کمپنی کے ڈائریکٹرز اپنی رپورٹ پیش کرنے پر خوش ہیں اور 30 جون 2022ء کو ختم ہونے والے سال کے لئے کمپنی کے مالی اکاؤنٹس آڈٹ ہوئے:

پیداوار



سال کے دوران کمپنی کی بی او پی پی اور سی پی پی کی تیاری بالترتیب 12,103 میٹرک ٹن اور 6,023 میٹرک ٹن کی پیداوار کے مقابلے میں بالترتیب 10,600 میٹرک ٹن اور 5,100 میٹرک ٹن تھی۔ مجموعی طور پر پیداوار کے حجم میں 15.4 فیصد اضافہ ہوا جس نے صلاحیت کے استعمال میں بھی اضافہ کیا۔

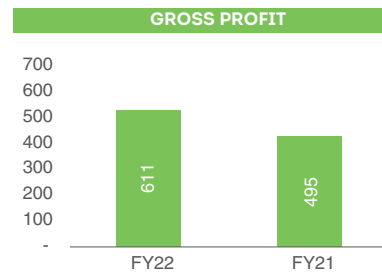
فروخت/سیل کارکردگی



30 جون 2022ء کو ختم ہونے والے سال کی کمپنی کی فروخت 16,851 میٹرک ٹن تھی جبکہ 30 جون 2021ء کو ختم ہونے والے سال کے 14,600 میٹرک ٹن تھی۔

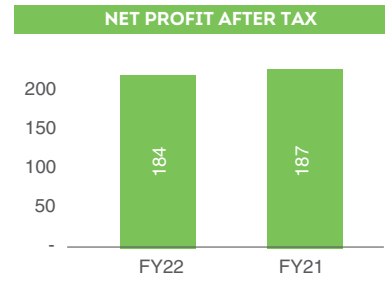
فروخت کے حجم میں 14.5 فیصد اضافہ کمپنی کے ذریعہ اپنایا ہوا موٹر کاروباری حکمت عملیوں کا نتیجہ ہے جو اس کے مارکیٹ شیئر کو بڑھانے کے لئے اور منافع میں اضافے میں بھی اہم کردار ادا کرتا ہے۔

کل منافع



کمپنی کا مجموعی منافع رواں سال کے لئے 611 ملین روپے کے مقابلے میں پچھلے سال 495 ملین 23.4 فیصد کی نمو کے ساتھ بڑھی۔ یہ بنیادی طور پر فروخت کے حجم میں اضافے کی وجہ سے ہے جو اوور ہیڈ لاگوں کو جذب کرنے کے قابل بناتا ہے۔

ٹیکس کے بعد کا منافع



اس سال کی بنیادی طور پر تبادلہ کے زیادہ نقصان کی وجہ سے ہے۔ رواں سال میں 76.9 ملین روپے کے نقصان کے مقابلے میں پچھلے سال 9.3 ملین تبادلے کا فائدہ رہا۔ اسی طرح، سال ختم ہونے والے ٹیکس کے بعد خالص منافع 184 ملین روپے کے مقابلے میں پچھلے سال 187 ملین، 8.8 ملین کے سہ ٹیکس کا اثر ڈالنے کے بعد۔

تقابلی مالی نتائج

اس کے تحت دو سال کے وسیع تقابلی مالی نتائج دیئے گئے ہیں۔ پچھلے چھ سالوں سے کلیدی کارکردگی کے اشارے بھی اس رپورٹ سے منسلک ہیں۔

2021		2022		
پاک رقم ایم این	% فروخت کی	پاک رقم ایم این	% فروخت کی	
3,025	16.4%	4,174	14.6%	فروخت (خالص)
495	9.1%	611	6.3%	کل منافع
274	6.2%	263	4.4%	ٹیکس سے پہلے کا نفع/نقصان
187		184		ٹیکس سے بعد کا نفع/نقصان
3.15		3.11		ای پی ایس

فی شیئر آمدنی

موجودہ سال کے لئے فی شیئر آمدنی 3.1 روپے ہے جبکہ اس کے مقابلے میں 3.15 روپے گزشتہ سال کی بنتی ہے۔

منافع:

آپ کی کمپنی اپنے حصص یافتگان کو طویل مدتی میں پائیدار واپسی فراہم کرنے کے لئے پر عزم ہے، اور اسی وجہ سے، کمپنی کے ڈائریکٹرز نے آرای کے منافع کی تجویز پیش کی ہے۔ جو 30 جون 2022ء کو فی شیئر 1 روپے پر ختم ہونے والے سال کے لئے ہے۔

مستقبل کا نقطہ نظر:-

تباہ کن سیلاب کی وجہ سے حالیہ تباہی میکرو اکنامک فرنٹ پر انتہائی چیلنجز کا باعث ہے۔ مزید یہ کہ موجودہ اکاؤنٹ کے چوڑا خسارے جس کے نتیجے میں امریکی ڈالر کے خلاف پاک روپے کی قیمت میں تیزی سے کمی واقع ہوئی ہے، غیر ملکی زرمبادلہ کے ریزرو میں کمی واقع ہوئی ہے، اور عالمی اجناس کے سپر سائیکل کی وجہ سے خوراک کی افراط زر میں مسلسل اضافہ ہوا ہے جو روس-یوکرین کی وجہ سے مزید بڑھ جاتا ہے۔ جنگ مجموعی طور پر میکرو معاشی عوامل کو متاثر کرے گی اور اس کے نتیجے میں مالیاتی پالیسی میں مزید سختیاں آسکتی ہیں جس سے معیشت کے مختلف شعبوں پر مزید باؤ شامل ہو سکتا ہے۔

چیمبر مین رپورٹ برائے کارکردگی / جائزہ

پیارے اسٹیک ہولڈرز: مجھے 30 جون 2022 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ پر جائزہ پیش کرنے پر خوشی محسوس ہو رہی ہے۔ پاکستان کی معیشت نے مشکلات پر قابو پانے میں قابل ذکر چلک اور بہتری کا مظاہرہ کیا ہے اور کرنسی، اجناس کے سپر سائیکل اور حالیہ گلوبل وارمنگ سے متعلقہ سیلاب کی وجہ سے افراط زر کے دباؤ کے باوجود جی ڈی پی کی متاثر کن شرح نمو 5.97 فیصد کی ہے۔ مالی سال 2021-22 کے دوران، معیشت میں صحت اور حفاظت اور مجموعی طور پر ترقی کی رفتار میں اضافے کی وجہ سے سیکٹنگ انڈسٹری نے IBOP اور CPP کی طلب میں اضافے کا رجحان برقرار رکھا۔

مالی سال 2021-22 میں آپ کی کمپنی نے اب تک کی سب سے زیادہ فروخت اور سب سے زیادہ منافع حاصل کیا۔ پچھلے سال کے مقابلے میں اس سال کمپنی کا کاروباری حجم 15.4 فیصد رہا۔ کرنسی کی قدر میں کمی اور سپرنیکس کے باوجود کمپنی کا خالص منافع بڑھ 184 ملین روپے رہا۔ جبکہ کمپنی برآمدات کی منڈی میں اپنی قیمتوں کو بڑھانے میں بھی کامیاب رہی اس کا کاروبار برآمدی 59 ملین روپے رہا۔

آگے بڑھتے ہوئے، کمپنی کسٹمر کڈیت اور جدت کے ساتھ مضبوطی سے پر عزم ہے کہ نئی مصنوعات کی پیش کشوں کی تلاش جاری رکھے گی۔ ہم سمجھتے ہیں کہ یہاں طاق مارکیٹیں ہیں اور آپ کی کمپنی مستقبل کے مواقع کی فراہمی کے لئے اچھی پوزیشن میں ہے جو مقامی اور بین الاقوامی منڈیوں میں موجود ہے۔ یہ اس کی آپریشنل افادیت اور حصص یافتگان کی قدر کو بہتر بنانے کے لیے اس کے وژن کی حمایت کرے گا۔

آپ کی کمپنی نہ صرف تعمیل کے لحاظ سے بلکہ سی ایس آر اور اسٹیٹ کام کے سلسلے میں بھی وسیع پیمانے پر کارپوریٹ گورننس کے لئے پر عزم ہے۔ مجھے یہ جان کر خوشی ہو رہی ہے کہ بورڈ نے اپنی ذمہ داریوں کو تندہی سے پورا کیا ہے اور بورڈ کی ایک اعلیٰ معیاری کارکردگی کا مظاہرہ کیا گیا ہے جس نے سال کے دوران کمپنی کے موثر اسٹیرنگ میں مدد کی ہے۔ بورڈ کارپوریٹ اور مالی رپورٹنگ فریم ورک کے سلسلے میں اپنی ذمہ داری کو تسلیم کرتا ہے۔ بورڈ کمپنی کے کلیدی مقاصد کے حصول میں اپنے اسٹریٹجک کردار سے بھی واقف ہے اور اس کے حصص یافتگان اور دیگر اسٹیک ہولڈرز کے لئے منافع کو فروغ دہ کرنے پر مرکوز ہے اور اس کے قابل قدر صارفین کو پریمیئم کوالٹی مصنوعات کی مستقل فراہمی کے ذریعے تعاون جاری رکھے گا۔

جناب نعیم علی محمد منشی
چیمبر مین

بتاریخ: 20 ستمبر 2022ء



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