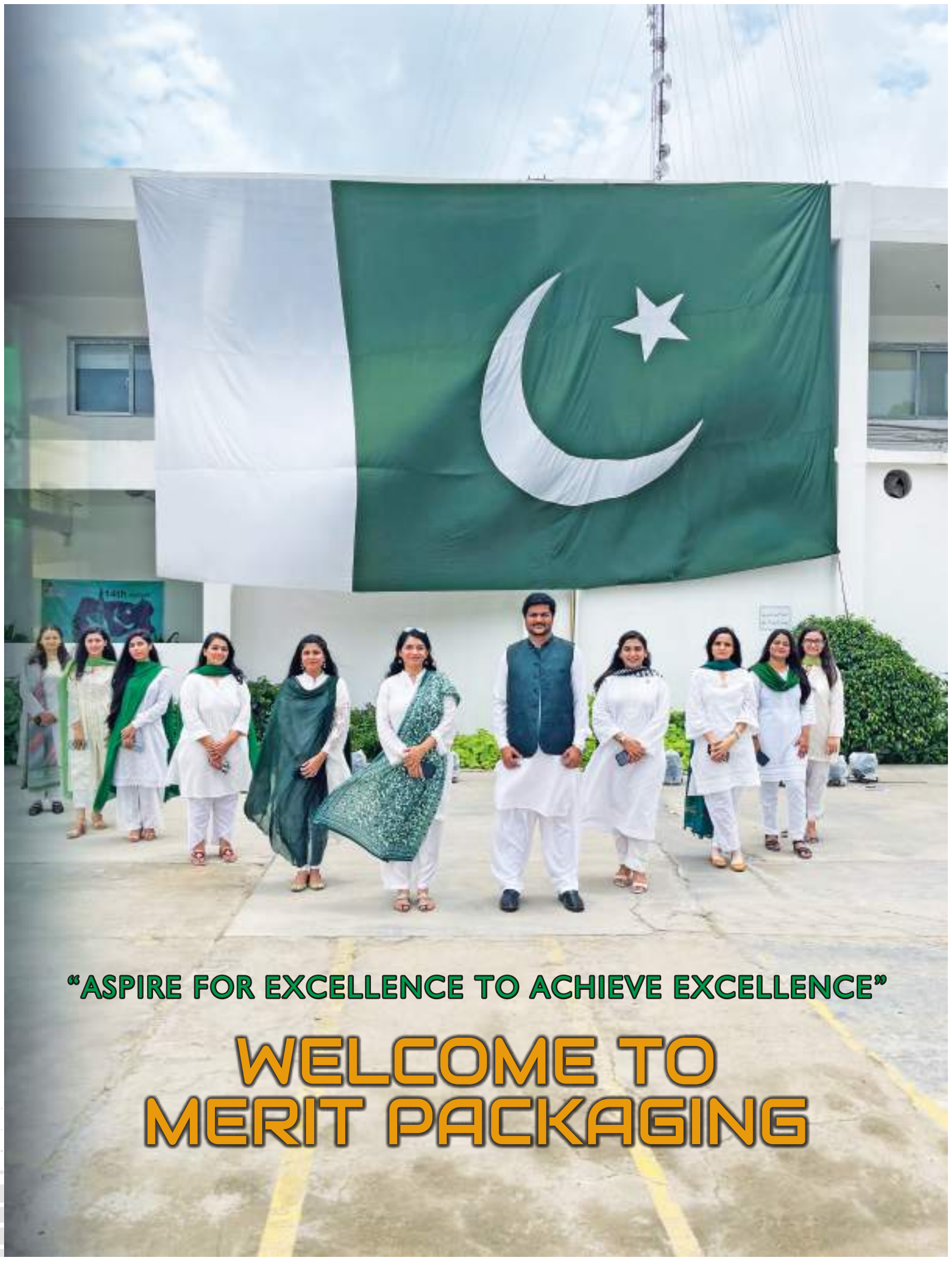




THE CENTER OF
PACKAGING
EXCELLENCE

ANNUAL
REPORT
2022





“ASPIRE FOR EXCELLENCE TO ACHIEVE EXCELLENCE”

**WELCOME TO
MERIT PACKAGING**

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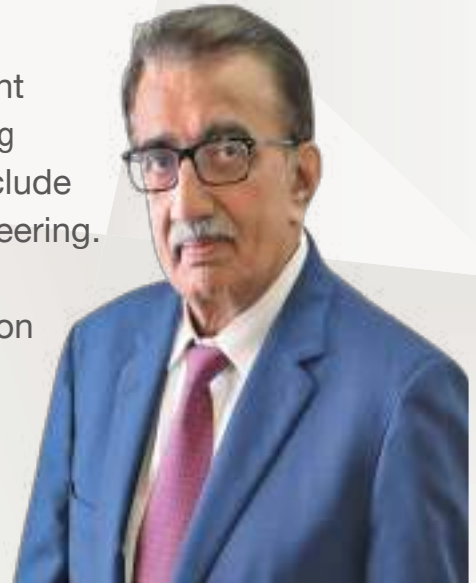


2021-2022 was the 'Year of Transformation' for Merit Packaging Ltd. With our three-pronged focus on people, processes and systems we have transformed Merit Packaging Ltd. into a leading company on the Pakistani packaging landscape.

2022-2023 will be the 'Year of Excellence' for Merit Packaging Ltd. By building on our achievement's, investing in new technologies, introducing innovations, automating our processes, improving fiscal responsibility, and investing in human resource Merit Packaging Ltd will emerge as the leader in packaging excellence.

MR. IQBAL ALI LAKHANI CHAIRMAN

Mr. Iqbal Ali Lakhani has over 45 years of top management experience in group companies in finance, marketing, manufacturing industry and government relations. His special interests include marketing, finance, total quality management and re-engineering.



Mr. Lakhani is Chairman of the Corporate Boards of 4 Lakson Group Companies which are listed on the Stock Exchange covering a diversified range of businesses such as paper & paperboard, soap, detergents, toothpaste, printing & packaging and insurance. The spectrum of 36 unlisted public & private Companies includes Surgical Instruments, Media (T.V. & Print), software development & consultancy, travel & tourism, aviation industry, investment & mutual funds, ISP-broad band & Data Centre, Business Process Outsourcing house into call Centre & I.T.

He is also Trustee of Hasanali & Gulbanoo Lakhani Foundation (A Lakson Group Welfare Trust), providing educational and medical facilities to the needy and deserving people and helping in other social activities. He is also Trustee of Lakson Medical Trust and R & I Trust.

Recognition at National Level:

- Awarded Sitara-e- Imtiaz by Govt. of Pakistan for his philanthropy work (2019).

Important Positions Held:

- Charter Member of The Indus Entrepreneurs
- Member Board of Trustees of the Layton Rahmatullah Benevolent Trust.
- Held the position of Director of Pakistan Business Council
- Chairman Cigarette Manufacturers Association of Pakistan,
- Chairman Aga Khan Economic Planning Board for Pakistan
- Vice President American Business Council of Pakistan.

Education:

- Acquired his Bachelor Degree from the University of California – Berkeley.
- Remained member of the PSI-National Accounting Fraternity; Honor Student's Society and Phi Beta Kappa.
- Recipient of departmental award for outstanding undergraduate achievement.

AMIR CHAPRA

C.E.O

A Packaging Professional with close to 30 years of experience in all aspects of Packaging. He started his career in Metatex Pvt. Limited based in Karachi, Pakistan in 1991. Metatex Pvt. Limited, in one form or the other, had been in the Plastics field since 1968. Metatex was producing 1000 tons of Packaging material per month and employed 700 people. He started as a Trainee in 1991 and left Metatex Pvt. Ltd in 2013 as Director Production and Supply Chain.

After selling his shares in Metatex Pvt. Limited, he formed a consulting firm A.S.R.A. Packaging Limited and provided consulting services locally as well as globally i.e. Africa, Middle East, Southeast Asia, and Turkey from 2013 to 2017.

In 2018, he joined Cherat Packaging Limited, a part of the Ghulam Faraque Group of Companies with a total turnover of half a billion dollars, as Executive Director Marketing for their Greenfield Flexible Packaging Project. He developed a Sales and Marketing team in the South and North Regions and was able to generate a sales of above Rs. 2 billion by the third year of Production.

Message From The

Chief Executive Officer

Dear Shareholders –

Merit Packaging Ltd. has gone through a major transformational phase over the past year where we focused on improving our Financials, Operational Efficiencies', Organizational Development and Human Resources.

Merit Packaging Ltd. started the financial year 2021-2022 as a non-factor in the Pakistan Packaging Market. By the conclusion of financial year 2021-2022 we transformed into a top tier Packaging Supplier whose customer portfolio includes Nestle, EMB, Tapal, National Food Ltd., Philip Morris, Unilever, Colgate Palmolive, GSK, Abbot, and Shan Foods.

As the financial year 2021-22 was the year of the transformation for Merit Packaging Ltd. The financial year 2022-23 will be the year we focus on excellence in all aspects of our business to provide our shareholders a positive return on equity, exceptional quality services and products to our customers, and provide our employees an environment to grow and succeed in their professional and personal endeavors.

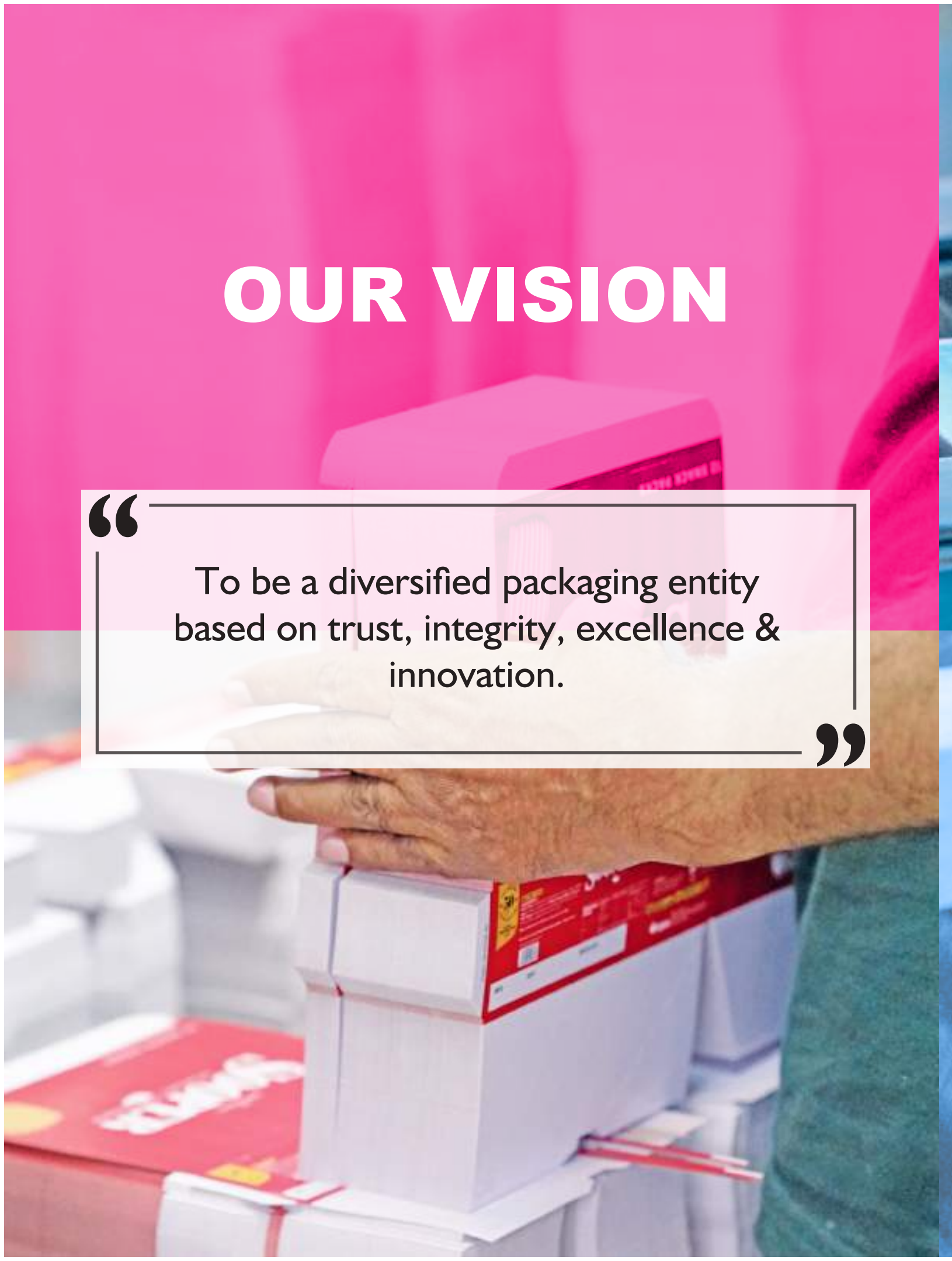


OUR VISION

“

To be a diversified packaging entity
based on trust, integrity, excellence &
innovation.

”



OUR MISSION

“

Our mission is to empower our organization to provide sustainable packaging solutions that benefits our customers and community.

”

OUR VALUES

Our values and priorities have helped our business continue to forge ahead during the unprecedented challenges of the past year. They guide our decisions and actions and reflect our commitment to being a collaborative partner, best-in-class employer and responsible corporate citizen.



Be honest, trustworthy and demonstrate Integrity in all that you do.



We focus on improvement
We identify and develop leading edge technology, employee development programs and process improvement tools.



We value equity, inclusion, and dignity for all.



We Embrace Teamwork as
the best way to achieve greater results together.

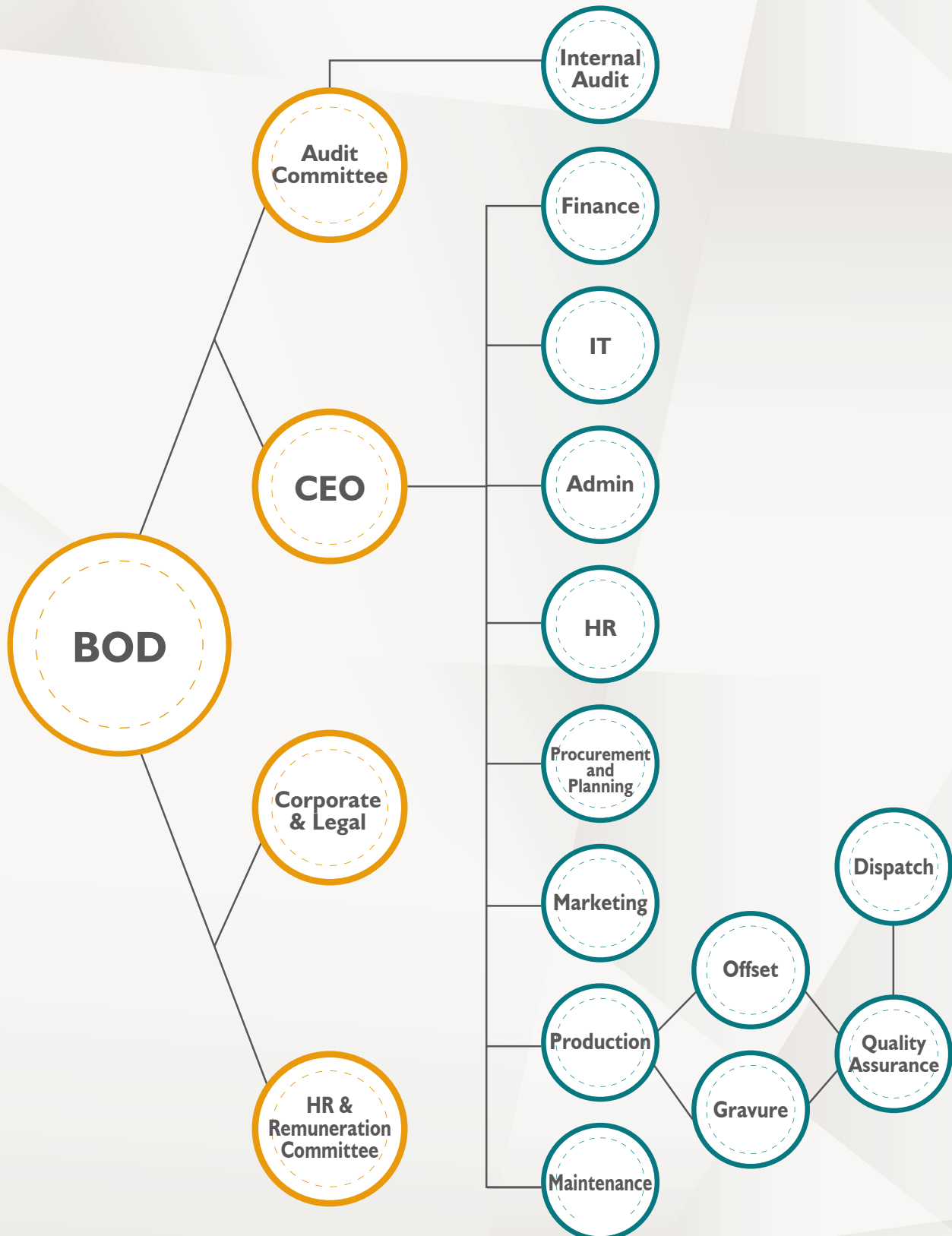


Safety of our employees and protection of our community are our highest priority. We work to meet the highest standards of environmental and safety performance.



We care about who we work with
We develop long-term, relationships with our customers, employees and suppliers that facilitate collaboration across disciplines and industries.

ORGANIZATIONAL STRUCTURE - ORGANOGRAM



TRANSFORMATIONAL LEADERSHIP

Promoting Diversity & Inclusion In The Workplace



LEADERSHIP

MPL recognizes the need and importance of a strong female leadership and goes extra-mile into empowering women into becoming leaders of future. Our ambition is to have strong performers in all leadership positions, driving success as well as creating the culture we aim for.

EQUITY FOCUSED APPROACH

We understand that each employee we hire comes from a different background and has a different set of challenges & circumstances. Therefore, we believe in providing them with tailor-made opportunities to help them reach their corporate goals and targets.

DIVERSITY & INCLUSION

MPL aspires to a work culture in which diversity is evidently an integral part of our ongoing success.

INITIATIVES

Some of the major initiatives we took to get the system inline with our beliefs are as follows;

- Introduced flexible work schedules to foster employees' work life balance.
- Encouraged employees to voice out their concerns and demands on various discussion forums i.e. Role model events, round tables and network discussions.
- Incorporated multiple development opportunities: mentoring and coaching programs.
- Support teamwork and employee participation, permitting the representation of all groups and employees' perspectives.
- Launched a Leadership Development Program.
- Working on an Organisation Restructuring Program.
- Launched an employee well-being & health program.



FUTURE STRATEGY FOR MPL LEADERS

Bringing Emotional Intelligence to the Workplace:

MPL leadership believes that success is strongly influenced by personal qualities such as perseverance, self-control, and skill in getting along with others. Emotional intelligence is important in leadership because it improves self-awareness, increases accountability, fosters communication, and builds trusting relationships by helping leaders process their emotions in a more positive way that allows them to address challenges more effectively. Bringing emotional intelligence in the workplace maximises productivity & organisational culture.

MPL is presently designing an emotional assessment for our leaders. Which will be the basis for our succession strategy for creating leaders in our group of companies.

OUR DIVISIONS

At Merit Packaging Limited, we are committed to providing the best quality packaging solutions to our customers. We are aligning our processes and introducing new strategies to optimize our production capacity for continuous improvement, while simultaneously taking steps to ensure the safety of our people and products. We deal with offset and flexible printing & packaging. To achieve this, Merit Packaging Limited is equipped with state-of-the-art machines and technology.

OFFSET

Our Offset division provides printing and packaging solutions for paper and cardboard packaging products and services that are designed for a wide array of applications.



PREPRESS

CTP:- We have a Kodak Thermal plate-setter in our Prepress department which makes 24 plates per hour. Kodak Thermal Plate-setter are known for delivering incredible accuracy, unmatched stability and reliability, resulting in fewer plate remakes, less time adjusting for variables, and excellent print quality.



COLOR MANAGEMENT

GMG Color Management Software:- We have recently implemented GMG Color Management Software, which provides us with vital level of assistance. Its perfectly tuned color management technique reduces ink consumption and improves print quality.



PRINTING

We have four state of the art Heidelberg & Komori printing machines - having maximum printing speed of 18,000 iph, are customized to produce more innovative and special printing effects.



DIE CUTTING

We have seven Creasing & Cutting Machines. Out of which four are BOBST machines and three are Iberica machines with maximum cutting speed of 7500 sheets/hour with premium options of stripping and blanking.



FOLDING & GLUING

Our FG Department consists of six high speed pasting machines, procured from well-known manufacturer such as BOBST, VEGA and Duran. Their average conversion capacity is 40000 pcs/hr. We specialize in pasting of laminated and metalized boxes.

FLEXIBLE PACKAGING DIVISION

Our Flexible Packaging Unit provides solutions for the flexible packaging market. This unit consists of one BOBST printing machine currently producing an average capacity of 300 tons/month, two lamination machines both solvent-based and solvent less, three slitting machines and two Rewinders.





 **BOBST**

RS 5002



SUSTAINABILITY

QUALITY MANAGEMENT

Quality is an integral part of Merit Packaging Ltd. in order to remain the leading supplier of packaging material. We deliver products and services that are safe, compliant, and meet the needs and expectations of our valued interested parties.

Our internal Quality Management System is audited and verified by independent certification bodies to prove conformity to internal standards, ISO norms and regulatory requirements.

Achievements & Certifications

- Quality Management System ISO 9001:2015
- Environmental Management System 14001:2015
- Food Safety System Certification (FSSC V 5.1)
- Halal Management System Awarded by IHC (International Halal Certification)
- SEDEX Approved Organisation - 4 pillars Certification
 - i. Business Conduct
 - ii. Environment
 - iii. Health & Safety
 - iv. Labour Law



ENVIRONMENT

Merit Packaging Limited is committed to reducing our carbon impact on the environment. The implementation of our environmental standards across the factory is overseen by our EHS function.

ENERGY

Using energy efficiently is essential for the environment and can give the company a competitive edge in terms of cost considerations. For which we are investing in alternative energies.



WASTE AND EFFLUENTS

Our solid chemical waste produced is disposed of by EPA (Environmental Protection Agency) approved suppliers, ensuring safe disposal of the waste and reducing any negative environmental effects.

The Company also runs lab testing on waste water and regularly monitors the level of discharge to determine the environmental impact.



CHEMICAL SAFETY

Chemical safety management at Merit Packaging Limited outlines the maximum requirements for health and environmental safety.





EMPLOYEE HEALTH & SAFETY

Occupational Health & Safety Policy commits to:

Identify and eliminate health and safety hazards and reduce OH&S risks.

We strongly believe in ethical principles and good stewardship by properly communicating ETI code to Suppliers.

We have a strict policy against Child Labor. We provide an environment for our employee's which is conducive for their well-being.

ACCIDENT FREE WORKPLACE

MPL's EHS team conducts various awareness sessions & training's related to Employee Health & Safety intermittently throughout the year for employees which include:

Fire Safety Training, Chemical Handling, Sharp Edges Handling Training and Evacuation Drill.



SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

FAIR COMPENSATION

Merit Packaging Ltd ensures that all workers are paid a market competitive compensation. No worker is paid below the specified minimum wage in Pakistan. We have implemented a policy to provide short term & long term loans for our workers.

QUALITY EDUCATION

MPL ensures inclusive & equitable quality education to our workers & employee's children by implementing the annual scholarship programs for primary & secondary education. In 2021 fifty nine employees benefited from this program.

GOOD HEALTH & WELL BEING

Merit Packaging Ltd is proud to report that we have contributed to the Pakistan Vaccination drive by sponsoring the booster shoot of more than 100 employees. The drive was organized on top of our Covid 19 prevention methods such as PPE & mask wearing, further highlighting our commitment to our workers safety.

AFFORDABLE & CLEAN ENERGY

MPL has set the target of reducing its carbon footprint i.e Replacing old conventional lights with new efficient LED. Proper lighting designs to get adequate lux levels across our facility. Implementation of maintenance programs for its generators targeted to keep carbon emission as low as possible. Improving the efficiencies of motor-based systems by installing VFDs.

FLOOD RELIEF CAMPAIGN

Merit Packaging Limited with its core values of working towards the welfare of our community set out to launch the Flood Relief Campaign “Charity with Dignity”. We helped 30 flood affected families by successfully distributing clean drinking water, juices, milk packs, ready to eat items, along with essential medical and hygiene kits in addition to the first aid provided directly.



RATION DISTRIBUTION

Merit Packaging Ltd channeled the spirit of sharing and kindness & distributed ration packs among workers to meet the nutritional needs as they fast during the month of Ramadan.



GENDER EQUALITY

MPL is an equal opportunity employer, we have developed a comprehensive policy that promotes gender equality in the workplace. We focus on ensuring equal job training opportunities, career development and equal remuneration. We also offer special maternity and medical leaves for our female employees and have implemented a strict anti-harassment policy.



CORPORATE ACADEMIA & ECONOMIC GROWTH

MPL has taken the initiative to strengthen the linkage between industry & academia by offering internship programs to promote young talent. We have entered into partnership with prestigious institutions such as ICMA, Institute of Business Management, Iqra University, GIK & MITI to provide students with learning opportunities as well as conducting recruitment drives in different cities across Pakistan.



WORK LIFE & CULTURE

Success through packaging can only be achieved if we have qualified people working for us. As an employer it is our responsibility to ensure a workplace culture where our employees feel safe, engaged, motivated and have adequate support to apply their skills and knowledge everyday to benefit MPL. Creating a self-sustaining workplace culture consists, however, of many different factors, which can not be achieved overnight and the process is therefore an ongoing journey.



A SPIRIT OF CONTINUOUS LEARNING

The Group & plant invest actively in training of our employees at all levels with the aim to continuously improve their skills & knowledge. At the same time, we emphasize the development of our experienced personnel, providing them with the technical know-how to meet new requirements and the opportunities for career advancement.

Several different leadership training programmes are in the developing phase.

During the transformation, our successful Talent Management Program that was implemented in 2021 continued. We are also in the process of assessing the talent in both white collar & blue-collar employees.



We have developed an employee engagement team which helps management to arrange the events & keep employees motivated & engaged.



AMIN MOHAMMED LAKHANI

DIRECTOR

An MBA in Finance and International Business from The Wharton School of Business, University of Pennsylvania (USA) and holder of Bachelor of Science in Industrial Engineering from Stanford University (USA), Mr. Amin Mohammed Lakhani is part of the Executive Leadership Team of Lakson Group of Companies.

Mr. Amin Mohammed Lakhani is Chief Executive Officer of SIZA Foods (Private) Limited, the franchise holders of McDonald's restaurants in Pakistan, a world known Multinational Corporation serving fast foods. Under his dynamic leadership, SIZA has succeeded in a short period of 23 years in making McDonald's a household name in Pakistan, expanding the network of its restaurants to 43 in key cities of the country. He has also won "Golden Arches Award" 2011 from McDonald's Corporation, the highest award an owner operator can receive from McDonald's.

His rich experience in finance, marketing, management and production spanning over 32 years has enabled him to serve as CEO of 12 unlisted public and private limited companies, Director on the Corporate Boards of 4 Lakson Group companies listed on Stock Exchange in Pakistan and Director in 11 other unlisted public and private limited companies of the Lakson Group.

Mr. Lakhani is the Honorary Consul General of Singapore in Pakistan since July 1992. Previously he served as Singapore's Honorary Consul since April 1989. Acknowledging his services the Republic of Singapore awarded him "The Public Service Star".

Mr. Lakhani actively participates in social activities. He is a Founder Member of Pakistan Chapter of Young Presidents' Organization, and served as the local Chapter's chairman for the 2006-07 term. He is a Member of Stanford Alumni Association as well as of The Wharton Alumni Association. He is an ardent sport enthusiast and his favourite sporting activities include riding, playing polo, tennis and golf. He has widely travelled around the globe and takes interest in international/current affairs.

Mr. Lakhani strongly believes in Lakson Group's philosophy of paying back to the society. He is a Trustee of Hasanali & Gulbanoo Lakhani Foundation, a Lakson Group welfare trust. The Foundation provides educational and medical facilities to the deserving and needy persons and helps people in other areas and also a Trustee of Amin, Saira and Anika Lakhani (ASAL) Foundation.

MS. ANUSHKA LAKHANI **DIRECTOR**

Ms. Anushka Lakhani has a BSE from Wharton School of Business, University of Pennsylvania and a MBA from Harvard Business School. She serves as Director on the Corporate Board of 03 Group Companies that are listed on Stock Exchange and also Director on 06 Public un-listed and Private Companies of the Group.

FURRUKH SHAUKET ANSARI **DIRECTOR**

Mr. Ansari brings over thirty years of rich and diversified experience in Commercial, Corporate & Investment banking as well as corporate sector. He has held senior management positions over the last twenty five years and was CEO of a major NBFI between 2003-2011 and played a key role in the development of SME sector in Pakistan. He was instrumental in setting up of an investment banking arm of a foreign bank in Pakistan and establishing a new bank in South Africa.

He has advised on numerous fund raising, acquisition and privatization transactions over his carrier. He possesses rich experience in restricting and rehabilitation of projects in distress. He is highly respected as a Leader in his field with respect to special focus on restructuring and project turnaround.

He has served on various advisory committees of the Government and the board of Karachi Stock Exchange as a representative of the Government of Pakistan. He also served on the Board of Directors Commercial Banks, Leasing, Modaraba, Insurance, Asset Management, Petroleum and Food Products Companies.

He obtained his MBA degree from IBA, Karachi in 1983 and Certificate in MIS from US Department of Agriculture School, Washington D.C. in 1990. He is also a Certified Director from the first batch of Pakistan Institute of Corporate Governance. He is an investment advisor to some of the leading Business families in Pakistan. Apart from his professional commitments, he enjoys reading, traveling and experiencing new cultures.

AFTAB AHMAD

DIRECTOR

Mr. Aftab Ahmad is presently the Director of two listed companies including Chief Executive Officer of one Company. He joined Lakson Group of Companies in 1984 as Deputy General Manager (Technical) of Century Paper & Board Mills Limited (CPBM), and has also served as G. M. Operations and Director Operations of CPBM.

Prior to joining Lakson Group, he has worked in Packages Limited in Pakistan, Saigal Brothers and Azzawya Oil Refinery in Libya. Under his Dynamic Leadership, CPBM become Market Leader in the field of Packaging. With his engineering background he successfully implemented the mega project of Century's new board machine PM-07, thereby building CPBM brand image for quality and reliability in the market.

AHMED MUNAF

DIRECTOR

Mr. Ahmed Munaf Lodhikawala is the proprietor of M-Tex, which indents Polyester yarn, and is the sole agent for the Polyester yarn in the Pakistan market for Hangzhou Zhongli / Zhongcai China yarn. He has more than 15 years of experience in leading businesses. Apart from this he also has interests in running a Textile Weaving mill, Real Estate projects, Car Dealerships along with exporting Hand Knotted Carpets from Pakistan.

Mr. Ahmed was also recently Appointed Convener of Federation of Pakistan Chamber of Commerce & Industry (FPCCI) Central Standing Committee on Polyester Filament Yarn. He has also been nominated for the National Committee (Pakistan Chapter) for Developing-8 Countries Chamber of Commerce & Industry (D-8 CCI).

Mr. Ahmed is also the Chief Patron of IMO (International Memon Organization) Young Memons (with over 1 million global members) which is one of the largest Memon organizations in the world. IMO is also involved in significant social work across Pakistan where it helps underprivileged individuals improve their lot through scholarships along with improving access to sports and helping the memon community navigate tough times. Mr. Ahmed also devotes his time to helping advance the cause of education where he is the Vice President of Jetpur Memon Association (JMA) for the years 2018-2021 and also serves as the Chairman of the Education Board of the JMA. They have started a white fund scholarship for all kinds of students including Masters Programmes and currently supporting around 1,500-1,700 Students with support of WMO (World Memon Organization) and JMA. He has also served as a member of the Managing Committee for Karachi Club for the years 2019-2020.

Mr. Ahmed also believes in the concept of shareholder activism where he along with a group of other like minded investors help managements to improve their businesses creating value for both major and minority shareholders alike.

AGHA SHAH WALIULLAH **DIRECTOR (FROM APRIL 28, 2022)**

Mr. Agha is an Advocate of the High Courts of Pakistan; certified Director from PICG, Graduate member of the Chartered Institute of Legal Executives, England and Wales and qualified to practice law in England & Wales as a Solicitor.

Having over 20 years of experience in corporate compliance, corporate finance and corporate/commercial banking including treasury and trade and more.

He is serving as Director (non-executive) on the Board of Directors of Merit Packaging Limited; Chief Executive Officer of Ice Animations (Private) Limited and Education Fund for Sindh, in addition to his role as the Director of Corporate, Legal and IP of Lakson Group of Companies.

Prior to joining Lakson Group, he worked at Philip Morris Pakistan Limited, Barclays Bank PLC, Standard Chartered Bank Limited and Mandviwalla & Zafar.

Agha holds law degree from Holborn College, University of London, London and post-graduation diploma (Legal Practice Course) from Inns of Court School of Law, London.

CORPORATE CALENDAR

Audit Committee Meeting	September 7, 2021	To consider the audited accounts for the year ended June 30, 2021
BOD Meeting	September 14, 2021	To approve audited accounts for the year ended June 30, 2021
Annual General Meeting	October 21, 2021	To consider the annual audited accounts for the year ended June 30, 2021
Audit Committee Meeting	October 22, 2021	To consider the quarterly accounts for the quarter ended September 30, 2021
BOD Meeting	October 28, 2021	To approve the quarterly accounts for the quarter ended September 30, 2021
BOD Meeting	December 09, 2021	To consider the allotment of right shares and related matters
Audit Committee Meeting	February 14, 2022	To consider the half yearly accounts for the half year ended December 31, 2021
BOD Meeting	February 21, 2022	To approve half yearly accounts for the half year ended December 31, 2021
Audit Committee Meeting	April 20, 2022	To consider the quarterly accounts for the quarter ended March 31, 2022
BOD Meeting	April 28, 2022	To approve nine months accounts for the period ended March 31, 2022
BOD Meeting	June 29, 2022	To approve the budget for the financial year ending June 30, 2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Iqbal Ali Lakhani (Chairman)
Mr. Amin Mohammed Lakhani
Ms. Anushka Lakhani
Mr. Farrukh Shauket Ansari
Mr. Aftab Ahmad
Mr. Ahmed Munaf
Mr. Ali Asrar Hossain Aga (Upto April 28, 2022)
Mr. Agha Shah Waliullah (From April 28, 2022)

ADVISOR

Mr. Sultan Ali Lakhani

AUDIT COMMITTEE

Mr. Farrukh Shauket Ansari (Chairman)
Mr. Amin Mohammed Lakhani
Mr. Ahmed Munaf

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Farrukh Shauket Ansari (Chairman) (From April 28, 2022)
Mr. Ali Asrar Hossain Aga (Upto April 28, 2022)
Mr. Amin Mohammed Lakhani
Mr. Amir Ahmed Chapra
Mr. Aftab Ahmad (From April 28, 2022)

CHIEF EXECUTIVE OFFICER

Mr. Amir Ahmed Chapra

CHIEF FINANCIAL OFFICER

Mr. Muhammad Sohail

COMPANY SECRETARY

Mr. Mansoor Ahmed

AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

BANKERS - CONVENTIONAL

Habib Bank Limited
National Bank of Pakistan
Soneri Bank Limited
JS Bank Limited
MCB Bank Limited

BANKERS - ISLAMIC

Meezan Bank Limited
United Bank Limited – Ameen
Al-Baraka Bank (Pakistan) Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited - Islamic Banking
MCB Islamic

SHARES REGISTRAR

FAMCO Associates (Private) Limited

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

REGISTERED & HEAD OFFICE

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

KARACHI FACTORY

17-B, Sector 29, Korangi Industrial Area, Karachi.

MARKETING DIVISIONS

Karachi Factory | Lahore Office

CONTACT US

UAN: +9221 38892147 Ext. 1014, 1008 | Phone Number: 0341-2464451
Email: info@meritpack.com | Web: www.meritpack.com

SHAREHOLDERS' INFORMATION

The Company

Merit Packaging Limited ("the Company") was incorporated on January 28, 1980 in Pakistan as a public limited company under the repealed Companies Act, 1913 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi. Phone: (021-38400000) & Fax: (021) 35686571.

The Company is mainly engaged in the manufacture and sale of printing and packaging materials.

Ownership

On June 30, 2022 the Company has 1,942 shareholders.

Annual General Meeting

The annual shareholders meeting will be held on Wednesday, October 19, 2022 at 03:00 p.m. at Awari Towers Hotel, Fatima Jinnah Road, Karachi. Shareholders of the Company are encouraged to participate.

Date of Book Closer

The register of the members and shares transfer books of the Company will remain closed from October 13, 2022 to October 19, 2022 (both days inclusive).

Share Price and Trading Volumes

Period	Share Price (Rupee) High	Share Price (Rupee) Low	Share Price (Rupee) Closing	Average of Trading Volume
First Quarter ended September 30, 2021	14.65	14.00	14.48	421,680
Second Quarter ended December 31, 2021	11.74	11.50	11.53	326,354
Third Quarter ended March 31, 2022	11.25	10.75	11.22	95,283
Fourth Quarter ended June 30, 2022	8.99	8.75	8.79	80,900
For the year	8.99	8.75	8.79	233,766

Stock price and volume information are available at the <https://www.ksestocks.com/QuotationsData>

Financial Results

The tentative timelines of the financial results for the year 2022-23 for approval in the Board of Directors meetings are as follows:

First Quarter ending on September 30, 2022	October 2022
Second Quarter ending on December 31, 2022	February 2023
Third Quarter ending on March 31, 2023	April 2023
Fourth Quarter ending on June 30, 2023 / Annual	August 2023

Web Presence

Annual/Quarterly reports are regularly placed at the Company's website, <https://www.meritpack.com/>



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of MERIT PACKAGING LIMITED will be held on Wednesday, October 19, 2022 at 03:00 p.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi as well as through Electronic means/Video link facility to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2022 together with the Directors' and Auditors' reports thereon.
2. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

3. To consider to pass the following resolutions as special resolution:
 - a) **"RESOLVED** that the transactions carried out in normal course of business with associated companies/related parties during the year ended June 30, 2022 as disclosed in Note No. 44 of the financial statements be and are hereby ratified and approved."
 - b) **"RESOLVED** that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending June 30, 2023 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under Section 134 of the Companies Act, 2017 in the above matter mentioned in item No.3 is annexed.

By Order of the Board



(MANSOOR AHMED)
Company Secretary

Karachi: September 20, 2022

NOTES:

1. The share transfer books of the Company will remain closed from October 13, 2022 to October 19, 2022 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi up to the close of business on October 12, 2022 will be treated in time for attendance of Annual General Meeting.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. Participation in the AGM proceedings via physical presence or through video link facility:

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

1. To facilitate our members who want to attend AGM through zoom application - a video link facility.

2. Shareholders interested in attending the AGM either physically or through Zoom application are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM (i.e. before 03.00 p.m. on October 17, 2022) through following means:

a) Mobile/WhatsApp: 0315 5008228

b) E-mail: mansoor@lakson.com.pk

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification.

Member wishing to attend in person must also provide a copy of their vaccination certificates at the above e-mail address.

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

In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card with them. These measures are necessary to ensure the safety and the health of all present.

4. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. A proxy must be a member of the Company.
5. Form of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting excluding holidays.
6. Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.
7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.meritpack.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.
8. The Securities and Exchange Commission of Pakistan has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires all companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.

In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

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

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

10. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
11. Form of Proxy is enclosed.

CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

The statement sets out the material facts concerning the Special Business given in agenda item No.3 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

Agenda Item No. 3(a) of the Notice – Transactions carried out with associated companies/related parties during the year ended June 30, 2022 to be passed as a Special Resolution.

The transactions carried out in normal course of business with associated companies/related parties were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

In view of the above, the transactions conducted during the financial year ended June 30, 2022 with associated companies/related parties shown in Note No.44 of the financial statements for the year ended June 30, 2022 are being placed before the shareholders for their consideration and approval/ratification.

Agenda Item No. 3(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2023 to be passed as a Special Resolution.

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

In order to comply with the provisions of Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending June 30, 2023.

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

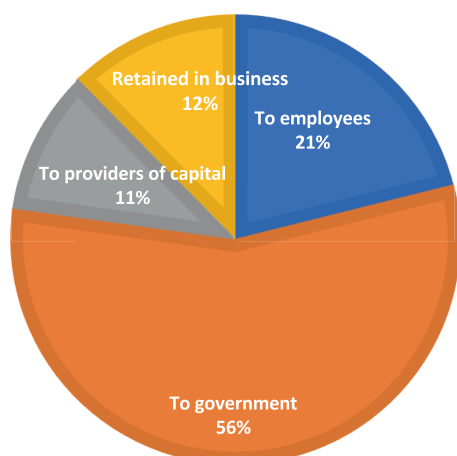
OTHER FINANCIAL INFORMATION

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Statement of Value Addition

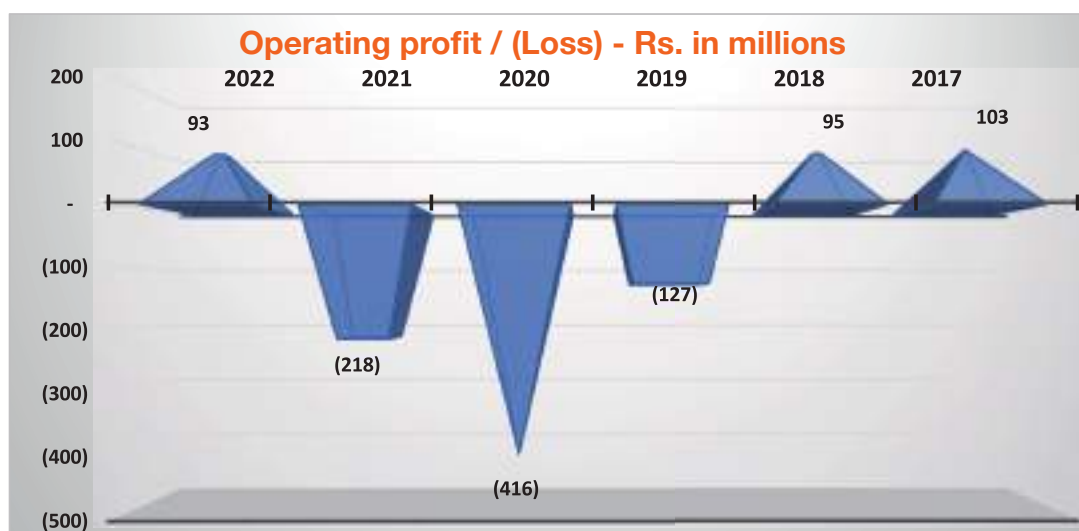
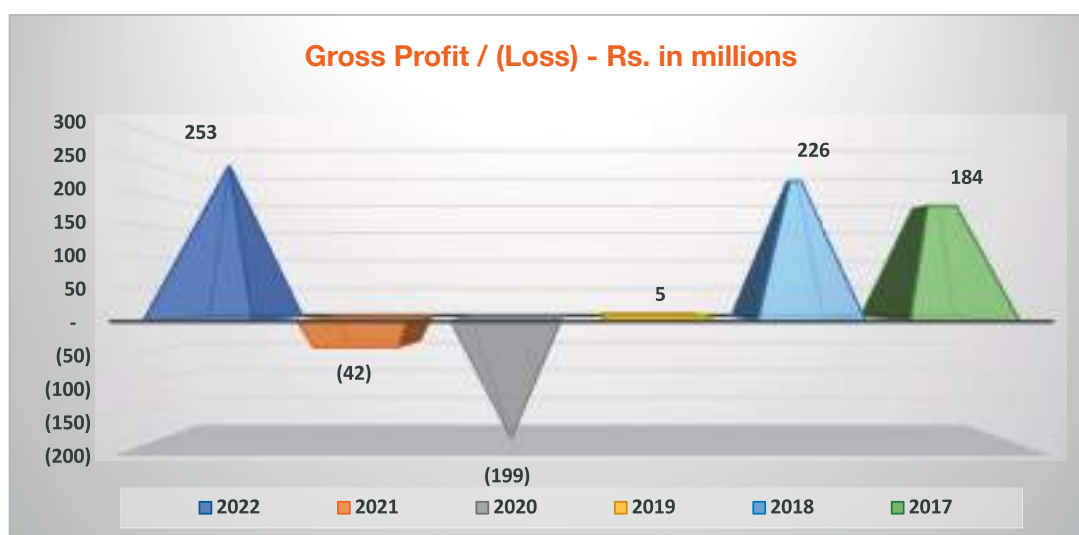
Particulars	2022		2021	
	Amount	%	Amount	%
Value added				
Gross Sales	4,893,949		3,391,725	
Material and services	(3,649,698)		(2,691,067)	
Other income	20,401		17,148	
	1,264,652	100%	717,806	100%
Distribution				
To employees				
Salaries, wages and other benefits	267,143		220,070	
Workers profit participation fund	-		-	
	267,143	21%	220,070	31%
To government				
Sales tax	712,302		489,166	
Company taxation	(2,227)		20,262	
Workers welfare fund	-		-	
	710,075	56%	509,428	71%
To providers of capital				
Financial charges on borrowed fund	132,325	11%	167,761	23%
Retained in business				
Depreciation	192,095		226,044	
Amortisation of intangible assets	340		279	
Notional Markup on loan from sponsors	130,843		159,202	
(Loss) / Profit for the period	(168,169)		(564,978)	
	155,109	12%	(179,453)	-25%
	1,264,652	100%	717,806	100%

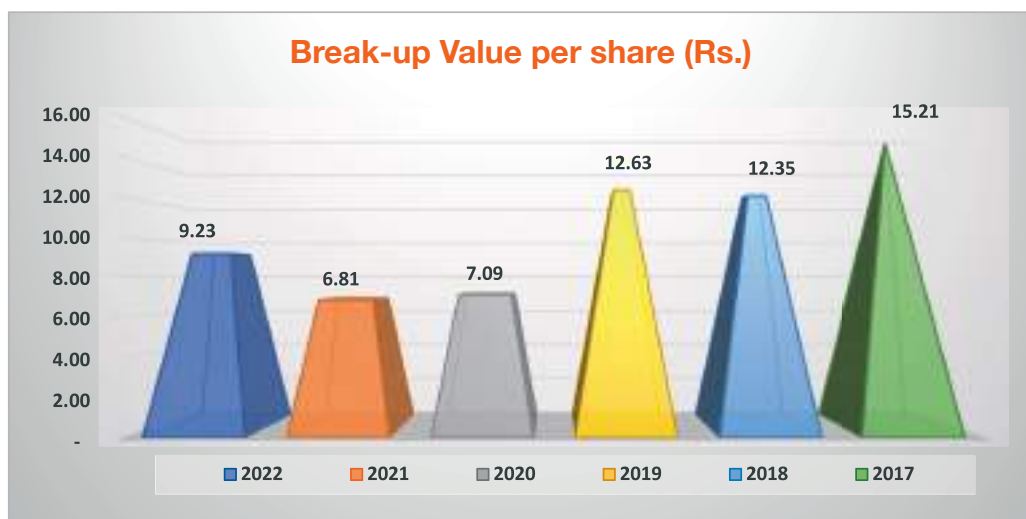
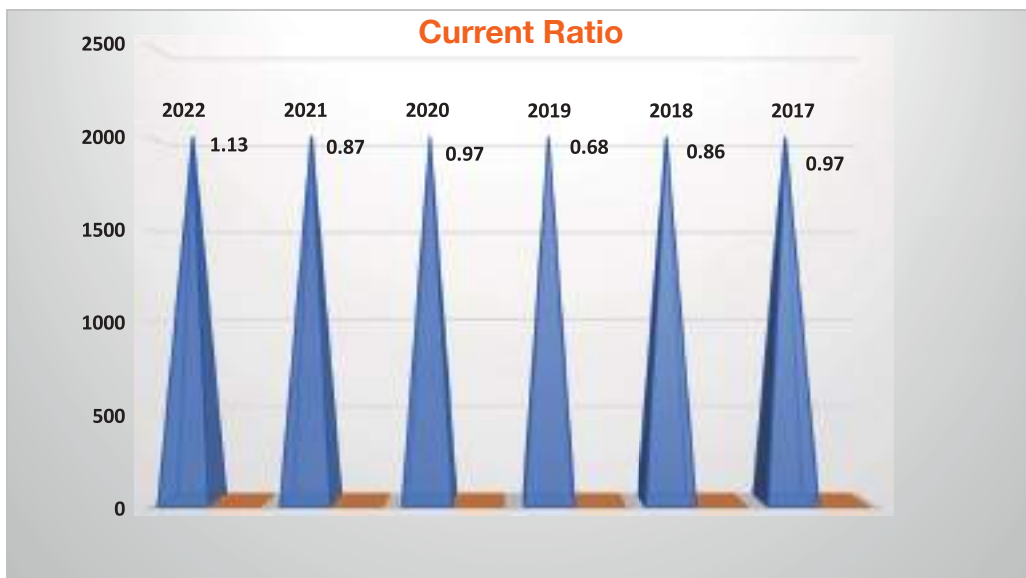
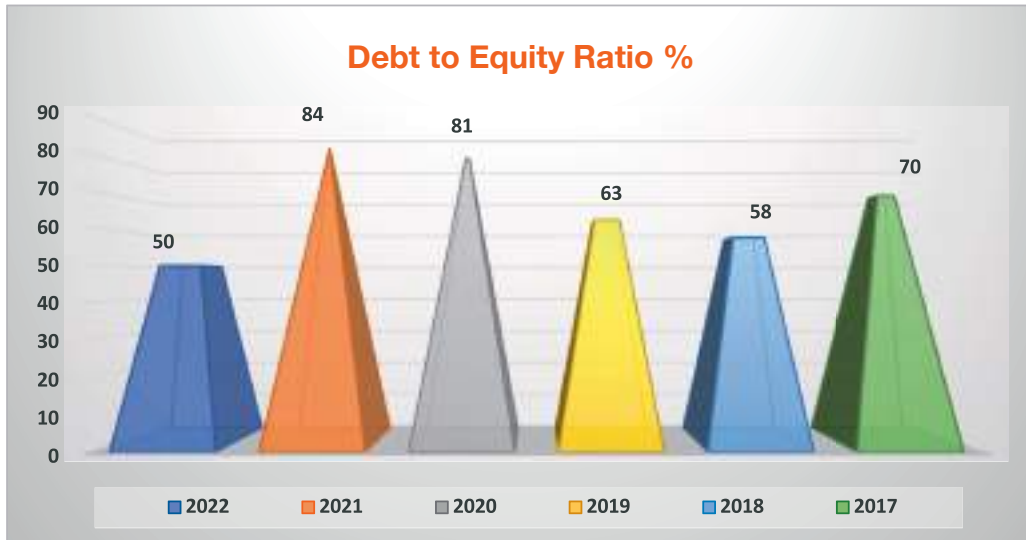
■ To employees ■ To government ■ To providers of capital ■ Retained in business



Six Year Key Operating and Financial Data

	Rupees in thousands					
	2022	2021	2020	2019	2018	2017
Trading results						
Sales	4,181,647	2,902,559	2,158,386	2,859,838	2,449,541	1,801,452
Gross profit	252,917	(42,399)	(198,702)	5,299	225,819	183,988
(Loss) / profit before taxation	(170,396)	(544,716)	(769,441)	(350,457)	(39,862)	2,775
(Loss) / profit after taxation	(168,169)	(564,978)	(692,679)	(310,536)	(8,264)	32,677
Financial position						
Total capital employed	3,487,010	2,957,600	3,020,699	2,460,689	2,163,472	1,907,131
Property, plant and equipment	2,988,530	3,028,233	2,884,732	3,042,733	2,302,892	1,900,552
Shareholder equity	1,845,514	549,316	571,294	1,018,206	996,100	613,162
Long term liabilities	1,641,496	2,408,284	2,449,405	1,442,483	1,167,372	1,293,969
Deferred taxation	231,698	176,482	174,091	97,627	63,293	31,362
Others						
Number of employees (at year end)	188	206	264	257	304	252
Capital expenditure	155,471	48,308	97,497	778,303	481,665	495,353
Contribution to national exchequer	119,945	135,183	213,959	221,077	144,301	149,986
Ratios						
Gross profit	6.05%	-1.46%	-9.21%	0.19%	9.22%	10.21%
(Loss) / profit before taxation	-4.07%	-18.77%	-35.65%	-12.25%	-1.63%	0.15%
(Loss) / profit after taxation	-4.02%	-19.46%	-32.09%	-10.86%	-0.34%	1.81%
Return on equity	-9.11%	-102.85%	-121.25%	-30.50%	-0.83%	5.33%
Return on capital employed	-4.82%	-19.10%	-22.93%	-12.62%	-0.38%	1.71%
Current ratio	1.13 : 1	0.87 : 1	0.97 : 1	0.68 : 1	0.86 : 1	0.97 : 1
Debt / equity ratio	50 : 50	84 : 16	81 : 19	63 : 37	58 : 42	70 : 30
Inventory days	58	66	83	60	58	70
Receivable days	77	75	81	65	74	69
Others						
(Loss)/Earnings per share - (Rs.) - restated	(1.13)	(7.01)	(8.59)	(3.85)	(0.14)	0.76
Break-up value per share (Rs.)	9.23	6.81	7.09	12.63	12.35	15.21
Market Value (Rs.)	8.79	17.66	11.89	29.77	22.50	21.47
Price earning ratio	N / A	N / A	N / A	N / A	N / A	28.25





VERTICAL ANALYSIS

	2022		2021	
	Rs. '000	%	Rs. '000	%
PROFIT & LOSS ACCOUNT				
Sales - net	4,181,647	100%	2,902,559	100%
Cost of sales	3,925,981	-94%	2,944,958	101%
Gross profit / (loss)	252,917	6%	(42,399)	-1%
Operating expenses	180,547	-4%	175,354	-6%
Operating profit / (loss)	92,771	2%	(217,753)	-8%
Financial charges	263,168	-6%	326,963	-11%
Profit/(loss) before taxation	(170,396)	-4%	(544,716)	-19%
Profit/(loss) after taxation	(168,169)	-4%	(564,978)	-19%
BALANCE SHEET				
Assets				
Property, plant and equipment	2,988,530	54%	3,028,233	61%
Other non-current assets	237,130	4%	182,415	4%
Current Assets	2,313,493	42%	1,765,083	35%
Total Assets	5,539,153	100%	4,975,731	100%
Equity & Laibilities				
Share capital & reserves	1,845,514	33%	549,316	11%
Non-current liabilities	1,641,496	30%	2,408,284	48%
Current liabilities	2,052,143	37%	2,018,131	41%
Total equity and Liabilities	5,539,153	100%	4,975,731	100%

HORIZONTAL ANALYSIS

	2022		2021	
	Rs. '000	%	Rs. '000	%
PROFIT & LOSS ACCOUNT				
Sales - net	4,181,647	232%	2,902,559	161%
Cost of sales	3,925,981	-243%	2,944,958	182%
Gross profit	252,917	137%	(42,399)	-23%
Operating expenses	180,547	-222%	175,354	-216%
Operating profit	92,771	90%	(217,753)	-212%
Financial charges	263,168	-263%	326,963	-327%
Profit/(loss) before taxation	(170,396)	-6140%	(544,716)	-19629%
Profit/(loss) after taxation	(168,169)	-515%	(564,978)	-1729%
BALANCE SHEET				
Assets				
Property, plant and equipment	2,988,530	157%	3,028,233	159%
Other non-current assets	237,130	519%	182,415	399%
Current Assets	2,313,493	210%	1,765,083	161%
Total Assets	5,539,153	182%	4,975,731	163%
Equity & Laibilities				
Share capital & reserves	1,845,514	301%	549,316	90%
Non-current liabilities	1,641,496	127%	2,408,284	186%
Current liabilities	2,052,143	180%	2,018,131	177%
Total equity and Liabilities	5,539,153	182%	4,975,731	163%

2020		2019		2018		2017	
Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
2,158,386	100%	2,859,838	100%	2,449,541	100%	1,801,452	100%
2,357,089	109%	2,854,539	100%	2,223,722	91%	1,617,464	90%
(198,702)	-9%	5,299	0%	225,819	9%	183,988	10%
217,727	10%	131,833	5%	130,423	5%	81,176	5%
(416,429)	-19%	(126,534)	-4%	95,396	4%	102,811	6%
353,011	-16%	223,923	8%	135,258	6%	100,037	6%
(769,441)	-36%	(350,457)	-12%	(39,862)	-2%	2,775	0%
(692,679)	-32%	(310,536)	-11%	(8,264)	0%	32,677	2%
2,884,732	61%	3,042,733	66%	2,302,892	61%	1,900,552	62%
185,098	4%	110,276	2%	78,661	2%	45,720	2%
1,643,658	35%	1,470,189	32%	1,384,523	37%	1,099,501	36%
4,713,488	100%	4,623,198	100%	3,766,076	100%	3,045,773	100%
571,294	12%	1,018,206	22%	996,100	26%	613,162	20%
2,449,405	52%	1,442,483	31%	1,167,372	31%	1,293,969	42%
1,692,789	36%	2,162,509	47%	1,602,604	43%	1,138,642	37%
4,713,488	100%	4,623,198	100%	3,766,076	100%	3,045,773	100%

2020		2019		2018		2017	
Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
2,158,386	120%	2,859,838	159%	2,449,541	136%	1,801,452	100%
2,357,089	146%	2,854,539	176%	2,223,722	137%	1,617,464	100%
(198,702)	-108%	5,299	3%	225,819	123%	183,988	100%
217,727	268%	131,833	162%	130,423	161%	81,176	100%
(416,429)	-405%	(126,534)	-123%	95,396	93%	102,811	100%
(353,011)	-353%	223,923	224%	135,258	135%	100,037	100%
(769,441)	-27728%	(350,457)	-12629%	(39,862)	-1436%	2,775	100%
(692,679)	-2120%	(310,536)	-950%	(8,264)	-25%	32,677	100%
2,884,732	152%	3,042,733	160%	2,302,892	121%	1,900,552	100%
185,098	405%	110,276	241%	78,661	172%	45,720	100%
1,643,658	149%	1,470,189	134%	1,384,523	126%	1,099,501	100%
4,713,488	155%	4,623,198	152%	3,766,076	124%	3,045,773	100%
571,294	93%	1,018,206	166%	996,100	162%	613,162	100%
2,449,405	189%	1,442,483	111%	1,167,372	90%	1,293,969	100%
1,692,789	149%	2,162,509	190%	1,602,604	141%	1,138,642	100%
4,713,488	155%	4,623,198	152%	3,766,076	124%	3,045,773	100%

CHAIRMAN REVIEW

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Merit Packaging Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2022, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

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



(IQBAL ALI LAKHANI)

Chairman

Dated: September 12, 2022

CHAIRMAN REVIEW (URDU)

چیرمین کی جائزہ رپورٹ

میرٹ پیکنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت کیا جاتا ہے۔ اس جائزے کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال برائے 30 جون، 2022 کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دورانہی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داریوں کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اس کی کمیٹی کی ملاقاتوں میں ایجنڈا مع دیگر ضروری دستاویزات قبل از وقت موصول ہوئے۔ بورڈ ضروری سرگرمیوں اور ذمہ داریوں کو موثر طریقے سے انجام دینے کے لیے باقاعدگی سے ملاقات کرتا ہے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابری کی بنیاد پر شامل ہوتے ہیں۔



آفتاب احمد

چیرمین

کراچی: 12 ستمبر 2022

DIRECTORS' REPORT

On behalf of the Board of Directors of Merit Packaging Limited, we herewith submit the Directors report along with the 42nd Annual Audited Financial Statements of the Company for the year ended June 30, 2022.

KEY NUMBERS

	2021-22	2020-21
	(Rupees in thousand)	
Sales – net	4,181,646	2,902,559
Gross (loss)/profit	252,917	(42,399)
Operating (loss)/profit	92,771	(217,753)
Loss before tax	(170,396)	(544,716)
Loss after tax	(168,169)	(564,978)
	(Rupees per share)	
Loss per Share	(1.13)	(6.84)

OPERATING RESULTS

During the year ended June 30, 2022 the net sale amounted to Rs. 4.18 billion, as compared to Rs. 2.9 billion in the last financial year, showing an increase of Rs. 1.28 billion or 44.07%. The Company's pre-tax loss for the year is Rs. 171 million for the year ended June 30, 2022 as compared to a loss of Rs. 544 million in the previous year.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

As required under the code of corporate governance, the Directors of your Company herewith state as follows:

- 1 The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- 2 Proper books of accounts of the Company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards. Accounting estimates are based on reasonable prudent judgments.
- 4 International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained.
- 5 The system of internal control is sound in design and has been effectively implemented and monitored.
- 6 There are no doubts upon the Company's ability to continue as a going concern.
- 7 The summary of key operating and financial data for the last six years of the Company has been annexed to this report.
- 8 Information about taxes, duties, levies and charges outstanding have been adequately disclosed in the notes forming part of the annexed financial statements.

- 9 Majority of the Directors of the Company have completed or are exempted from the requirement of Directors' Training program.
- 10 There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.

RISKS FACING THE COMPANY

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board of Directors, Board's Audit Committee and senior management teams led by the Chief Executive Officer of the Company have implemented and reviewed business risks to ensure that the management teams maintain a sound system of risk identification, risk management and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.

Different categories of risks having possible impact on the Company are:

- 1) Strategic Risk: These risks are related to the business environment including the industry and are beyond Company's control. Under this category the company faces the risk of severe competition in the local markets from both Corporate and Non-Corporate competitors.
- 2) Commercial Risks: These risks emanate from commercial substance of the organization and involve decisions which may affect Company's position in the market. Risks affecting the company under this category are:
 - a. Variation in raw material and other input costs due to depreciating value of Pakistani Rupee;
 - b. Compliance of new and existing laws and regulations; and
 - c. Political uncertainty affecting business prospects.
- 3) Operational Risks: These risks are related to Company's internal operations, administrative procedures and daily affairs. Possible risks include the following:
 - a. The Company may be exposed to financial irregularities resulting in qualitative and quantitative losses in the absence of effective internal control;
 - b. Technology shift may render production process obsolete and cost inefficient;
 - c. The severe on-going energy crisis;
 - d. Vendors' operational / financial constraints and their deteriorating quality standards;
 - e. Disruptions due to data loss from possible operational failures or natural disasters;
 - f. Qualified and competent staff may not be available in sufficient numbers;
 - g. Operations may be subject to fraudulent activities; and
 - h. Injuries and accidents at workplace

- 4) **Financial Risks:** These risks are related with financial matters including profitability, financing, liquidity and credit and include the following:
- a. Devaluation of Pak Rupee against foreign currencies may adversely affect Company's financial performance;
 - b. Liquidity risk arises when the Company has insufficient ready cash and encounters difficulty in meeting its financial obligation.
 - c. Interest rate risk arises due to fluctuation in interest rate resulting in interest rate associated with the long-term loans and short-term borrowings.
 - d. The financial loss to the Company if a customer fails to meet his contractual obligation arising from trade receivables.

The management considers various factors including but not limited to best practices and applicable laws & regulations to mitigate the risks stated above.

SAFETY, SECURITY, HEALTH AND ENVIRONMENT

Merit packaging provides all employees a safe and secure working environment.

The Company continues to take concrete steps for its strong commitment to promote a safe, secure and healthy environment in our day-to-day business operations.

The employees are given environmental, health and safety trainings to enabling them to carry out their duties safely without causing harm to themselves, to other individuals and to the environment. First aid equipment and firefighting equipment are kept operative at all times to ensure a safe and secured working environment.

CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible corporate citizen, we have committed ourselves to the well-being of the society. Your Company believes in strictly abiding by our social responsibility, by extending whatever help to citizen whenever needed. We recognize that we cannot have a growing business unless the communities we serve are healthy and sustainable and being a responsible corporate entity, we always endeavor to extend all our help to citizens whenever it is needed and affordable, keeping in view the financial stress the Company is undergoing.

HUMAN RESOURCE DEVELOPMENT

Our people are our most valued asset. We encourage teamwork and are committed to peaceful working environment for our people. For this purpose, comprehensive training programs, workshops and seminars are held every year for our employee development. Merit recognizes its employees through various recognition programs including those based on performance. All employees are treated fairly and compensated according to industry standards.

AUDITORS

The present auditors, Messrs. BDO Ebrahim & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2023. The Board of Directors endorses the recommendation of Audit Committee for their re-appointment as auditors of the Company for shareholders' consideration at the forthcoming Annual General Meeting.

MATERIAL CHANGES AND COMMITMENTS

There has been no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which this annual report relates and the date of this Director's report.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding of the Company and incidental information as at June 30, 2022, the disclosure of which is required under the reporting framework, is annexed to this report.

Except as otherwise reported, the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

INVESTMENTS IN RETIREMENT BENEFITS

Merit Packaging Limited provides retirement benefits to its employees in the shape of provident fund and gratuity fund. Value of investment made by staff retirement benefit funds on their respective audited accounts as at December 31, 2021 and June 30, 2022 respectively are as follows:

	(Rs '000')
Provident Fund	<u>90,456</u>
Gratuity Fund	<u>38,726</u>

COMPOSITION OF BOARD

• Male	6
• Female	1
• Total	7

Independent Directors

Mr. Farrukh Shauket Ansari

Mr. Ahmed Munaf

Non-executive Directors

Mr. Iqbal Ali Lakhani – Chairman

Mr. Amin Mohammed Lakhani

Ms. Anushka Lakhani

Mr. Aftab Ahmed

Mr. Ali Asrar Hussain Agha – upto April 28, 2022

Mr. Agha Shah Waliullah – From April 28, 2022

BOARD MEETINGS AND ATTENDANCE

In 2021-22, six (6) Board Meetings were held and attended by the Directors as follows to review Company's complete cycle of activities:

Sr.no.	Directors' Name	Meetings Attended
1	Mr. Iqbal Ali Lakhani – (Chairman)	6
2	Mr. Amin Mohammed Lakhani	6
3	Ms. Anushka Lakhani	5
4	Mr. Farrukh Shauket Ansari	6
5	Mr. Aftab Ahmad	5
6	Mr. Ahmed Munaf	5
7	Mr. Ali Asrar Hossain Aga	3
8	Mr. Amir Ahmed Chapra-CEO	6
9	Mr. Agha Shah Waliullah	2

AUDIT COMMITTEE

In 2021-22, four (4) Audit Committee Meetings were held and attended by members as follows on a quarterly basis to review its complete cycle of activities:

Member's name	Meetings Attended
Mr. Farrukh Shauket Ansari – Chairman	4
Mr. Amin Mohammed Lakhani	4
Mr. Ahmed Munaf	4

The accounts of your Company and relevant public announcements were reviewed by the Audit Committee before the approval by the Board.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

In 2021-22 one (1) meeting of Human Resource and Remuneration (HR&R) Committee was held and attended by members as follows:

Member's name	Meetings Attended
Mr. Ali Asrar Hossain Aga	1
Mr. Amir Ahmed Chapra	1

QUALITY MANAGEMENT

Quality management system allows us to understand precisely what the customer needs and to ensure implementation of best business practices through quality systems management in order to deliver accurate solutions on a consistent basis. These certifications help us to stay efficient and customer focused.

CHALLENGES

1. Supply chain disruptions causing inefficiencies in operations.
2. Due to inflation and resultant low buying power of the final consumers, lower number of value-added products are available.
3. Devaluation of Pak Rupee against foreign currencies and increased tariff rates will adversely affect our production cost and may impact negatively on our contribution margins;
4. Higher volatility of basic raw material prices has severe implications on our margins and volumes as it is very challenging to immediately pass on the total impact of incremental costs in the selling prices.
5. Increase in interest rate will lead to increased financial charges on our long-term loans and short-term borrowings;
6. Challenges in expanding our production volumes and achieving maximum capacity utilization due to highly competitive market situation in printing industry;
7. Pressure for maintaining working capital requirement on account of increased input cost and higher sales volumes, and
8. Gas shortages have significantly affected production costs and operations.

Current outlook

The twelve months' (FY 21-22) account is marked with economic slowdown, and liquidity crunch in the country that negatively impacted MPL performance. The current economic and flood situation is affecting overall market growth and sales volume of the company.

The other factor is higher financial charges due to utilization of borrowings obtained for working capital requirements for incremental sales.

FUTURE OUTLOOK

The management team has delivered positive results during the year ended June 30, 2022. Your Company is making significant efforts for improving business performance and to expand its customer base, achieve faster production, lower wastages, gear uninterrupted production with more value-added jobs, besides reduction in overheads. It is expected that additional revenue will be generated and will help consolidate overall financial position of the Company in the coming financial year.

The directors, therefore, look forward with confidence to sustain growth by focusing on marketing driven strategies, optimization of resources and adopting cost control measures.

The Directors of your Company are confident that the improved sales with improved customers' services, operational efficiencies and better product mix will reduce the existing pressure on profit and improve overall financial position of the Company soon.

ACKNOWLEDGEMENT

Directors of your Company appreciate the support and commitment of all the stakeholders. They are especially thankful to the banks for their continued support.



Aftab Ahmad
Director




Amir Ahmed Chapra
Chief Executive Officer


Karachi: September 12, 2022

آپ کی کمپنی کے ڈائریکٹرز کو یقین ہے کہ بہتر صارفین کی خدمات، آپریشنل استعداد کار اور بہتر پروڈکٹس کے ساتھ بہتر فروخت منافع پر موجودہ دباؤ کو کم کرے گی اور جلد ہی کمپنی کی مجموعی مالیاتی پوزیشن کو بہتر بنائے گی۔

اعتراف

آپ کی کمپنی کے ڈائریکٹرز تمام اسٹیک ہولڈرز کی معاونت اور وابستگی کو خراج تحسین پیش کرتے ہیں۔ وہ بینکس سے ان کے مسلسل تعاون کے لیے خصوصی اظہار تشکر کرتے ہیں۔


عامر احمد چھاپرا
چیف ایگزیکٹو آفیسر


آفتاب احمد
ڈائریکٹر

کراچی 12 ستمبر 2022

درپیش مشکلات

- 1 سپلائی چین میں رکاوٹیں جس کی وجہ سے آپریشنز میں ناکارہ ہوتے ہیں۔
- 2 افراط زر اور حتمی صارفین کی کم قوت خرید کی وجہ سے، ویلیو ایڈڈ مصنوعات کی کم تعداد دستیاب ہے۔
- 3 غیر ملکی کرنسیوں کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور ٹیرف کی شرح میں اضافہ ہماری پیداواری لاگت کو بری طرح متاثر کرے گا اور ہمارے شراکت کے مارجن پر منفی اثر ڈال سکتا ہے۔
- 4 بنیادی خام مال کی قیمتوں میں زیادہ اتار چڑھاؤ ہمارے مارجن اور حجم پر شدید اثرات مرتب کرتا ہے کیونکہ فروخت کی قیمتوں میں اضافے کے اخراجات کے کل اثرات کو فوری طور پر منتقل کرنا بہت مشکل ہے۔
- 5 شرح سود میں اضافہ ہمارے طویل مدتی قرضوں اور مختصر مدت کے قرضوں پر مالیاتی چارجز میں اضافے کا باعث بنے گا۔
- 6 پرنٹنگ انڈسٹری میں مارکیٹ کی انتہائی مسابقتی صورتحال کی وجہ سے ہماری پیداوار کے حجم کو بڑھانے اور زیادہ سے زیادہ صلاحیت کے استعمال کو حاصل کرنے میں چیلنجز
- 7 بڑھتی ہوئی پیداوار کی لاگت اور فروخت کے حجم کی وجہ سے ورکنگ کیپیٹل کی ضرورت کو برقرار رکھنے کے لیے دباؤ رہے گا۔
- 8 گیس کی قلت نے پیداواری لاگت اور آپریشنز کو نمایاں طور پر متاثر کیا ہے۔

موجودہ صورت حال

بارہ مہینوں کا (مالی سال 21-22) اکاؤنٹ معاشی سست روی اور ملک میں لیکویڈیٹی کے بحران سے منسوب ہے جس نے ایم پی ایل کی کارکردگی پر منفی اثر ڈالا۔ موجودہ معاشی اور سیلابی صورتحال مارکیٹ کی مجموعی نمو اور کمپنی کی فروخت کے حجم کو متاثر کر رہی ہے۔ دوسرا عنصر بڑھتے ہوئے فروخت کے لیے ورکنگ کیپیٹل کی ضروریات کے لیے حاصل کیے گئے قرضوں کے استعمال کی وجہ سے زیادہ مالی چارجز ہیں۔

مستقبل کی توقعات

انتظامی ٹیم نے مالی سال 21-22 کے دوران مثبت نتائج حاصل کیے ہیں۔ آپ کی کمپنی کوشش کر رہی ہے کہ کاروبار کی کارکردگی کو بہتر بنایا جائے اور اپنے کسٹمر بیس کو بڑھانے، تیزی سے پیداوار حاصل کرنے، ضائع ہونے کو کم کرنے، زیادہ ویلیو ایڈڈ کام کے ساتھ بغیر کسی رکاوٹ کی پیداوار کے علاوہ اور ہیڈز میں کمی کے لیے نمایاں کوششیں کر رہی ہے۔ یہ توقع کی جاتی ہے کہ اضافی آمدنی پیدا ہوگی اور آنے والے مالی سال میں کمپنی کی مجموعی مالی پوزیشن کو مستحکم کرنے میں مدد ملے گی۔

اس لیے ڈائریکٹرز مارکیٹنگ سے چلنے والی حکمت عملی، وسائل کی اصلاح اور لاگت پر قابو پانے کے اقدامات پر توجہ مرکوز کر کے ترقی کو برقرار رکھنے کے لیے اعتماد کے ساتھ منتظر ہیں۔

آڈٹ کمیٹی

مالی سال 2021-22 کے دوران بورڈ آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے اور کمپنی کے مکمل دائرہ کار کا جائزہ لینے کے لیے ممبران نے سہ ماہی بنیاد پر بمطابق ذیل شرکت کی:

ممبران کے نام	اجلاسوں میں شرکت کی تعداد
جناب فرخ شوکت انصاری	4
جناب امین محمد لاکھانی	4
جناب احمد مناف	4

آڈٹ کمیٹی نے بورڈ کی طرف سے منظوری سے پہلے آپ کی کمپنی کے اکاؤنٹس اور متعلقہ عام اعلانات کا جائزہ لیا۔

افراد و وسائل اور اجرت کی کمیٹی

مالی سال 2021-22 کے دوران افرادی وسائل اور اجرت کی کمیٹی (HR&R) کا ایک (1) اجلاس منعقد ہوا جس میں ممبران کی حاضری درج ذیل رہی:

ممبران کے نام	اجلاسوں میں شرکت کی تعداد
جناب علی اسرار حسین آغا	1
جناب عامر احمد چھاپرا	1

کوالٹی مینجمنٹ

کوالٹی مینجمنٹ سسٹم ہمیں کسٹمر کی ضرورت درست طریقے سے سمجھنے اور مستقل بنیادوں پر درست حل کی فراہمی کے لیے کوالٹی سسٹم مینجمنٹ کے ذریعے بہترین کاروباری طریقوں پر عمل درآمد کو یقینی بنانے کے قابل بناتا ہے۔ یہ سٹرٹگیٹکس ہمیں مستعد رہنے اور اپنے کسٹمرز پر توجہ مرکوز رکھنے میں مدد دیتے ہیں۔

نان ایگزیکٹو ڈائریکٹر

جناب اقبال علی لاکھانی۔ چیئرمین

جناب امین محمد لاکھانی

محترمہ انوشکا لاکھانی

جناب آفتاب احمد

جناب علی اسرار حسین آغا۔ اپریل 28، 2022 تک

جناب آغا شاہ ولی اللہ۔ اپریل 28، 2022 سے

بورڈ کے اجلاس اور حاضری

مالی سال 2021-22 کے دوران بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے اور کمپنی کے مکمل دائرہ کار کا جائزہ لینے کے لیے ڈائریکٹرز نے بمطابق ذیل شرکت کی:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب اقبال علی لاکھانی (چیئرمین)	6
جناب امین محمد لاکھانی	6
محترمہ انوشکا لاکھانی	5
جناب فرخ شوکت انصاری	6
جناب آفتاب احمد	5
جناب احمد مناف	5
جناب علی اسرار حسین آغا	3
جناب عامر احمد چھاپرا (CEO)	6
جناب آغا شاہ ولی اللہ	2

اہم تبدیلیاں اور معاہدے

کوئی ایسی اہم تبدیلیاں اور معاہدے، جو کمپنی کی فائنیشنل پوزیشن کو متاثر کرے، رونما نہیں ہوئے ہیں جو کمپنی کے گزشتہ مالی سال اور موجودہ ڈائریکٹر رپورٹ کی تاریخ کے دوران ہوئے ہوں۔

پیٹرن آف شیئر ہولڈنگ

30 جون 2022 کے مطابق کمپنی کے شیئر ہولڈنگ پیٹرن اور بشمول اضافی معلومات کو ظاہر کرنے والا ایک گوشوارہ، جس کا انکشاف رپورٹنگ فریم ورک کے تحت درکار ہے، اس رپورٹ کے ساتھ منسلک ہے۔

مہ سوائے بیان کردہ معلومات کے، ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانسئل آفیسر، کمپنی سیکرٹری، ان سب کی بیگمات اور کم عمر بچوں نے سال کے دوران کمپنی کے شیئرز کے کسی لین دین میں حصہ نہیں لیا۔

ریٹائرمنٹ بینیفٹس میں سرمایہ کاریاں

میرٹ پیکجنگ لمیٹڈ اپنے ملازمین کو پروویڈنٹ فنڈ اور گریجویٹ فنڈ کی شکل میں ریٹائرمنٹ بینیفٹس فراہم کرتی ہے۔

اسٹاف ریٹائرمنٹ بینیفٹ فنڈ کی طرف سے کی جانے والی سرمایہ کاری کی مالیت ان کے آڈٹ شدہ اکاؤنٹس، بابت 31 دسمبر 2021ء اور 30 جون 2022ء کے مطابق بالترتیب درج ذیل ہے:

('000 روپے)

90,456

پروویڈنٹ فنڈ

38,728

گریجویٹ فنڈ

بورڈ کی تشکیل

کُل	خاتون	حضرات
7	1	6

خود مختار ڈائریکٹر

جناب فرخ شوکت انصاری

جناب احمد مناف

انتظامیہ مندرجہ بالا خطرات کم کرنے کے لیے بہترین مشقوں اور تمام لاگو قوانین سمیت مختلف عوامل پر غور و خوض کرتی ہے۔

سیفٹی، سکیورٹی، ہیلتھ اور ماحولیات

میرٹ پیکجنگ تمام ملازمین کو خطرے سے پاک اور محفوظ کام کا ماحول فراہم کرتی ہے۔ کمپنی ہمارے روزمرہ کاروباری امور میں ایک بے خطر، محفوظ اور صحت مند ماحول کو فروغ دینے کے پختہ عزم کے لیے ٹھوس اقدامات کرنے کا سلسلہ جاری رکھے ہوئے ہے۔ ملازمین کو ماحولیات، صحت اور تحفظ کے حوالے سے باقاعدہ بنیاد پر تربیت دی جاتی ہے جو انہیں خود کو اور دوسرے افراد کو اور ماحول کو نقصان پہنچانے بغیر بحفاظت اپنے فرائض انجام دینے کے قابل بناتی ہے۔ کام کے خطرے سے محفوظ ماحول یقینی بنانے کے لیے فرسٹ ایڈ ایکو پمنٹ اور فائر فائٹنگ ایکو پمنٹ قابل استعمال حالت میں رکھے جاتے ہیں۔

کاروباری سماجی ذمہ داری

ایک ذمہ دار کاروباری ادارے کی حیثیت سے ہم سماجی بہبود کا پختہ عزم رکھتے ہیں۔ آپ کی کمپنی اپنی سماجی ذمہ داری کی سختی سے پاسداری کرنے میں یقین رکھتی ہے، اور شہریوں کو جب بھی ضرورت پڑے، ہر ممکن مدد فراہم کرتی ہے۔ ہم اعتراف کرتے ہیں کہ ہم اس وقت تک کاروباری وسعت حاصل نہیں کر سکتے جب تک وہ کمیونٹی کی صحت مند اور مستحکم نہ ہوں جنہیں ہم خدمات مہیا کرتے ہیں اور ایک ذمہ دار کاروباری ادارے کی حیثیت سے جب بھی ضرورت ہو، حسب استطاعت شہریوں کے لیے دست تعاون دراز کرنے کی ہمیشہ کوشش کرتے ہیں، اس بات کو زہن نشین رکھتے ہوئے کہ کمپنی مالیاتی دباؤ سے دوچار ہے۔

افراد کی وسائل کا فروغ

ہمارے افراد ہمارا سب سے قیمتی اثاثہ ہیں۔ ہم ٹیم ورک کی حوصلہ افزائی کرتے ہیں اور اپنے ملازمین کے لیے پرسکون محفوظ ماحول کارمہیا کرنے کا پختہ عزم رکھتے ہیں۔ اس مقصد کے لیے ہر سال جامع ٹریننگ پروگرامز، ورک شاپس اور سیمینارز کا انعقاد کیا جاتا ہے تاکہ ہمارے ملازمین کی صلاحیتیں پروان چڑھ سکیں۔ میرٹ مختلف رکنیشن پروگرامز کے ذریعے اپنے ملازمین کی شناخت اور اعتراف کرتی ہے جس میں کارکردگی پر مبنی پروگرام شامل ہیں۔ تمام ملازمین سے منصفانہ سلوک کیا جاتا ہے اور انہیں انڈسٹری اسٹینڈرڈز کے مطابق معاوضہ دیا جاتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز BDO ابراہیم اینڈ کمپنی ریٹائر ہو رہے ہیں اور اہل ہونے کی بنیاد پر خود کو 23 جون 2023 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کرتا ہے اور آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کے سامنے ان آڈیٹرز کی دوبارہ تقرری کی تجویز رکھیں گے۔

(2) تجارتی خطرات

یہ خطرات کسی ادارے کی تجارتی املاک (substance) سے پیدا ہوتے ہیں اور اس میں ایسے فیصلے شامل ہوتے ہیں جو کمپنی کی مارکیٹ میں پوزیشن پر اثر انداز ہو سکتے ہیں۔ اس کیٹگری کے تحت کمپنی پر اثر انداز ہونے والے خطرات درج ذیل ہیں:

- 1 پاکستانی روپے کی قدر میں کمی کے نتیجے میں خام مال اور دیگر پیداواری لاگتوں میں رد و بدل
- 2 نئے اور موجودہ قوانین اور ضوابط کی تعمیل، اور
- 3 کاروباری امکانات متاثر کرنے والی سیاسی بے یقینی

(3) آپریشنل خطرات

- یہ ایسے خطرات ہیں جو کمپنی کے داخلی آپریشنز، انتظامی طریقہ کار اور روزمرہ معاملات سے متعلق ہوتے ہیں۔ ممکنہ خطرات درج ذیل ہیں:
- i- کمپنی کو موثر انٹرنل کنٹرولز کی غیر موجودگی میں بالحاظ معیار اور مقدار نقصانات کے نتیجے میں مالیاتی بے ضابطگیوں کا سامنا کرنا پڑ سکتا ہے،
 - ii- ٹیکنالوجی میں تبدیلی پیداواری عمل کو فرسودہ اور مہنگا بنا سکتی ہے،
 - iii- بجلی کا جاری سخت بحران،
 - iv- وینڈر کی آپریشنل / مالیاتی مجبوریات اور ان کا کوالٹی کا گرتا ہوا معیار،
 - v- ممکنہ آپریشنل خرابیوں یا قدرتی آفات کے نتیجے میں ڈیٹا ضائع ہونے کی وجہ سے بندشیں
 - vi- ممکن ہے کہ ایفایڈ اور لائق اسٹاف کافی تعداد میں دستیاب نہ ہو،
 - vii- ممکن ہے کہ آپریشنز فریب دہی کی سرگرمیوں کا نشانہ بن جائیں، اور
 - viii- کام کی جگہ پر ضربات اور حادثات

(4) مالیاتی خطرات

- یہ خطرات مالیاتی معاملات بشمول منافع کمانے کی اہلیت، فنڈنگ، لیکویڈیٹی اور کریڈٹ سے متعلق ہیں اور ان میں درج ذیل شامل ہیں:
- i- غیر ملکی کرنسیوں کے مقابلے میں پاکستانی روپے کی قدر میں کمی کمپنی کی مالیاتی کارکردگی پر منفی اثرات مرتب کر سکتی ہے،
 - ii- جب کمپنی کے پاس تیار کیش کی کمی ہو اور اسے اپنی مالیاتی ذمہ داری پوری کرنے میں مشکل کا سامنا ہو تو لیکویڈیٹی سے متعلق خطرہ سامنے آتا ہے۔
 - iii- طویل مدتی اور مختصر مدتی قرضوں سے متعلق شرح سود میں اتار چڑھاؤ کے نتیجے میں شرح سود سے متعلق خطرات۔
 - iv- کسی کسٹمر کی طرف سے تجارتی وصولیوں سے متعلق اس کی معاہدہ جاتی ذمہ داری پوری کرنے میں ناکامی کی صورت میں کمپنی کو ہونے والا مالیاتی نقصان۔

تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

- 2 کمپنی کے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔
- 3 مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے، ماسوائے اسٹینڈرڈ، ترامیم یا تشریحات کے موجودہ اسٹینڈرڈز پر ابتدائی اطلاق کے نتیجے میں رونما ہونے والی تبدیلیوں کے شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- 4 بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی روانگی کو مناسب طور پر ظاہر کیا گیا ہے اور پیروی کی گئی ہے۔
- 5 انٹرئل کنٹرول کا نظام اپنی ساخت کے اعتبار سے مستحکم اور مؤثر انداز میں نافذ ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔
- 6 کمپنی کی کاروبار رواں دواں رکھنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- 7 گزشتہ چھ سال کا اہم کاروباری اور مالیاتی ڈیٹا اس رپورٹ کے ہمراہ منسلک ہے۔
- 8 ٹیکسوں، ڈیوٹیز، محصولات اور واجب الادا چارجز کے بارے میں معلومات نوٹس میں مناسب انداز میں ظاہر کی گئی ہیں جو منسلک مالیاتی گوشواروں کا حصہ ہیں۔
- 9 کمپنی کے زیادہ تر ڈائریکٹرز نے ڈائریکٹرز کے تربیتی پروگرام کی ضرورت پوری کر لی ہے یا اس سے مستثنیٰ ہیں۔
- 10 کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

کمپنی کو درپیش خطرات

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کا تقاضا ہے، بورڈ آف ڈائریکٹرز، بورڈ کی آڈٹ کمیٹی اور سینیئر منیجمنٹ کی ٹیموں نے کمپنی کے چیف ایگزیکٹو آفیسر کی قیادت میں یہ یقینی بنانے کے لیے کاروباری رسکس کا اطلاق کیا اور جائزہ لیا ہے کہ منیجمنٹ کی ٹیمیں اثاثہ جات، وسائل، شہرت اور کمپنی اور شیئر ہولڈرز کے مفادات کی حفاظت کے لیے رسک آئیڈنٹیفیکیشن، رسک منیجمنٹ اور انٹرئل کنٹرولز کا ایک مستحکم سسٹم برقرار رکھ سکیں۔

کمپنی پر ممکنہ اثرات مرتب کرنے والے خطرات کی مختلف کیٹیگریز درج ذیل ہیں:

(1) اسٹریٹجک خطرات:

یہ خطرات کاروباری ماحول بشمول انڈسٹری سے متعلق ہیں اور کمپنی کے کنٹرول سے باہر ہیں۔ اس کیٹیگری کے تحت کمپنی کو مقامی مارکیٹوں میں کارپوریٹ اور نان کارپوریٹ دونوں طرح کے حریفوں کی طرف سے سخت مقابلے کا خطرہ درپیش ہے۔

ڈائریکٹرز رپورٹ

میرٹ پیکیجنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 جون 2022 کو ختم ہونے والے سال کے لیے ڈائریکٹرز رپورٹ مع کمپنی کے 42 ویں سالانہ آڈٹ شدہ مالیاتی گوشوارے پیش خدمت کرتے ہیں۔

اہم اعداد و شمار

2020-21	2021-22	
(ہزار روپے)	(ہزار روپے)	
2,902,559	4,181,646	فروخت خالص
(42,399)	252,917	مجموعی منافع / نقصان
(217,753)	92,771	آپریٹنگ منافع / نقصان
(544,716)	(170,396)	قبل از ٹیکس نقصان
(564,978)	(168,169)	بعد از ٹیکس نقصان
(فی شیئر)	(فی شیئر)	
(6.84)	(1.13)	فی شیئر نقصان

آپریٹنگ نتائج

گزشتہ مالی سال میں 2.90 ارب روپے کے مقابلے میں جون 2022 کو ختم ہونے والے سال کے دوران خالص فروخت 4.18 ارب روپے رہی جس سے 1.28 بلین روپے یا 44.07% کا اضافہ ظاہر ہوتا ہے۔ گزشتہ سال کے 544 ملین روپے کے مقابلے میں جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کا قبل از ٹیکس خسارہ 171 ملین روپے رہا۔

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

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

آپ کی کمپنی اچھے نظم و نسق کی پابندی کے لیے پرعزم ہے بورڈ آف ڈائریکٹرز مالیاتی فریم ورک میں اپنی ذمہ داریوں کو تسلیم کرتے ہیں۔ ڈائریکٹرز اعتراف کرتے ہیں کہ:

1 کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور ایکویٹی میں

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

FOR THE YEAR ENDED JUNE 30, 2022

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

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

a. Male	6
b. Female	1

2. The composition of the Board is as follows:

Independent Directors	Mr. Farrukh Shauket Ansari Mr. Ahmed Munaf
Other Non-executive Directors	Mr. Iqbal Ali Lakhani – Chairman Mr. Amin Mohammed Lakhani Ms. Anushka Lakhani Mr. Aftab Ahmad Mr. Agha Shah Waliullah
Executive Director	--
Female Directors	Ms. Anushka Lakhani

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the Directors of the Company have completed or are exempted from the requirement of Directors' Training Program.

10. The Board has approved appointment of Chief Financial Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Mansoor Ahmed was assigned the responsibilities of Company Secretary of the Company in addition to his responsibilities in other group companies.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Farrukh Shauket Ansari – Chairman Mr. Amin Mohammed Lakhani – Member Mr. Ahmed Munaf – Member
HR and Remuneration Committee	Mr. Farrukh Shauket Ansari - Chairman Mr. Amin Mohammad Lakhani – Member Mr. Aftab Ahmad - Member Mr. Amir Ahmed Chapra – Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
 - a. Audit Committee 4 quarterly meetings
 - b. HR and Remuneration Committee 1 annual meeting
15. The board has set up an effective internal audit function comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. We confirm that the Company has complied with respect to all the material requirements of the regulations.


Iqbal Ali Lakhani
 Chairman


Amir Ahmed Chapra
 Chief Executive

Karachi: September 12, 2022



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MERIT PACKAGING LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Merit Packaging Limited for the year ended June 30, 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 June 30, 2022.

KARACHI

DATED: SEPTEMBER 13, 2022

UDIN: CR202210166qijR8CaIH

BDO EBRAHIM & CO.

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERIT PACKAGING LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of MERIT PACKAGING LIMITED (the Company), which comprise the statement of financial position as at June 30, 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 June 30, 2022 and of the loss and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	Revenue and trade debts	
	As disclosed in note 32 and 14 to the accompanying financial statements, the Company has reported net sales of Rs. 4,181.647 million and related trade debt balances as at the reporting date amounting to Rs. 1,113.835 million. During the year, the Company has reported a significant increase in revenue with the consequential increase in trade debts of 44% and 71%, respectively.	We performed a range of audit procedures including the following:
	The revenue and related trade debts are largely susceptible to the risk of completeness / accuracy and existence / valuation respectively, which may misstate the Company's reported financial performance and position as at the reporting date.	<ul style="list-style-type: none"> We obtained an understanding of the process relating to recording of revenue from contract with customers and testing the design and operating effectiveness of relevant Key internal controls implemented around sales and trade receivables cycle. We performed test of details on revenue recognized during the year, on a sample basis, including review of order receipt, invoicing and dispatched;

S. No	Key audit matters	How the matter was addressed in our audit
	<p>Moreover, trade debt balances are also subject to management estimates to ascertain expected credit losses, if any, as at the reporting date.</p> <p>Therefore, given the risks involved, we identified revenue recognition along with related increase in trade debts a key audit matter.</p>	<ul style="list-style-type: none"> • We performed cut-off procedures on transactions occurring either immediately before or after the year end to assess the recording of revenue in correct accounting period; and • We performed analytical procedures to ascertain the reasoning of major fluctuations. • We scanned for any manual journal entries relating to revenue recorded during the year, particularly at year-end, which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation. • We circularized confirmation to the sample of debtors with the outstanding balance at the year end. • We considered the appropriateness for expected credit losses (ECL) against trade receivables as per the Company's policy. • We considered the adequacy of the related disclosures presented in the financial statements and assessed these in accordance with applicable accounting standards and requirements of Companies Act, 2017.
2.	Valuation of Stock in Trade	
	<p>At 30 June 2022, the Company held stock-in-trade amounting to Rs. 700.740 million, constituting 12.6% of the total assets, as disclosed in note 13 to the financial statements.</p> <p>As described in note 5.4 to the financial statements, stock-in-trade is measured at lower of cost and net realizable value. The cost of work-in-process and finished goods is determined at an average manufacturing cost including a proportion of production overheads.</p> <p>There is an element of judgement involved in determining an appropriate costing basis and assessing the amount of provision for slow-moving and obsolete stock-in-trade.</p> <p>Given the level of judgements and estimates involved, we have identified valuation of stock-in-trade as a key audit matter.</p>	<p>Our key audit procedures in respect of valuation of stock-in-trade included:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's process with respect to valuation of stock-in-trade and tested controls relevant to such process; • Tested the calculations of per unit cost of finished goods and assess the appropriateness of management's basis for the allocation of cost and production overheads and compared it with prior period to assess reasonableness; • Evaluated the appropriateness of the basis for identification of slow moving and obsolete stock, including accuracy of the provision made there against as assessed by the management, on a test basis. • Tested the net realizable value and valuation methods in accordance with applicable financial reporting standards.

S. No	Key audit matters	How the matter was addressed in our audit
3.	Capital Expenditure	
	<p>As disclosed in the note 7.1 to the accompanying financial statements, The Company continued to invest in capital projects with significant capital expenditure amounting to Rs.155.471 million incurred during the year ended June 30, 2022. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the recognition criteria as per Company's accounting policy and the determination of useful economic lives. Accordingly, we have considered this to be a key audit matter.</p>	<p>We performed following audit procedures in respect of this area:</p> <ul style="list-style-type: none"> • We assessed and tested the design and operation of its key controls over capital expenditure and testing the amounts capitalized to supporting evidence and evaluating whether assets capitalized including the required recognition criteria. • We also assessed the useful economic lives assigned with reference to the Company's historical experience, including assessing the level of fully depreciated assets held by the Company. • We reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives. • We assessed the appropriateness and adequacy of the disclosures as per the applicable financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- 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 and together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

KARACHI

DATED: SEPTEMBER 13, 2022

UDIN: AR202210166cmM0ZsN6F

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments	6	2,911,270,415	3,005,132,356
Operating fixed assets	7	77,259,839	23,100,727
Capital work in progress		2,988,530,254	3,028,233,083
Intangible assets	8	411,950	751,946
Long-term loans	9	-	96,000
Long-term deposits	10	5,019,677	5,085,605
Deferred taxation	11	231,698,458	176,481,810
		3,225,660,339	3,210,648,444
CURRENT ASSETS			
Stores and spares	12	81,877,412	85,946,045
Stock-in-trade	13	700,740,532	537,334,830
Trade debts	14	1,113,834,633	651,599,845
Loans and advances	15	38,948,213	40,255,758
Trade deposits and short-term prepayments	16	3,122,371	2,625,000
Other receivables	17	107,053	13,140,740
Tax refund due from Government	18	368,015,653	430,641,474
Cash and bank balances	20	6,846,936	3,539,259
		2,313,492,803	1,765,082,951
TOTAL ASSETS		5,539,153,142	4,975,731,395
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (2021: 200,000,000) ordinary shares of Rs. 10/-each	21	2,000,000,000	2,000,000,000
Issued, subscribed and paid-up capital	22	1,999,584,270	806,283,980
Surplus on revaluation of property, plant and equipment	23	799,735,200	805,184,644
Capital reserve			
Equity portion of loan - associated companies		521,201,641	537,219,187
Share Premium Reserve		298,325,000	-
		819,526,641	537,219,187
Revenue reserves			
General reserves		106,800,000	106,800,000
Accumulated losses		(1,880,131,926)	(1,706,171,430)
		(1,773,331,926)	(1,599,371,430)
		1,845,514,185	549,316,381
NON-CURRENT LIABILITIES			
Sub-ordinated loan	24	233,995,331	225,381,199
Long-term financing	25	1,407,487,160	2,182,276,611
Long-term deposits		13,200	99,583
Deferred capital grant	26	-	526,148
		1,641,495,691	2,408,283,541
CURRENT LIABILITIES			
Trade and other payables	27	1,092,307,837	800,833,545
Mark-up accrued	28	21,064,066	26,892,803
Taxation - net	19	28,607,379	8,478,358
Current portion of long-term financing	25	210,874,911	394,040,157
Current portion of deferred capital grant	26	293,922	2,260,723
Short-term borrowings	29	698,866,008	785,496,744
Un-claimed dividend		129,143	129,143
		2,052,143,266	2,018,131,473
TOTAL EQUITY AND LIABILITIES		5,539,153,142	4,975,731,395
CONTINGENCIES AND COMMITMENTS	31		

The annexed notes from 1 to 55 form an integral part of these financial statements.



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Muhammad Sohail
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	Rupees	Rupees
Sales - net	32	4,181,646,875	2,902,559,086
Cost of sales	33	(3,928,729,810)	(2,944,958,201)
Gross profit / (loss)		252,917,065	(42,399,115)
General and administrative expenses	34	(99,117,483)	(86,354,773)
Selling and distribution expenses	35	(71,230,572)	(49,394,407)
Other income	36	20,401,114	17,147,595
Other operating expenses	37	(10,198,799)	(56,752,771)
		(160,145,740)	(175,354,356)
Operating profit / (loss)		92,771,325	(217,753,471)
Financial charges	38	(263,167,657)	(326,962,577)
Loss before taxation		(170,396,332)	(544,716,048)
Taxation	39	2,227,214	(20,261,516)
Net loss for the year		(168,169,118)	(564,977,564)
			(Restated)
Loss per share - basic and diluted	40	(1.135)	(6.840)

The annexed notes from 1 to 55 form an integral part of these financial statements.



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Muhammad Sohail
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	Rupees	Rupees
Net loss for the year		(168,169,118)	(564,977,564)
Other comprehensive (loss) /income			
Items that will not be reclassified subsequently to statement of profit and loss:			
Actuarial losses on remeasurement of post employment benefit plans	41.1.2	(1,905,687)	(11,213,361)
Deferred tax thereon		552,649	3,251,875
		(1,353,038)	(7,961,486)
Surplus on revaluation of property, plant and equipments	23	-	486,057,020
Deferred tax liability		-	(6,976,560)
		-	479,080,460
Total comprehensive loss for the year		(169,522,156)	(93,858,590)

The annexed notes from 1 to 55 form an integral part of these financial statements.



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Muhammad Sohail
Chief Financial Officer

The annexed notes from 1 to 55 form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	29,783,606	41,546,841
Taxes (paid) / refund - net		(35,087,619)	26,211,548
Financial charges paid		(137,440,180)	(191,437,972)
Net cash used in operating activities		(142,744,193)	(123,679,583)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	7.1	(155,470,642)	(48,308,183)
Proceeds from sale of property, plant and equipments	6.8	3,154,150	82,610,945
Intangible assets	8	-	(456,923)
Long-term loans and advances		96,000	155,550
Long-term deposits		(20,454)	4,848,565
Net cash (used in) / generated from investing activities		(152,240,946)	38,849,954
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	398,704,566
Repayment of long-term financing - Sponsors		(790,000,000)	-
Repayment of long-term financing - Banks		(306,040,157)	(154,349,692)
Repayment of short term financing		(250,000,000)	(150,000,000)
Proceeds from short term financing		250,000,000	-
Principal paid on long term lease liabilities		-	(11,369,280)
Receipt from issue of right shares - net		1,481,737,506	-
Ijarah lease rentals payment - net		(773,797)	(914,097)
Net cash generated from financing activities		384,923,552	82,071,497
Net increase/(decrease) in cash and cash equivalents		89,938,413	(2,758,132)
Cash and cash equivalents at beginning of the year		(781,957,485)	(779,199,353)
Cash and cash equivalents at end of the year		(692,019,072)	(781,957,485)
CASH AND CASH EQUIVALENTS:			
Cash and bank balances	20	6,846,936	3,539,259
Short-term running finance	29	(698,866,008)	(785,496,744)
		(692,019,072)	(781,957,485)

The annexed notes from 1 to 55 form an integral part of these financial statements.



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Muhammad Sohail
Chief Financial Officer

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. NATURE AND STATUS OF THE COMPANY

- 1.1 Merit Packaging Limited (“the Company”) was incorporated on January 28, 1980 in Pakistan as a public limited company under the repealed Companies Act, 1913 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi. The Company is mainly engaged in the manufacture and sale of printing and packaging materials.
- 1.2 The Company incurred net loss after tax for the year ended June 30, 2022 amounting to Rs.168.169 million (2021: Rs.564.977 million) and its accumulated losses as at June 30, 2022 stood at Rs. 1,880.131 million (2021: Rs.1,706.171 million). Overall performance of the Company has been improved from last year as Company has earned gross profit of Rs.252.917 million (2021: gross loss of Rs. 42.399 million). The said gross profit represents better market competitive margins from customers, increase in volume from existing customers and effective operational cost management. The Company has better prospects of future profitability as per its financial projections based on its current competitive position in the market. During the year ended June 30, 2022, the Company has made right issue to its existing shareholders of an amount of Rs. 1,491.625 million as Company is looking forward to balance capital structure in order to further improve its gearing ratio and reduction in interest cover. The Company has also obtained and repaid below market interest bearing short term loan from associated undertaking amounting to Rs. 250 million. The Company intends to further review its operating costs and streamline operations to achieve profitability. Accordingly, the Company has prepared its financial statements on a going concern basis.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The factory of the Company is located at Plot No. 17-B, Sector 29, Korangi Industrial Township, Karachi, Pakistan.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

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

Where provisions of and directives issued under the Act differ from the IFRS Standards, the provisions of and directives issued under the Act, are followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for revaluation of certain property, plant and equipment at fair value and recognition of certain employees retirement benefits at present value.

3.3 Use of estimates and judgements:

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

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 5.26.

3.4 Functional and presentation currency

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

4. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or do not have significant impact on the financial statements other than certain additional disclosures.

**Effective date
(annual periods
beginning on or
after)**

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) January 01, 2021

Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions

April 01, 2021

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or do not have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework January 01, 2022

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current January 01, 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies January 01, 2023

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates January 01, 2023

Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction January 01, 2023

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

5.1.1 Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except for leasehold land, building on leasehold land and plant and machinery which are stated at revalued amount less accumulated depreciation, if any.

Depreciation is charged using the straight line method, whereby the cost or revalued amount of an asset less estimated residual value, if not insignificant, is written off over its estimated useful life.

The asset's residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

Incremental depreciation charged for the year on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings during the year.

Maintenance costs and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably and the assets so replaced, if any, are retired.

Gains and losses on disposal of property, plant and equipment are taken to the profit and loss account, and the related surplus on revaluation is transferred directly to retained earnings.

5.1.2 Leased

a) Right of use assets

The right-of-use asset is initially measured at the amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

b) Lease liability

The lease liability is initially measured at the present value of the future lease payments over the lease term, discounted using the specific incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest rate method.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

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

5.1.3 Capital work-in-progress

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

5.2 Intangible assets

These are stated at cost less accumulated amortization and impairment loss, if any. Amortization is charged to profit and loss account over the useful life of the asset on a systematic basis applying the straight line method.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Company.

5.3 Stores and spares

Stores and spares are stated at cost which is determined by using weighted average method except for goods in transit which are valued at cost comprising invoice value plus other charges paid thereon. Adequate provision is made for slow moving and obsolete items on periodic basis.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as operating fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

5.4 Stock-in-trade

Stock-in-trade are stated at lower of weighted average cost and net realizable value, except for goods in transit which are stated at cost. Cost of work-in-process and finished goods comprises cost of direct material, labor and appropriate portion of manufacturing overheads. Adequate provision is made for slow moving and obsolete items on periodic basis.

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

5.5 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount being the fair value of the consideration to be received in future. An estimated allowance for expected credit losses is made against trade debts on the basis of lifetime expected credit loss model whereas debts considered irrecoverable are written off.

5.6 Taxation

5.6.1 Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

5.6.2 Deferred

Deferred tax is recognized using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The Company recognizes deferred tax asset/liability on deficit/surplus on revaluation of property, plant and equipment which is adjusted against the related deficit/surplus.

5.7 Surplus on revaluation of property, plant and equipment

Any revaluation increase arising on the revaluation of land, buildings, leasehold improvements and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as “Revaluation surplus on property, plant and equipment”, except to the extent that it reverses a revaluation decrease for the same asset.

Previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings, leasehold improvements and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset.

The revaluation reserve is not available for distribution to the Company’s shareholders. The surplus on revaluation to the extent of incremental depreciation charged (net of deferred tax) is transferred to Accumulated Profit / (Loss).

5.8 Borrowings and their cost

Borrowings are recognized initially at fair value net of transaction cost incurred.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

5.9 Trade and other payables

Liabilities for trade and other amounts payable are stated at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

5.10 Provisions

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

5.11 Cash and bank balances

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

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

5.12 Impairment losses

The Company assesses at each reporting date whether there is any indication that assets other than stores and spares, stock in trade and deferred tax assets may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any.

Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

5.13 Contingencies

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

5.14 Financial instruments

5.14.1 Financial assets

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

Amortized cost

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

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

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs under simplified approach and 12 months life time under general approach.

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

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

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

5.14.2 Financial liabilities

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

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

5.15 Offsetting of financial assets and financial liabilities

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

5.16 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees at the exchange rates prevailing at the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange prevailing at the reporting date. Foreign exchange differences are recognized in the statement of profit or loss.

5.17 Employee retirement benefits

5.17.1 Defined benefit plan

The Company has a gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The Gratuity Fund is maintained by a trust created and duly approved. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out at June 30, 2022 using the projected unit credit method (refer note 41). The remeasurement gains/losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the statement of profit or loss.

5.17.2 Defined contribution plan

The Company operates a recognized provident fund scheme covering all permanent employees. Equal contributions are made to the Fund by the Company and the employees in accordance with the rules of the scheme.

5.17.3 Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue.

5.18 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax and sales discounts, if any.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

- Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.
- Scrap sales are recognized on delivery to customers at realized amounts.
- Profit on bank deposit is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.

5.19 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and balance with banks. Cash and cash equivalents also include bank overdrafts / short term financing that are repayable on demand and form an integral part of the Company's cash management.

5.20 Deferred Capital Grant

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

5.21 Dividend and appropriation to reserves

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

5.22 Share capital

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

5.23 Earnings / loss per share

The Company presents earnings / loss per share data for its ordinary shares. Basic earnings / loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period.

5.24 Related parties transactions

Transactions with related parties are based on the terms agreed by the Board and the transfer price is determined in accordance with the comparable uncontrolled price method.

5.25 Segment reporting

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

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

5.26 Significant accounting judgements and critical accounting estimates / assumptions

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 judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

5.26.1 Defined benefit plan

Certain actuarial assumptions have been adopted as disclosed in note 41 to these financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

5.26.2 Provision for taxation

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

5.26.3 Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external and internal professional valuers and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

5.26.4 Stores, spares and stock in trade

The Company has made estimates for realizable amount of slow moving and obsolete stores, spares and stock-in-trade to determine provision for slow moving and obsolete items. Any future change in estimated realizable amounts might affect carrying amount of stores, spares and stock-in-trade with corresponding affect on amounts recognized in statement of profit and loss as provision/reversal.

5.26.5 Trade debts and other receivables

An estimated provision is made on the basis of lifetime expected credit loss model as explained in note 5.14.1 whereas debts considered irrecoverable are written off.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6 Operating fixed assets

The following is the statement of operating fixed assets:

Description	Leasehold land (note 6.1)	Building / Improvements on leasehold land	Plant and machinery (note 6.3)	Cylinders and dies	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Electrical installation	Right of use asset	Total
Rupees --											

Net carrying value basis

year ended June 30, 2022

Opening net book value	769,999,950	223,476,924	1,946,602,462	3,909,777	3,718,203	7,158,952	2,478,347	8,170,929	39,616,812	-	3,005,132,356
Addition (at cost) - note 7.1	-	10,563,071	71,637,005	-	1,179,400	448,500	4,364,487	1,892,066	11,227,001	-	101,311,530
Disposal (NBV) - note 6.8	-	-	(2,176,947)	-	-	(124,980)	(219,513)	-	(556,769)	-	(3,078,209)
Depreciation charged - note 6.4	-	(9,078,272)	(171,117,480)	(3,329,490)	(734,329)	(1,091,890)	(1,658,128)	(1,624,543)	(3,461,130)	-	(192,095,262)
Closing net book value (refer note 6.2)	769,999,950	224,961,723	1,844,945,040	580,287	4,163,274	6,390,582	4,965,193	8,438,452	46,825,914	-	2,911,270,415

Gross carrying value basis

year ended June 30, 2022

Cost / revalued amount	769,999,950	327,004,646	2,652,486,869	6,180,629	12,108,720	17,942,017	13,964,503	18,350,409	71,494,657	-	3,889,532,400
Accumulated depreciation	-	(101,531,679)	(794,245,908)	(5,600,342)	(7,945,446)	(11,551,435)	(8,999,310)	(9,911,957)	(24,608,543)	-	(964,394,620)
Accumulated impairment	-	(511,244)	(13,295,921)	-	-	-	-	-	(60,200)	-	(13,867,365)
Closing net book value (refer note 6.2)	769,999,950	224,961,723	1,844,945,040	580,287	4,163,274	6,390,582	4,965,193	8,438,452	46,825,914	-	2,911,270,415

Depreciation rate (% per annum)	-	2.0% to 5.83%	2.90% to 33.33%	40%	6.67% to 33.33%	6.67% to 33.33%	5.88% to 50%	4% to 50%	4% to 50%	-	-
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Net carrying value basis

year ended June 30, 2021

Opening net book value	307,999,980	250,465,416	2,165,524,590	27,697,609	4,367,520	8,677,318	2,201,054	7,075,045	42,471,815	68,251,400	2,884,731,747
Addition (at cost) note 7.1	-	-	20,030,058	-	49,200	800,000	1,622,038	2,176,160	530,000	-	25,207,456
Revaluation surplus - note 23	461,999,970	8,810,900	15,246,150	-	-	-	-	-	-	-	486,057,020
Disposal (NBV) note 6.8	-	-	(88,304,001)	(1,070,009)	-	(1,136,943)	-	-	-	-	(90,510,953)
Assets write off	-	(16,997,164)	-	-	-	-	-	-	-	(53,084,422)	(70,081,586)
Depreciation charged note 6.4	-	(20,624,203)	(159,845,270)	(22,717,823)	(698,517)	(1,181,423)	(1,344,745)	(1,080,276)	(3,385,003)	(15,166,978)	(226,044,238)
Impairment (reversed) / charged	-	1,821,975	(6,049,065)	-	-	-	-	-	-	-	(4,227,090)
Closing net book value	769,999,950	223,476,924	1,946,602,462	3,909,777	3,718,203	7,158,952	2,478,347	8,170,929	39,616,812	-	3,005,132,356

Gross carrying value basis

year ended June 30, 2021

Cost / revalued amount	769,999,950	316,441,575	2,596,424,716	21,435,307	10,929,320	18,879,055	10,986,406	17,182,791	62,038,357	-	3,824,317,477
Accumulated depreciation	-	(92,453,407)	(636,526,332)	(17,525,530)	(7,211,117)	(11,720,103)	(8,508,059)	(9,011,862)	(22,361,345)	-	(805,317,755)
Accumulated impairment	-	(511,244)	(13,295,922)	-	-	-	-	-	(60,200)	-	(13,867,366)
Net book value	769,999,950	223,476,924	1,946,602,462	3,909,777	3,718,203	7,158,952	2,478,347	8,170,929	39,616,812	-	3,005,132,356

Depreciation rate (% per annum)	-	2.0% to 5.83%	2.90% to 33.33%	40%	6.67% to 33.33%	6.67% to 33.33%	5.88% to 50%	4% to 50%	4% to 50%	-	-
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6.1 This leasehold land of 17,111 square yards is located at Sector 29, Korangi Industrial Township, Karachi.

6.2 The cost of fully depreciated assets which are still in use as at June 30, 2022 is Rs. 87.72 million (2021: 99.784 million) having written down value of Rs. 3.531 million (2021: Rs. 4.776 million). The disposal of Rs.12.063 million (cost) was made during the year.

6.3 Plant and machinery includes capital spares amounting to Rs. 216.351 million (2021: 198.889 million) having written down value of Rs. 100.306 million (2021: 118.458 million).

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
6.4 The depreciation charge for the year has been allocated as follows:			
Cost of sales	33	189,475,259	213,957,422
General and administrative expenses	34	2,122,156	1,238,784
Selling and distribution expenses	35	497,847	660,990
Other operating expenses	37	-	10,187,042
		<u>192,095,262</u>	<u>226,044,238</u>

- 6.5 The Company has revalued its leasehold land, building and improvement on leasehold land and plant and machinery on September 01, 2004, June 25, 2009, June 30, 2012, May 27, 2016, July 2, 2018 and June 1, 2021 by an independent valuer M/s. Akbani & Javed Associates on the basis of market value.

The incremental value of the leasehold land, building and improvement on leasehold land and plant and machinery so revalued are being depreciated over the remaining useful lives of these assets at the date of revaluation.

Revaluation surplus amounting to Rs. 799.735 million (2021: Rs. 805.185 million) includes revaluation surplus on land which is remain undepreciated as at June 30, 2022.

Last year, estimated force sales value of revalued assets was Rs. 2,369.791 million.

- 6.6 Had there been no revaluation, the net book value of the specific classes of property, plant and equipment would have been as follows:

	Net book value	
	2022 Rupees	2021 Rupees
Leasehold land	608,737	608,737
Building / Improvements on leasehold land	213,848,610	210,969,472
Plant and machinery	1,812,045,426	1,908,858,091
	<u>2,026,502,773</u>	<u>2,120,436,300</u>

6.7 Fair value measurement

- 6.7.1 Fair value of property, plant and equipment are based on the valuations carried out by an independent valuer M/s Akbani & Javed Associates Engineering & Valuation Consultants on the basis of market value.
- 6.7.2 Fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values - Land and Building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 3 fair values - Plant and Machinery

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- Make, model, country of origin etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

6.7.3 A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	2022	2021
	Rupees	Rupees
Opening balance (level 3 recurring fair values)	1,946,602,462	2,165,524,590
Additions - Cost	71,637,005	20,030,058
Disposals (NBV)	(2,176,947)	(88,304,001)
Revaluation surplus	-	15,246,150
Depreciation charge	(171,117,480)	(159,845,270)
Impairment charged	-	(6,049,065)
Closing balance (level 3 recurring fair values)	1,844,945,040	1,946,602,462

6.7.4 There were no transfers between levels 2 and 3 for recurring fair value measurements during the year.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

Description	Cost / revaluation	Accumulated depreciation/ impairment	Book value	Sale proceeds	(Gain) / loss on disposal	Mode of disposal	Particulars of buyer
-----Rupees-----							
Plant and machinery	6,978,293	5,928,293	1,050,000	641,020	408,980	Sale - Negotiation	Vintage Graphics Machines
	1,261,273	1,246,273	15,000	384,615	(369,615)	Sale - Negotiation	Vintage Graphics Machines
	616,397	616,397	-	427,350	(427,350)	Sale - Negotiation	Vintage Graphics Machines
	5,397,511	4,418,446	979,065	276,282	702,783	Sale - Negotiation	Muhammad Shazaib
	588,908	533,908	55,000	381,350	(326,350)	Sale - Negotiation	Muhammad Shazaib
	14,842,382	12,743,317	2,099,065	2,110,617	(11,552)		
Capital Spares	192,500	114,617	77,883	77,883	-	Sale - Negotiation	Muhammad Shazaib
	539,970	539,970	-	-	-	Sale - Negotiation	Vintage Graphics Machines
	732,470	654,587	77,883	77,883	-		
Office equipment	1,386,390	1,166,877	219,513	216,668	2,845	Sale - Negotiation	SMI Photo Systems
Computer Equipment	89,500	89,500	-	3,178	(3,178)	Scrap Sales	Ramzan & Co.
	46,000	46,000	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	49,497	49,497	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	49,497	49,497	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	48,110	48,110	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	48,110	48,110	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	29,000	29,000	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	29,000	29,000	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	23,500	23,500	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	33,375	33,375	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	36,000	36,000	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	105,759	105,759	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	31,300	31,300	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	31,300	31,300	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	31,500	31,500	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	43,000	43,000	-	3,177	(3,177)	Scrap Sales	Ramzan & Co.
	724,448	724,448	-	50,833	(50,833)		
Electrical Installations	1,004,692	688,782	315,910	250,000	65,910	Sale - Negotiation	A to Zee Engineering
	766,009	525,150	240,859	150,000	90,859	Sale - Negotiation	A to Zee Engineering
	1,770,701	1,213,932	556,769	400,000	156,769		
Cylinders & Dies	10,272,798	10,272,798	-	12,223	(12,223)	Scrap Sales	Ramzan & Co.
	4,981,880	4,981,880	-	5,927	(5,927)	Scrap Sales	Ramzan & Co.
	15,254,678	15,254,678	-	18,150	(18,150)		
Vehicles	506,538	381,558	124,980	150,000	(25,020)	Sale - Negotiation	Ramzan & Co.
	879,000	879,000	-	130,000	(130,000)	Sale - Negotiation	Ramzan & Co.
	1,385,538	1,260,558	124,980	280,000	(155,020)		
Total - 2022	36,096,607	33,018,397	3,078,209	3,154,150	(75,941)		
Total - 2021	561,862,151	471,351,198	90,510,953	82,610,945	7,900,008		

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

6.8.1 All the buyers of fixed asset disposed off during the period are independent parties unrelated to the Company.

	Note	2022 Rupees	2021 Rupees
7 CAPITAL WORK-IN-PROGRESS			
This comprises of:			
Civil works		33,266,687	12,436,267
Plant and machinery		43,993,152	10,664,460
	7.1	<u>77,259,839</u>	<u>23,100,727</u>
7.1 Movement of carrying amount			
Opening balance		23,100,727	-
Additions (at cost)		155,470,642	48,308,183
Transfer to property, plant and equipment		(101,311,530)	(25,207,456)
Closing balance		<u>77,259,839</u>	<u>23,100,727</u>
8 INTANGIBLE ASSETS			
Net carrying value basis			
Opening book value		751,946	574,097
Additions (at cost)		-	456,923
Amortisation charged	8.1	(339,996)	(279,074)
Closing net book value		<u>411,950</u>	<u>751,946</u>
Gross carrying value basis			
Cost		6,932,800	6,932,800
Accumulated amortisation		(6,520,850)	(6,180,854)
Net book value		<u>411,950</u>	<u>751,946</u>
Amortisation rate per annum		20%	20%
8.1 The amortisation for the year has been allocated as follows:			
Cost of sales	33	80,152	80,152
General and administrative expenses	34	214,921	153,999
Selling and distribution expenses	35	44,923	44,923
		<u>339,996</u>	<u>279,074</u>
9 LONG-TERM LOANS			
(Secured - considered good)			
Loans			
Due from employees	9.1	-	96,000
		<u>-</u>	<u>96,000</u>
10 LONG-TERM DEPOSITS			
Power and fuel		4,995,727	4,995,727
Deposit against ljarah finance		-	65,928
Others	10.1	23,950	23,950
		<u>5,019,677</u>	<u>5,085,605</u>

10.1 These deposits do not carry any interest or markup and are not recoverable within one year.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

11 DEFERRED TAXATION

Deferred taxation comprises of:

Taxable temporary differences:

Surplus on revaluation of fixed assets

Accelerated tax depreciation allowance

Gross deferred tax liabilities

Deductible temporary differences:

Unabsorbed tax depreciation

Turnover tax

Employee retirement benefit

Provision for slow moving and obsolete items

Provision for doubtful debts

Provision for compensated absences

Gross deferred tax assets

Deferred tax asset not recognized

Note	2022 Rupees	2021 Rupees
23	12,394,026	14,619,856
	308,170,268	305,381,799
	(320,564,294)	(320,001,655)
	543,807,167	488,729,970
	212,916,102	176,684,659
	552,649	1,809,269
	4,478,245	4,369,909
	2,499,413	735,191
	925,278	839,126
	765,178,854	673,168,124
	444,614,560	353,166,469
	(212,916,102)	(176,684,659)
	231,698,458	176,481,810

- 11.1 Cumulative deferred tax asset arising due to timing difference calculated at applicable tax rates as at reporting date amounted to Rs. 444.614 million (2021: Rs. 353.166 million) debit. Out of this balance, deferred tax asset amounting to Rs. 212.916 million (2021: Rs. 176.685 million) has not been recognized in these financial statements in accordance with the stated accounting policy of the Company.

12 STORES AND SPARES

Stores

In hand

In transit

31,346,307	33,697,053
-	-
31,346,307	33,697,053

Spares

In hand

In transit

56,822,764	57,285,459
3,351,459	3,863,472
60,174,223	61,148,931
91,520,530	94,845,984

Provision for slow moving and obsolete stores and spares

12.1	(9,643,118)	(8,899,939)
	81,877,412	85,946,045

- 12.1 Provision for slow moving and obsolete stores and spares comprises:

Balance at beginning of the year

Provision for the year

Balance at end of the year

8,899,939	4,358,347
743,179	4,541,592
9,643,118	8,899,939

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

13 STOCK-IN-TRADE

	Note	2022 Rupees	2021 Rupees
Raw materials			
In hand		607,965,725	388,304,644
In transit		21,550,872	15,190,520
		629,516,597	403,495,164
Packing materials		11,994,607	10,941,658
		641,511,204	414,436,822
Provision for slow moving and obsolete			
Stock in trade	13.1	(5,799,107)	(6,168,715)
		635,712,097	408,268,107
Work-in-process	33	33,128,065	73,130,776
Finished goods	33	31,900,370	55,935,947
		700,740,532	537,334,830

13.1 Provision for slow moving and obsolete stock in trade comprises:

Balance at beginning of the year	6,168,715	1,127,187
(Reversal) / Provision for the year	(369,609)	5,041,528
Balance at end of the year	5,799,107	6,168,715

14 TRADE DEBTS

(Unsecured - considered good)			
Due from associated companies	14.1	245,089,953	170,280,632
Others		868,744,680	481,319,213
		1,113,834,633	651,599,845
Considered doubtful		8,618,665	2,535,143
Allowance for expected credit losses	14.4	(8,618,665)	(2,535,143)
		1,113,834,633	651,599,845

14.1 This comprises of amounts receivable from:

Century Paper and Board Mills Limited	15,800,115	10,532,315
Colgate-Palmolive (Pakistan) Limited	228,527,038	156,602,746
Caraway (Private) Limited	762,800	3,145,571
	245,089,953	170,280,632

14.2 The aging of related party balances at the reporting date is as follows:

Not past due	9,737,601	166,171,686
Past due 1-30 days	173,654,090	4,108,946
Past due 30-90 days	55,567,196	-
Past due over 90 days	6,131,066	-
	245,089,953	170,280,632

14.3 The maximum amount due from related parties at the end of any month during the year was Rs.245.089 million (2021: Rs. 176.332 million).

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

14.4 Allowance for expected credit losses

Balance at beginning of the year
Charge during the year
Bad debts written off
Balance at end of the year

Note	2022 Rupees	2021 Rupees
	2,535,143	4,915,570
37	6,083,522	1,799,824
	-	(4,180,251)
	<u>8,618,665</u>	<u>2,535,143</u>

15 LOANS AND ADVANCES

Advances (Unsecured - considered good)
To employees
To suppliers

15.1	92,373	192,373
15.2	38,855,840	40,063,385
	<u>38,948,213</u>	<u>40,255,758</u>
	<u>38,948,213</u>	<u>40,255,758</u>

15.1 These advances are granted to employees of the Company for the purpose of its business which do not carry mark-up.

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

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

16 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits
Prepayments

Note	2022 Rupees	2021 Rupees
16.1	1,515,000	1,515,000
16.2	1,607,371	1,110,000
	<u>3,122,371</u>	<u>2,625,000</u>

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

16.2 This includes prepaid insurance premium of Rs. 1.050 million (2021: Rs. 1.050 million) to M/s Century Insurance Company Limited, an associated company.

17 OTHER RECEIVABLES

(Unsecured-considered good)
Due from associated company
Others

17.1	54,859	54,859
	52,194	13,085,881
	<u>107,053</u>	<u>13,140,740</u>

17.1 This represents medical insurance claim receivable from Century Insurance Company Limited, an associated company.

18 TAX REFUND DUE FROM GOVERNMENT

Sales tax and special excise duty receivable
Income tax refundable

240,699,480	289,909,637
127,316,173	140,731,837
<u>368,015,653</u>	<u>430,641,474</u>

19 TAXATION - NET

Advance tax
Provision for taxation

23,829,405	17,898,605
(52,436,784)	(26,376,963)
<u>(28,607,379)</u>	<u>(8,478,358)</u>

19.1 The income tax assessments of the Company have been finalised upto Tax Year 2021 (accounting year ended June 30, 2021).

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
20 CASH AND BANK BALANCES			
Cash in hand		466,040	988,121
Cash at bank			
Islamic mode		5,332,498	1,715,057
Conventional mode		1,048,398	836,081
		6,380,896	2,551,138
		6,846,936	3,539,259
21 AUTHORIZED SHARE CAPITAL			
Number of ordinary shares of Rs.10/- each			
2022	2021		
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000,000
22 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Number of ordinary shares of Rs.10/- each			
2022	2021		
197,105,580	77,775,551	Fully paid in cash	1,971,055,800
		Issued as bonus shares fully paid	777,755,510
2,852,847	2,852,847		28,528,470
199,958,427	80,628,398		1,999,584,270
		Shares held by associated undertakings	806,283,980
163,034,000	46,312,710		1,630,340,000
			463,127,100
22.1 The Company has one class of ordinary shares which carry no rights to fixed income. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company. All shares rank equally with regard to the Company's residual assets.			
22.2 During the year, Company has issue right shares @ 148% per share at a premium of Rs. 2.5 per share.			
23 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Gross surplus			
Balance as at July 01,		819,804,500	335,983,604
Net surplus recognised during the year	23.1	-	486,057,020
Transfer to unappropriated profit in respect of incremental depreciation charged during the year - (net of deferred tax)		(5,449,444)	(1,587,648)
Related deferred tax impact		(2,225,829)	(648,476)
		(7,675,273)	483,820,896
Surplus on revaluation of fixed assets as at June 30,		812,129,227	819,804,500
Related deferred tax effect:			
Balance as at July 01,		(14,619,856)	(8,291,772)
Effect of surplus recognized during the year		-	(6,976,560)
Incremental depreciation charge during the year		2,225,829	648,476
	11	(12,394,027)	(14,619,856)
		799,735,200	805,184,644

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

23.1 Surplus recognized during the year on:

	Note	2022 Rupees	2021 Rupees
Leasehold land		-	461,999,970
Building / Improvements on leasehold land		-	8,810,900
Plant and machinery		-	15,246,150
		-	486,057,020

23.2 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

24 SUBORDINATED LOAN - UNSECURED

From associated undertakings	24.1	233,995,331	225,381,199
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24.1 These subordinated loans have been obtained from associated undertakings amounting to an aggregate of Rs. 250 million (June 30, 2021: Rs. 250 million) for the purpose of financing the capital expenditure requirement and to support the working capital and for funding business activities. The interest on these loans has been waived for a period of three years from the date of the agreements, resulting in reduction in face value of this loan, due to presence of a below market element. These loans have been measured at amortized cost, determined by discounting future cash flows with the prevailing market rate ranging from 7.43% to 7.79% per annum, which is determined to be the transaction price at which a similar transaction could be executed between unrelated parties.

24.2 This loan shall remain sub-ordinated to the financing facilities extended by the banks to the Company. The loan shall not be repaid until the entire amount of financing facilities and any payments due in respect of financing facilities or any other finance extended / provided by the banks to the Company, have been paid in full by the Company to the banks and the banks have notified to the sponsors of such payments; and / or the banks otherwise give any permission in writing to the Company to make full or part of the payments due under the long term financing to the associated undertakings.

25 LONG TERM FINANCING

Secured

From banking companies

Islamic mode			
Al-Baraka Bank (Pakistan) Limited		35,137,503	65,160,271
Dubai Islamic Bank Pakistan Limited		333,984,023	464,673,495
BankIslami Pakistan Limited		25,000,000	75,000,000
United Bank Limited - Ameen		54,826,976	74,177,673
		448,948,502	679,011,439

Conventional mode

Habib Bank Limited	25.1	23,142,655	80,397,219
JS Bank Limited		33,045,834	51,929,167
		56,188,489	132,326,386

Less: Current portion shown under -
current liabilities

30	(210,874,911)	(306,040,157)
25.2	294,262,080	505,297,668

Unsecured

Opening balance		1,676,978,943	1,459,955,712
Financing obtained during the year		-	200,000,000

		1,676,978,943	1,659,955,712
Add : Notional mark up		122,228,591	146,676,507
Less : Paid during the period		(702,000,000)	-
Add/Less : Present value adjustment		16,017,546	(41,653,276)
Less : Current portion		-	(88,000,000)

25.3	1,113,225,080	1,676,978,943
	1,407,487,160	2,182,276,611

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

25.1 The Company had obtained term finance facility from Habib Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 71.869 million specifically for paying salaries and wages to Company's employees. The tenor of the financing is two and quarter year inclusive 6-Months grace period and are repayable in 8 equal quarterly installments commenced from January 2021.

This loan is secured against first pari passu charge on specific property, plant and equipments of the Company.

25.2 These loans have been obtained from financial institutions (loan excluding as defined in note 25.1) for the purpose of financing capital expenditure and secured against first pari passu charge on specific property, plant and equipments of the Company. The effective rate of mark-up was 8.05% to 11.19% (2021: 7.99% to 10.22%) payable quarterly. The tenure of these financing facilities is five to six years including one year grace period.

25.3 These loans have been obtained from associated undertakings amounting to an aggregate of Rs. 1,200 million (2021: Rs. 1,990 million) for the purpose of financing the capital expenditure requirement and to support the working capital and for funding business activities. The interest on these loans has been waived for a period of three years from the date of the agreements, resulting in reduction in face value of this loan, due to presence of a below market element. These loans have been measured at amortized cost, determined by discounting future cash flows with the prevailing market rate ranging from 7.43% to 14.36% per annum, which is determined to be the transaction price at which a similar transaction could be executed between unrelated parties.

26 DEFERRED CAPITAL GRANT

Capital grant
Current portion shown under current liability

Note	2022 Rupees	2021 Rupees
26.1	293,922	2,786,871
	(293,922)	(2,260,723)
	-	526,148

26.1 The Company received term finance facility from Habib Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 48.705 million specifically for paying salaries and wages to Company's employees. The tenor of the financing was two and quarter year inclusive 6-Months grace period and were repayable in 8 equal quarterly installments commenced from January 2021. Institute of Chartered Accountants of Pakistan (ICAP) issued the guidance for accounting of said financing through circular No. 11/2021, and based on this, the Company recognized the Deferred Capital Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

27 TRADE AND OTHER PAYABLES

Creditors	27.1	1,055,812,291	723,345,269
Accrued liabilities		24,825,831	66,235,086
Payable to gratuity fund	41.1.1	10,628,441	9,372,879
Advances from customers		551,886	1,438,902
Workers' Welfare Fund		250,956	250,956
Others		238,432	190,453
		<u>1,092,307,837</u>	<u>800,833,545</u>

27.1 This includes an amount of Rs. 18.612 million (2021: Rs. 0.834) payable in foreign currency equivalent to Pak Rupees and amount payable to associated companies amounting to Rs. 697.809 million (2021: Rs. 492.567 million).

28 MARK-UP ACCRUED

Mark-up accrued on :			
Short-term borrowings		10,948,482	10,402,960
Long term financing		10,115,584	16,489,843
		<u>21,064,066</u>	<u>26,892,803</u>

29 SHORT-TERM BORROWINGS

Running finance	29.1	<u>698,866,008</u>	<u>785,496,744</u>
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NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

29.1 The Company has short term running finance facilities from various banks under mark-up arrangements in aggregate amount of Rs. 870 million (2021: Rs. 962 million) having mark-up at rates ranging from 9.09% to 11.61% (2021: 8.44% to 10.55%) per annum calculated on a daily utilization basis and payable quarterly. The unutilized balance at the end of the year was Rs. 171.134 million (2021: Rs. 176.503 million).

The Company also has a facility for opening letters of credit under mark-up arrangements as at June 30, 2022 amounting to Rs. 445 million (June 30, 2021: Rs. 445 million) from various commercial banks. The unutilized balance at the end of the year was Rs. 445 million (June 30, 2021: Rs. 445 million).

These arrangements are secured by pari passu hypothecation charge on stores and spares, stock-in-trade and trade debts.

30 CURRENT PORTION OF LONG TERM-FINANCING

	Note	2022 Rupees	2021 Rupees
Current portion	25	210,874,911	394,040,157

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

There was no contingent liability as at June 30, 2022 (2021: None)

31.2 Commitments

31.2.1 There are commitments amounting to Rs.25.003 million against the purchase of stores, spares and raw materials under contractual obligation as at June 30, 2022. (June 30, 2021: Nil).

32 SALES - NET

	Note	2022 Rupees	2021 Rupees
Gross sales			
Local sales		4,896,534,395	3,410,244,401
Export sales		-	9,373,750
		4,896,534,395	3,419,618,151
Less;			
Sales tax		(712,302,109)	(489,165,719)
Sales return		(2,585,411)	(27,893,346)
		(714,887,520)	(517,059,065)
		4,181,646,875	2,902,559,086

33 COST OF SALES

Materials consumed	33.1	3,128,111,194	2,232,236,636
Salaries, wages and other benefits		186,128,235	146,249,505
Packing material consumed	33.3	84,312,830	62,532,934
Outsourced services		17,886,785	23,992,243
Stores and spares consumed		80,226,365	56,547,274
Power and fuel		115,301,258	102,685,810
Depreciation	6.4	189,475,259	213,957,422
Amortisation	8.1	80,152	80,152
Rent, rates and taxes		8,984,868	5,331,204
Repairs and maintenance		27,015,990	13,750,513
Vehicle running expenses		3,635,768	2,035,710
Insurance		14,121,015	18,858,470
Ijarah lease rentals		208,287	277,672
Printing and stationery		1,861,111	840,267

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Communication charges		1,524,905	1,600,817
Travelling and conveyance		1,354,561	1,591,685
Fees and subscription		926,241	2,076,426
Software license fee		734,396	945,447
Other expenses		2,802,302	1,647,579
Manufacturing cost		3,864,691,522	2,887,237,766
Opening work-in-process		73,130,776	56,988,232
Closing work-in-process	13	(33,128,065)	(73,130,776)
		40,002,711	(16,142,544)
Cost of goods manufactured		3,904,694,233	2,871,095,222
Opening stock of finished goods		55,935,947	129,798,926
Closing stock of finished goods	13	(31,900,370)	(55,935,947)
		24,035,577	73,862,979
		3,928,729,810	2,944,958,201
33.1 Material consumed			
Balance at the beginning of the year		388,304,644	324,750,116
Purchases during the period		3,347,772,275	2,295,791,164
Balance at the end of the year		(607,965,725)	(388,304,644)
		3,128,111,194	2,232,236,636

33.2 Salaries and other benefits include Rs. 6.232 million (2021: Rs. 6.537 million) in respect of staff retirement benefits.

33.3 Packing material consumed

Balance at the beginning of the year	10,941,658	9,770,249
Purchases during the period	85,365,778	63,704,343
Balance at the end of the year	(11,994,607)	(10,941,658)
	84,312,830	62,532,934

34 GENERAL AND ADMINISTRATIVE EXPENSES

Salaries and other benefits	34.1	72,369,217	63,252,854
Depreciation	6.4	2,122,156	1,238,784
Amortisation	8.1	214,921	153,999
Rent, rates and taxes		1,380,908	710,493
Repairs and maintenance		4,380,032	2,633,292
Ijarah lease rentals		565,510	636,425
Vehicle running expenses		5,000,654	3,843,374
Insurance		1,079,696	860,089
Printing and stationery		1,365,283	1,069,948
Communication charges		2,964,664	2,731,878
Travelling and conveyance		1,552,412	525,911
Fees and subscription		1,432,320	1,168,787
Software license fee		1,123,396	1,237,587
Service fee to associated company		2,710,416	2,945,474
Electricity charges		65,524	612,630
Others		790,374	2,733,248
		99,117,483	86,354,773

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

34.1 Salaries and other benefits include Rs. 3.143 million (2021: Rs. 2.983 million) in respect of staff retirement benefits.

	Note	2022 Rupees	2021 Rupees
35 SELLING AND DISTRIBUTION EXPENSES			
Salaries and other benefits	35.1	8,645,122	10,567,259
Depreciation	6.4	497,847	660,990
Amortisation	8.1	44,923	44,923
Repairs and maintenance		185,759	127,577
Vehicle running expenses		1,295,812	1,278,690
Insurance		206,925	218,382
Printing and stationery		41,742	14,907
Communication charges		783,558	614,534
Travelling and conveyance		709,415	560,752
Software license fee		282,719	363,966
Advertisement		-	7,000
Cartage outward		58,345,704	34,701,259
Others		191,046	234,168
		<u>71,230,572</u>	<u>49,394,407</u>

35.1 Salaries and other benefits include Rs. 0.297 million (2021: Rs. 0.554 million) in respect of staff retirement benefits.

36 OTHER INCOME

Scrap sales	17,727,447	2,419,370
Gain on disposal of operating fixed assets	75,941	-
Rent Income	60,000	-
Impairment reversal on revaluation of fixed assets	-	2,861,911
Insurance claim	-	5,294,725
Exchange gain	44,778	2,676,383
Others	<u>2,492,948</u>	<u>3,895,206</u>
	20,401,114	17,147,595

37 OTHER OPERATING EXPENSES

Legal and professional charges	2,258,938	3,350,224
Auditors' remuneration:		
Statutory audit	507,500	405,950
Special reports and sundry services	124,650	162,550
Out-of-pocket expenses	<u>200,619</u>	<u>140,795</u>
	832,769	709,295
Director fees	650,000	825,000
Loss on disposal of property, plant and equipment	-	7,900,008
Provision for slow moving & obsolete items	12.1 & 13.1	373,570
Allowance for expected credit losses	14.4	6,083,522
Impairment loss	6	-
Brokerage and commission		-
Others	25.1	-
	<u>10,198,799</u>	<u>56,752,771</u>

38 FINANCIAL CHARGES

Mark-up / interest on:		
Sub-ordinated loan	8,614,132	12,525,184
Long-term financing	193,025,439	227,840,319
Short-term borrowings	59,743,906	72,479,043
Finance charges on leases	-	10,914,666
	<u>261,383,477</u>	<u>323,759,212</u>
Bank charges and commission	1,784,180	3,203,365
	<u>263,167,657</u>	<u>326,962,577</u>

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
39 TAXATION			
Current	19	52,436,784	26,376,963
Deferred		(54,663,998)	(6,115,447)
		<u>(2,227,214)</u>	<u>20,261,516</u>

39.1 The current year's total tax liability of the Company amounting to Rs. 52.436 million is covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001.

39.2 The numerical reconciliation between average tax rate and the applicable tax rate has not been presented during the year in these financial statements as the total tax liability of the Company is covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001.

40 LOSS PER SHARE - BASIC AND DILUTED

Loss for the year (Rupees)		<u>(168,169,118)</u>	<u>(564,977,564)</u>
Weighted average number of ordinary shares outstanding			(Restated)
	40.1	<u>148,190,802</u>	<u>82,597,041</u>
Loss per share - basic and diluted (Rupees)		<u>(1.135)</u>	<u>(6.840)</u>

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

40.1 Weighted average number of ordinary shares outstanding

	(Number of shares)	
Opening number of shares	82,597,041	80,628,398
Number of deemed bonus shares	65,593,761	1,968,643
	<u>148,190,802</u>	<u>82,597,041</u>

41 RETIREMENT BENEFIT

41.1 Defined benefit plan

The scheme provides for terminal benefits for all its permanent employees who qualify for the scheme at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2022, using the Projected Unit Credit Actuarial Cost Method.

The Company faces the following risks on account of gratuity:

Salary Increase Risk - The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Longevity Risks - The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Withdrawal Risk - The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Investment Risks - The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
41.1.1 Liability recognised in statement of financial position			
Fair value of plan assets	41.1.3	38,725,969	42,723,847
Present value of defined benefit obligation	41.1.4	(49,354,410)	(52,096,726)
Closing net asset / (liability)	17 & 27	(10,628,441)	(9,372,879)
41.1.2 Movement of the liability recognized in the statement of financial position			
Opening net liability		(9,372,879)	1,346,673
Charge for the year	41.1.5	(3,949,532)	(4,738,255)
Remeasurement losses recognized in other comprehensive income	41.1.6	(1,905,687)	(11,213,361)
Contribution made during the year		4,599,657	5,232,064
Closing net asset / (liability)		(10,628,441)	(9,372,879)
41.1.3 Movement in the fair value of plan assets			
Fair value as at July 01		42,723,847	57,947,830
Expected return on plan assets	41.1.5	4,126,115	5,039,639
Remeasurement - Actuarial losses	41.1.6	(5,198,595)	(22,947,709)
Contribution by the employer		4,599,657	5,232,064
Benefits paid	41.1.4	(7,525,055)	(2,547,977)
Fair value as at June 30	41.1.1	38,725,969	42,723,847
41.1.4 Movement in the present value of defined benefit obligation			
Obligation as at July 01		(52,096,726)	(56,601,157)
Current service cost	41.1.5	(3,242,227)	(5,075,085)
Interest cost	41.1.5	(4,833,420)	(4,702,809)
Remeasurement - Actuarial gains	41.1.6	3,292,908	11,734,348
Benefits paid	41.1.3	7,525,055	2,547,977
Obligation as at June 30	41.1.1	(49,354,410)	(52,096,726)
41.1.5 Expenses recognised in statement of profit or loss			
Current service cost	41.1.4	3,242,227	5,075,085
Interest cost	41.1.4	4,833,420	4,702,809
Expected return on plan assets	41.1.3	(4,126,115)	(5,039,639)
Expense for the year	41.1.2	3,949,532	4,738,255
Actual return on plan assets		(1,082,185)	(17,908,070)
41.1.6 Remeasurement gain / (losses) recognized in other comprehensive income			
Remeasurement gain on defined benefit obligation	41.1.4	3,292,908	11,734,348
Remeasurement losses on plan assets	41.1.3	(5,198,595)	(22,947,709)
Remeasurement gains / (losses)	43.1.2	(1,905,687)	(11,213,361)

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

41.1.7 Composition of the fair value of plan assets

	2022		2021	
	Rupees	Percentage	Rupees	Percentage
Debt	1,540,232	4%	2,347,446	5%
Equity and Mutual fund	16,832,091	43%	19,422,856	46%
Cash with banks	20,353,646	53%	20,953,545	49%
	38,725,969		42,723,847	

41.1.8 The expected contribution to funded gratuity scheme for the year ending June 30, 2023 is Rs. 4.611 million. This is the amount by which the net defined benefit liability is expected to increase. The amount of remeasurement to be recognised in other comprehensive income will be worked out as at the next valuation.

41.1.9 Principal actuarial assumptions

Following were the significant actuarial assumptions used in the valuation:

	2022 Percentage	2021 Percentage
Valuation discount rate per annum	13.25%	10.00%
Valuation discount rate - Statement of profit and loss	10.00%	8.50%
Expected rate of return on plan assets per annum	13.25%	10.00%
Expected rate of increase in salary per annum (short term)	11.25%	10.25%
Expected rate of increase in salary per annum (long term)	12.25%	10.00%

41.1.10 Sensitivity analysis

Current liability
+1% discount rate
-1% discount rate

2022	
Rupees	Percentage
49,354,410	
46,090,578	-6.61%
53,107,007	7.60%

+1% salary increase rate
-1% salary increase rate
+10% withdrawal rate
-10% withdrawal rate
1 year mortality age set back
1 year mortality age set forward

2022	
Rupees	Percentage
53,347,273	8.09%
45,826,616	-7.15%
49,342,025	-0.03%
49,366,811	0.03%
49,271,492	-0.17%
49,438,598	0.17%

41.1.11 Maturity Profile

Year 1
Year 2
Year 3
Year 4
Year 5
Year 6 to year 10
Year 11 and above

Undiscounted
Payments

4,334,447
7,185,185
4,061,066
10,017,697
7,310,165
30,163,659
174,488,458

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

41.2 Defined contribution plan

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

41.2.1 The Trustees have intimated that the size of the Fund as at December 31, 2021 was Rs. 110.421 million (December 31, 2020: Rs. 123.889 million).

41.2.2 As intimated by the Trustees, the cost of the investment made at December 31, 2021 was Rs. 61.518 million (December 31, 2020: Rs. 92.884 million) which is equal to 57.79% (December 31, 2020: 74.91%) of the total fund size. The fair value of the investment was Rs. 63.810 million at that date. The category wise break up of investment as per Section 218 of the Companies Act, 2017 is given below:

	Rupees	Percentage
Debt	46,825,000	42.41%
Mutual fund	16,985,856	15.38%
Cash with banks	26,645,076	24.13%

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

42 CASH GENERATED FROM OPERATIONS

Loss before taxation

Adjustment for non-cash items and other items:

(Gain)/loss on disposal of property, plant

and equipment

Financial charges

Depreciation

Amortisation

Capital Grant Income

Lease Liability & Right of use asset written-off

Allowance for expected credit losses

Provision for slow moving stock, stores and spares

Impairment loss/reversal

Provision for compensated absences

Ijarah lease rentals

Profit before working capital changes

Working capital changes

42.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spares

Stock-in-trade

Trade debts

Loans and advances

Trade deposits and short-term prepayments

Other receivables

Tax refund due from Government

Increase in current liabilities:

Trade and other payables (excluding unclaimed dividend)

Note	2022 Rupees	2021 Rupees
	(170,396,332)	(544,716,048)
	(75,941)	7,900,008
	263,167,657	326,962,577
	192,095,262	226,044,238
	339,996	279,074
	(2,492,948)	(3,895,206)
	-	(1,390,929)
	6,083,522	1,799,824
	373,571	9,583,120
	-	4,227,090
	360,984	2,887,671
	773,797	914,097
	460,625,900	575,311,564
	290,229,568	30,595,516
42.1	(260,445,962)	10,951,325
	29,783,606	41,546,841
	4,068,634	(12,336,629)
	(169,489,222)	(21,932,147)
	(462,608,359)	(105,885,730)
	1,307,545	(27,193,255)
	(497,371)	(1,198,000)
	13,033,687	(11,745,485)
	62,625,821	(2,423,119)
	(551,559,265)	(182,714,365)
	291,113,303	193,665,690
	(260,445,962)	10,951,325

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

43 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Description	Liabilities		Total
	Long Term Financing	Short Term Financing	
	Rupees		
Balance as at July 1, 2021	2,803,097,966	-	2,803,097,966
Proceeds from long term financing	-	-	-
Repayment of long-term financing - Sponsors	(790,000,000)	-	(790,000,000)
Repayment of long-term financing - Banks	(306,040,157)	-	(306,040,157)
Proceeds from short term financing	-	250,000,000	250,000,000
Repayment of short term financing	-	(250,000,000)	(250,000,000)
Balance as at June 30, 2022	1,707,057,809	-	1,707,057,809

44 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel.

Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

Nature of transaction	Nature of Relation	Basis of Relation	2022 Rupees	2021 Rupees
Sales of goods, Services and Reimbursement of expenses:				
Colgate Palmolive Pakistan Limited	Associated company	Common Director	1,109,746,030	823,198,838
Century Paper & Board Mills Limited	Associated company	Common Director	114,468,554	66,236,541
GAM Corporation (Private) Limited	Associated company	Common Director	922,470	3,965,504
SIZA Foods (Private) Limited	Associated company	Common Director	549,990	3,159,550
Caraway (Private) Limited	Associated company	Common Director	7,056,767	5,587,122
Purchase of goods, services and Reimbursement of expenses:				
Century Paper & Board Mills Limited	Associated company	Common Director	2,445,337,040	1,690,976,489
Century Insurance Company Limited	Associated company	Common Director	20,550,870	26,781,009
Princeton Travels (Private) Limited	Associated company	Common Director	1,182,905	1,475,955
Lakson Business Solutions Limited	Associated company	Common Director	2,140,890	2,266,419
SIZA Services (Private) Limited	Associated company	Common Director and 24.20% shares held	2,739,715	2,767,677
Sybird (Private) Limited	Associated company	Common Director	670,210	1,000,147
Cyber Internet Services (Private) Limited	Associated company	Common Director	1,848,963	711,046
Central Depository Company Of Pakistan Limited	Associated company	Common Director	-	652,575
Rent & Other Allied Charges				
Hassanali & Gulbano Lakhani Foundation	Associated company	Trustee	385,823	272,478
Insurance claim				
Century Insurance Company Limited	Associated company	Common Director	1,151,714	30,570,863
Loan obtained				
SIZA (Private) Limited	Associated company	Common Director and 24.90% shares held	250,000,000	200,000,000

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Nature of transaction	Nature of Relation	Basis of Relation	2022 Rupees	2021 Rupees
Loan Repayment				
SIZA (Private) Limited	Associated company	Common Director and 24.90% shares held	253,956,850	-
SIZA (Private) Limited	Associated company	Common Director and 24.90% shares held	640,000,000	-
Premier Fashions (Private) Limited	Associated company	Common Director and 21.20% shares held	150,000,000	-
Right Issued to related parties				
SIZA (Private) Limited	Associated company	Common Director and 24.90% shares held	524,691,625	-
SIZA Services (Pvt.) Limited	Associated company	Common Director and 24.20% shares held	450,546,188	-
SIZA Commodities (Pvt.) Limited	Associated company	Common Director and 11.24% shares held	167,591,050	-
Premier Fashions (Pvt.) Limited	Associated company	Common Director and 21.20% shares held	316,187,263	-
Right Issued to Directors		0.72% shares held	2,349,838	-
Other related parties			57,238	-
Others				
Remuneration and other benefits	Key Management Personnel	Employees	24,024,951	18,762,554
Contribution to Staff Retirement Benefit Plans	Employees Fund		9,671,334	10,074,516

44.1 Year end balances

	Note	2022 Rupees	2021 Rupees
Receivable from associated companies		245,144,812	170,335,491
Payable to associated companies		697,809,161	503,294,625
Long-term financing from associated company		1,113,225,080	1,764,978,943
Sub-ordinated loan		233,995,331	225,381,199

44.2 There are no transactions with key management personnel other than under their terms of employment.

45 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the financial statements for remunerations, including all benefits to Chief Executive and Executives of the Company were as follows:

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022			2021		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	Rupees			Rupees		
Managerial remuneration	8,519,436	3,938,108	12,457,544	4,982,108	1,217,270	6,199,378
House rent	3,829,560	1,760,650	5,590,210	2,238,458	544,280	2,782,738
Bonus	1,418,831	821,866	2,240,697	237,199	-	237,199
Retirement benefits	638,690	455,377	1,094,067	192,648	150,675	343,323
Motor vehicle expenses	539,232	860,955	1,400,187	123,458	194,874	318,332
Medical allowances	851,004	391,242	1,242,246	497,434	120,950	618,384
Total	15,796,753	8,228,198	24,024,951	8,271,305	2,228,049	10,499,354
Number of persons	1	4	5	1	2	3

45.1 The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

45.2 The Chief Executive and Executives are also provided with free use of cars.

45.3 Aggregate amount charged in these financial statements in respect of directors fee is Rs. 0.650 million (2021: Rs. 0.825 million) paid to three non-executive Directors.

46 CAPACITY AND PRODUCTION

Printing is a service industry involving the processing of printing material on a mix of different size machines having 1 to 9 colour units. The paper and board used is dependent on the customers' requirements ranging from 215 gsm to 350 gsm of a large variety of products involving several processes during and post printing. Due to many variables and complexities involved, the capacity is not determinable.

47 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per statement of financial position

Amortized cost

Long-term loans including current portion	-	96,000
Long-term deposits	5,019,677	5,085,605
Trade debts	1,113,834,633	651,599,845
Short-term deposits	1,515,000	1,515,000
Other receivables	107,053	13,140,740
Cash and bank balances	6,846,936	3,539,259
	1,127,323,299	674,976,449

Financial liabilities as per statement of financial position

Amortized cost

Subordinated loan	233,995,331	225,381,199
Long-term financing including current portion	1,618,362,071	2,576,316,768
Long-term deposits	13,200	99,583
Long term lease liability including current portion	-	-
Trade and other payables	1,092,307,837	800,833,545
Mark-up accrued	21,064,066	26,892,803
Short-term borrowings	698,866,008	785,496,744
	3,664,608,513	4,415,020,642

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

48. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

49.1 Risk management policies

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

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

49.2 Credit risk

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

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2022 Rupees	2021 Rupees
Loans and deposits	6,534,677	6,696,605
Trade debts	1,113,834,633	651,599,845
Other receivables	107,053	13,140,740
Bank balances	6,846,936	2,551,138
	<u>1,127,323,299</u>	<u>673,988,328</u>
The aging of trade receivable at the reporting date is:		
Not past due	48,018,471	589,891,028
Past due 1-30 days	512,875,049	39,000,304
Past due 30-90 days	342,107,891	12,574,731
Past due 90 days	210,833,222	10,133,782
	<u>1,113,834,633</u>	<u>651,599,845</u>

All the trade debtors at statement of financial position date are domestic parties.

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

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Concentration of credit risk

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

Impaired assets

Impairment on account of trade debts amounts to Rs 6.083 million (2021: Rs.1.800 million).

49.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	2022						
	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
	(Rupees in thousands)						
Subordinated loan	233,995	264,795	8,702	8,897	13,200	233,996	-
Long term financing	1,618,362	1,810,047	137,384	279,005	350,511	1,043,147	-
Long term deposits	13	13	-	-	-	13	-
Trade and other payables	1,092,308	1,092,308	1,092,308	-	-	-	-
Mark-up accrued	21,064	21,064	21,064	-	-	-	-
Short term borrowings	698,866	698,866	698,866	-	-	-	-
	3,664,608	3,887,093	1,958,324	287,902	363,711	1,277,156	-
	2021						
	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
	(Rupees in thousands)						
Subordinated loan	225,381	399,397	1,982	3,964	7,950	30,787	354,714
Long term financing	2,576,317	3,619,702	228,828	235,140	394,494	975,422	1,785,818
Long term deposits	100	100	-	-	100	-	-
Trade and other payables	800,834	800,834	800,834	-	-	-	-
Mark-up accrued	26,893	26,893	26,893	-	-	-	-
Short term borrowings	785,497	785,497	785,497	-	-	-	-
	4,415,022	5,632,423	1,844,034	239,104	402,544	1,006,209	2,140,532

49.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

49.4.1 Currency risk

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

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FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rupees in thousands)	
Foreign bills payable	18,613	834
Contractual obligations	-	-
Net exposure	18,613	834

The following significant exchange rates have been applied:

Average rate	Reporting date rate
2022	2021
2022	2021
(Rupees)	
177.92	160.31
204.8	158.3

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

Average rate	Reporting date rate
2022	2021
2022	2021
(Rupees in thousands)	
Effect on (loss) or profit	
1,861	83
1,861	83

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

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

49.4.2 Interest rate risk

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

	2022	2021	2022	2021
	Effective rate (In percent)		Carrying amount (Rupees in thousands)	
Financial liabilities				
Variable rate instruments				
Long term loans	9.83%	8.72%	1,618,362	2,576,317
Sub-ordinated loan	7.79%	7.79%	233,995	225,381
Short term borrowings	10.22%	8.94%	698,866	785,497

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

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FOR THE YEAR ENDED JUNE 30, 2022

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2022		
Cash flow sensitivity -		
Variable rate financial liabilities (Rs' 000)	<u>(25,512)</u>	25,512
As at June 30, 2021		
Cash flow sensitivity -		
Variable rate financial liabilities (Rs' 000)	<u>(35,872)</u>	35,872

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

50 CAPITAL RISK MANAGEMENT

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

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

The Company management believes on maintaining appropriate mix of debt and equity capital and monitors capital on the basis of the net debt to equity ratio. The net debt is defined as long and short term borrowings offset by cash and bank balances. The equity includes ordinary share capital and reserves.

The Company is not subject to any externally imposed capital requirements.

The proportion of debt to equity at the year end is:

	2022 (Rupees in thousands)	2021
Total long term loans - note 24 & 25	1,641,482	2,407,658
Total equity	<u>1,845,514</u>	<u>549,316</u>
Total capital	<u>3,945,486</u>	<u>3,514,539</u>
Gearing ratio	<u>41.60%</u>	<u>68.51%</u>

51 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

There are no transfers during the reporting date. (2021: None)

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

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

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

52 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 12, 2022 by the Board of Directors of the Company.

53 NUMBER OF EMPLOYEES

a) Number of employees as at June 30,	188	206
Average number of employees during the year	196	242
	2022	2021
	No. of employees	
b) Number of factory employees as at June 30,	164	180
Average number of factory employees during the year	170	207

54 CORRESPONDIN FIGURES

These corresponding figures have been reclassified and rearranged where necessary to facilitate comparison, however there has been no significant reclassification.

55 GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise stated.



Aftab Ahmad
Director



Amir Ahmed Chapra
Chief Executive Officer



Muhammad Sohail
Chief Financial Officer

PATTERN OF SHAREHOLDING

HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2022

Incorporation Number K-206/5831
CUIN Registration NO. 0007464

Shareholdings				
No. of Shareholders	From	To		Total Number of Shares held
400	1	100	Shares	7,497
287	101	500	Shares	117,710
256	501	1,000	Shares	239,021
510	1,001	5,000	Shares	1,480,094
164	5,001	10,000	Shares	1,296,343
71	10,001	15,000	Shares	910,943
38	15,001	20,000	Shares	704,974
38	20,001	25,000	Shares	901,453
18	25,001	30,000	Shares	525,022
10	30,001	35,000	Shares	331,460
14	35,001	40,000	Shares	538,450
14	40,001	45,000	Shares	603,541
24	45,001	50,000	Shares	1,182,300
5	50,001	55,000	Shares	263,500
6	55,001	60,000	Shares	354,220
6	60,001	65,000	Shares	378,547
8	65,001	70,000	Shares	548,500
4	70,001	75,000	Shares	291,500
2	75,001	80,000	Shares	156,000
2	80,001	85,000	Shares	168,000
2	85,001	90,000	Shares	178,000
2	90,001	95,000	Shares	186,000
11	95,001	100,000	Shares	1,096,000
2	105,001	110,000	Shares	218,000
1	110,001	115,000	Shares	111,536
2	115,001	120,000	Shares	239,000
4	120,001	125,000	Shares	498,000
3	125,001	130,000	Shares	383,127
3	135,001	140,000	Shares	411,132
1	145,001	150,000	Shares	150,000
1	155,001	160,000	Shares	158,000
2	170,001	175,000	Shares	344,000

Shareholdings				
No. of Shareholders	From	To		Total Number of Shares held
1	175,001	180,000	Shares	176,500
1	195,001	200,000	Shares	200,000
1	205,001	210,000	Shares	209,500
2	210,001	215,000	Shares	426,500
1	220,001	225,000	Shares	225,000
1	225,001	230,000	Shares	226,000
1	230,001	235,000	Shares	232,000
1	260,001	265,000	Shares	260,500
1	265,001	270,000	Shares	266,000
1	280,001	285,000	Shares	282,500
1	350,001	355,000	Shares	354,000
1	405,001	410,000	Shares	407,000
1	495,001	500,000	Shares	496,000
1	525,001	530,000	Shares	526,093
1	565,001	570,000	Shares	567,000
1	640,001	645,000	Shares	642,000
1	720,001	725,000	Shares	725,000
1	845,001	850,000	Shares	850,000
1	850,001	855,000	Shares	854,500
1	970,001	975,000	Shares	974,000
2	995,001	1,000,000	Shares	1,998,000
1	1,095,001	1,100,000	Shares	1,100,000
1	1,225,001	1,230,000	Shares	1,229,000
1	4,115,001	4,120,000	Shares	4,116,000
1	4,605,001	4,610,000	Shares	4,609,464
1	22,465,001	22,470,000	Shares	22,466,260
1	42,385,001	42,390,000	Shares	42,386,185
1	48,390,001	48,395,000	Shares	48,391,907
1	49,785,001	49,790,000	Shares	49,789,648

1,942**Total****199,958,427**

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	1,449,336	0.73
Associated Companies, undertakings and related parties	163,042,009	81.53
NIT and ICP	4,609,464	2.30
Banks, Development Financial Institutions, Non Banking Financial Institutions	385	0.00
Insurance Companies	50,000	0.03
Modarabas and Mutual Funds	642,000	0.32
Shareholders holding 10 %	163,034,000	81.53
General Public		
a. Local	24,935,387	12.47
b. Foreign	NIL	-
Others	5,229,846	2.62

NOTE: Some of the shareholders are reflected in more than one category.

DETAILS OF PATTERN OF SHAREHOLDING

FOR THE YEAR ENDED JUNE 30, 2022

i) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		SHARES HELD
1. SIZA (Private) Limited		49,789,648
2. SIZA Services (Pvt.) Limited		48,391,907
3. SIZA Commodities (Pvt.) Limited		22,466,260
4. Premier Fashions (Pvt.) Limited		42,386,185
5. Sultan Ali Lakhani		597
6. Shaista Sultan Ali Lakhani		334
7. Fatima Lakhani		674
8. Babar Ali Lakhani		2,710
9. Bilal Ali Lakhani		580
10. Danish Ali Lakhani		977
11. Natasha Lakhani		2,137
ii) MODARABAS AND MUTUAL FUNDS		
1. CDC – Trustee National Investment (Unit) Trust		4,609,464
2. CDC – Trustee Golden Arrow Stock Fund		642,000
iii) DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN		
1. Iqbal Ali Lakhani	Director	126,985
2. Amin Mohammed Lakhani	Director	126,142
3. Anushka Lakhani	Director	36,341
4. Aftab Ahmad	Director	124,000
5. Farrukh Shauket Ansari	Director	1,240
6. Ahmed Munaf	Director	1,033,000
7. Agha Shah Waliullah	Director	501
8. Ronak Iqbal Lakhani W/o. Iqbal Ali Lakhani		443
9. Saira Amin Lakhani W/o. Amin Mohammed Lakhani		684
iv) EXECUTIVES		NIL
v) PUBLIC SECTOR COMPANIES AND CORPORATIONS		NIL
vi) BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL MODARABAS AND PENSION FUNDS:		112,932
vii) SHAREHOLDERS HOLDING 5% OR MORE [Other than those reported at i(1), i(2), i(3), i(4) and ii(1)]		NIL
viii) INDIVIDUALS AND OTHER THAN THOSE MENTIONED ABOVE		30,102,686
		199,958,427

Note: Some of the shareholders are reflected in more than one Category.



FORM OF PROXY

I/We _____
 of _____
 a member of **M E R I T P A C K A G I N G L I M I T E D**
 here by appoint _____
 of _____
 or failing him _____
 of _____

to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the Shareholders of the Company to be held on the 19th day of October 2022 and at any adjournment thereof.

Signed this _____ day of _____ 2022.

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

Witness 1
 Signature _____
 Name _____
 CNIC No. _____
 Address _____

Witness 2
 Signature _____
 Name _____
 CNIC No. _____
 Address _____

Notes:

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

FORM OF PROXY

مختار نامہ (پراکسی فارم)

میں / ہم
ساکن
بحیثیت رکن (ممبر) میرٹ پیکیجنگ لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسلمی / مسماہ
ساکن
کو یا ان کی غیر حاضری میں مسلمی / مسماہ
ساکن

کو جو خود بھی میرٹ پیکیجنگ لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) میرٹ پیکیجنگ لمیٹڈ کے سالانہ اجلاس عام میں جو 19 اکتوبر 2022 کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ _____ 2022 کو میرے ہمارے دستخط سے جاری ہوا۔

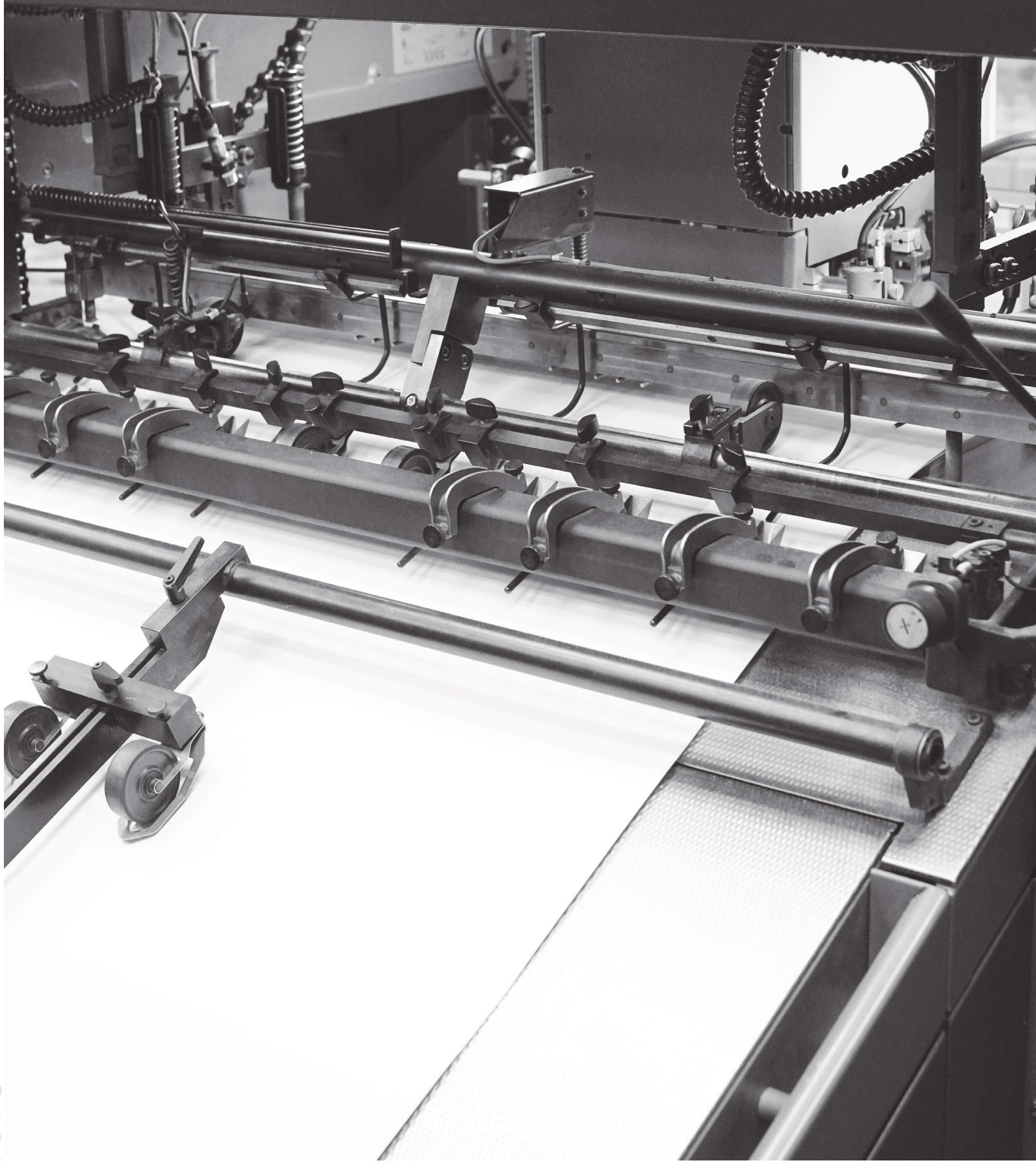
فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد
		دستخط

گواہ نمبر ۱
دستخط
نام
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر
پتہ

گواہ نمبر ۲
دستخط
نام
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر
پتہ

ہدایات:

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



OUR PEOPLE



[illegible]

A collection of various detergent and fabric softener packages. In the background, there is a large white bag of Texapol Gold and a yellow bag of Brite. In the foreground, there are several smaller bags: a red bag of Bonus, a yellow bag of Bonus, a green bag of Max, a blue bag of Brite, and a pink bag of Palmolive. The bags are arranged on a light-colored surface against a plain background.



Certifications



17-B, Sec 29, Korangi Industrial Area, Karachi-75180/Pakistan
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