



# ANNUAL REPORT 2024

Complementing your Packaging ambitions with  
our Packaging Expertise

“From concept to creation, we highlight your packaging ambitions.”



# PREFACE

As we embark on the journey through the Annual Report 2024, we invite you to join us in envisioning the future of packaging.

Established in 1980, Merit Packaging Limited has been a beacon of innovation and excellence in the printing and packaging industry in Pakistan. Our dedication to delivering quality products and tailored solutions has forged enduring partnerships and propelled us to the forefront of the industry.

At Merit Packaging Limited, we believe in embracing the future with optimism and ingenuity. Guided by our theme, “Complementing your packaging ambitions with our packaging expertise,” we are committed to pushing the boundaries of what is possible, anticipating the evolving needs of our clients, and delivering solutions that inspire and create value.

As an ISO-certified public limited company and a proud member of the Lakson Group of Companies, we remain steadfast in our commitment to upholding the highest standards of corporate governance and integrity. But beyond that, our success is built on the foundation of human connections, collaboration, and shared aspirations.

In this annual report, we invite you to journey with us as we explore the possibilities of tomorrow, driven by our passion for creativity and our resolute dedication to our clients and stakeholders. Together, let us shape the future of packaging, one ambition at a time.

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





# CEO'S MESSAGE

In the face of challenges, we remain resolute in our determination to transform adversity into opportunity.

The past year tested our resilience, yet it served as a catalyst for introspection and growth. As we look to the future with optimism, we recognize that 2024 holds immense potential to redefine our performance and impact.

We have embarked on a journey of continuous improvement, focusing on optimizing our processes and maximizing production capacity. By addressing inefficiencies and minimizing wastages, we are poised to enhance operational efficiency and drive sustainable growth. Our efforts to reduce employee turnover and foster a positive workplace culture have yielded promising results, reinforcing our commitment to our valued team members.

As we navigate through political and economic uncertainties, we remain agile and proactive in our approach. While investing in operational excellence remains a priority, we are also committed to investing in the long-term success of our workforce. This year, we will prioritize training and development initiatives to equip our employees with the skills and expertise needed to thrive in evolving market dynamics.

Central to our vision is the cultivation of a culture that celebrates diversity, fosters innovation, and prioritizes employee well-being. Through rigorous hiring processes and ongoing support initiatives, we are dedicated to nurturing a team of exceptional talent who embody our values and drive our mission forward.

We believe that true transformation begins at the top, and as leaders, we are committed to leading by example and practicing what we preach. By focusing on improving our bottom line, we can create a workplace culture that inspires excellence and empowers every individual to reach their full potential.

While the road ahead may be challenging, I am confident that with dedication, hard work, and a relentless pursuit of excellence, we will overcome any obstacles that come our way. Together, let us embrace the opportunities that lie ahead and continue to elevate Merit Packaging Limited to new heights of success.

Thank you for your unwavering dedication and commitment to our shared vision.

Warm regards,

**Amir Ahmed Chapra**  
Chief Executive Officer  
Merit Packaging Limited

# VISION

“To emerge as the preeminent force in the packaging industry, harmonizing our clients’ packaging aspirations with our unparalleled expertise, driving innovation, sustainability, and value creation.”

# MISSION

“At Merit Packaging Limited, we are dedicated to complementing our clients’ packaging ambitions with our unrivalled expertise and commitment to excellence. We strive to:

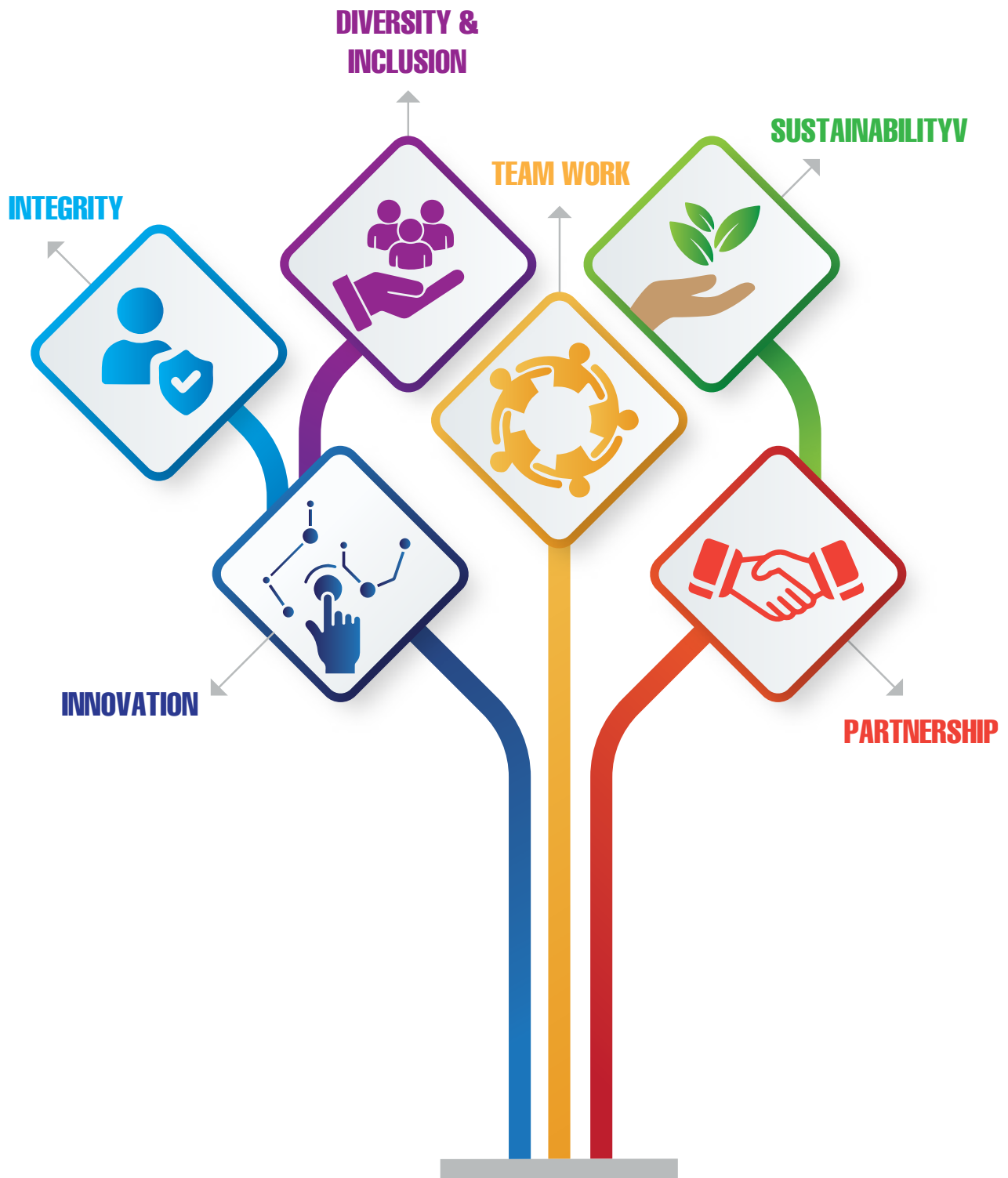
- 1) Collaborate closely with our clients to understand their unique packaging needs and deliver tailored solutions that exceed expectations.
- 2) Infuse each packaging solution with ingenuity, precision, and meticulous attention to detail, ensuring both product protection and narrative allure, resulting in consumer engagement and loyalty.
- 3) Cultivate a culture of continuous learning, creativity, and collaboration, empowering our team members to thrive personally and professionally.
- 4) Uphold the highest standards of integrity, transparency, and ethical conduct in all our interactions, building trust and fostering enduring partnerships with our clients, suppliers, and communities.
- 5) Champion diversity and inclusion, fostering a workplace where all voices are heard, valued, and respected.
- 6) Embrace sustainability as a core value, integrating eco-conscious practices into our operations and product offerings, to uphold environmental stewardship and social responsibility.



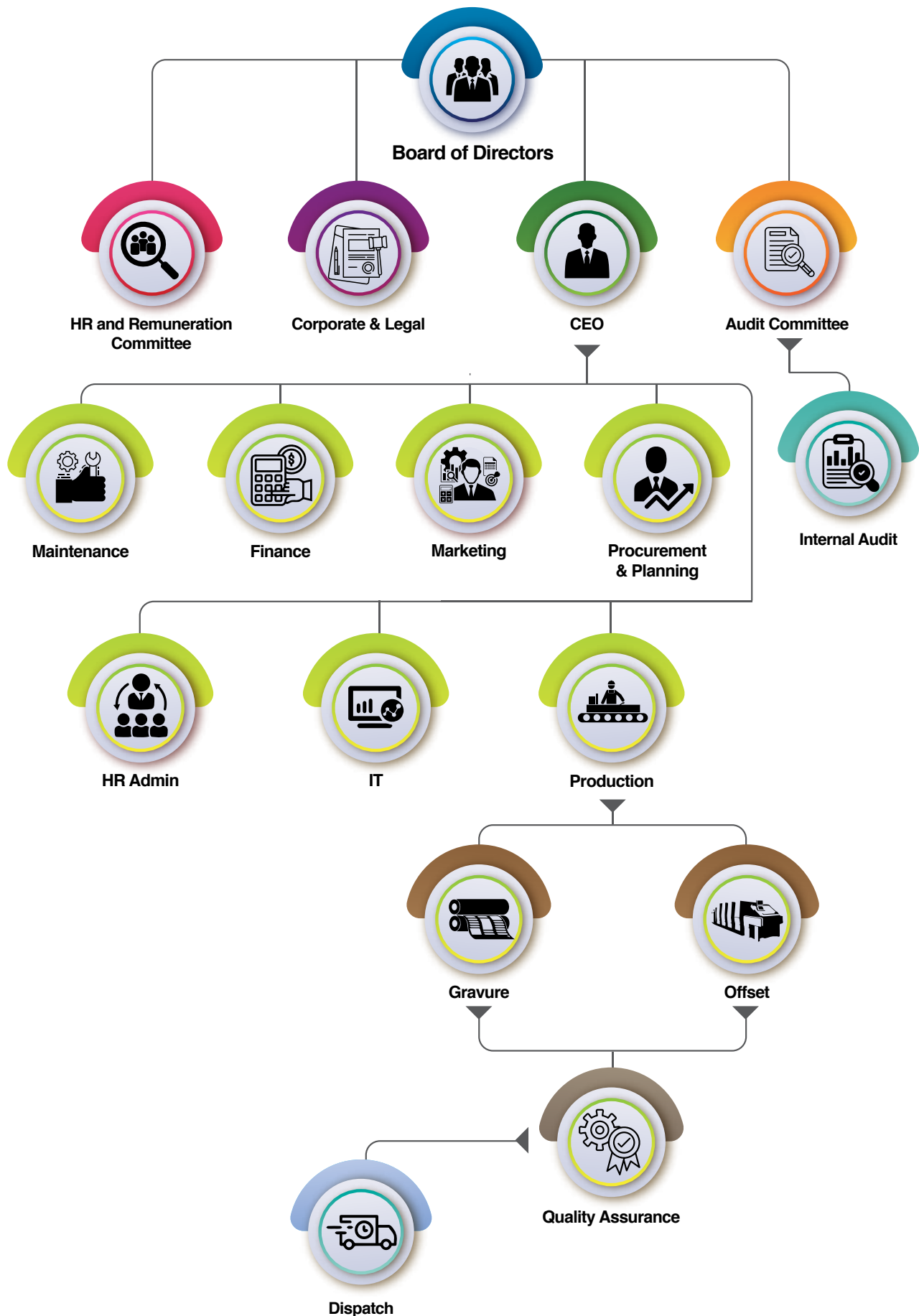


# OUR VALUES

Our values and priorities have helped our business to continue to forge ahead during the unprecedented challenges of the past year.



# ORGANIZATIONAL STRUCTURE



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 DIVISION



At the Offset Division of Merit Packaging Limited, we transcend conventional boundaries by embodying a forward-thinking, tech-savvy approach to achieving our goals.

Our investment in state-of-the-art technology and unwavering commitment to innovation underscores our promise to deliver packaging solutions that exceed expectations, setting new benchmarks in the industry.

Our Offset Division prides itself on offering a comprehensive suite of advanced printing and packaging services tailored to a wide array of applications.



# PREPRESS

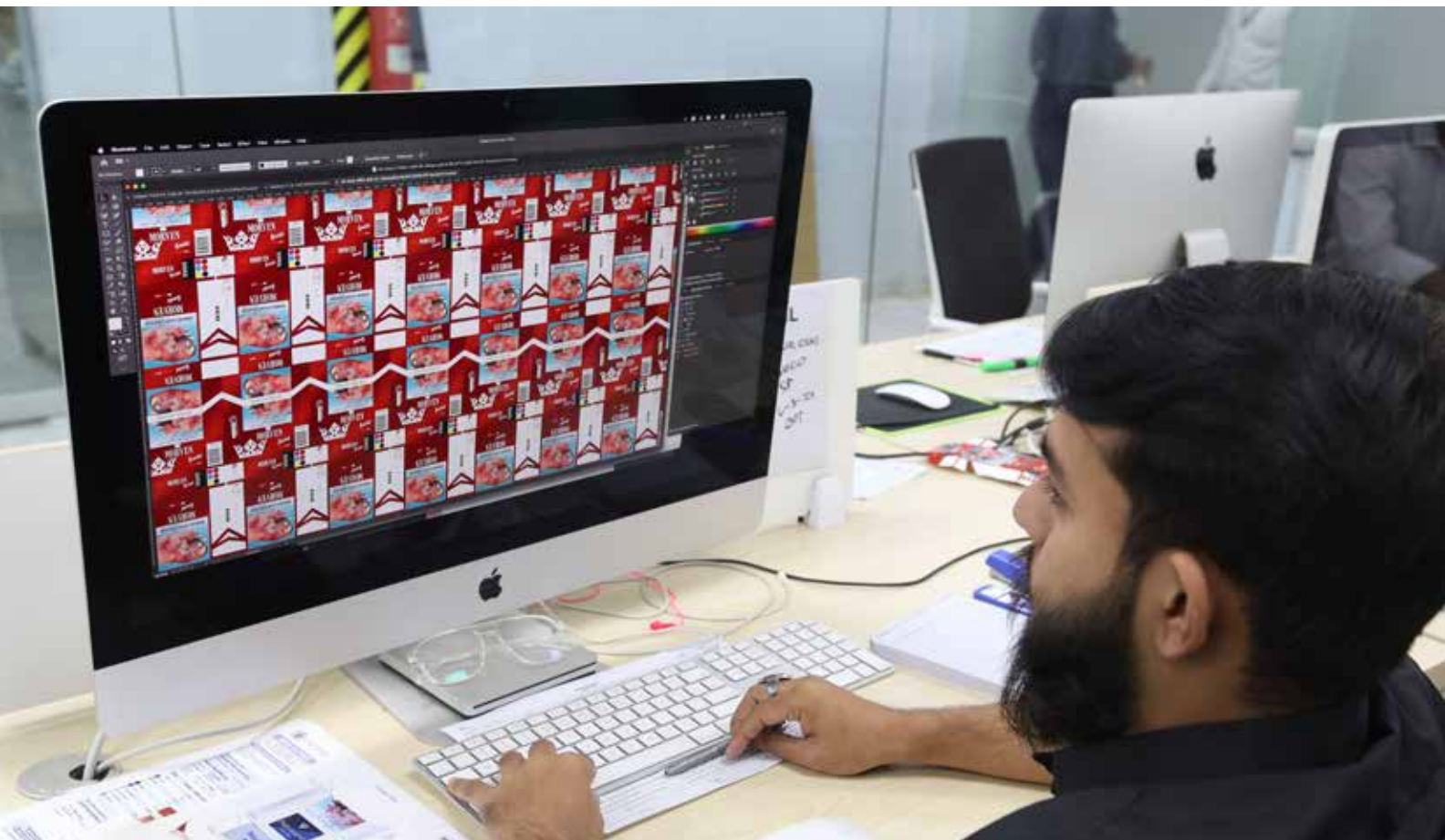


Our prepress department is equipped with the latest Kodak Thermal Plate-setter, renowned for its precision, stability, and reliability. This cutting-edge technology minimizes plate remakes, reduces variable adjustments, and significantly enhances print quality.





# COLOR MANAGEMENT



The recent integration of GMG Color Management Software empowers us with unparalleled color precision, leading to optimized ink consumption and superior print quality. This technological edge minimizes errors and boosts productivity, setting us apart in the industry.



# PRINTING



We house four state-of-the-art printing machines, including Heidelberg and Komori, capable of achieving a maximum printing speed of 18,000 impressions per hour. These machines are meticulously customized to produce innovative and special printing effects, ensuring our packaging designs are both captivating and engaging.





# CREASING & CUTTING



Our division boasts seven cutting-edge Creasing & Cutting Machines, including four BOBST and three Iberica machines, along with a Foiling Machine. Operating at a maximum cutting speed of 7500 sheets per hour, these machines excel at precision cutting, stripping, and blanking, enhancing the efficiency and quality of our products.





# FOLDING & GLUING



Our Folding & Gluing department features six high-speed pasting machines from renowned manufacturers such as BOBST, VEGA, and Duran. These machines run at an impressive speed of 400m/min and specialize in pasting laminated and metalized boxes, adding an aesthetic touch to the final product.





# FLEXIBLE PACKAGING DIVISION

Complementing our Offset Division, our Flexible Packaging Division reinforces our commitment to excellence. This unit is equipped with a nine-colour BOBST printing machine, along with two solvent-based and solvent-less lamination machines, three slitting machines, and two rewinders. This comprehensive setup ensures we deliver flexible packaging solutions with unmatched quality and versatility.

By leveraging cutting-edge technology and innovative practices, Merit Packaging Limited continues to lead the industry, complementing your packaging ambitions with our packaging expertise.







# NURTURING EXCELLENCE

At Merit Packaging Limited, our management strategies are passionately committed to valuing our employees, leading in sustainability, giving back to the community, nurturing a supportive and inclusive work environment, prioritizing employee wellness, and driving continuous growth and development.





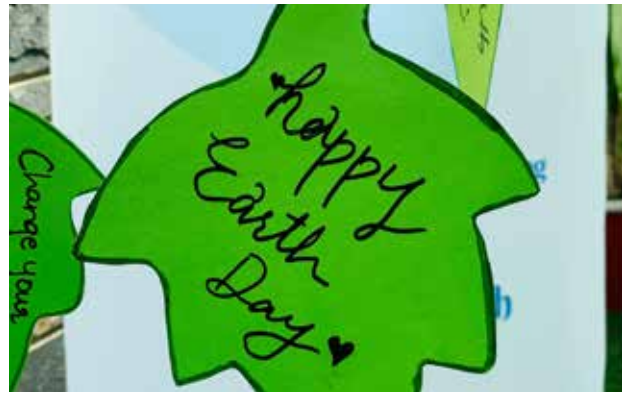
### Valuing Our Employees

We deeply cherish our employees and are dedicated to building a robust reward and recognition system. Recently, we celebrated the Long Service Awards to honor those who have shown unwavering support and dedication to the company over the years. This event highlighted their remarkable milestones and invaluable contributions. To keep our team engaged and motivated, we frequently host fun trivia games and competitions, rewarding participants with thoughtful prizes. These initiatives underscore our gratitude and reinforce our commitment to recognizing and appreciating our employees' hard work.



### Commitment to Sustainability

At Merit Packaging Limited, sustainability isn't just a value; it's a lifestyle we passionately embrace. This year, we teamed up with the World Wide Fund for Nature (WWF) to celebrate Earth Day by hosting an enlightening workshop. This event empowered our staff with knowledge on integrating sustainable practices into their annual departmental goals.



In an exciting new venture, we also partnered with Davaam and Santex Products (Pvt.) Limited to introduce a free of cost sanitary pad vending machine, marking a significant step towards addressing essential needs and promoting hygiene.



These forward-thinking initiatives are pivotal in creating a robust and empowered workforce, breaking down career barriers, and championing inclusivity. By embedding these practices into our operations, we are actively working towards achieving the United Nations Sustainable Development Goals (SDGs). Our unwavering commitment to environmental responsibility and corporate sustainability is driving us to innovate and inspire change.





### Empowering Our Community

At Merit Packaging Limited, our commitment to community empowerment shines brightly. This year, our CSR initiatives have been impactful and heartwarming. During the holy month of Ramzan, we distributed ration packs to support underprivileged families, bringing comfort and sustenance to those in need. To spread joy during the festive season, we also gifted our employees with specially curated festive boxes, enhancing their celebration and happiness. These actions not only provide crucial support but also fortify our community bonds and cultivate a culture of generosity and compassion within our organization.



### Fostering a Dynamic and Inclusive Work Culture

At Merit Packaging Limited, we embody the spirit of a tightly-knit family, fostering an environment where every individual feels valued and connected. Our commitment to maintaining an optimal work-life balance is paired with our dedication to cultivating

a diverse and inclusive workplace. This year, we elevated our team spirit by organizing an exhilarating Cricket League under the Lakson Group Company banner. This event not only brought our employees together but also ignited a sense of unity and camaraderie, reinforcing our shared commitment to collaboration and belonging.





### Prioritizing Employee Well-being

At Merit Packaging Limited, the physical and mental well-being of our employees is paramount. Our management team consistently rolls out cutting-edge workshops, comprehensive medical screenings, and dynamic health awareness sessions. We also offer transformative workshops on stress management, meditation, and mindfulness. These initiatives are designed to nurture our employees' overall health, ensuring they lead balanced and vibrant lifestyles.



### Enhancing Employer Value Proposition



We are laser-focused on enhancing our Employer Value Proposition. By adopting industry-leading practices and maintaining an equity-based approach in all our dealings, we ensure a fair and inclusive workplace. Our strong relationships with other organizations keep us at the forefront of industry trends and standards. This year, we have intensified our efforts to create a supportive and equitable work environment that attracts and retains top-tier talent.





## Focus on Training and Development



Empowering our employees through top-notch training and development is a key focus this year. We aim to equip our team with the skills and knowledge they need to stand out and excel. Our diverse array of training programs, workshops, and development initiatives are tailored to support their professional growth and career advancement.



Through these forward-thinking initiatives, Merit Packaging Limited is dedicated to fostering a positive and supportive work culture, aligning with our mission to complement your packaging ambitions with our expertise.



## Gender Pay Gap

### Mean Gap

The mean pay for men is 9.06% higher than that of women.

### Median Gap

The median pay for men is 27.87% higher than that of women.

# OUR PEOPLE MANAGEMENT





## INTERNAL AUDIT



## FINANCE



## HR & ADMINISTRATIONS



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## MARKETING





## QUALITY



## PREPRESS



## INFORMATION TECHNOLOGY



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## HEALTH & SAFETY DEPARTMENT





## PLANNING & DESPATCH



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## SUPPLY CHAIN



## GRAVURE PRODUCTION



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## STORE





## OFFSET PRODUCTION



## HVAC



## MAINTENANCE





# DIRECTOR PROFILE

## Mr. 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 25 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 11 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.

## Mr. Farrukh 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 NBFIs 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 career. He possesses rich experience in restructuring 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.

## Mr. 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 became 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.



## Mr. Ahmed Munaf

### Director

Mr. Ahmed Munaf Lodhikawala is the proprietor of M-Text, 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.

## Mr. Sheikh Asim Rafiq

### Director

Mr. Asim Rafiq is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP). He has over 25 years of diversified experience in financial accounting & audits, strategy, taxation, corporate affairs & Regulators' dealings in leading private and public sector organizations. He has been a Nominee/ Independent Director in various national and multinational companies, listed on PSX, for more than 15 years.

He completed his Chartered Accountancy from ICAP with training from A F Ferguson & Co. Chartered Accountants (PwC Pakistan); certification in International Financial Reporting Standards (IFRS) from the Institute of Chartered Accountants in England & Wales and certification in Internal Audit from the Institute of Internal Auditors, USA. He has also attended various national and international seminars & conferences. Also, he is a Certified Director from ICAP.

# CORPORATE CALENDAR

Audit Committee Meeting	August 28, 2023	To consider the audited accounts for the year ended June 30, 2023
BOD Meeting	August 31, 2023	To approve the audited accounts for the year ended June 30, 2023
Annual General Meeting	October 19, 2023	To consider the annual accounts for the year ended June 30, 2023 etc.
Audit Committee Meeting	October 23, 2023	To consider the quarterly accounts for the period ended September 30, 2023
BOD Meeting	October 25, 2023	To approve the quarterly accounts for the period ended September 30, 2023
Audit Committee Meeting	January 08, 2024	To consider the proposed to dispose off the Land & Factory Building of the Company
BOD Meeting	January 09, 2024	To consider the dispose off the Land & Factory Building of the Company
Extraordinary General Meeting	February 15, 2024	To approve the dispose off the Land & Factory Building of the Company
Audit Committee Meeting	February 26, 2024	To consider the half yearly accounts for the period ended December 31, 2023
BOD Meeting	February 28, 2024	To approve the half yearly accounts for the period ended December 31, 2023
Audit Committee Meeting	April 22, 2024	To consider the nine months accounts for the period ended March 31, 2024
BOD Meeting	April 29, 2024	To approve the nine months accounts for the period ended March 31, 2024
Extraordinary General Meeting	May 06, 2024	Election of Directors of the Company
BOD Meeting	May 14, 2024	To elect the chairman of the Board, appointment of CEO and re-constitution of the Audit Committee and HR & Remuneration Committee etc.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Iqbal Ali Lakhani (Chairman)  
Mr. Amin Mohammed Lakhani  
Ms. Anushka Lakhani  
Mr. Aftab Ahmad  
Mr. Farrukh Shauket Ansari  
Mr. Ahmed Munaf  
Mr. Sheikh Asim Rafiq (from 6 May 2024)  
Mr. Agha Shah Waliullah (upto 6 May 2024)

## ADVISOR

Mr. Sultan Ali Lakhani

## AUDIT COMMITTEE

Mr. Sheikh Asim Rafiq (Chairman)  
Mr. Amin Mohammed Lakhani  
Mr. Farrukh Shauket Ansari

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Sheikh Asim Rafiq (Chairman)  
Mr. Amin Mohammed Lakhani  
Mr. Amir Ahmed Chapra  
Mr. Aftab Ahmad

## CHIEF EXECUTIVE OFFICER

Mr. Amir Ahmed Chapra

## CHIEF FINANCIAL OFFICER

Mr. Umair Ahmed

## 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 Bank Limited

## SHARES REGISTRAR

FAMCO Share Registration Services (Private) Limited  
8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S.,  
Shahra-e-Faisal, Karachi.  
Website: [www.famcosrs.com](http://www.famcosrs.com)  
Email : [info.shares@famcosrs.com](mailto:info.shares@famcosrs.com)  
Phone : (021) 34380101- 5 | Fax : (021) 34380106

## REGISTERED & HEAD OFFICE

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

## FACTORY

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

## MARKETING DIVISIONS

CONTACT US  
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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 44th Annual General Meeting of **MERIT PACKAGING LIMITED** will be held on Friday, October 25, 2024 at 03:00 p.m. at PSX Auditorium, Pakistan Stock Exchange Building, Stock Exchange 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, 2024 together with the Directors' and Auditors' reports thereon.

As required under Section 223(6) of the Companies Act, 2017 (the "Act"), Financial Statements of the Company have been uploaded on the website of the Company, which can be downloaded from the following link and/or QR enabled code:



<https://www.meritpack.com/wp-content/uploads/PDF/Financial%20Statements/2023-24/MPL-FR-AN-2023-24.pdf>

2. To appoint Auditors and fix their remuneration.

## SPECIAL BUSINESS

3. To consider and if deemed fit to pass the following resolutions as special resolution:
  - a) **"RESOLVED THAT** the transactions carried out in normal course of business with associated companies/related parties as disclosed in Note No. 45 of the audited financial statements for the year ended June 30, 2024 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, 2025 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."

By Order of the Board



**(MANSOOR AHMED)**  
Company Secretary

Karachi: September 25, 2024



## NOTES:

### 1. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from October 18, 2024 to October 25, 2024 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Share Registration Services (Private) Limited, 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi up to the close of business on October 17, 2024 will be treated in time for the purpose of attending the annual general meeting 'AGM'.

### 2. Electronic transmission of Annual Report:

In compliance with Section 223(6) of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023 the Company has electronically transmitted the Annual Report 2024 downloadable through weblink, QR enabled code, through email to Members whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited. However, in cases, where email addresses are not available with the Company's Share Registrar, printed copies of the notices of AGM along-with the QR enabled code/weblink to download the Annual Report 2024 (containing the financial statements), have been dispatched.

Notwithstanding the above, the Company will provide hard copies of the Annual Report 2024, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request.

### 3. Participation in the AGM via physical presence or through video conferencing

- a. A member or proxyholder can participate in the AGM proceedings either via physical presence or through video link facility.
- b. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited (CDC), 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.
- c. The arrangement for attending the AGM through electronic means will be as under:
  - i. To facilitate our members who want to attend AGM through Zoom application - a video link facility will be provided.
  - ii Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary's office by providing the following details at the earliest but not later than 24 hours before the time of AGM (i.e., before 03:00 p.m. on October 24, 2024) through following means:

a) Mobile/WhatsApp: 0315 5008228

b) E-mail: comsec@meritpack.com

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

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

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

#### **4. Requirements for appointing Proxies**

- a. A member entitled to attend and vote at the AGM may appoint another member as his/her proxy to attend, speak and vote on his/her behalf, 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.
- b. 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.
- c. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- d. Copies of CNIC or the valid passport of the beneficial owners and the proxy shall be furnished along with the proxy form.
- e. The proxy shall produce his original CNIC or original valid passport at the time of the Meeting.
- f. In case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

#### **Updation of Shareholder Addresses/Email & Cell Numbers:**

Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses or any other particulars. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.

Further, to comply with requirements of section 119 of the Companies Act, 2017 and Regulation 47 of the Companies Regulations, 2024, all CDC and physical shareholders are requested to kindly provide their valid email address and cell number (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Pvt.) Limited if the Member holds shares in physical form or, to the Member's respective Participant/Investor Account Services, if shares are held in book entry form.

#### **Conversion of Physical Shares into CDC Account**

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 to them in physical form with shares 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, as soon as possible.

The shareholders may contact their Broker, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, avoidance of formalities required for the issuance of duplicate shares, etc.

#### **5. Unclaimed Dividend / Shares under Section 244 of the Companies Act, 2017**

An updated list for unclaimed dividend/shares of the Company is available on the Company's website [www.meritpack.com](http://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.



## 6. E-Voting:

In accordance with the Companies (Postal Ballot) Regulation, 2018, as amended on December 05, 2022, the right to vote through electronic voting facility will be provided by the Company in respect of the Special Business. Details of e-voting facility will be shared through e-mail with those members of the Company who have their valid CNIC numbers, Cell Numbers and e-mail addresses available in the register of Members of the Company within due course. The member may alternatively opt for voting through postal ballot which is being published with this notice and is also available on Company's website.

7. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017.

## 8. Proxy Form:

Form of Proxy and Ballot Paper are enclosed and are also available on Company's website: [www.meritpack.com](http://www.meritpack.com).

## STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business given in agenda item No. 3 of the Notice which will be considered to be passed by the members.

Agenda Item No. 3(a)– Transactions carried out with associated companies/related parties during the year ended June 30, 2024 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 of some of these transactions which resultantly 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, 2024 with associated companies/related parties shown in Note No. 45 of the audited financial statements for the year ended June 30, 2024 are being placed before the shareholders for their consideration and approval/ratification.

Agenda Item No. 3(b)– 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, 2025 to be passed as a Special Resolution.

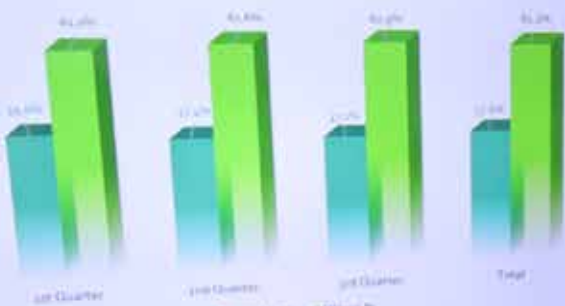
The Company would be conducting transactions with associated companies/related parties in the normal course of business. The majority of Directors are interested in these transactions, therefore, such transactions with associated companies/related parties have to be approved by the shareholders.

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, 2025.

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.



SALES TO GROUP COMPANIES VS OTHERS



## OTHER FINANCIAL INFORMATION

Statement of Value Added & its Distribution	43
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Six Years Key Operating and Financial Data	48



# STATEMENT OF VALUE ADDITION

## Value Added

Gross Sales  
Material and Services  
Other Income

2024		2023	
Rs '000	(%)	Rs '000	(%)
7,833,091		7,446,010	
(5,819,323)		(5,609,817)	
51,089		33,312	
2,064,857	100%	1,869,505	100%

## Distribution

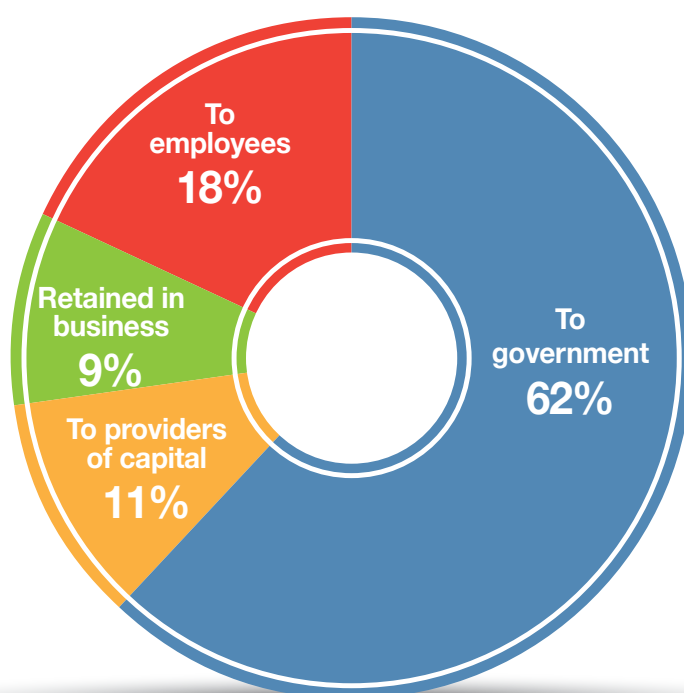
To Employees  
Salaries, Wages and other Benefits

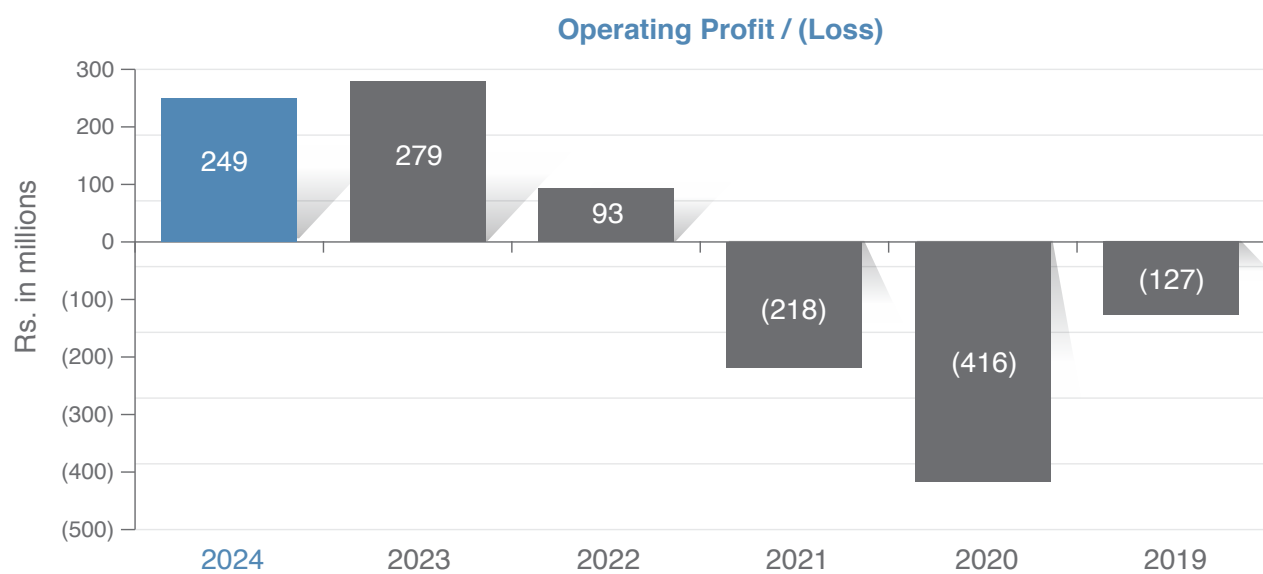
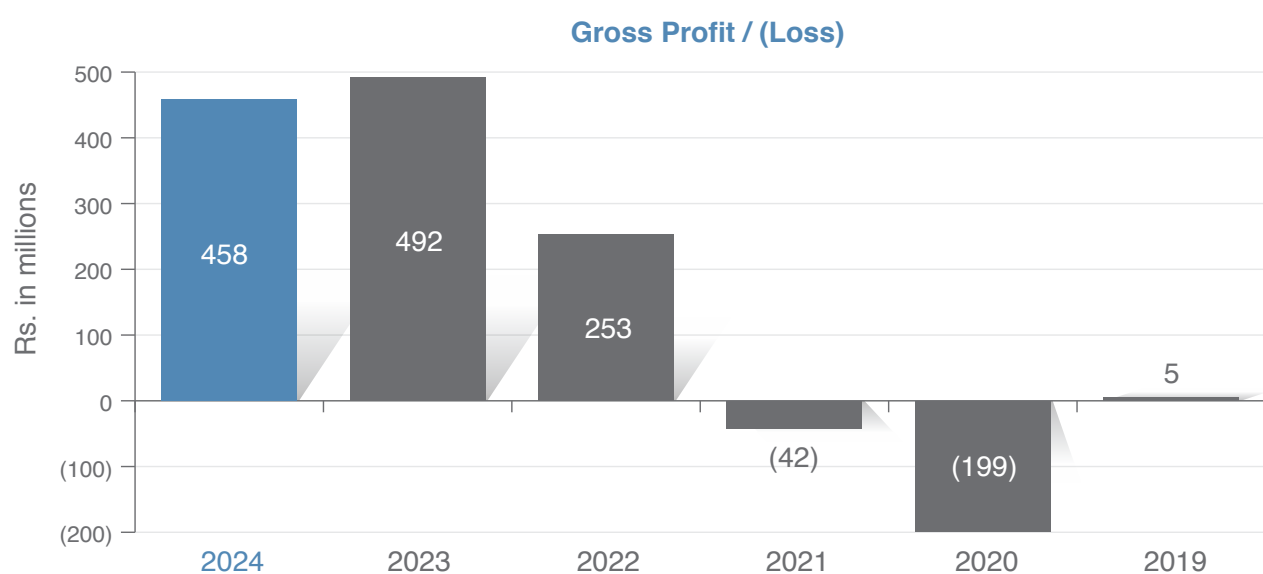
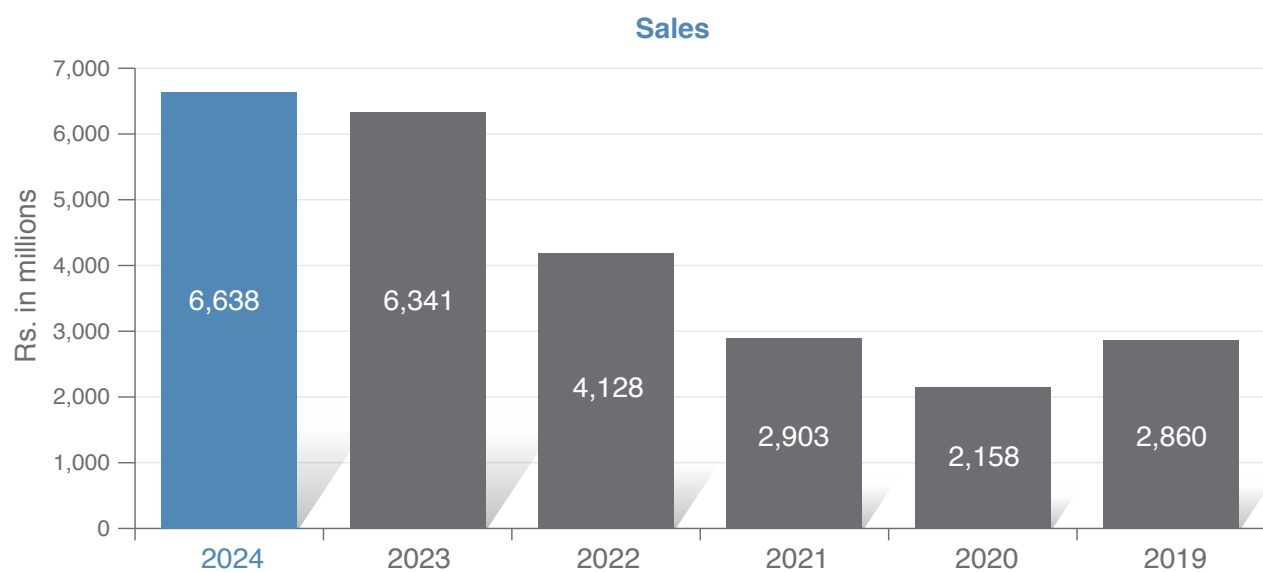
To Government  
Sales Tax  
Company Taxation  
Workers Welfare Fund

To Provider of Capital  
Financial Charges on Borrowed Fund

Retained in Business  
Depreciation  
Amortization on Intangible Asstes  
Notional Markup on Loan from Sponsors  
(Loss) / Profit for the period

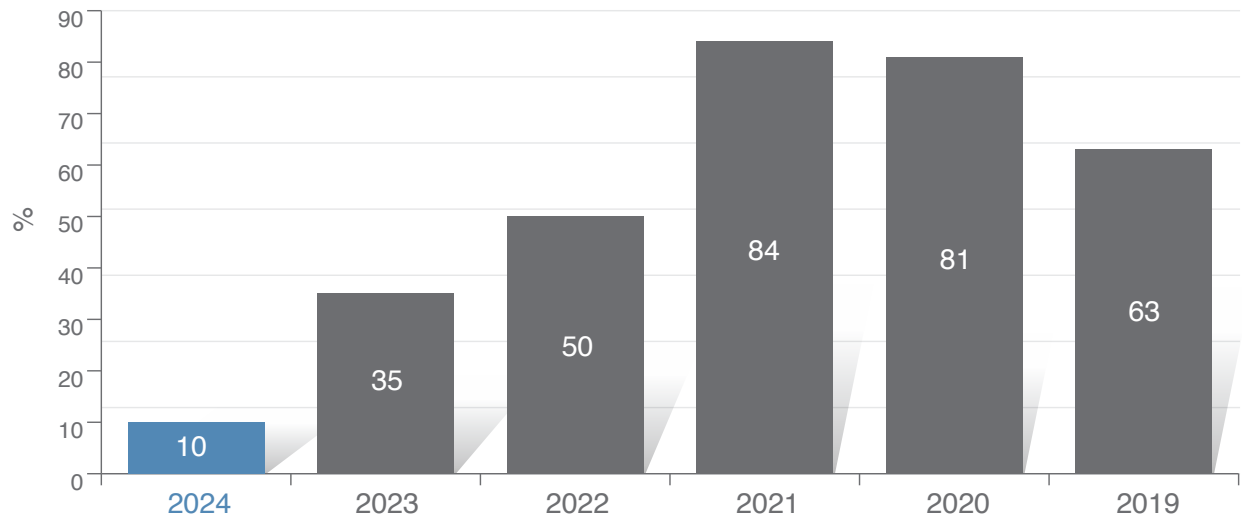
385,097	18%	293,278	16%
1,194,614		1,105,387	
83,203		124,376	
-		2,513	
1,277,817	62%	1,232,276	66%
220,899	11%	209,953	11%
236,485		189,410	
91		168	
130,830		134,332	
(186,362)		(189,912)	
181,044	9%	133,998	7%
2,064,857	100%	1,869,505	100%



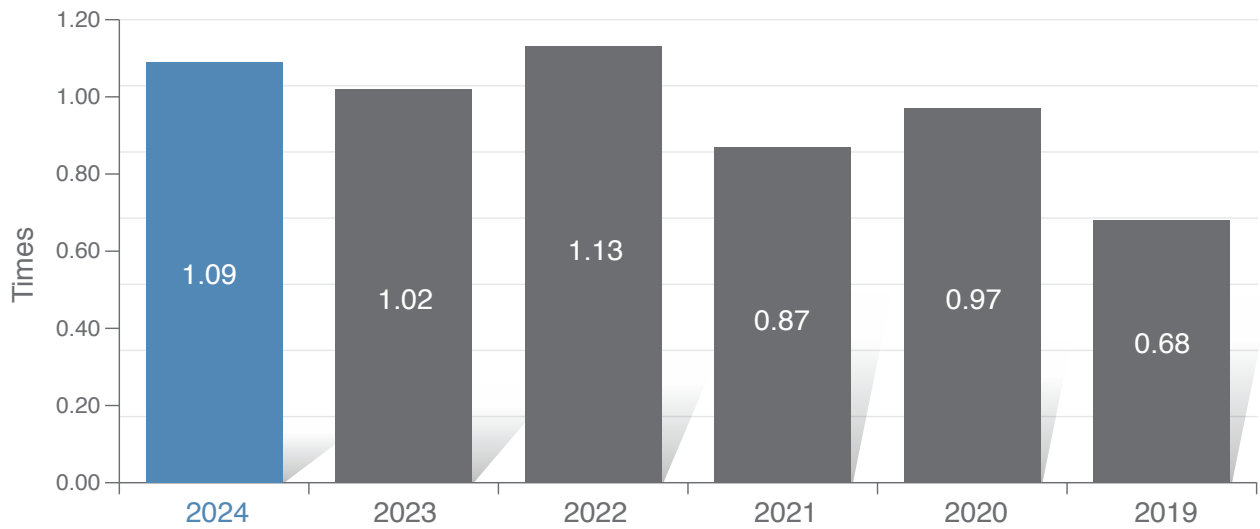




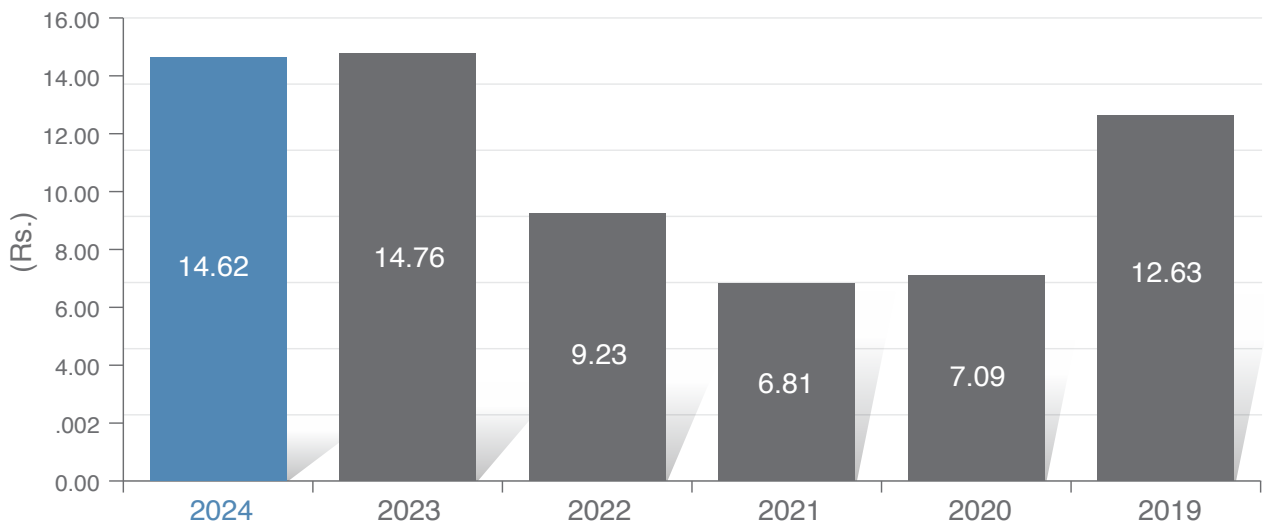
### Debt to Equit



### Current Ratio



### Break-up Value per share



## VERTICAL ANALYSIS

## PROFIT & LOSS ACCOUNT

Sales - net	6,638,477	100%	6,340,624	100%
Cost of sales	(6,180,364)	-93%	(5,849,026)	-92%
Gross profit / (loss)	458,113	7%	491,597	8%
Operating expenses	(209,543)	-3%	(212,848)	-3%
Operating profit / (loss)	248,569	4%	278,749	4%
Financial charges	(351,728)	-5%	(344,285)	-5%
Profit/(loss) before taxation	(103,159)	-2%	(65,536)	-1%
Profit/(loss) after taxation	(186,362)	-3%	(189,912)	-3%

## BALANCE SHEET

## Assets

Property, plant and equipment	2,921,484	55%	4,430,917	62%
Other non-current assets	152,464	3%	12,493	0%
Current Assets	2,253,835	42%	2,713,195	38%

## Total Assets

5.327.783	100%	7.156.604	100%
-----------	------	-----------	------

## Equity & Laibilities

Share capital & reserves	2,923,913	55%	2,951,691	41%
Non-current liabilities	332,846	6%	1,538,582	21%
Current liabilities	2,071,024	39%	2,666,331	37%

## Total equity and Liabilities

5,327,783	100%	7,156,604	100%
-----------	------	-----------	------

## HORIZONTAL ANALYSIS

## PROFIT & LOSS ACCOUNT

Sales - net	6,638,477	5%	6,340,624	52%
Cost of sales	(6,180,364)	6%	(5,849,026)	49%
Gross profit	458,113	-7%	491,597	94%
Operating expenses	(209,543)	-2%	(212,848)	33%
Operating profit	248,569	-11%	278,749	200%
Financial charges	(351,728)	2%	(344,285)	31%
Profit/(loss) before taxation	(103,159)	57%	(65,536)	-62%
Profit/(loss) after taxation	(186,362)	-2%	(189,912)	13%

## BALANCE SHEET

## Assets

Property, plant and equipment	2,921,484	-34%	4,430,917	48%
Other non-current assets	152,464	1120%	12,493	130%
Current Assets	2,253,835	-17%	2,713,195	17%

## Total Assets

5.327.783	-26%	7.156.604	35%
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## Equity & Laibilities

Share capital & reserves	2,923,913	-1%	2,951,691	83%
Non-current liabilities	332,846	-78%	1,538,582	-6%
Current liabilities	2,071,024	-22%	2,666,331	30%

### Total equity and Liabilities

5,327,783	-26%	7,156,604	35%
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2022		2021		2020		2019	
Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
4,181,647	100%	2,902,559	100%	2,158,386	100%	2,859,838	100%
(3,928,730)	-94%	(2,944,958)	-101%	(2,357,089)	-109%	(2,854,539)	-100%
252,917	6%	(42,399)	-1%	(198,703)	-9%	5,299	0%
(160,146)	-4%	(175,354)	-6%	(217,727)	-10%	(131,833)	-5%
92,771	2%	(217,753)	-8%	(416,430)	-19%	(126,534)	-4%
(263,168)	-6%	(326,963)	-11%	(353,011)	-16%	(223,923)	-8%
(170,396)	-4%	(544,716)	-19%	(769,441)	-36%	(350,457)	-12%
(168,169)	-4%	(564,978)	-19%	(692,679)	-32%	(310,536)	-11%
2,988,530	56%	3,028,233	61%	2,884,732	61%	3,042,733	66%
5,432	0%	182,415	4%	185,098	4%	110,276	2%
2,313,493	44%	1,765,083	35%	1,643,658	35%	1,470,190	32%
5,307,455	100%	4,975,731	100%	4,713,488	100%	4,623,199	100%
1,613,816	30%	549,316	11%	571,294	12%	1,018,206	22%
1,641,496	31%	2,408,284	48%	2,449,405	52%	1,442,484	31%
2,052,143	39%	2,018,131	41%	1,692,789	36%	2,162,509	47%
5,307,455	100%	4,975,731	100%	4,713,488	100%	4,623,199	100%

2022		2021		2020		2019	
Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
4,181,647	44%	2,902,559	34%	2,158,386	-25%	2,859,838	17%
(3,928,730)	33%	(2,944,958)	25%	(2,357,089)	-17%	(2,854,539)	-228%
252,917	-697%	(42,399)	-79%	(198,703)	-3850%	5,299	-98%
(160,146)	-9%	(175,354)	-19%	(217,727)	65%	(131,833)	-201%
92,771	-143%	(217,753)	-48%	(416,430)	229%	(126,534)	-233%
(263,168)	-20%	(326,963)	-7%	(353,011)	58%	(223,923)	-266%
(170,396)	-69%	(544,716)	-29%	(769,441)	120%	(350,457)	779%
(168,169)	-70%	(564,978)	-18%	(692,679)	123%	(310,536)	3658%
2,988,530	-1%	3,028,233	5%	2,884,732	-5%	3,042,733	32%
5,432	-97%	182,415	-1%	185,098	68%	110,276	40%
2,313,493	31%	1,765,083	7%	1,643,658	12%	1,470,190	6%
5,307,455	7%	4,975,731	6%	4,713,488	2%	4,623,199	23%
1,613,816	194%	549,316	-4%	571,294	-44%	1,018,206	2%
1,641,496	-32%	2,408,284	-2%	2,449,405	70%	1,442,484	24%
2,052,143	2%	2,018,131	19%	1,692,789	-22%	2,162,509	35%
5,307,455	7%	4,975,731	6%	4,713,488	2%	4,623,199	23%



# SIX YEAR KEY OPERATING AND FINANCIAL DATA

	2024	2023	2022	2021	2020	2019
	Rupees in thousands					
<b>Trading results</b>						
Sales	6,638,477	6,340,624	4,181,647	2,902,559	2,158,386	2,859,838
Gross profit	458,113	491,597	252,917	(42,399)	(198,703)	5,299
(Loss) / profit before taxation	(103,159)	(65,536)	(170,396)	(544,716)	(769,441)	(350,457)
(Loss) / profit after taxation	(186,362)	(189,912)	(168,169)	(564,978)	(692,679)	(310,536)
<b>Financial position</b>						
Total capital employed	3,256,759	4,490,273	3,255,312	2,957,600	3,020,699	2,460,690
Property, plant and equipment	2,921,484	4,430,917	2,988,530	3,028,233	2,884,732	3,042,733
Shareholder equity	2,923,913	2,951,691	1,613,816	549,316	571,294	1,018,206
Long term liabilities	332,846	1,538,582	1,641,496	2,408,284	2,449,405	1,442,484
Deferred taxation	-	-	-	176,482	174,091	97,627
<b>Others</b>						
Number of employees (at year end)	181	194	188	206	264	257
Capital expenditure	246,381	240,402	155,471	48,308	97,497	778,303
Contribution to national exchequer	298,477	285,771	119,945	135,183	213,959	221,077
<b>Ratios</b>						
Gross profit	6.90%	7.75%	6.05%	-1.46%	-9.21%	0.19%
(Loss) / profit before taxation	-1.55%	-1.03%	-4.07%	-18.77%	-35.65%	-12.25%
(Loss) / profit after taxation	-2.81%	-3.00%	-4.02%	-19.46%	-32.09%	-10.86%
Return on equity	-6.37%	-6.43%	-10.42%	-102.85%	-121.25%	-30.50%
Return on capital employed	-5.72%	-4.23%	-5.17%	-19.10%	-22.93%	-12.62%
Current ratio	1.09 : 1	1.02 : 1	1.13 : 1	0.87 : 1	0.97 : 1	0.68 : 1
Debt / equity ratio	10 : 90	35 : 65	50 : 50	84 : 16	81 : 19	63 : 37
Inventory days	36	46	58	66	83	60
Receivable days	73	74	77	75	81	65
<b>Others</b>						
Loss per share - (Rs.)	(0.93)	(0.95)	(1.13)	(7.01)	(8.59)	(3.85)
Break-up value per share (Rs.)	14.62	14.76	9.23	6.81	7.09	12.63
Market Value (Rs.)	12.99	8.80	8.79	17.66	11.89	29.77
Price earning ratio	N / A	N / A	N / A	N / A	N / A	N / A



# CHAIRMAN'S REVIEW

For the year ended June 30, 2024

It's my privilege to present the Annual Report of Merit Packaging Limited for the year ended June 30, 2024.

The business environment in Pakistan remains challenging, with the GDP growing by a modest 2.38%, a decline of 0.1% in Large Scale Manufacturing, and a decrease in the Paper and Board sector. Despite inflation easing to 24.5%, the State Bank of Pakistan's high policy rate continues to elevate financing costs. Globally, the economy showed resilience, with steady growth despite various conflicts and regional geopolitical tensions that pose risks to economic stability. In response, the Company focused on strengthening relationships with key suppliers and customers while managing production costs effectively. Notably, the Company secured an export order during the fiscal year and expects further orders in the next financial year, paving the way to explore the export market.

## Review of financial performance

The economic impasse of the outgoing financial year impeded the growth trajectory. The Company has been able to increase revenue by 4.7% to Rs. 6.64 billion. Due to low growth, increased competition, and rising input costs, the operating profit of the Company reduced to Rs. 248.57 million as against Rs. 278.75 million. It was further exacerbated by the high finance cost of Rs. 351.73 million against Rs. 344.28 million. Resultantly, the Company sustained a loss of Rs. 186.36 million against a loss of Rs. 189.91 million in the previous year. The management is prioritizing production efficiency, cost reductions, and strategic initiatives, and is optimistic that these efforts, along with capitalizing on the export order received in the outgoing financial year, will enable the Company to achieve a turnaround in the near future.

## Board's Function, Decision-Making, and Evaluation

I am pleased to report that the Board of Directors has effectively fulfilled its responsibilities, playing a crucial role in guiding the Company's strategic initiatives. The Board focused on critical risk areas and actively shaped the Company's strategic direction. With a strong commitment to corporate governance, the Board remains dedicated to preserving and enhancing stakeholder interests. Each Director, including the Independent Directors, actively participated in decision-making processes. Additionally, the Board completed its annual self-evaluation in accordance with the Code of Corporate Governance.

## Acknowledgment

I want to express my gratitude to our shareholders, customers, bankers, and staff for their confidence and assistance throughout these difficult circumstances. I also wish to convey my appreciation to the members of the Board, the CEO, and all employees for their dedication and support to our organization.



**Iqbal Ali Lakhani**  
Chairman

Karachi: August 27, 2024



## چیئر مین کا جائزہ

برائے اختتامی سال 30 جون 2024

30 جون 2024 کو ختم ہونے والے سال کیلئے میرٹ پیکجنگ لمیٹڈ کی سالانہ رپورٹ پیش کرنا میرا اعزاز ہے۔

پاکستان میں کاروباری ماحول چیلنجنگ رہا، جہاں جی ڈی پی کی نمو صرف 2.38 رہی، پیداواری شعبہ میں 0.1 فیصد کمی ہوئی، اور پیپر اور بورڈ کے شعبے میں بھی کمی دیکھی گئی۔ افراط زر میں کمی کے باوجود، جو 24.5 فیصد تک ہوئی، اسٹیٹ بینک آف پاکستان کا بلند پالیسی ریٹ فنانشنگ لاگت میں اضافہ کرتا رہا۔ عالمی سطح پر، معیشت نے لچک کا مظاہرہ کیا اور مختلف تنازعات اور علاقائی جیوپولیٹیکل کشیدگیوں کے باوجود مستحکم ترقی دیکھی گئی، جو معاشی استحکام کے لیے خطرات پیدا کرتی ہیں۔ جواباً، کمپنی نے اہم سپلائرز اور صارفین کے ساتھ تعلقات کو مضبوط کرنے اور پیداواری لاگت کو مؤثر طریقے سے منظم کرنے پر توجہ مرکوز کی۔ خاص طور پر، کمپنی نے مالی سال کے دوران ایک برآمدی آرڈر حاصل کیا اور اگلے مالی سال میں مزید آرڈرز کی توقع ہے، جو برآمدی مارکیٹ کو تلاش کرنے کا راستہ ہموار کرے گا۔

### مالی کارکردگی کا جائزہ:

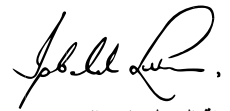
گزشتہ مالی سال کے اقتصادی جمود نے ترقی کے راستے میں رکاوٹ ڈالی۔ تاہم، کمپنی نے اپنی آمدنی میں 4.7 فیصد کا اضافہ کر کے اسے 6.64 ارب روپے تک پہنچا دیا۔ کم ترقی، بڑھتی ہوئی مسابقت، اور ان پٹ لاگوں میں اضافے کی وجہ سے کمپنی کا آپریٹنگ منافع 278.75 ملین روپے کے مقابلے میں 248.57 ملین روپے تک کم ہو گیا۔ اس کے ساتھ ساتھ، بلند مالیاتی لاگت 351.73 ملین روپے رہی جو کہ گزشتہ سال کے 344.28 ملین روپے کے مقابلے میں زیادہ تھی، جس کی وجہ سے کمپنی کو 186.36 ملین روپے کا خسارہ ہوا، جب کہ گزشتہ سال کا خسارہ 189.91 ملین روپے تھا۔ انتظامیہ پیداواری کارکردگی، لاگت میں کمی، اور حکمت عملی اقدامات کو ترجیح دے رہی ہے اور پر امید ہے کہ یہ کوششیں، ساتھ ہی گزشتہ مالی سال میں موصول ہونے والے برآمدی آرڈر سے فائدہ اٹھا کر، کمپنی کو مستقبل قریب میں بہتر نتائج حاصل کرنے کے قابل بنائیں گی۔

### بورڈ کی ذمہ داریاں، فیصلہ سازی، اور جائزہ:

مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ بورڈ آف ڈائریکٹرز نے مؤثر طریقے سے اپنی ذمہ داریاں نبھائیں اور کمپنی کی اسٹریٹجک اقدامات میں اہم کردار ادا کیا۔ بورڈ نے اہم خطرات والے شعبوں پر توجہ مرکوز کی اور کمپنی کی اسٹریٹجک سمت کو فعال طور پر تشکیل دیا۔ کارپوریٹ گورننس کے ساتھ مضبوط وابستگی کے ساتھ، بورڈ اسٹیک ہولڈرز کے مفادات کو محفوظ رکھنے اور بڑھانے کے لیے پرعزم ہے۔ ہر ڈائریکٹر، بشمول آزاد ڈائریکٹرز، فیصلہ سازی کے عمل میں فعال طور پر شریک رہے۔ مزید برآں، بورڈ نے کارپوریٹ گورننس کے ضابطہ اخلاق کے مطابق اپنا سالانہ خود جائزہ مکمل کیا۔

### اعتراف:

میں ان مشکل حالات میں اپنے حصص یافتگان، صارفین، بینکرز اور عملے سے ان کے اعتماد اور مدد کیلئے اظہار تشکر کرنا چاہتا ہوں۔ میں بورڈ کے ممبروں، سی ای او، اور تمام ملازمین کو ہماری تنظیم کو ان کی انمول لگن اور مدد کیلئے بھی اپنی تعریف کرنا چاہتا ہوں۔



اقبال علی لاکھانی

چیئرمین

کراچی: 27 اگست 2024

# DIRECTORS' REPORT TO THE MEMBERS

For the year ended June 30, 2024

The Board of Directors of Merit Packaging Limited is pleased to present the Annual Report along with the Company's Audited Financial Statements for the year ended June 30, 2024.

This Directors' Report has been prepared in accordance with Section 227 of the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations 2019, and will be submitted to the members at the 44th Annual General Meeting to be held on October 25, 2024.

## PRINCIPLE ACTIVITIES

For principal activity of the Company please refer to Note 1 of the Financial Statements.

## BUSINESS AND ECONOMIC ENVIRONMENT

The business environment in Pakistan continues to be challenging. The country's GDP grew by a modest 2.38%, while Large Scale Manufacturing witnessed a decline of 0.1%, and the Paper and Board sector also recorded a decrease. Although inflation eased to 24.5% from 29.2%, the State Bank of Pakistan maintained a high policy rate, which contributed to elevated financing costs.

On the global front, despite various conflicts exerting pressure on the world economy, it demonstrated remarkable resilience, with steady growth defying the pessimistic forecasts at the beginning of the fiscal year. Nonetheless, regional geopolitical tensions remain a significant concern, as any escalation could exacerbate global inflationary pressures and hinder economic growth worldwide.

In response to these challenges, the Company's management focused on nurturing strong relationships with key suppliers and customers, while remaining vigilant in managing production costs. It gives us immense pleasure to inform our shareholders that the Company secured an export order during the finance year. The Company expects to receive further orders in the next financial year which will allow it to explore the export market.

## FINANCIAL PERFORMANCE

The Company's path to recovery remained on track, though growth projections were hindered by the economic slowdown in the final quarter of the fiscal year 2024 (April to June). Despite these challenging economic conditions, the Company's revenue increased from PKR 6.34 billion to PKR 6.64 billion. However, gross profit declined by 6.8% year-over-year, falling to PKR 458.1 million in FY24 from PKR 491.6 million in FY23.

Operating profit for FY24 decreased by 10.8%, from PKR 278.7 million in FY23 to PKR 248.6 million. The company incurred a net loss of PKR 186.4 million in FY24, a notable improvement from the loss of PKR 189.9 million in FY23. It is worth mentioning here that as a result of recent guidelines issued by the Institute of Chartered Accountants of Pakistan, through circular # 7/2024, the minimum tax is now recorded as a levy consequently, the deferred tax has been adjusted retrospectively. Resultantly, the financial statements for FY 2023 were restated, hence the restated loss is PKR 189.9 million as against the reported figure of PKR 136 million in last year's financial statements. Furthermore, had this change not been made, the loss of the Company for FY 2024 would have been PKR 75 million. The company's loss per share reduced from PKR 0.95 (restated) to PKR 0.93.

The Company's topline has shown consistent growth over the years, driven by providing quality products at competitive costs. Management is actively negotiating with other prominent clients to bring them on board, aiming to boost both volume and revenue in the coming years.

	2024	2023
	PKR in millions	
		(Restated)
• Revenue	6,638.48	6,340.62
• Gross profit	458.11	491.60
• Loss before income tax and minimum tax differential	(103.16)	(65.54)
• Loss after tax	(186.36)	(189.91)

	2024				
	Jun	Mar	Dec	Sep	Total
	PKR in millions				
• Revenue	1,389.78	1,703.93	1,790.24	1,754.53	6,638.48
• Gross profit	34.35	136.50	130.70	156.56	458.11
• Loss before income tax and minimum tax differential	(55.51)	(10.35)	(30.39)	(6.91)	(103.16)
• Loss after tax	(71.10)	(32.15)	(53.27)	(29.84)	(186.36)

The revenue of the Company increased by 4.7 % which is PKR 297.85 million higher than last year. The finance cost of the Company increased by 2.16%. The last quarter of FY 2023-24 was marred by economic uncertainty and low consumer confidence impacting all companies across the industry negatively. As stated earlier, the Company restated the financials of FY 2023 and adjusted its deferred taxes as per the directives issued by the ICAP.

There is an element of financial charges on the sponsor loan which is not paid out but expensed. This helped improve cash generation for the company.

During the year under review, the Company entered into a sale and leaseback agreement with a related party. The proceeds received from the transaction were largely used to pay back the sponsor loans and reduce running finance. This transaction will help reduce finance costs significantly.

## DIVIDEND PAYOUT

Due to loss after tax, no dividend has been declared.

## EARNINGS PER SHARE

The basic Loss per Share of the Company was Re. 0.93 (2023 (restated): Re. 0.95).

## CORPORATE SOCIAL RESPONSIBILITY

At Merit Packaging Limited, we are more than just a company; we are a community-focused organization committed to driving positive social change. In line with our dedication to corporate social responsibility, we actively engage in various initiatives aimed at improving the quality of life for those residing near our manufacturing facilities and in surrounding areas. The company is steadfast in its support for individuals in need, particularly during emergencies and natural disasters. With a vision to create a better environment, a stronger economy, and a more prosperous Pakistan, we remain committed to supporting reputable charitable organizations and impactful social projects. Further details on our CSR activities during the year can be found in the CSR section of the Annual Report.

## SAFETY, SECURITY, HEALTH, AND ENVIRONMENT

The safety and well-being of our employees, along with the preservation of the environment, are our top priorities. Through strong leadership commitment, we safeguard our workforce, assets, and surroundings by maintaining a comprehensive control framework and cultivating a robust SSHE (Safety, Security, Health, and Environment) culture across our operations. Additionally, we are committed to addressing environmental challenges by setting ambitious sustainability goals to reduce our long-term environmental impact.

Our production facilities adhere to industry safety standards, overseen by a dedicated department that ensures compliance with best practices. This department also regularly conducts fire and safety training for our staff. Thanks to the Company's unwavering commitment to strict SSHE protocols, no significant accidents were reported during the year.

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows, and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.



- ## RELATED PARTY TRANSACTIONS

## BOARD OF DIRECTORS

- Ms. Anushka Lakhani

- During the year, 6 meetings of the Board of Directors were convened. The attendance record of each director is as follows:

Name of Director	Meetings Attended
Mr. Iqbal Ali Lakhani	6
Mr. Amin Mohammed Lakhani	3
Mr. Anushka Lakhani	4
Mr. Aftab Ahmad	6
Mr. Farrukh Shauket Ansari	6
Mr. Ahmed Munaf	6
Mr. Agha Shah Waliullah Up to 06 May 2024	5
Mr. Sheikh Asim Rafiq From 06 May 2024	1

- During the year, 5 meetings of the Audit Committee were convened. The attendance record of each member is as follows:

Name of Director	Meetings Attended
Mr. Farrukh Shauket Ansari	5
Mr. Amin Mohammed Lakhani	4
Mr. Ahmed Munaf	5

- During the year, 1 meeting of the Human Resource and Remuneration Committee was convened. The attendance record of each member is as follows:

Name of Director	Meetings Attended
Mr. Mr. Farrukh Shauket Ansari	1
Mr. Amin Mohammed Lakhani	1
Mr. Aftab Ahmad	1

## DIRECTORS' REMUNERATION

The significant features and key elements of Directors' Remuneration are as follows:

- Independent and Non-Executive Directors are only entitled to receive fixed fees in lieu of remuneration of the Board and the Committee meetings.
- The Board is authorized to determine the remuneration of its Directors for attending meetings of the Board and Committee.
- The detail of Directors' remuneration is disclosed in Note 46 of the Financial Statements for the year ended June 30, 2024.

## PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND BOARD COMMITTEES

The Company carries out an annual evaluation of the Board of Directors, its Committees, and Individual Directors as part of the Code of Corporate Governance. A strict level of confidentiality is exercised by the Company Secretary upon receipt of completed questionnaires. The contents of the report are evaluated and areas that require improvement are identified.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Statement of Compliance is provided under the relevant section of the report.

## RISK MANAGEMENT

The Company encounters various legal, regulatory, and operational risks. To manage these effectively, an Internal Controls and Risk Management Framework is in place, ensuring that appropriate risk mitigation plans are implemented and functioning well. Any significant issues are promptly escalated to senior management and the Board.

The Board of Directors maintained vigilant oversight of the socio-economic environment and the related internal and external risks that could potentially impact the Company's secure and seamless operations. As protectors of stakeholder interests, the Directors diligently identified and addressed risks throughout the year. They assessed potential risks, evaluated their implications for the Company, and developed strategies to minimize their impact. These strategies were implemented across the Company, with the Audit Committee overseeing the process.

Strategic risks are managed by the Board of Directors with support from country leadership, while operational risks are handled by the leadership team. One of the most significant risks the Company faces is the pricing and availability of raw materials. Given the economic volatility, raw material prices can be unpredictable. To mitigate this risk, the Company has established strong relationships with key suppliers, enabling it to manage pricing effectively while ensuring a reliable supply of raw materials.

## INTERNAL AUDIT AND CONTROLS

The Company has established a robust internal audit and control system, offering independent assurance to the Board on the adequacy and effectiveness of internal controls. Aligned with the Company's risk governance structure, the Audit Committee approves the annual internal audit plan to ensure the Internal Audit function remains effective and independent. The Directors are confident that the internal control framework has been carefully designed and was effectively implemented and monitored throughout the year.

## SUBSEQUENT EVENTS

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

## PATTERN OF SHAREHOLDING

The pattern of shareholding along with categories of shareholders as of June 30, 2024, as required under section 227 of the Companies Act 2017 is presented on page 106 to 108 of the annual report.

## AUDITORS

The present external auditors, M/s BDO Ebrabim & Co., Chartered Accountants, have completed the annual audit for the year ended June 30, 2024. The auditors shall retire at the conclusion of the Annual General Meeting on October 25, 2024, and being eligible, have offered themselves for reappointment for the year 2025.

## FUTURE PROSPECTS

The economic situation of the country is improving however at a low pace. The continued geopolitical conflicts are a point of concern that may impede the economic recovery through an upsurge in commodity and fuel prices. A downward trend in inflation allowed SBP to reduce the discount rate. We expect that the discount rate will reduce further during the year however, it will depend heavily upon the forthcoming IMF program. We expect a slow recovery which will lead to in uncertainty in the business environment and increase economic challenges. Despite these challenges, the Company is making concerted efforts to navigate the Company successfully in these difficult situations through engagement with key suppliers, customers, and financial institutions, and exploiting the export market.

## ACKNOWLEDGEMENT

The management would like to express its gratitude to all customers, financial institutions, staff Members, suppliers, and shareholders who have been associated with the Company for their continued support and cooperation. We are grateful to the sponsors for their continued support and guidance in testing situations especially in terms of the financial support they extended from time to time to the company in the shape of the right shares and interest-free sponsors' loans. This support from our sponsors has helped the Company pave the way for future profitability.

On behalf of the Board of Directors



**Iqbal Ali Lakhani**

Chairman

Karachi: August 27, 2024



**Amir Ahmed Chapra**

Chief Executive



## انٹرنل آڈٹ اور کنٹرول

کمپنی نے انٹرنل کنٹرول کی اہلیت اور تاثیر سے متعلق بورڈ کو غیر جانبدارانہ توثیق فراہم کرتے ہوئے ایک قابل انٹرنل آڈٹ اور کنٹرول سسٹم نافذ کیا ہے۔ کمپنی کے رسک گورننس ڈھانچے کے مطابق، آڈٹ کمیٹی داخلی آڈٹ فنکشن کی تاثیر اور آزادی کو برقرار رکھنے کے لئے سالانہ داخلی آڈٹ شیڈول کی منظوری دیتی ہے۔ ڈائریکٹر ز کو یقین ہے کہ داخلی کنٹرول فریم ورک سوچ کے ساتھ ڈیزائن کیا گیا ہے اور سال بھر اس پر عمل درآمد اور نگرانی حاصل کی جاتی ہے۔

## بعد کے واقعات:

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والے کوئی مادی تبدیلیاں یا وعدے نہیں ہوئے ہیں۔

## شیئر ہولڈنگ کا پیٹرن:

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت درکار 30 جون 2024 تک حصص یافتگان کی اقسام کے ساتھ شیئر ہولڈنگ کا پیٹرن سالانہ رپورٹ کے صفحہ ۷۷ سے ۷۸ پر پیش کیا گیا ہے۔

## آڈیٹرز

موجودہ بیرونی آڈیٹرز، بی ڈی او ابراہیم اور کمپنی، چارٹرڈ اکاؤنٹنٹس نے 30 جون، 2024 کو ختم ہونے والے سال کے لئے سالانہ آڈٹ مکمل کیا ہے۔ آڈیٹر 25 اکتوبر 2024 کو سالانہ جنرل اجلاس کے اختتام پر ریٹائر ہو گئے، اور اہل ہونے کے ناطے، سال 2025 کے لئے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔

## مستقبل کے امکانات:

ملک کی معاشی صورتحال بہتر ہو رہی ہے، تاہم یہ بہت سست رفتار ہے۔ جاری جیو پولیٹیکل تنازعات ایک تشویشناک نکتہ ہیں جو اشیاء اور ایندھن کی قیمتوں میں اضافے کے ذریعے معاشی بحالی میں رکاوٹ بن سکتے ہیں۔ مہنگائی میں کمی کے رجحان نے اسٹیٹ بینک آف پاکستان کو ڈسکاؤنٹ ریٹ کم کرنے کی اجازت دی۔ ہمیں توقع ہے کہ سال کے دوران ڈسکاؤنٹ ریٹ مزید کم ہوگا، تاہم اس کا انحصار آئندہ آنے والے آئی ایم ایف پروگرام پر ہوگا۔ ہم سست بحالی کی توقع کر رہے ہیں، جس سے کاروباری ماحول میں غیر یقینی صورتحال پیدا ہوگی اور معاشی چیلنجز میں اضافہ ہوگا۔ ان چیلنجز کے باوجود، کمپنی اہم سپلائرز، صارفین، اور مالیاتی اداروں کے ساتھ مشغول رہ کر اور برآمدی منڈی کو بروئے کار لاتے ہوئے ان مشکل حالات میں کمپنی کو کامیابی سے آگے بڑھانے کی بھرپور کوشش کر رہی ہے۔

## اعتراف:

انتظامیہ ان تمام صارفین، مالیاتی اداروں، عملے کے ممبران، سپلائرز اور حصص یافتگان سے اظہار تشکر کرنا چاہے گی جو کمپنی کے ساتھ ان کی مسلسل حمایت اور تعاون کے لئے وابستہ ہیں۔ ہم مشکل حالات میں اسپانسرز کے مسلسل تعاون اور رہنمائی کے لئے خاص طور پر شکر گزار ہیں خاص طور پر اس مالی تعاون کے حوالے سے جو انہوں نے وقتاً فوقتاً کمپنی کو صحیح حصص کے ذریعے اور بغیر سود کے اسپانسر قرضوں کے ذریعے فراہم کی۔

بورڈ آف ڈائریکٹرز کی جانب سے

عامر احمد چہاپرا  
چیف ایگزیکٹو

اقبال علی لاکھانی  
چیئرمین

کراچی: 27 اگست 2024

دوران سال آٹھ کمیٹی کے 5 اجلاس منعقد کئے گئے، ہر ممبر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
جناب فرخ شوکت انصاری	5
جناب امین محمد لاکھانی	4
جناب احمد مناف	5

دوران سال ہیومن ریسورس و ریمونریشن کمیٹی کا 1 اجلاس منعقد کیا گیا، ہر ممبر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
جناب فرخ شوکت انصاری	1
جناب امین محمد لاکھانی	1
جناب آفتاب احمد	1

#### ڈائریکٹرز کا معاوضہ:

ڈائریکٹرز کے معاوضہ کی اہم خصوصیات اور کلیدی عناصر درج ذیل ہیں:

- آزاد اور غیر ایگزیکٹو ڈائریکٹرز صرف بورڈ اور کمیٹی کے اجلاسوں کی مراعات کے بدلے مقررہ فیس وصول کرنے کے حق دار ہیں۔
- بورڈ کو اپنے ڈائریکٹرز کے معاوضہ کا تعین کرنے کا اختیار ہے، جو وہ بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے وصول کریں گے۔
- مالی سال 30 جون 2024 کو ختم ہونے والے کیلئے ڈائریکٹرز کے معاوضہ کی تفصیل مالیاتی بیانات کے نوٹ 46 میں ظاہر کی گئی ہیں۔

#### بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی کارکردگی کا جائزہ:

کمپنی کارپوریٹ گورننس کے ضابطہ اخلاق کے حصے کے طور پر بورڈ آف ڈائریکٹرز، اس کی کمیٹیوں، اور انفرادی ڈائریکٹرز کی سالانہ تشخیص کرتی ہے۔ مکمل شدہ سوالنامے موصول ہونے پر کمپنی سیکریٹری کی جانب سے سخت رازداری برقرار رکھی جاتی ہے۔ رپورٹ کے مواد کا جائزہ لیا جاتا ہے اور ان شعبوں کی نشاندہی کی جاتی ہے جن میں بہتری کی ضرورت ہے۔

#### کارپوریٹ گورننس کے ضابطے کے ساتھ تعمیل کا بیان:

کمپنی نے لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ اخلاق) ریگولیشنز 2019 کی ضروریات کی مکمل تعمیل کی ہے۔ تعمیل کا بیان رپورٹ کے متعلقہ حصے میں فراہم کیا گیا ہے۔

#### رسک مینجمنٹ:

کمپنی کو متعدد قانونی، ریگولیٹری اور آپریشنل خطرات کا سامنا ہے۔ ایک اندرونی کنٹرول اور رسک مینجمنٹ فریم ورک موجود ہے جو اس بات کو یقینی بناتا ہے کہ خطرے سے تخفیف کے مناسب منصوبے موجود ہوں اور مؤثر طریقے سے کام کر رہے ہوں۔ کسی بھی اہم امور کو اعلیٰ انتظامیہ اور بورڈ تک بڑھایا جاتا ہے۔

بورڈ آف ڈائریکٹرز نے سماجی و معاشی حالات کی نگرانی اور اس سے وابستہ داخلی اور بیرونی خطرات کی نگرانی پر قرار رکھی جو ممکنہ طور پر کمپنی کے محفوظ اور ہموار کام اور نتائج کو متاثر کر سکتی ہے۔ اسٹیک ہولڈر مفادات کے سر پرستوں کی حیثیت سے اپنے کردار میں ڈائریکٹرز نے سال کے دوران مختلف خطرات کی نشاندہی کرنے اور ان کے خاتمے کے لئے تہذیب سے کام کیا۔ انہوں نے ممکنہ خطرات کی نشاندہی کی، کمپنی کے لئے ان کے مضمرات کا اندازہ کیا اور کاروبار پر ان کے اثرات کو کم سے کم کرنے کے لئے نقطہ نظر وضع کیا آٹھ کمیٹی نے مانیٹرنگ کا کردار ادا کرتے ہوئے کمپنی کے ڈھانچے میں ان طریقوں کی نگرانی کی گئی۔

اسٹریٹجک خطرات کا انتظام بورڈ آف ڈائریکٹرز کے ذریعہ کمپنی کی مدد سے کرتے ہیں جبکہ آپریشنل خطرات کا انتظام قیادت کی ٹیم کے ذریعہ کیا جاتا ہے۔ کمپنی کو سب سے نمایاں خطرہ خام مال کی قیمتوں اور دستیابی کا سامنا کرنا پڑتا ہے۔ معیشت کی اتار چڑھاؤ کی وجہ سے، خام مال کی قیمتوں کا تعین غیر متوقع ہے۔ اثرات کو کم کرنے کے لئے کمپنی نے بڑے سپلائرز کے ساتھ قریبی تعلقات قائم کیے ہیں۔ اس سے کمپنی کو خام مال کی ہموار فراہمی کو حاصل کرتے ہوئے اپنی قیمتوں کا انتظام کرنے میں مدد ملی۔

- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مواد انحراف نہیں ہوا ہے۔
- گذشتہ چھ (6) سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار کو مختصر شکل میں منسلک کیا گیا ہے۔
- آپ کی کمپنی کے خلاف ٹیکس، ڈیوٹیز، لیویز، اور چارجز کے حوالے سے کچھ بھی بقایا نہیں ہے، سوائے ان کے جو معمول کے کاروبار کے دوران واقع ہوئے ہیں۔
- کمپنی اپنے ملازمین کے لیے پروویڈنٹ فنڈ گریجویٹ اور اکاؤنٹس برقرار رکھتی ہے۔ 30 جون 2024 تک فنڈز کی سرمایہ کاری کی اقدار ذیل میں رکھی گئی ہیں:
- پروویڈنٹ فنڈ 105.700 ملین روپے
- گریجویٹ فنڈ 81.343 ملین روپے

#### متعلقہ فریق کے ساتھ لین دین:

سال 2024 کے دوران تمام متعلقہ فریقین کے لین دین آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیے گئے۔ آڈٹ کمیٹی نے ان لین دین کا مناسب طریقے سے جائزہ لیا اور بورڈ نے اپنے اجلاسوں میں ان کی منظوری دی۔ تمام لین دین آرمز لینتھ ٹرانزیکشن کی بنیاد پر عمل میں لائے گئے اور بورڈ کی طرف سے منظور شدہ متعلقہ پارٹیوں کی پالیسی کے مطابق ہیں۔ کمپنی ایسے تمام لین دین کا شرائط و ضوابط کے ساتھ مکمل ریکارڈ برقرار رکھتی ہے۔

#### بورڈ آف ڈائریکٹرز:

بورڈ میں ڈائریکٹرز کی کل تعداد 7 ہے۔ اس کی تشکیل درج ذیل ہے:

6 مرد ڈائریکٹرز:

1 خاتون ڈائریکٹر:

اے۔ آزاد ڈائریکٹر:

جناب شیخ عاصم رفیق

جناب احمد مناف

بی۔ غیر ایگزیکٹو ڈائریکٹرز:

جناب اقبال علی لاکھانی

جناب امین محمد لاکھانی

جناب آفتاب احمد

محترمہ انوشکا لاکھانی

جناب فرخ شوکت انصاری

سی۔ خاتون ڈائریکٹر:

محترمہ انوشکا لاکھانی

دوران سال بورڈ آف ڈائریکٹرز کے 6 اجلاس منعقد کئے گئے، ہر ڈائریکٹر کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری
جناب اقبال علی لاکھانی	6
جناب امین محمد لاکھانی	3
محترمہ انوشکا لاکھانی	4
جناب آفتاب احمد	6
جناب فرخ شوکت انصاری	6
جناب احمد مناف	6
جناب آغا شاہ ولی اللہ (6 مئی 2024 تک)	5
جناب شیخ عاصم رفیق (6 مئی 2024 سے)	1



2024				
جون	مارچ	دسمبر	ستمبر	نَوَٹل
PKR ملین میں				

1,389.78	1,703.93	1,790.24	1,754.53	6,638.48
34.35	136.50	130.70	156.56	458.11
(55.51)	(10.35)	(30.39)	(6.91)	(103.16)
(71.10)	(32.15)	(53.27)	(29.84)	(186.36)

خالص فروخت

مجموعی منافع

قبل از ٹیکس خسارہ

بعد از ٹیکس خسارہ

کمپنی کی آمدنی میں 4.7 فیصد کا اضافہ ہوا، جو کہ گذشتہ سال کے مقابلے میں 297.85 ملین روپے زیادہ ہے۔ کمپنی کی مالیاتی لاگت میں 2.16 کا اضافہ ہوا۔ مالی سال 2023-2024 کی آخری سہ ماہی اقتصادی عدم استحکام اور صارف کے اعتماد کی وجہ سے متاثر ہوئی، جس نے صنعت بھر کی تمام کمپنیوں پر منفی اثر ڈالا۔ جیسا کہ پہلے بیان کیا گیا، کمپنی نے مالی سال 2023 کے مالیاتی اعداد و شمار کو دوبارہ بیان کیا اور ICAP کی ہدایات کے مطابق اپنے ڈیفرڈ کردہ ٹیکسز کو ایڈجسٹ کیا۔

اسپانسر کے قرض پر ایک مالیاتی چارج موجود ہے جو ادا نہیں کیا گیا بلکہ خرچ کیا گیا ہے۔ اس سے کمپنی کی نقدی کی پیداوار میں بہتری آئی۔

دوران جائزہ سال، کمپنی نے ایک متعلقہ فریق کے ساتھ سیل اینڈ لیز بیک معاہدہ کیا۔ اس لین دین سے حاصل شدہ رقم کو زیادہ تر اسپانسر کے قرضوں کی ادائیگی اور جاری مالیات میں کمی کے لیے استعمال کیا گیا۔ یہ لین دین مالیاتی اخراجات کو نمایاں طور پر کم کرنے میں مدد کرے گا۔

#### ڈیوڈنڈ ادائیگی:

بعد از ٹیکس خسارہ کے باعث کسی بھی ڈیوڈنڈ کی ادائیگی نہیں کی گئی۔

#### آمدنی فی شیئر:

کمپنی کا فی شیئر بنیادی خسارہ 0.93 روپے رہا جو کہ 2023 میں 0.95 روپے تھا۔

#### کارپوریٹ سماجی ذمہ داری:

میریٹ پیکجنگ لمیٹڈ میں، ہم صرف ایک کمپنی نہیں ہیں؛ ہم ایک کمیونٹی پر توجہ مرکوز کرنے والی تنظیم ہیں جو مثبت سماجی تبدیلی لانے کے لیے پرعزم ہیں۔ ہماری کارپوریٹ سماجی ذمہ داری (CSR) کے عزم کے تحت، ہم مختلف اقدامات میں بڑھ چڑھ کر حصہ لیتے ہیں جو ہماری فیکٹریوں کے قریب اور ارد گرد کے علاقوں میں رہائش پذیر لوگوں کی زندگی کے معیار کو بہتر بنانے کی کوشش کرتے ہیں۔ کمپنی خاص طور پر ہنگامی حالات اور قدرتی آفات کے دوران ضرورت مند افراد کی حمایت میں ثابت قدم ہے۔ ایک بہتر ماحول، مضبوط معیشت، اور خوشحال پاکستان کے نظریہ کے ساتھ، ہم قابل احترام رفاہی تنظیموں اور مؤثر سماجی منصوبوں میں حصہ ڈالنے کیلئے پرعزم ہیں۔ ہماری کارپوریٹ سماجی ذمہ داری کی سرگرمیوں کی مزید تفصیلات سالانہ رپورٹ کے CSR سیکشن میں موجود ہیں۔

#### حفاظت، سلامتی، صحت، اور ماحولیات:

ہمارے ملازمین کی حفاظت اور فلاح و بہبود، ساتھ ہی ماحول کے تحفظ، ہماری اولین ترجیحات ہیں۔ مضبوط قیادت کے عزم کے ذریعے، ہم ایک جامع کنٹرول فریم ورک برقرار رکھ کر اور اپنے آپریشنز میں ایک مضبوط SSHE (سیفٹی، سیکیورٹی، صحت، اور ماحولیات) کلچر کو فروغ دے کر اپنے ورک فورس، اثاثوں، اور ماحول کی حفاظت کرتے ہیں۔ مزید برآں، ہم ماحولیاتی چیلنجز کا مقابلہ کرنے کے لیے پائیداری کے بلند مقاصد مقرر کر کے اپنے طویل مدتی ماحولیاتی اثرات کو کم کرنے کے لیے پرعزم ہیں۔

ہمارے پیداوار کے مراکز صنعت کی حفاظتی معیارات پر عمل کرتے ہیں، جس کی نگرانی ایک وقف شدہ محکمہ کرتا ہے جو بہترین طریقوں کی تعمیل کو یقینی بناتا ہے۔ یہ محکمہ ہمارے عملے کے لیے باقاعدگی سے آگ اور حفاظتی تربیت بھی فراہم کرتا ہے۔ کمپنی کے SSHE پروٹوکولز کے تندی سے عمل درآمد کی بدولت، سال کے دوران کوئی نمایاں حادثات رپورٹ نہیں ہوئے۔

#### کارپوریٹ اور مالی رپورٹنگ فریم ورک:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات کمپنی کی حالت، کمپنی کے آپریشنز کے نتائج، نقد بہاؤ، اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر اپنایا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔
- پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کو مناسب طریقے سے افشا اور وضاحت کیا گیا ہے۔
- داخلی کنٹرول کے نظام کا ڈیزائن مضبوط ہے اور مؤثر انداز میں عملدرآمد اور نگرانی کی گئی ہے۔
- کمپنی کی جاری رہنے کی صلاحیت پر کوئی خاص شکوک و شبہات نہیں ہیں۔

# ڈائریکٹرز رپورٹ برائے ممبران

## برائے اختتامی سال 30 جون 2024

میرٹ پیکیجنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون ، 2024 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹ شدہ مالی بیانات کے ساتھ سالانہ رپورٹ پیش کرنے پر خوش ہیں۔

یہ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017، فہرست کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے سیکشن 227 کے مطابق تیار کی گئی ہے اور 25 اکتوبر 2024 کو ہونے والی چوالیس ویں سالانہ جنرل میٹنگ میں ممبران کو پیش کی جائے گی۔

### اہم سرگرمیاں:

براہ کرم کمپنی کی بنیادی سرگرمی کے لئے مالی بیانات کے نوٹ 1 کا مطالعہ کریں۔

### کاروبار اور معاشی ماحول:

پاکستان میں کاروباری ماحول مسلسل چیلنجز کا شکار ہے۔ ملک کی GDP کی شرح میں 2.38 فیصد کا معمولی اضافہ ہوا، جبکہ صنعتی پیداوار (Large Scale Manufacturing) میں 0.1 فیصد کمی آئی، اور پیپر اور بورڈ کے شعبے میں بھی کمی ریکارڈ کی گئی۔ اگرچہ افراط زر کی شرح 29.2 فیصد سے کم ہو کر 24.5 فیصد پر آگئی، لیکن اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ کو زیادہ رکھا، جس کے باعث مالیاتی اخراجات میں اضافہ ہوا۔

عالمی سطح پر، مختلف تنازعات کے باوجود جوکہ عالمی معیشت پر دباؤ ڈال رہے ہیں، اس نے حیرت انگیز مضبوطی کا مظاہرہ کیا اور مالی سال کے آغاز میں کمی گئی مایوس کن پیش گوئیوں کے برعکس مستحکم ترقی دکھائی۔ تاہم، علاقائی جغرافیائی سیاسی کشیدگیاں ایک تشویش بنی ہوئی ہیں، کیونکہ ان میں کسی بھی قسم کا اضافہ، عالمی افراط زر کے دباؤ کو مزید بڑھا سکتا ہے اور پوری دنیا میں معاشی ترقی میں رکاوٹ بن سکتا ہے۔

کمپنی کی انتظامیہ نے ان چیلنجز کا مقابلہ کرنے کے لیے، اہم سپلائرز اور صارفین کے ساتھ مضبوط تعلقات کو فروغ دینے پر توجہ مرکوز کی، جبکہ پیداواری لاگت کو قابو میں رکھنے کے لیے محتاط رہی۔ ہمیں اپنے شیئر ہولڈرز کو یہ بتاتے ہوئے بے حد خوشی ہو رہی ہے کہ کمپنی نے مالی سال کے دوران ایک برآمدی آرڈر حاصل کیا۔ کمپنی کو امید ہے کہ اگلے مالی سال میں مزید آرڈرز موصول ہوں گے، جو اسے برآمدی مارکیٹ کو دریافت کرنے کا موقع فراہم کریں گے۔

### مالی کارکردگی:

کمپنی کی بحالی کا سفر درست سمت میں رہا، تاہم مالی سال 2024 کی آخری سہ ماہی (اپریل سے جون) میں معاشی سست روی نے ترقی کی پیش گوئیوں کو متاثر کیا۔ ان مشکل معاشی حالات کے باوجود، کمپنی کی آمدنی 6.34 بلین روپے سے بڑھ کر 6.64 بلین روپے ہوگئی۔ تاہم، سالانہ بنیادوں پر مجموعی منافع میں 4.70 فیصد کمی ہوئی، جو مالی سال 2023 میں 491.6 ملین روپے تھا، وہ مالی سال 2024 میں کم ہو کر 458.1 ملین روپے ہوگیا۔

مالی سال 2024 میں آپریٹنگ منافع میں 10.8 کی کمی ہوئی، جو مالی سال 2023 میں 278.7 ملین روپے سے کم ہو کر مالی سال 2024 میں 248.6 ملین روپے ہوگیا۔ کمپنی کو مالی سال 2024 میں 186.4 ملین کا خالص خسارہ ہوا، جو مالی سال 2023 میں 189.9 ملین روپے کے خسارے سے قدرے بہتر تھا۔ یہاں یہ ذکر کرنا ضروری ہے کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس پاکستان کی جانب سے جاری کردہ حالیہ ہدایات (سرکلر نمبر 7/2024) کے نتیجے میں کم از کم ٹیکس کو اب ایک لیوی کے طور پر ریکارڈ کیا جاتا ہے، جس کے باعث ڈیفرڈ ٹیکس کو ماضی کے حساب سے ایڈجسٹ کیا گیا ہے۔

نتیجتاً، مالی سال 2023 کے مالیاتی بیانات کو ری اسٹیٹ کیا گیا، لہذا، درست شدہ خسارہ 189.9 ملین روپے ہے، جو گذشتہ سال کے مالیاتی بیانات میں رپورٹ کردہ 136 ملین روپے کے اعداد و شمار کے مقابلے میں ہے۔

مزید برآں، اگر یہ تبدیلی نہ کی جاتی، تو مالی سال 2024 کے لیے کمپنی کا خسارہ 75 ملین روپے ہوتا۔ کمپنی کے خسارہ فی شیئر میں کمی ہوئی، جو کہ پہلے روپے 0.95 (ری اسٹیٹڈ) تھا وہ اب 0.93 روپے ہو گیا ہے۔

کمپنی کی ٹاپ لائن نے سالوں کے دوران مسلسل ترقی دکھائی ہے، جو معیاری مصنوعات کو مسابقتی قیمتوں پر فراہم کرنے کی بدولت حاصل ہوئی ہے۔ انتظامیہ دوسرے اہم کلائنٹس کے ساتھ فعال طور پر مذاکرات کر رہی ہے تاکہ انہیں اپنے ساتھ شامل کیا جاسکے، اور مستقبل میں حجم اور آمدنی کو بڑھانے کے لیے اقدامات کر رہی ہے۔

2023	2024
PKR میں ہیں	
6,638.48	6,340.62
458.11	491.60
(103.16)	(65.54)
(186.36)	(189.91)

خالص فروخت  
مجموعی منافع  
قبل از ٹیکس خسارہ  
بعد از ٹیکس خسارہ

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES

## (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2024

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

1. Total number of Directors is seven as per the following:

- a. Male 6
- b. Female 1

2. The composition of the Board is as follows:

Independent Directors	Mr. Sheikh Asim Rafiq
	Mr. Ahmed Munaf
Other Non-executive Directors	Mr. Iqbal Ali Lakhani – Chairman
	Mr. Amin Mohammed Lakhani
	Ms. Anushka Lakhani
	Mr. Aftab Ahmad
	Mr. Farrukh Shauket Ansari
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 a 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 has 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 the Directors' Training program.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. 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. Sheikh Asim Rafiq – Chairman
	Mr. Amin Mohammed Lakhani – Member
	Mr. Ahmed Munaf – Member
HR and Remuneration Committee	Mr. Sheikh Asim Rafiq - Chairman
	Mr. Amin Mohammed 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. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 is as follows:

S. No.	Non-Mandatory requirement	Reg. No.	Explanation
1.	The board is responsible for governance and oversight of sustainability risks and opportunities and takes appropriate measures to address it. Further, the board ensures that the Company's sustainability and DE&I related strategies are periodically reviewed and monitored.	10A(1)(3)(4)	The board will ensure that the company has addressed sustainability related risk and opportunities. Also, it will ensure that company's sustainability and DE&I related strategies are periodically reviewed and monitored in future.
2.	The board may established a dedicated sustainability committee or assign additional responsibilities to an existing board committee.	10A(5)	Currently, the board has not constituted a separate Sustainability Committee and the functions will be performed by the Board Audit Committee.



**Iqbal Ali Lakhani**  
Chairman

Karachi: August 27, 2024



**Amir Ahmed Chapra**  
Chief Executive



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Pakistan

# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF MERIT PACKAGING LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Merit Packaging Limited for the year ended June 30, 2024 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, 2024.

KARACHI  
DATED: 20 SEP 2024  
UDIN: CR202410166LKeByvfxl

**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Tariq Feroz Khan

#### BDO Ebrahim & Co. Chartered Accountants

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# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' 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, 2024, 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 material accounting policies, information 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, 2024 and of the loss, 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.

The following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<b>Operating Fixed Assets and Capital Expenditure</b>	
	<p>As of the reporting date, the operating fixed assets of the Company amount to Rs. 2,805.924 million, as disclosed in note 6 of the annexed financial statements, which represents 52.7% of total assets.</p> <p>Further, the Company has also made a significant capital expenditure amounting to Rs. 246.381 million during the year which has been disclosed in note 7 of the annexed financial statements.</p> <p>Significant levels of capital expenditure require consideration of key areas of significant judgments, estimates, and assumptions and ascertaining the appropriateness of valuation techniques used in assessing the fair values of the nature of the costs incurred to ensure that their capitalization in operating fixed assets.</p> <p>Additionally, determining the availability of assets for use and estimating their useful lives and residual value involve significant considerations.</p> <p>Accordingly, we have considered this to be a key audit matter.</p>	<p>Our audit work includes a number of procedures, among others:</p> <ul style="list-style-type: none"> <li>• We assessed and tested the design and operation of its key controls over capital expenditure, including testing the amounts capitalized to supporting evidence, and evaluating whether assets were capitalized in accordance with required recognition criteria;</li> <li>• We checked the relevant documents, suppliers' invoices, delivery notes and various components of the capitalized cost</li> <li>• We also evaluated the basis used by the management for determining the useful economic lives of the new assets and the depreciation charged in relation thereto, by considering factors such as the current depreciation, estimates for similar or comparable assets, expected utilization of the assets and the estimated residual value at the end of the useful lives.; and</li> <li>• We assessed the adequacy of the Company's disclosures in accordance with the applicable financial reporting standards.</li> </ul>

### 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 by the accounting and reporting standards as applicable in Pakistan and the requirements of the 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 concerned and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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



## Report on Other Legal and Regulatory Requirements

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

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

KARACHI  
DATED: 20 SEP 2024  
UDIN: AR202410166jXsqdGh87



**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**

# STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	Note	2024	2023	2022
		(Rupees)		
			(Restated)	(Restated)
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	6	2,805,924,011	4,292,848,588	2,911,270,415
Operating fixed assets	7	115,560,403	138,067,924	77,259,839
Capital work in progress		2,921,484,414	4,430,916,512	2,988,530,254
Right-of-use asset	8	140,062,324	-	-
Intangible assets	9	152,310	243,695	411,950
Long-term deposits	10	12,249,187	12,249,187	5,019,677
		3,073,948,235	4,443,409,394	2,993,961,881
<b>CURRENT ASSETS</b>				
Stores and spares	11	114,458,557	66,162,871	81,877,412
Stock-in-trade	12	452,569,120	763,974,549	700,740,532
Trade debts	13	1,196,428,201	1,443,551,693	1,113,834,633
Loans and advances	14	28,842,424	28,617,255	38,948,213
Advances, trade deposits and short-term prepayments	15	86,904,401	35,816,188	3,122,371
Other receivables	16	17,748,043	28,050,140	107,053
Tax refund due from Government	17	272,679,538	341,375,591	368,015,653
Taxation - net	18	62,894,466	-	-
Cash and bank balances	19	21,309,718	5,646,512	6,846,936
		2,253,834,468	2,713,194,799	2,313,492,803
<b>TOTAL ASSETS</b>		<b>5,327,782,703</b>	<b>7,156,604,193</b>	<b>5,307,454,684</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital				
200,000,000 (June 30, 2023: 200,000,000) ordinary shares of Rs. 10/- each	20	2,000,000,000	2,000,000,000	2,000,000,000
Issued, subscribed and paid-up capital	21	1,999,584,270	1,999,584,270	1,999,584,270
Capital reserve				
Surplus on revaluation of property, plant and equipment	22	973,961,544	2,198,988,791	812,129,227
Equity portion of loan - associated company		789,949,781	622,381,448	521,201,641
Share Premium Reserve		298,325,000	298,325,000	298,325,000
Revenue reserves				
General reserves		106,800,000	106,800,000	106,800,000
Accumulated losses		(1,244,708,033)	(2,274,388,025)	(2,124,224,411)
		2,923,912,562	2,951,691,484	1,613,815,727
<b>NON-CURRENT LIABILITIES</b>				
Sub-ordinated loan	23	143,634,453	238,767,487	233,995,331
Long-term financing	24	46,823,699	1,299,814,564	1,407,487,160
Lease liability	25	142,388,067	-	13,200
		332,846,219	1,538,582,051	1,641,495,691
<b>CURRENT LIABILITIES</b>				
Trade and other payables	27	1,295,863,527	1,814,198,962	1,092,307,837
Mark-up accrued	28	36,397,482	48,158,525	21,064,066
Short-term borrowings	29	640,311,702	676,683,429	698,866,008
Current portion of deferred capital grant		-	-	293,922
Current portion of long-term financing	24	93,647,402	127,160,599	210,874,911
Current portion of lease liability	25	4,674,666	-	-
Un-claimed dividend		129,143	129,143	129,143
Taxation - net		-	-	28,607,379
		2,071,023,922	2,666,330,658	2,052,143,266
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,327,782,703</b>	<b>7,156,604,193</b>	<b>5,307,454,684</b>
<b>CONTINGENCIES AND COMMITMENTS</b>				
	30			

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

**Amin Mohammed Ikhani**  
Director

**Amir Ahmed Chapra**  
Chief Executive Officer

**Umair Ahmed**  
Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees)	(Restated)
Revenue	31	6,638,477,368	6,340,623,574
Cost of sales	32	(6,180,364,067)	(5,849,026,445)
Gross profit		458,113,301	491,597,129
General and administrative expenses	33	(148,641,398)	(109,004,812)
Selling and distribution expenses	34	(96,575,398)	(87,252,291)
Other income	35	51,089,167	33,312,310
Other operating expenses	36	(15,416,293)	(49,903,304)
		(209,543,922)	(212,848,097)
Operating profit		248,569,379	278,749,032
Financial charges	37	(351,728,400)	(344,284,711)
Loss before income tax and minimum tax differential		(103,159,021)	(65,535,679)
Minimum tax differential	38	(83,203,401)	(124,375,935)
Loss before income tax		(186,362,422)	(189,911,614)
Taxation		-	-
Loss for the year		(186,362,422)	(189,911,614)
Loss per share - basic and diluted	40	(0.93)	(0.95)

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



**Amin Mohammed Ikhani**  
Director



**Amir Ahmed Chapra**  
Chief Executive Officer



**Umair Ahmed**  
Chief Financial Officer



# STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees)	
			(Restated)
Loss for the year		(186,362,422)	(189,911,614)
Other comprehensive (loss) / income			
Items that will not be reclassified subsequently to statement of profit or loss:			
Actuarial (loss) / gain on remeasurement of post employment benefit plans	41.1.2	(8,984,833)	35,106,022
Surplus on revaluation of property, plant and equipment - net	22	-	1,391,501,542
Other comprehensive (loss) / income		(8,984,833)	1,426,607,564
Total comprehensive (loss) / income for the year		(195,347,255)	1,236,695,950

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



**Amin Mohammed Iakhani**  
Director



**Amir Ahmed Chapra**  
Chief Executive Officer



**Umair Ahmed**  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2024

## Balance as at July 01, 2022

Adjustment due to change in accounting policy  
**Balance as reported at July 01, 2022 (restated)**

Loss for the year (before restatement)  
 Other comprehensive income (before restatement)  
 Adjustment due to change in Accounting policy  
 - Impact on loss for the year  
 - Impact on Other comprehensive income

Loss for the year (after restatement)  
 Other comprehensive income (after restatement)

Transaction with owners

Equity portion of loan - note 23

Transferred to accumulated losses on account of  
 incremental depreciation - note 22

## Balance as at June 30, 2023 (restated)

Total comprehensive income for the  
 year ended June 30, 2024

Loss for the year  
 Other comprehensive loss

Transaction with owners

Equity portion of loan - note 23 & 24

Transferred to accumulated losses on account of  
 incremental depreciation - note 22  
 disposal of land and building - note 22

## Balance as at June 30, 2024

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



**Amin Mohammed Iakhani**  
 Director



**Amir Ahmed Chapra**  
 Chief Executive Officer



**Umair Ahmed**  
 Chief Financial Officer

Issued, subscribed and paid-up capital	Capital Reserves				Revenue Reserves			Total
	Surplus on revaluation of property, plant and equipment	Share Premium Reserve	Equity portion of loan from associated company	Sub Total	General Reserve	Accumulated losses	Sub Total	
(Rupees)								
1,999,584,270	799,735,200	298,325,000	521,201,641	1,619,261,841	106,800,000	(1,880,131,926)	(1,773,331,926)	1,845,514,185
-	12,394,027	-	-	12,394,027	-	(244,092,485)	(244,092,485)	(231,698,458)
1,999,584,270	812,129,227	298,325,000	521,201,641	1,631,655,868	106,800,000	(2,124,224,411)	(2,017,424,411)	1,613,815,727
-	-	-	-	-	-	(136,601,943)	(136,601,943)	(136,601,943)
-	1,087,210,533	-	-	1,087,210,533	-	24,925,276	24,925,276	1,112,135,809
-	-	-	-	-	-	(53,309,671)	(53,309,671)	(53,309,671)
-	304,291,009	-	-	304,291,009	-	10,180,746	10,180,746	314,471,755
-	-	-	-	-	-	(189,911,614)	(189,911,614)	(189,911,614)
-	1,391,501,542	-	-	1,391,501,542	-	35,106,022	35,106,022	1,426,607,564
-	1,391,501,542	-	-	1,391,501,542	-	(154,805,592)	(154,805,592)	1,236,695,950
-	-	-	101,179,807	101,179,807	-	-	-	101,179,807
-	(4,641,978)	-	-	(4,641,978)	-	4,641,978	4,641,978	-
1,999,584,270	2,198,988,791	298,325,000	622,381,448	3,119,695,239	106,800,000	(2,274,388,025)	(2,167,588,025)	2,951,691,484
-	-	-	-	-	-	(186,362,422)	(186,362,422)	(186,362,422)
-	-	-	-	-	-	(8,984,833)	(8,984,833)	(8,984,833)
-	-	-	-	-	-	(195,347,255)	(195,347,255)	(195,347,255)
-	-	-	167,568,333	167,568,333	-	-	-	167,568,333
-	(75,987,112)	-	-	(75,987,112)	-	75,987,112	75,987,112	-
-	(1,149,040,135)	-	-	(1,149,040,135)	-	1,149,040,135	1,149,040,135	-
-	(1,225,027,247)	-	-	(1,225,027,247)	-	1,225,027,247	1,225,027,247	-
1,999,584,270	973,961,544	298,325,000	789,949,781	2,062,236,325	106,800,000	(1,244,708,033)	(1,137,908,033)	2,923,912,562

# STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees)	
			(Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	42	416,936,506	778,125,052
Taxes paid - net		(98,300,858)	(107,217,859)
Financial charges paid		(230,011,854)	(182,858,048)
Long-term deposits		-	(7,242,710)
Net cash generated from operating activities		88,623,794	480,806,435
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure made during the year	7.1	(246,381,120)	(240,401,582)
Proceeds from sale of property, plant and equipment		1,554,691,000	356,950
Net cash generated from / (used in) investing activities		1,308,309,880	(240,044,632)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term financing - Sponsors		(1,200,000,000)	-
Repayment of long-term financing - Financial institution		(144,898,741)	(219,767,149)
Ijarah lease rentals payment - net		-	(12,499)
Net cash used in financing activities		(1,344,898,741)	(219,779,648)
Net increase in cash and cash equivalents		52,034,933	20,982,155
Cash and cash equivalents at beginning of the year		(671,036,917)	(692,019,072)
Cash and cash equivalents at end of the year	44	(619,001,984)	(671,036,917)

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



**Amin Mohammed Ikhani**  
Director



**Amir Ahmed Chapra**  
Chief Executive Officer



**Umair Ahmed**  
Chief Financial Officer



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2024

## 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 Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company is mainly engaged in the manufacture and sale of printing and packaging materials.
- 1.2 The Company incurred loss for the year ended June 30, 2024 amounting to Rs. 186.362 million (2023 Restated : Rs. 189.912 million) and its accumulated losses stood as at June 30, 2024 amounted to Rs. 1,244.708 million (2023 Restated : Rs. 2,274.388 million).

## 2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The geographical Location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
- Registered office	Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan.
- Factory	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
- 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 Functional and presentation currency

The financial statements are presented in Pakistani rupees ("the Rupees"), which is the Company's functional and presentation currency.

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

## 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, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	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 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

#### 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 are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
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' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

## **5. MATERIAL ACCOUNTING POLICIES INFORMATION**

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

### **5.1 Property, plant and equipment**

#### **5.1.1 Operating fixed asset**

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 and impairment losses, if any.

Depreciation is charged using the straight line method and reducing balance method at the specified rates as disclosed in note 6 of the financial statements, 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 except in case of revaluation where revaluation is conducted in the last reporting month the impact of depreciation on the revalued amount is not recognised given the fact that the amount is immaterial. Whereas, 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 statement of profit or loss 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 statement of profit or loss, 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.

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**

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the Company. Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset (i.e. computer softwares) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Expenditure which enhances the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Amortization is provided on a straight line basis at the rates disclosed in note 8 to the financial statements. Amortization on addition to intangible assets is charged from the month of addition while no amortization is charged for the month of disposal or deletion of assets. Costs associated with maintaining computer softwares are recognized as an expense as and when incurred.

## **5.3 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 based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### **5.6.2 Deferred**

Deferred tax is accounted for using the Balance Sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the statement of financial position date and are expected to apply to the periods when the differences reverse.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## **5.7 Levy**

Minimum tax, final tax and super-tax not based on taxable profits are recognized as a levy in the profit or loss account. Any excess of expected income tax paid or payable for the year under Income Tax 2001 (the Ordinance) over the amount designated as a levy is then recognized as current income tax expense in the profit or loss account.

## **5.8 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).

## **5.9 Borrowings and its 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.

## **5.10 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.

## **5.11 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.

## **5.12 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 statement of profit or loss, 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.

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 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, 2024 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.

#### **5.18 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. 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:

##### **Revenue from contracts with customers**

###### **Sale of goods**

- Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

###### **Contract assets**

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

**Contract liabilities**

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

**Others**

- Scrap sales are recognized on delivery to customers at realized amounts.
- Profit on bank deposit is accrued on time proportion basis by reference to the principal 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 Dividend and appropriation to reserves**

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

**5.21 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.

**5.22 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.

**5.23 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.

**5.24 Segment reporting**

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

**5.25 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. 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.

**5.25.1 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 live. 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.

Depreciation is charged on property, plant, and equipment, except land, capitalized during the year from the month the asset is available for use up to the month immediately preceding the disposal.



During the period effective on July 01, 2023, the Company reassessed its accounting estimate for depreciation rate and depreciation method due to more experience, modern technology and to better reflect the consumption of the asset's economic benefits and align the accounting practices with industry best standards. The Company changed its depreciation method from the straight-line method to the reducing balance method. The revision of depreciation rate and change of depreciation method are accounted for prospectively as a change in the accounting estimate and has no retrospective effect on prior financial periods.

The change in estimate affect the current period and future years' depreciation charge, carrying amount of assets, and profit after tax. The effect of the change in estimate on current period and future years on the following:

	Current Period	Subsequent Years			
	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	30-Jun-28
	(Rupees)				
Increase/ (decrease) in depreciation charge	(54,028,099)	(73,062,496)	(70,052,985)	(35,293,491)	(27,185,206)
Increase / (decrease) in carrying amount	63,246,280	136,308,775	206,361,760	241,655,251	268,840,457
Increase / (decrease) in profit after tax	35,686,677	51,874,372	49,737,619	25,058,378	19,301,496

#### **Nature of the Change:**

The change in depreciation rate and depreciation method involves changing of depreciation rate and the depreciation method from a straight line to a reducing balance method. This change is applied to the whole property, plant, and equipment except for computers and accessories which remained on a straight-line basis. The decision to make this change is based on a thorough review of the company's accounting policies and a determination that the new method better reflects the pattern in which the assets contribute to the entity's future economic benefits.

#### **5.25.2 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.

#### **5.25.3 Change in Accounting Policy**

Previously, sum of current tax expense calculated as per applicable tax laws, prior year tax expense and deferred tax was recorded as income tax expense.

During the year the Institute of Chartered Accountant of Pakistan has issued the guidance for accounting of minimum and final taxes through circular No. 7/2024 dated May 15, 2024 and defined following two approaches:

Approach 1: Designate the amount calculated as tax on gross amount of revenue or other basis as a levy within the scope of IFRIC 21/IAS 37 and recognize it as an operating expense. Any excess over the amount designated as a levy is then recognized as current income tax expense falling under the scope of IAS 12.

Approach 2: Designate the amount of tax calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess over the amount designated as income tax, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37.

During the year ended June 30, 2024, the Company has revised its accounting policy and adopted approach 1. This change in accounting policy has been accounted for retrospectively as referred under International Accounting Standard - 8 'Accounting policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated.

For the year ended June 30, 2023			
	As perviously reported	As restated	Restatement
	(Rupees)		
<b>Effect on statement of financial position</b>			
<b>Assets</b>			
Advances, trade deposits and short term prepayments	1,915,000	35,816,188	33,901,188
<b>Equity &amp; Liabilities</b>			
Surplus on revaluation of property, plant and equipment	1,883,552,429	2,198,988,791	315,436,362
Accumulated losses	(1,988,415,289)	(2,274,388,025)	(285,972,736)
Deferred tax liability	29,463,626	-	(29,463,626)
Trade and other payables	1,734,532,319	1,814,198,962	79,666,643
Taxation - net	45,765,455	-	(45,765,455)
	1,704,898,540	1,738,799,728	33,901,188
<b>Effect on statement of profit or loss</b>			
Minimum tax differential	-	124,375,935	124,375,935
Loss before Minimum tax differential	(65,535,679)	(189,911,614)	(124,375,935)
Taxation	(71,066,264)	-	71,066,264
Loss for the year	(136,601,943)	(189,911,614)	(53,309,671)
<b>For the year ended June 30, 2022</b>			
	As perviously reported	As restated	Restatement
	(Rupees)		
<b>Effect on statement of financial position</b>			
<b>Assets</b>			
Deferred Tax Asset	231,698,458	-	(231,698,458)
<b>Equity &amp; Liabilities</b>			
Surplus on revaluation of property, plant and equipment	799,735,200	812,129,227	12,394,027
Accumulated losses	(1,880,131,926)	(2,124,224,411)	(244,092,485)
	(1,080,396,726)	(1,312,095,184)	(231,698,458)
<b>Effect on statement of profit or loss</b>			
Minimum tax differential	-	52,436,784	52,436,784
Loss before Minimum tax differential	(170,396,332)	(222,833,116)	(52,436,784)
Taxation	2,227,214	-	(2,227,214)
Loss for the year	(168,169,118)	(222,833,116)	(54,663,998)

The change has been applied retrospectively resulting in reclassifications in the statement of financial position, statement of profit or loss, other comprehensive income, statement of cash flows and statement of changes in equity.

#### 5.25.4 Trade debts and other receivables

An estimated provision is made on the basis of lifetime expected credit loss model as explained in note 13 & 16 whereas debts considered irrecoverable are written off.

#### 5.25.5 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.

#### 5.25.6 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgement as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

#### 5.25.7 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.

## 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	Total
	(Rupees)									
Net carrying value basis year ended June 30, 2024										
Opening net book value	1,112,222,150	341,605,248	2,744,299,093	-	6,388,543	5,303,499	27,950,946	11,685,421	43,393,688	4,292,848,588
Addition (at cost) - note 7.1	-	84,253,562	106,453,267	-	18,089,554	-	16,363,813	5,739,291	37,989,153	268,888,641
Disposal (NBV) - note 6.4	(1,112,222,150)	(408,183,129)	-	-	-	-	-	(99,889)	-	(1,520,505,167)
Depreciation charged - note 6.5	-	(17,675,681)	(198,887,126)	-	(1,601,207)	(530,349)	(3,654,725)	(4,175,581)	(8,783,380)	(235,308,051)
Closing net book value (refer note 6.2)	-	-	2,651,865,234	-	22,876,890	4,773,150	40,660,034	13,149,242	72,599,461	2,805,924,011
Gross carrying value basis year ended June 30, 2024										
Cost / revalued amount	-	-	3,824,006,097	6,180,629	33,274,792	17,942,017	56,309,614	29,793,941	110,107,810	4,077,614,900
Accumulated depreciation	-	-	(1,158,844,942)	(6,180,629)	(10,397,902)	(13,168,867)	(15,649,580)	(16,644,699)	(37,448,149)	(1,258,334,768)
Accumulated impairment	-	-	(13,295,921)	-	-	-	-	-	(60,200)	(13,356,121)
Closing net book value (refer note 6.2)	-	-	2,651,865,234	-	22,876,890	4,773,150	40,660,034	13,149,242	72,599,461	2,805,924,011
Depreciation rate (% per annum)	-	10	7	40	10	10	10	4 to 50	4 to 50	
Net carrying value basis year ended June 30, 2023										
Opening net book value	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
Addition (at cost) note 7.1	-	87,021,830	56,805,755	-	3,223,678	-	25,981,294	5,936,940	624,000	179,593,497
Revaluation surplus - note 22	342,222,200	39,981,450	1,009,297,892	-	-	-	-	-	-	1,391,501,542
Disposal (NBV) note 6.4	-	-	(25,000)	-	(7)	-	-	(81,450)	-	(106,457)
Assets write off	-	-	-	-	-	-	-	-	-	-
Depreciation charged note 6.5	-	(10,359,755)	(166,724,594)	(580,287)	(998,402)	(1,087,083)	(2,995,540)	(2,608,521)	(4,056,226)	(189,410,409)
Closing net book value (refer note 6.2)	1,112,222,150	341,605,248	2,744,299,093	-	6,388,543	5,303,499	27,950,946	11,685,421	43,393,688	4,292,848,588
Gross carrying value basis year ended June 30, 2023										
Cost / revalued amount	1,112,222,150	454,007,926	3,717,552,831	6,180,629	15,185,238	17,942,017	39,945,796	24,178,749	72,118,657	5,459,333,993
Accumulated depreciation	-	(111,891,434)	(959,957,817)	(6,180,629)	(8,796,695)	(12,638,518)	(11,994,850)	(12,493,328)	(28,664,769)	(1,152,618,040)
Accumulated impairment	-	(511,244)	(13,295,921)	-	-	-	-	-	(60,200)	(13,867,365)
Closing net book value (refer note 6.2)	1,112,222,150	341,605,248	2,744,299,093	-	6,388,543	5,303,499	27,950,946	11,685,421	43,393,688	4,292,848,588
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	

- 6.1** This leasehold land of 17,111 square yards is located at Sector 29, Korangi Industrial Area, Karachi.
- 6.2** The cost of fully depreciated assets which are still in use as at June 30, 2024 is Rs. 183.685 million (2023: Rs. 212.431 million) having written down value of Rs. Nil (2023: Rs. 3.946 million).
- 6.3** Plant and machinery includes capital spares amounting to Rs. 318.065 million (2023: Rs. 235.895 million) having written down value of Rs. 157.728 million (2023: Rs. 89.961 million).
- 6.4** The following operating fixed assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Asset Retained	Gain / (loss)	Relationship with buyers	Particulars of buyers
<b>Leasehold Land and Building</b>									
Items having book value exceeding Rs. five hundred thousand Land and Buildings									
	1,649,972,394	129,567,115	1,520,405,279	1,554,592,000	34,186,721	91%	31,109,916	Associated company	SIZA Services (Private) Limited

- 6.5** The depreciation charge for the year has been allocated as follows:

	Note	2024	2023
		(Rupees)	
Cost of sales	32	230,009,719	184,573,951
General and administrative expenses	33	4,905,321	4,217,287
Selling and distribution expenses	34	393,011	619,171
		<u>235,308,051</u>	<u>189,410,409</u>

- 6.6** The Company had 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, June 1, 2021 by an independent valuer M/s. Akbani & Javed Associates and on June 27, 2023 by an independent valuer M/s Joseph Lobo (Private) Limited on the basis of market value.

The incremental value of the building / 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.

At the time of latest revaluation, estimated forced sales value of revalued assets was Rs. 3,358.501 million.

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

	2024	2023
	(Rupees)	
Leasehold land	-	608,737
Building / improvements on leasehold land	-	290,510,685
Plant and machinery	<u>1,683,100,111</u>	<u>1,702,101,587</u>
	<u>1,683,100,111</u>	<u>1,993,221,009</u>

## **6.8 Fair value measurement**

- 6.8.1** Fair value of property, plant and equipment are based on the valuations carried out by an independent valuer on the basis of market value.
- 6.8.2** 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.

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.



### 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:

- Make, model, country of origin etc.;
- Operational capacity;
- 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.

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

	2024	2023
	(Rupees)	
Opening balance	2,744,299,093	1,844,945,040
Additions - Cost	106,453,267	56,805,755
Disposals (NBV)	-	(25,000)
Revaluation surplus	-	1,009,297,892
Depreciation charge	(198,887,126)	(166,724,594)
Closing balance	2,651,865,234	2,744,299,093

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

## 7. CAPITAL WORK-IN-PROGRESS

	Note	2024	2023
		(Rupees)	
This comprises of:			
Civil works	7.1	115,560,403	138,067,924
<b>7.1 Movement of carrying amount</b>			
Opening balance		138,067,924	77,259,839
Additions (at cost)		246,381,120	240,401,582
Transfer to operating fixed assets		(268,888,641)	(179,593,497)
Closing balance		115,560,403	138,067,924

## 8. RIGHT-OF-USE ASSET

Set out below is the carrying amount of right-of-use asset recognised and the movement related to land and building during the year:

	Note	2024	2023
		(Rupees)	
Additions		141,239,318	-
Depreciation charged	32	(1,176,994)	-
Closing balance		140,062,324	-

- 8.1** The depreciation charge for the year pertaining to right-of-use asset amounting to Rs: 1,176,994 (2023: Nil) and is allocated to cost of sales. Furthermore, right-of-use-asset will be depreciated over the period of 10 years.

## 9. INTANGIBLE ASSETS

	Note	2024	2023
		(Rupees)	
<b>Net carrying value basis</b>			
Opening book value		243,695	411,950
Amortisation charge	9.1	(91,385)	(168,255)
Closing net book value		152,310	243,695
<b>Gross carrying value basis</b>			
Cost		6,932,800	6,932,800
Accumulated amortisation		(6,780,490)	(6,689,105)
<b>Net book value</b>		152,310	243,695
Amortisation rate (% per annum)		20	20

9.1 The amortisation for the year has been allocated as follows:

	Note	2024	2023
		(Rupees)	
Cost of sales	32	-	20,717
General and administrative expenses	33	91,385	132,564
Selling and distribution expenses	34	-	14,974
		91,385	168,255

## 10. LONG-TERM DEPOSITS

Power and fuel		12,225,237	12,225,237
Others		23,950	23,950
	10.1	12,249,187	12,249,187

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

## 11. STORES AND SPARES

	Note	2024	2023
		(Rupees)	
Stores			
In hand		92,637,682	13,671,164
In transit		6,240,907	1,462,001
		98,878,589	15,133,165
Spares			
In hand		10,411,538	40,229,970
In transit		6,466,414	11,509,683
		16,877,952	51,739,653
Provision for slow moving and obsolete store and spares	11.1	115,756,541	66,872,818
		(1,297,984)	(709,947)
		114,458,557	66,162,871

11.1 Provision for slow moving and obsolete stores and spares comprises:

Balance at beginning of the year		709,947	9,643,118
Provision made for the year		1,297,984	709,947
Reversal of provision	11.2	(709,947)	(9,643,118)
Balance at end of the year		1,297,984	709,947

11.2 The Company has reversed the provision against the slow-moving stock, as items against which provisions were recognized in prior periods, are consumed during the year.

## 12. STOCK-IN-TRADE

	Note	2024	2023
		(Rupees)	
Raw materials		414,297,303	695,001,424
Packing materials		20,267,005	21,980,956
		434,564,308	716,982,380
Provision for slow moving and obsolete stock in trade	12.1	(1,219,680)	(1,328,632)
		433,344,628	715,653,748
Work-in-process	32	11,663,076	33,173,969
Finished goods	32	7,561,416	15,146,832
		452,569,120	763,974,549

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

Balance at beginning of the year		1,328,632	5,799,107
Provision made for the year		1,219,680	1,328,632
Reversal during the year	12.2	(1,328,632)	(5,799,107)
Balance at end of the year		1,219,680	1,328,632

12.2 The Company has reversed the provision against slow moving stock as the items against which provisions were utilised in prior periods are consumed during the year.

### 13. TRADE DEBTS

	Note	2024	2023
		(Rupees)	
(Unsecured - considered good)			
Due from associated companies	13.1	507,894,787	570,135,211
Others		688,533,414	873,416,482
		1,196,428,201	1,443,551,693
Considered doubtful		48,680,709	48,680,709
Allowance for expected credit losses	13.4	(48,680,709)	(48,680,709)
		1,196,428,201	1,443,551,693
<b>13.1 This comprises amounts receivable from:</b>			
Century Paper and Board Mills Limited		25,458,583	19,091,503
Colgate-Palmolive (Pakistan) Limited		480,884,929	548,626,334
Caraway (Private) Limited		154,932	2,417,374
SIZA Foods (Private) Limited		1,396,343	-
		507,894,787	570,135,211
<b>13.2 The aging of related party balances at the reporting date is as follows:</b>			
Not past due		479,097,260	517,870,996
Past due 1-30 days		19,929,316	12,259,109
Past due 30-90 days		619,485	37,370,257
Past due over 90 days		8,248,726	2,634,849
		507,894,787	570,135,211
<b>13.3</b>	The maximum amount due from related parties at the end of any month during the year was Rs. 714.384 million (2023: Rs. 570.135 million).		

	Note	2024	2023
		(Rupees)	
<b>13.4 Allowance for expected credit losses</b>			
Balance at beginning of the year		48,680,709	8,618,665
Loss allowance made during the year	36	-	40,062,044
Balance at end of the year		48,680,709	48,680,709
<b>14. LOANS AND ADVANCES</b>			
Advances (Unsecured - considered good)			
to employees	14.1	574,500	1,279,311
to suppliers	14.2	28,267,924	27,337,944
		28,842,424	28,617,255

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

**14.2** This represents amount paid as advances to suppliers for future supplies of goods.

### 15. ADVANCES, TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2024	2023
		(Rupees)	
		(Restated)	
Security deposits	15.1	1,458,000	765,000
Prepayments	15.2	2,243,000	1,150,000
Minimum tax - levy	38	83,203,401	33,901,188
		86,904,401	35,816,188

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

**15.2** This includes prepaid insurance premium of Rs. 1.550 million (2023: Rs. 1.050 million) to M/s Century Insurance Company Limited, an associated company.

## 16. OTHER RECEIVABLES

	Note	2024	2023
		(Rupees)	
Unsecured-considered good		64,431	359,606
Due from associated company		17,683,612	26,452,240
Receivable from gratuity fund		-	1,238,294
Others	41.1.1	17,748,043	28,050,140

## 17. TAX REFUND DUE FROM GOVERNMENT

Sales tax and special excise duty	17.1	266,477,044	287,376,089
Income tax		6,202,494	53,999,502
		272,679,538	341,375,591

**17.1** It includes sales tax refunds due from the government amounting to Rs. 156 million pertaining to financial year 2013 to 2020. These refunds are in the process of appeal, Based on the opinion from a legal advisor, the management is confident that these refunds are expected to be recovered in due course.

## 18. TAXATION - NET

	2024	2023
	(Rupees)	
Advance tax	62,894,466	-
	62,894,466	-

The income tax assessments of the Company have been finalised upto Tax Year 2023 (accounting year ended June 30, 2023).

## 19. CASH AND BANK BALANCES

	Note	2024	2023
		(Rupees)	
Cash in hand		1,060,387	1,114,151
Cash at bank - current account			
Islamic mode		358,820	1,498,883
Conventional mode		484,440	3,033,478
		843,260	4,532,361
Cash at bank - saving account	19.1	19,406,071	-
		21,309,718	5,646,512

**19.1** This carry mark-up ranging from 12.1% to 18.3% (2023: Nil) per annum.

## 20. AUTHORIZED SHARE CAPITAL

Number of ordinary shares of Rs.10/- each

2024	2023		2024	2023
Number of shares			(Rupees)	
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each	2,000,000,000	2,000,000,000

## 21. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of ordinary shares of Rs. 10/- each

2024	2023		2024	2023
197,105,580	197,105,580	Fully paid in cash	1,971,055,800	1,971,055,800
2,852,847	2,852,847	Issued as bonus shares fully paid	28,528,470	28,528,470
199,958,427	199,958,427		1,999,584,270	1,999,584,270
163,034,000	163,034,000	Shares held by associated companies	1,630,340,000	1,630,340,000

**21.1** 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 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2024	2023
		(Rupees)	
			(Restated)
Balance as at July 01,		2,198,988,791	812,129,227
Surplus recognised during the year	22.1	-	1,391,501,542
Transfer to accumulated losses on account of disposal during the year	22.2	(1,149,040,135)	-
Transfer to accumulated losses on account of incremental depreciation charged during the year		(75,987,112)	(4,641,978)
		<u>(1,225,027,247)</u>	<u>1,386,859,564</u>
Surplus on revaluation of operating fixed assets as at June 30,		973,961,544	2,198,988,791
Related deferred tax effect:			
Balance as at July 01,		-	-
Effect of surplus recognized during the year		-	-
Effect of surplus transferred on account of disposal		-	-
Incremental depreciation charge during the year		-	-
		<u>973,961,544</u>	<u>2,198,988,791</u>

### 22.1 Surplus recognized during the year on:

	Note	2024	2023
		(Rupees)	
Leasehold land	6	-	342,222,200
Building / improvements on leasehold land	6	-	39,981,450
Plant and machinery	6	-	1,009,297,892
		<u>-</u>	<u>1,391,501,542</u>

### 22.2 Transfer to accumulated losses on account of disposal during the year

Leasehold land	1,111,613,413	-
Building / improvements on leasehold land	37,426,722	-
	<u>1,149,040,135</u>	<u>-</u>

**22.3** 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.

## 23. SUBORDINATED LOAN - UNSECURED

	Note	2024	2023
		(Rupees)	
From associated undertakings:			
Opening balance		238,767,487	233,995,331
Unwinding of loan		11,232,513	4,772,156
Loans matured during the year		<u>(250,000,000)</u>	<u>-</u>
		-	238,767,487
Loans extended during the year		250,000,000	-
Unwinding Impact		8,604,107	-
Equity portion of loan		<u>(114,969,654)</u>	<u>-</u>
	23.1 & 23.2	<u>143,634,453</u>	<u>238,767,487</u>

**23.1** During the year subordinated loans have been obtained from associated undertakings amounting to an aggregate of Rs. 250 million (2023: Rs. 250 million) for the purpose of financing the capital expenditure requirement, 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 22.60% to 22.84% per annum, which is determined to be the transaction price at which a similar transaction could be executed between unrelated parties.

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.

## 24. LONG TERM FINANCING

	Note	2024	2023
		(Rupees)	
<b>Secured</b>			
From banking companies			
Islamic mode			
Dubai Islamic Bank Pakistan Limited		140,471,101	234,118,503
United Bank Limited - Ameen		-	37,088,839
		140,471,101	271,207,342
Conventional mode			
JS Bank Limited		-	14,162,500
Less: Current portion shown under current liabilities	24.1	(93,647,402)	(127,160,599)
		46,823,699	158,209,243
<b>Unsecured</b>			
<b>From associated undertakings</b>			
Opening balance		1,141,605,321	1,113,225,080
Unwinding of loan		110,993,358	129,560,048
Equity component on restructuring of loan during the year		(52,598,679)	(101,179,807)
Paid during the year	24.2	(1,200,000,000)	-
		-	1,141,605,321
		46,823,699	1,299,814,564

**24.1** These loans have been obtained from banking companies 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 22.18% to 24.39% (2023: 9.73% to 23.32%) payable quarterly. The tenure of these financing facilities is five to six years including one year grace period.

**24.2** The Company obtained loans amounting to Rs. 1,200 million (2023: Rs. 1,200 million) from associated undertakings. These loans were secured to finance capital expenditure, support working capital, and fund business activities. The loans were initially granted with an interest waiver for a period of three years from the date of the agreements, resulting in a reduction in the face value of the loans due to the presence of a below-market element.

The loans have been measured at amortized cost, calculated by discounting the future cash flows using the prevailing market interest rates. These rates are considered the transaction prices at which similar transactions could occur between unrelated parties. The company repaid the loan using funds obtained from sale and leaseback transactions.

## 25. LEASE LIABILITY

**25.1** Set out below are the carrying amount of lease liabilities and the movements during the year:

	2024	2023
	(Rupees)	
Opening balance	-	-
Additions	144,415,122	-
Accretion of interest	2,647,611	-
Closing balance	147,062,733	-
Current portion	4,674,666	-
Non-current portion	142,388,067	-
	147,062,733	-

This represents sale and lease back arrangement with a related party. SIZA Services (Private) Limited for factory land and building. The term of lease is for a period of ten years at KIBOR + 1.6%. The purpose of such transaction is to allow the company to maintain continuous operations.

## 25.2 Maturity analysis-contractual cash flow

	2024		
	(Rupees)		
	Minimum lease payments	Interest	Net Present value
Within one year	36,000,000	31,325,334	4,674,666
Over one year to 5 years	144,000,000	111,137,188	32,862,812
Over 5 years	180,000,000	70,474,745	109,525,255
Total lease liability	360,000,000	212,937,267	147,062,733
Current portion lease liability	36,000,000	31,325,334	4,674,666
Non Current portion of lease liability	324,000,000	181,611,933	142,388,067
	360,000,000	212,937,267	147,062,733

## 26. DEFERRED TAXATION

The company has accumulated tax losses and unabsorbed tax depreciation till June 30, 2024 of Rs. 951.142 million and Rs. 1,753.114 million respectively. The Company has not recognized the deferred tax of Rs. 113.764 million as management expects that the company will remain under minimum tax for foreseeable future.

## 27. TRADE AND OTHER PAYABLES

	Note	2024	2023
		(Rupees)	
			(Restated)
Creditors	27.1	1,174,978,456	1,697,768,471
Accrued liabilities		37,630,376	33,438,412
Advances from customers		51,197	561,344
Workers' Welfare Fund		-	2,763,995
Minimum tax - levy		83,203,401	79,666,643
Others		97	97
		1,295,863,527	1,814,198,962

27.1 This includes an amount of Rs: Nil (2023: Rs. 12.227 million) payable in foreign currency equivalent to Pakistani Rupees and amount payable to associated companies amounting to Rs.634.463 million (2023: Rs. 964.124 million).

## 28. MARK-UP ACCRUED

	Note	2024	2023
		(Rupees)	
Mark-up accrued on :			
Short-term borrowings		30,990,962	37,454,986
Long term financing		5,406,520	10,703,539
		36,397,482	48,158,525

## 29. SHORT-TERM BORROWINGS

Running finance	29.1	640,311,702	676,683,429
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29.1 The Company has short term running finance facilities from various banks under mark-up arrangements in aggregate amount of Rs. 945 million (2023: Rs. 870 million) having mark-up at rates ranging from 22.41% to 24.66% (2023: 15.16% to 23.73%) per annum calculated on a daily utilization basis and payable quarterly. The unutilized balance at the end of the year was Rs. 305 million (2023: Rs. 193.317 million).

The Company also has a facility for opening letters of credit under mark-up arrangements as at June 30, 2024 amounting to Rs. 445 million (June 30, 2023: Rs. 445 million) from various commercial banks. The unutilized balance at the end of the year was Rs. 445 million (June 30, 2023: Rs. 445 million).

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

## 30. CONTINGENCIES AND COMMITMENTS

### 30.1 Contingencies

There was no contingent liability as at June 30, 2024 (2023: None).

### 30.2 Commitments

30.2.1 There are no commitments as at June 30, 2024. However, as at June 30, 2023 the company had commitments of Rs. 31.6 millions against the purchase of stores, spares and raw materials under contractual obligation.

### 31. REVENUE

	Note	2024	2023
		(Rupees)	
Gross sales			
Local sales		7,837,924,219	7,448,380,382
Export Sales		2,719,408	-
		7,840,643,627	7,448,380,382
Less;			
Sales tax		(1,194,613,810)	(1,105,386,558)
Sales return		(7,552,449)	(2,370,250)
		(1,202,166,259)	(1,107,756,808)
		6,638,477,368	6,340,623,574

### 32. COST OF SALES

Materials consumed	32.1	4,757,372,292	4,794,279,951
Packing material consumed	32.2	142,517,831	127,766,943
Stores and spares consumed		193,119,175	181,656,144
Salaries, wages and other benefits	32.3	276,780,369	211,820,662
Outsourced services		11,085,600	16,474,074
Power and fuel		299,479,858	211,468,507
Depreciation	6.5 & 8	231,186,713	184,573,951
Amortisation	9.1	-	20,717
Rent, rates and taxes		27,830,653	11,100,270
Repairs and maintenance		158,773,181	50,658,178
Vehicle running expenses		8,831,644	7,950,318
Insurance		22,077,137	19,004,423
Printing and stationery		6,009,872	1,945,857
Communication charges		3,765,900	2,385,955
Travelling and conveyance		5,067,540	3,403,258
Fees and subscription		581,624	2,520,298
Software license fee		688,388	433,924
Other expenses		6,099,981	4,855,381
Manufacturing cost		6,151,267,758	5,832,318,811
Opening work-in-process		33,173,969	33,128,065
Closing work-in-process	12	(11,663,076)	(33,173,969)
		21,510,893	(45,904)
Cost of goods manufactured		6,172,778,651	5,832,272,907
Opening stock of finished goods		15,146,832	31,900,370
Closing stock of finished goods	12	(7,561,416)	(15,146,832)
		7,585,416	16,753,538
		6,180,364,067	5,849,026,445

#### 32.1 Material consumed

Balance at the beginning of the year	695,001,424	607,965,725
Purchases during the year	3,648,073,565	4,881,315,653
Balance at the end of the year	414,297,303	(695,001,424)
	4,757,372,292	4,794,279,954

#### 32.2 Packing material consumed

Balance at the beginning of the year	21,980,956	11,994,607
Purchases during the year	140,803,880	137,753,292
Balance at the end of the year	(20,267,005)	(21,980,956)
	142,517,831	127,766,943

**32.3** Salaries and other benefits include Rs. 3.916 million (2023: Rs. 4.707 million) in respect of staff retirement benefits.



**33. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		(Rupees)	
Salaries and other benefits	33.1	97,899,115	72,471,070
Depreciation	6.5	4,905,321	4,217,287
Amortisation	9.1	91,385	132,564
Rent, rates and taxes		2,339,820	1,333,460
Repairs and maintenance		6,777,305	5,139,224
Ijarah lease rentals		-	12,498
Vehicle running expenses		8,553,541	6,156,257
Insurance		1,547,394	924,563
Printing and stationery		450,862	2,471,196
Communication charges		4,873,707	3,955,331
Travelling and conveyance		7,923,596	3,789,585
Fees and subscription		1,791,934	1,906,521
Software license fee		1,138,835	1,641,879
Service fee to associated company		3,513,558	3,230,142
Electricity charges		188,701	132,213
Others		6,646,324	1,491,022
		<u>148,641,398</u>	<u>109,004,812</u>

**33.1** Salaries and other benefits include Rs. 2.790 million (2023: Rs. 2.303 million) in respect of staff retirement benefits.

**34. SELLING AND DISTRIBUTION EXPENSES**

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		(Rupees)	
Salaries and other benefits	34.1	10,417,939	8,986,258
Depreciation	6.5	393,011	619,171
Amortisation	9.1	-	14,974
Repairs and maintenance		731,783	44,769
Vehicle running expenses		1,852,846	2,408,419
Insurance		80,433	68,486
Printing and stationery		111,781	7,156
Communication charges		1,274,559	860,895
Travelling and conveyance		1,611,655	973,022
Software license fee		254,420	167,047
Advertisement		-	12,000
Cartage outward		78,943,221	72,963,618
Others		903,750	126,476
		<u>96,575,398</u>	<u>87,252,291</u>

**34.1** Salaries and other benefits include Rs. 0.199 million (2023: Rs. 0.210 million) in respect of staff retirement benefits.

**35. OTHER INCOME**

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		(Rupees)	
Scrap sales		17,794,726	32,707,894
Gain on disposal of operating fixed assets	35.1	31,010,918	250,493
Profit on saving accounts		2,283,523	-
Rental income		-	60,000
Others		-	293,923
		<u>51,089,167</u>	<u>33,312,310</u>

**35.1** This represents gain on disposal recognised on sale and leaseback transaction with associated company.

### 36. OTHER OPERATING EXPENSES

	Note	2024	2023
		(Rupees)	
Legal and professional charges		13,335,404	5,001,708
Auditors' remuneration:			
Statutory audit		650,000	500,000
Special reports and sundry services		425,000	134,488
Out-of-pocket expenses		230,000	200,000
		1,305,000	834,488
Director fees		775,000	500,000
Loss on disposal of operating fixed assets		889	-
Workers welfare fund		-	2,513,039
Allowance for expected credit losses	13.4	-	40,062,044
Exchange loss		-	152,025
Donations	36.1	-	840,000
		15,416,293	49,903,304

36.1 None of the directors or their spouses had any interest in any of the donations.

### 37. FINANCIAL CHARGES

	2024	2023
	(Rupees)	
Mark-up / interest on:		
Sub-ordinated loan	24,802,976	4,772,156
Long-term financing	152,711,802	199,566,518
Short-term borrowings	169,374,126	139,055,780
Finance lease charges	2,647,611	-
	349,536,515	343,394,454
Bank charges and commission	2,191,885	890,257
	351,728,400	344,284,711

### 38. MINIMUM TAX DIFFERENTIAL

Income tax levy under IFRIC 21/IAS 37	83,203,401	124,375,935
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This represents portion of minimum tax paid under section 113 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

### 39. TAXATION

	Note	2024	2023
		(Rupees)	
Current	39.1	-	-
Prior		-	-
		-	-

39.1 The reconciliation is not provided as the amount of charged u/s 113 of the Income Tax Ordinance, 2001 pertains to Minimum tax levy as per the guideline of IFRIS 21/IAS37, in accordance with these guidelines the amount of tax is charged is minimum tax levy.

39.2 The current year's total tax liability of the Company amounting to Rs. 83.203 million is covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001.

39.3 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

	2024	2023
Loss for the year (Rupees) (2023 ; Restated)	(186,362,422)	(189,911,614)
Weighted average number of ordinary shares outstanding	199,958,427	199,958,427
Loss per share - basic and diluted (Rupee) (2023 ; Restated)	(0.93)	(0.95)

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

## 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, 2024, using the Projected Unit Credit Actuarial Cost Method.

The Company faces the following risks on account of gratuity:

**Salary Increase Risk** - the risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

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

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

**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.

41.1.1 Asset / (liability) recognised in statement of financial position	Note	2024	2023
		(Rupees)	
Fair value of plan assets	41.1.3	81,342,571	72,107,509
Present value of defined benefit obligation	41.1.4	(63,658,959)	(45,655,269)
Closing net asset	16	17,683,612	26,452,240
<b>41.1.2 Movement of the asset / (liability) recognized in the statement of financial position</b>			
opening net asset / (liability)		26,452,240	(10,628,441)
Charge for the year	41.1.5	216,205	(2,636,518)
Remeasurement gains / (losses) recognized in other comprehensive income	41.1.6	(8,984,833)	35,106,022
Contribution made during the year	41.1.3	-	4,611,177
Closing net asset / (liability)		17,683,612	26,452,240
<b>41.1.3 Movement in the fair value of plan assets</b>			
Fair value as at July 01	41.1.5	72,107,509	38,725,969
Interest income on plan assets	41.1.5	11,136,462	6,975,652
Remeasurement - Actuarial gains / (losses)		5,249,474	28,698,315
Contribution by the employer	41.1.4	-	4,611,177
Benefits paid	41.1.1	(7,150,874)	(6,903,604)
Fair value as at June 30		81,342,571	72,107,509
<b>41.1.4 Movement in the present value of defined benefit obligation</b>			
Obligation as at July 01	41.1.5	(45,655,269)	(49,354,410)
Current service cost	41.1.5	(4,082,284)	(3,530,074)
Interest cost	41.1.6	(6,837,973)	(6,082,096)
Remeasurement - Actuarial (loss)/gains	41.1.3	(14,234,307)	6,407,707
Benefits paid	41.1.1	7,150,874	6,903,604
Obligation as at June 30		(63,658,959)	(45,655,269)
<b>41.1.5 Expenses recognised in statement of profit or loss</b>			
Current service cost	41.1.4	4,082,284	3,530,074
Interest cost	41.1.4	6,837,973	6,082,096
Interest income on plan assets	41.1.3	(11,136,462)	(6,975,652)
Expense for the year	41.1.2	(216,205)	2,636,518

#### 41.1.6 Remeasurement gains / (losses) recognized in other comprehensive income

	Note	2024	2023
		(Rupees)	
Remeasurement gains / (losses) on defined benefit obligation	41.1.4	(14,234,307)	6,407,707
Remeasurement gains / (losses) on plan assets	41.1.3	5,249,474	28,698,315
Remeasurement gains / (losses) -net		(8,984,833)	35,106,022

#### 41.1.7 Composition of the fair value of plan assets

	2024		2023	
	Rupees	Percentage	Rupees	Percentage
Debt	12,551,159	15%	15,807,791	22%
Equity and Mutual fund	34,814,620	43%	39,064,181	54%
Cash with banks	33,976,792	42%	17,235,537	24%
	81,342,571		72,107,509	

**41.1.8** The expected return in lieu of defined benefit plan for the year ending June 30, 2024 is Rs. 0.591 million. This is the amount by which the net defined benefit asset is expected to increase. The amount of remeasurement to be recognised in other comprehensive income will be worked out in the next financial year.

#### 41.1.9 Principal actuarial assumptions

Following were the significant actuarial assumptions used in the valuation:

	2024	2023
	Percentage	
Valuation discount rate per annum	14.75%	16.25%
Valuation discount rate - Statement of profit and loss	16.25%	13.25%
Expected rate of return on plan assets per annum	14.75%	16.25%
Expected rate of increase in salary per annum (short term)	14.75%	15.25%
Expected rate of increase in salary per annum (long term)	14.75%	15.25%
Mortality Rates	SLIC 2001 - 2005	SLIC 2001 - 2005
Retirement Assumption	Age 60	Age 60

#### 41.1.10 Sensitivity analysis

	2024	
	Rupees	Percentage
Current liability	63,658,959	
+1% discount rate	60,075,001	-5.630%
-1% discount rate	67,692,296	6.336%
+1% salary increase rate	67,709,224	6.362%
-1% salary increase rate	59,996,818	-5.753%

#### 41.1.11 Maturity Profile

	Undiscounted payments
Year 2025	4,621,704
Year 2026	5,604,262
Year 2027	15,432,305
Year 2028	11,956,600
Year 2029	10,615,574
Year 2030	7,148,084
Year 2031	5,686,360
Year 2032	14,349,507
Year 2033	12,172,138
Year 2034	18,433,901
Year 2035 onwards	844,721,021

The average duration of the defined benefit obligation is 6 years.

**41.1.12** The charge in respect of defined benefit plan for the year ending June 30, 2025 is estimated to be Rs. 1.289 million.



## 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. 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

Note	2024	2023
	(Rupees)	
		(Restated)
Loss before taxation	(186,362,422)	(189,911,614)
Adjustment for non-cash items and other items:		
Gain on disposal of property, plant and equipment	(31,010,918)	(250,493)
Loss disposal of property, plant and equipment	889	-
Financial charges	351,728,400	344,284,711
Depreciation	236,485,045	189,410,409
Amortisation	91,385	168,255
Capital Grant Income	-	(293,923)
Allowance for expected credit losses	-	40,062,044
Minimum tax differential	83,203,401	124,375,935
Ijarah lease rentals	-	12,499
	640,498,202	697,769,437
Profit before working capital changes	454,135,780	507,857,823
Working capital changes	42.1 (37,199,274)	270,267,229
	416,936,506	778,125,052

### 42.1 Working capital changes

(Increase) / decrease in current assets:		
Stores and spares	(48,295,686)	15,714,541
Stock-in-trade	311,405,429	(63,234,017)
Trade debts	247,123,492	(369,779,104)
Loans and advances	(225,169)	10,330,958
Advances, trade deposits and short-term prepayments	(51,088,213)	1,207,371
Other receivables	1,317,264	(1,490,847)
Tax refund due from Government (excluding income tax refundable)	20,899,045	26,640,062
	481,136,162	(380,611,036)
(Decrease) / Increase in current liabilities:		
Trade and other payables	(518,335,435)	650,878,265
	(37,199,274)	270,267,229

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

Description	2024		
	Liabilities		
	Subordinated Loan	Long Term Financing	Total
	(Rupees)		
Balance as at July 1, 2023	238,767,487	1,426,975,163	1,665,742,650
Impact of notional mark up	24,802,976	110,993,358	135,796,334
Equity component on rescheduling	(114,969,654)	(52,598,679)	(167,568,333)
Adjustment in lieu of early redemption	-	-	-
Repayment of long-term financing	-	(1,344,898,741)	(1,344,898,741)
Balance as at June 30, 2024	148,600,809	140,471,101	289,071,910

Description	2023		
	Liabilities		
	Subordinated Loan	Long Term Financing	Total
	(Rupees)		
Balance as at July 1, 2023	233,995,331	1,618,362,071	1,852,357,402
Impact of notional mark up	4,772,156	28,380,242	33,152,398
Repayment of long-term financing	-	(219,767,150)	(219,767,150)
Balance as at June 30, 2023	238,767,487	1,426,975,163	1,665,742,650

#### 44. CASH AND CASH EQUIVALENTS

Note	2024	2023
	(Rupees)	
Cash and bank balances	21,309,718	5,646,512
Short-term borrowings	(640,311,702)	(676,683,429)
	(619,001,984)	(671,036,917)

#### 45. 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	2024	2023
			(Rupees)	
Sale of goods, services and reimbursement of expenses				
Colgate Palmolive Pakistan Limited	Associated company	Common Director	2,921,699,481	2,753,615,159
Century Paper & Board Mills Limited	Associated company	Common Director	166,173,335	173,601,771
Cyber Internet Services (Private) Limited	Associated company	Common Director	-	60,000
Caraway (Private) Limited	Associated company	Common Director	8,173,538	3,614,728
SIZA Foods (Pvt) Ltd	Associated company	Common Director	1,396,341	-
Purchase of goods, services and reimbursement of expenses				
Century Paper & Board Mills Limited	Associated company	Common Director	2,942,264,199	3,211,173,542
Century Insurance Company Limited	Associated company	Common Director	26,418,891	23,913,113
Princeton Travels (Private) Limited	Associated company	Common Director	2,800,332	1,230,023
Lakson Business Solutions Limited	Associated company	Common Director	3,727,445	3,655,134
SIZA Services (Private) Limited	Associated company	Common Director		
		and 24.20% shares held	3,475,740	2,814,847
Cyber Internet Services (Private) Limited	Associated company	Common Director	2,706,744	2,839,351
Sybrid (Private) Limited	Associated company	Common Director	42,734	1,669,542
Rent & other allied charges				
Hassanali & Gulbano Lakhani Foundation	Associated company	Trustee	376,627	363,473
Insurance claim				
Century Insurance Company Limited	Associated company	Common Director	2,141,006	2,236,626
Loan repayment				
SIZA (Private) Limited	Associated company	Common Director		
		and 24.90% shares held	750,000,000	-
SIZA Commodities (Pvt.) Limited	Associated company	Common Director		
		and 11.24% shares held	450,000,000	-
Sale of land and building				
SIZA Services (Private) Limited	Associated company	Common Director		
		and 24.20% shares held	1,554,592,000	-
Others				
Remuneration and other benefits	Key Management Personnel	-	28,894,069	18,697,682
Contribution to Staff Retirement Benefit Plans	Employees Fund	-	7,122,293	7,220,031

#### 45.1 Year end balances

2024	2023
(Rupees)	
Receivable from associated companies	507,894,787
Payable to associated companies	570,135,211
Long-term financing from associated companies	634,463,019
Sub-ordinated loan	-
	1,141,605,321
	143,634,453
	238,767,487

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

#### 46. 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:

	2024			
	Chief Executive	Executives	Total	Non - Executives Directors
	(Rupees)			
Managerial remuneration	9,796,854	10,881,731	20,678,585	-
House rent	4,404,390	4,871,699	9,276,089	-
Bonus	1,702,701	1,864,928	3,567,629	-
Retirement benefits	881,394	717,810	1,599,204	-
Motor vehicle expenses	757,896	2,467,211	3,225,107	-
Medical allowances	978,756	1,082,603	2,061,359	-
Directors fee	-	-	-	775,000
Total	18,521,991	21,885,982	40,407,973	775,000
Number of persons	1	6	7	3

	2023			
	Chief Executive	Executives	Total	Non - Executives Directors
	(Rupees)			
Managerial remuneration	8,519,436	4,727,197	13,246,633	-
House rent	3,829,560	2,114,046	5,943,606	-
Bonus	709,653	258,971	968,624	-
Retirement benefits	766,428	174,694	941,122	-
Motor vehicle expenses	702,170	695,318	1,397,488	-
Medical allowances	851,004	469,783	1,320,787	-
Directors fee	-	-	-	500,000
Total	15,378,251	8,440,009	23,818,260	500,000
Number of persons	1	5	6	3

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

**46.2** The company also provides vehicles for use of Chief Executive and certain Executives.

#### 47. 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 370 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.

#### 48. FINANCIAL INSTRUMENTS BY CATEGORY

##### Financial assets as per statement of financial position

##### Amortized cost

	2024	2023
	(Rupees)	
Long-term deposits	12,249,187	12,249,187
Trade debts	1,196,428,201	1,443,551,693
Short-term deposits	1,458,000	765,000
Other receivables	64,431	1,597,900
Cash and bank balances	21,309,718	5,646,512
	1,231,509,537	1,463,810,292

	2024	2023
	(Rupees)	
<b>Financial liabilities as per statement of financial position</b>		
<b>Amortized cost</b>		
Subordinated loan	143,634,453	238,767,487
Long-term financing including current portion	140,471,101	1,426,975,163
Long term lease liability including current portion	147,062,733	-
Trade and other payables	1,295,863,527	1,814,198,962
Mark-up accrued	36,397,482	48,158,525
Short-term borrowings	640,311,702	676,683,429
	<u>2,403,740,998</u>	<u>4,204,783,566</u>

## 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 other 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:

	2024	2023
	(Rupees)	
Trade debts	1,196,428,201	1,443,551,693
Other receivables	17,748,043	28,050,140
Bank balances	20,249,331	4,532,361
	<u>1,234,425,575</u>	<u>1,476,134,194</u>
The aging of trade receivable at the reporting date is:		
Not past due	966,021,735	1,180,464,861
Past due 1-30 days	178,510,471	168,108,363
Past due 30-90 days	49,043,306	92,618,561
Past due 90 days	2,852,689	2,359,908
	<u>1,196,428,201</u>	<u>1,443,551,692</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. The ratings of banks ranges from A to AAA.



## Concentration of credit risk

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

## Impaired assets

Impairment on account of trade debts amounts to Rs. Nil (2023: Rs. 40.062 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:

2024						
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	143,634	250,000	-	-	-	250,000
Long term financing	140,471	140,471	46,824	46,824	46,824	-
Lease liability	147,063	147,063	4,820	2,418	5,687	107,553
Trade and other payables	1,295,864	1,295,864	1,295,864	-	-	-
Mark-up accrued	36,397	36,397	36,397	-	-	-
Short term borrowings	640,312	640,312	640,312	-	-	-
	2,403,741	2,510,107	2,024,217	49,242	52,511	276,584
						107,553

2023						
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	238,767	261,233	159,335	101,898	-	-
Long term financing	1,426,975	1,016,204	777,159	82,448	109,773	46,824
Trade and other payables	1,758,894	1,758,894	1,758,894	-	-	-
Mark-up accrued	48,162	48,162	48,162	-	-	-
Short term borrowings	676,683	676,683	676,683	-	-	-
	4,149,483	3,761,176	3,420,233	184,346	109,773	46,824
						-

## 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:

	2024	2023
	(Rupees in thousands)	
Foreign bills payable	-	12,227
Net exposure	-	12,227

The following significant exchange rates have been applied:

Average rate		Reporting date rate	
2024	2023	2024	2023
(Rupees)		(Rupees)	
277.39	248.11	278.85	286.59

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 / loss on net foreign currency exposure at reporting date.

	Average rate		Reporting date rate	
	2024	2023	2024	2023
	(Rupees)		(Rupees)	
Effect on (loss) or profit	-	1,223	-	1,223

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 sub-ordinated loan, 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:

	2024 / 2023		2024 / 2023	
	Effective rate		Carrying amount	
	(In percent)		(Rupees in thousands)	
<b>Financial liabilities</b>				
Variable rate instruments				
Long term loans	21.99%	17.25%	140,471	1,426,975
Sub-ordinated loan	22.40%	7.79%	143,634	238,767
Short term borrowings	23.53%	18.69%	640,312	676,683

#### 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 2023.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2024		
Cash flow sensitivity -		
Variable rate financial liabilities (Rs' 000)	(9,244)	9,244
As at June 30, 2023		
Cash flow sensitivity -		
Variable rate financial liabilities (Rs' 000)	(23,424)	23,424

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:

	2024	2023
	(Rupees in thousands)	
Total long term loans - note 23 & 24	284,106	1,665,743
Total equity	2,923,913	2,922,228
Total capital	3,208,018	4,587,971
Gearing ratio	8.86%	36.31%

## 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:

- 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. (2023: 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. NUMBER OF EMPLOYEES

	2024	2023
	No. of employees	
Number of employees as at June 30	181	194
Average number of employees during the year	190	189

## 53. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 27, 2024 by the Board of Directors of the Company.

## 54. CORRESPONDING 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.



**Amin Mohammed Iakhani**  
Director



**Amir Ahmed Chapra**  
Chief Executive Officer



**Umair Ahmed**  
Chief Financial Officer

# PATTERN OF SHAREHOLDING

held by the shareholders as at June 30, 2024

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

Shareholding				
No. of Shareholders	From	To		Total Number of Shares held
401	1	100	Shares	7,114
218	101	500	Shares	83,517
181	501	1,000	Shares	166,726
367	1,001	5,000	Shares	1,029,011
113	5,001	10,000	Shares	907,832
44	10,001	15,000	Shares	558,470
30	15,001	20,000	Shares	558,088
29	20,001	25,000	Shares	693,448
18	25,001	30,000	Shares	524,127
8	30,001	35,000	Shares	270,959
11	35,001	40,000	Shares	423,041
10	40,001	45,000	Shares	428,042
19	45,001	50,000	Shares	941,600
3	50,001	55,000	Shares	158,217
6	55,001	60,000	Shares	356,220
7	60,001	65,000	Shares	440,547
5	65,001	70,000	Shares	347,000
4	70,001	75,000	Shares	287,670
2	75,001	80,000	Shares	158,500
1	80,001	85,000	Shares	81,000
2	85,001	90,000	Shares	174,500
3	90,001	95,000	Shares	277,885
10	95,001	100,000	Shares	996,000
1	100,001	105,000	Shares	100,500
1	105,001	110,000	Shares	110,000
2	110,001	115,000	Shares	230,000
2	115,001	120,000	Shares	236,500
3	120,001	125,000	Shares	373,000
3	125,001	130,000	Shares	383,127
2	135,001	140,000	Shares	276,132
3	145,001	150,000	Shares	450,000
1	150,001	155,000	Shares	150,501
1	155,001	160,000	Shares	159,000
1	165,001	170,000	Shares	169,500
1	170,001	175,000	Shares	173,291
1	180,001	185,000	Shares	184,600
2	190,001	195,000	Shares	388,000
2	195,001	200,000	Shares	398,500
2	210,001	215,000	Shares	425,000
1	230,001	235,000	Shares	234,500
1	255,001	260,000	Shares	259,500
1	260,001	265,000	Shares	261,000
1	265,001	270,000	Shares	266,000
1	270,001	275,000	Shares	275,000



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

Shareholding				
No. of Shareholders	From	To		Total Number of Shares held
1	295,001	300,000	Shares	300,000
1	305,001	310,000	Shares	309,500
1	365,001	370,000	Shares	366,500
1	425,001	430,000	Shares	429,000
1	435,001	440,000	Shares	437,000
1	480,001	485,000	Shares	481,700
2	495,001	500,000	Shares	1,000,000
1	525,001	530,000	Shares	526,093
1	590,001	595,000	Shares	590,631
1	595,001	600,000	Shares	600,000
1	615,001	620,000	Shares	618,374
1	640,001	645,000	Shares	642,000
1	655,001	660,000	Shares	657,500
1	775,001	780,000	Shares	778,500
1	795,001	800,000	Shares	797,000
1	885,001	890,000	Shares	888,500
1	995,001	1,000,000	Shares	998,000
1	1,225,001	1,230,000	Shares	1,229,000
1	4,605,001	4,610,000	Shares	4,609,464
1	5,290,001	5,295,000	Shares	5,292,500
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
1,550	Total			199,958,427

## CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	1,449,335	0.72
Associated Companies, undertakings and related parties	163,042,009	81.54
NIT and ICP	4,609,464	2.31
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	27,998,218	14.00
b. Foreign	NIL	-
Others	2,167,016	1.08

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

# DETAILS OF PATTERN OF SHAREHOLDING

For the Year Ended June 30, 2024

Shareholders' category		Number of shares held
i. ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
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	Director126,985
2.	Amin Mohammed Lakhani	Director126,142
3.	Anushka Lakhani	Director36,341
4.	Aftab Ahmad	Director124,000
5.	Farrukh Shauket Ansari	Director1,240
6.	Ahmed Munaf	Director1,033,000
7.	Sheikh Asim Rafiq	Director500
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) and i(4)]		NIL
viii) INDIVIDUALS AND OTHER THAN THOSE MENTIONED ABOVE		30,102,687
		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 October 25, 2024 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

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

Witness 1  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Witness 2  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

## Notes:

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

# پراکسی فارم

مختار نامہ (پراکسی فارم)

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

کو جو خود بھی میرٹ پیکیجنگ لمیٹڈ کا رکن ہے کہ وہ بطور میرٹ / ہمارا مختار نامہ (پراکسی) میرٹ پیکیجنگ لمیٹڈ کے سالانہ اجلاس عام میں جو 25 اکتوبر 2024 کو منعقد ہو رہا ہے یا اس کے کسی ملتی شدہ اجلاس میں کرے اور وہ میرٹ / ہماری جگہ میرٹ / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ \_\_\_\_\_ 2024 کو میرٹ ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد
		دستخط

گواہ نمبر ۱ \_\_\_\_\_ دستخط  
گواہ نمبر ۲ \_\_\_\_\_ دستخط  
نام \_\_\_\_\_ نام  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر \_\_\_\_\_ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر  
پتہ \_\_\_\_\_ 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 شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرنا ضروری ہے چھٹیوں کے علاوہ۔





## Ballot Paper for Voting Through Post

For poll to be held at the Annual General Meeting of Merit Packaging Limited on Friday, October 25, 2024, at 3:00 p.m. at PSX Auditorium, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi, as well as through video-link facility to transact the following business:

Contact Details of Chairman, where ballot paper may be sent:

Business Address: The Chairman, Merit Packaging Limited, Lakson Square, Building No.2, Sarwar Shaheed Road Karachi-74200, Pakistan, Attention: Company Secretary Designated email address: chairman@meritpack.com

Name of shareholder/joint shareholders	
Registered address of shareholder(s)	
Number of shares held (October 17, 2024)	
Folio number / CDC Account	
CNIC No./Passport No. (in case of foreigner) (Copy to be attached)	
Additional information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	

### INSTRUCTION FOR POLL

1. Please indicate your Vote by ticking (✓) the relevant box.

2. In case both the boxes are marked as (✓), your ballot paper shall be treated as "Rejected".

I/we hereby exercise my/our vote in respect of the below resolutions through ballot by conveying my/our assent or dissent to the resolution(s) by placing tick (✓) mark in the appropriate box below.

Nature and Description of Special Resolution	I/We assent to the Special Resolution (FOR)	I/We dissent to the Special Resolution (AGAINST)
<b>SPECIAL RESOLUTION</b> <b>Agenda Item No. 3:</b> a) <b>"RESOLVED THAT</b> the transactions carried out in normal course of business with associated companies/related parties as disclosed in Note No. 45 of the audited financial statements for the year ended June 30, 2024 be and are hereby ratified and approved." b) <b>"RESOLVED THAT</b> 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, 2025 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."		

### NOTES/PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

- Duly filled and signed original postal ballot should be sent to the Chairman, at above-mentioned postal or email address.
- Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
- Postal ballot forms should reach chairman of the meeting on or before October 24, 2024 during working hours (i.e. by 5:00 p.m.). Any postal ballot received after this date, will not be considered for voting.
- Signature on postal ballot should match the signature on CNIC/Passport (in case of foreigner).
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot papers will be rejected.
- In case of representative of Body Corporate and Corporation, postal ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable, unless these have already been submitted alongwith the Proxy Form. In case of foreign body corporate, all documents must be attested from the Counsel General of Pakistan having jurisdiction over the member.
- Ballot paper has also been placed on the website of the Company [www.meritpack.com](http://www.meritpack.com). Members may download the ballot paper from the website or use original/photocopy as published in newspapers.

Signature of shareholder(s)

Place:

Date:



## میرٹ پیکیجنگ لمیٹڈ

رجسٹرڈ آفس: لکسن اسکوائر بلڈنگ نمبر 2، سرور شہید روڈ، کراچی-74200  
ای میل: mansoor@lakson.com.pk ویب سائٹ: https://www.meritpack.com

### بیلٹ پیپر برائے ووٹنگ بذریعہ ڈاک

برائے ووٹنگ بابت انتخابات، موقع سالانہ اجلاس عام برائے میرٹ پیکیجنگ لمیٹڈ بروز جمعہ بتاریخ 25 اکتوبر 2024 بوقت 3:00 بجے شام بمقام پاکستان اسٹاک ایکسچینج آڈیٹوریم، پاکستان اسٹاک ایکسچینج بلڈنگ، پاکستان اسٹاک ایکسچینج روڈ، کراچی۔ مندرجہ ذیل امور کے سلسلے میں یہ سہولت بذریعہ الیکٹرانک ذرائع / ویڈیو لنک بھی دستیاب ہوگی۔

چئیرمین سے رابطہ کی تفصیلات جہاں بیلٹ پیپر بھیجا جاسکتا ہے:

کاروباری پتہ: چئیرمین، میرٹ پیکیجنگ لمیٹڈ، لکسن اسکوائر بلڈنگ نمبر 2، سرور شہید روڈ، کراچی-74200، پاکستان۔

معرفت: مینیجنگ ڈائریکٹر / مختص شدہ ای میل ایڈریس: chairman@meritpack.com

شیرز ہولڈرز / جوائنٹ شیرز ہولڈرز کے نام	
رجسٹرڈ شدہ پتہ	
شیرز کی تعداد (بتاریخ 17 اکتوبر 2024)	
فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر	
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر / پاسپورٹ نمبر (بصورت غیر ملکی) (نقل و حرکت کی جائیں)	
اضافی معلومات اور منسلک دستاویزات (بصورت نمائندہ برائے کاروباری ادارے، کارپوریشن اور وفاقی حکومت)	

### ووٹنگ کیلئے ہدایات

- برائے مہربانی اپنے ووٹ کی نشاندہی دینے کے لئے بکس میں صحیح کا نشان (✓) لگا کر کیجئے۔
  - اگر دونوں خانوں میں صحیح کا نشان (✓) لگا دیا گیا تو آپ کا بیلٹ پیپر مسترد کر دیا جائے گا۔
- میں / ہم اپنا ووٹ مندرجہ ذیل قرارداد کے سلسلے میں استعمال کرتا / کرتے ہوں / ہیں بذریعہ بیلٹ پیپر، اس سلسلے میں میں / ہم اپنے ووٹ کی نشاندہی متعلقہ خانے میں صحیح کا نشان (✓) لگا کر کر رہا / رہے ہوں / ہیں۔

خصوصی قرارداد کی نوعیت و تفصیلات	میں / ہم قرارداد کے حق دیتے ہیں۔ (حق میں)	میں / ہم قرارداد کے خلاف ووٹ دیتا ہوں / دیتے ہیں۔ (مخالفت میں)
<p><b>امور خصوصی:</b></p> <p>"قرارداد یا جاتا ہے کہ معمول کے مطابق منسلک کمپنیوں / متعلقہ پارٹیوں کے ساتھ کاروباری لین دین، جیسا کہ مالی سال اختتامیہ 30 جون 2024 کی سالانہ آڈٹ شدہ رپورٹ کے نوٹ نمبر 45 میں مذکور ہے، کی توثیق کی جاتی اور ان کی منظور کیا جاتا ہے۔"</p> <p>"قرارداد یا جاتا ہے کہ آمدنی مالی سال اختتامیہ 30 جون 2025 کے دوران معمول کے مطابق مذکورہ بالا منسلک کمپنیوں / متعلقہ پارٹیوں کے ساتھ کاروباری لین دین کے معاملات کے سلسلے میں کمپنی کے چیف ایگزیکٹو آفیسر فیصلہ کرنے کے مجاز ہیں اور انھیں بذریعہ ہذا اس بات کا مجاز بنایا جاتا ہے، نیز انھیں اس سلسلے میں کمپنی کی جانب سے تمام ضروری دستاویزات / معاہدات تیار کرنے اور ان پر دستخط کرنے اور ضروری اقدامات اٹھانے کے مجاز ہیں اور انھیں بذریعہ ہذا مجاز بنایا جاتا ہے۔"</p>		

نوٹس / بیلٹ پیپر جمع کروانے کا طریقہ کار:

- باقاعدہ شدہ اور دستخط شدہ اصل پوسٹل بیلٹ جناب چئیرمین کو مذکورہ بالا کاروباری ای میل ایڈریس پر ارسال کر دیا جائے۔
- پوسٹل بیلٹ فارم کے ساتھ کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ (بصورت غیر ملکی) کی نقل و حرکت کرنا لازم ہے۔
- پوسٹل بیلٹ فارم چئیرمین اجلاس 24 اکتوبر 2024 تک یا اس سے قبل دوران اوقات کار موصول (یعنی 5:00 تک) موصول ہو جانے چاہئیں۔ مذکورہ تاریخ کے بعد موصول ہونے والے پوسٹل بیلٹس کو ووٹنگ میں شمار نہیں کیا جائے گا۔
- پوسٹل بیلٹ پر مہرمان کے دستخطوں کا ان کے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ (بصورت غیر ملکی) کے مطابق ہونا لازم ہے۔
- نامکمل، غیر دستخط شدہ، غلط پر شدہ فارم، پھٹے ہوئے اور خراب شدہ فارم کو مسترد کر دیا جائے گا۔
- کاروباری اداروں یا کارپوریشنز کے نمائندگان کی صورت میں، پوسٹل بیلٹ کے ساتھ مجاز فرد کے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل و حرکت کرنا لازم ہے، علاوہ ازیں کمپنیز ایکٹ 2017 سیکشن 138 یا 139، جیسا بھی صورت ہو ان کے مطابق بیلٹ کے ساتھ بورڈ کی قرارداد، پاورٹاری کی مصدقہ نقل یا تھارٹی لیٹر کا منسلک کیا جانا لازم ہے، اگر یہ دستاویزات اس سے قبل پر کسی فارم کے ساتھ جمع نہیں کروائی گئی ہیں۔ غیر ملکی کاروباری اداروں کی صورت میں تمام دستاویزات کا مجاز قیود منسلک بیلٹ پر آف پاکستان سے تصدیق شدہ ہونا لازم ہے۔
- بیلٹ پیپر کمپنی کی ویب سائٹ [www.meritpack.com](http://www.meritpack.com) پر بھی دستیاب ہے۔ مہرمان کمپنی کی ویب سائٹ سے اس فارم کو ڈاؤن لوڈ کر سکتے ہیں یا اخبارات میں شائع کردہ یا سالانہ رپورٹ کیساتھ منسلک بیلٹ پیپر کی اصل یا نوٹو کا پی بھی استعمال کی جاسکتی ہے۔



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